



**NO HARD HATS**

**AND OTHER BLUNT OBJECTS**

**Gill Collins**

*It's happened to us all at some time. Just when we think we've made the job easy for ourselves: traffic is up, sales are up and the monthly report is a joy instead of a chore... Suddenly, we hear that our biggest competitor has had the development application (we thought it would never happen...) APPROVED!*





Or our marketing budget is stretched to the max but the owners insist that we can protect our centre from the attractions being completed five kilometres down the road and that we have specialties to pull customers from the competitors, and our parking is just as attractive as the new super shady and undercover parking facility, currently under construction.

Lesser mortals would panic; or would they read this? We've asked the question of several marketing managers who have been affected by developments to see how they handled the competition. And we take a look back at one interesting way a competition development was countered in the past.

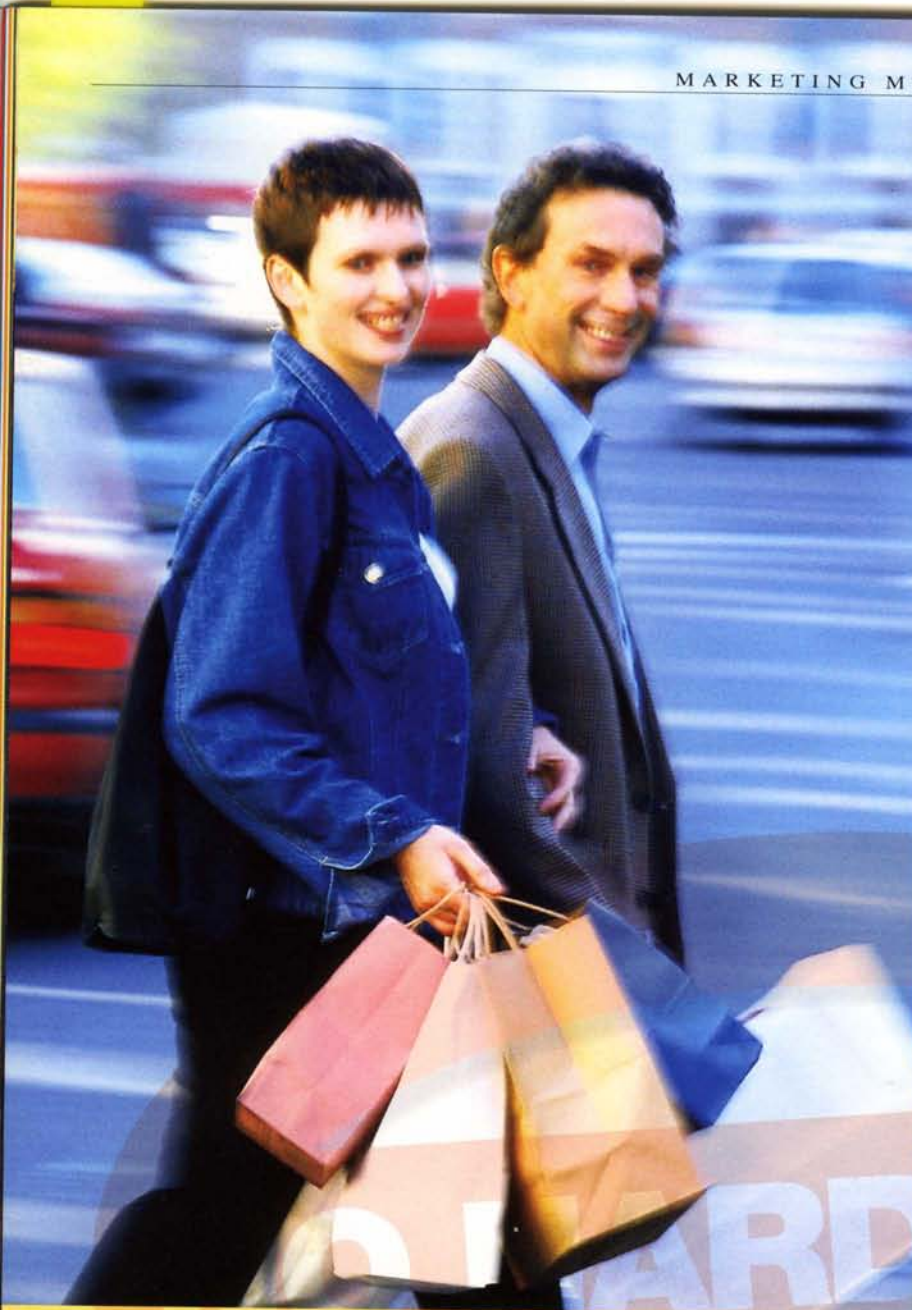
In the mid 1990s Perth in WA saw an increase in developments, particularly north of the river. Karrinyup was one of the biggest and

was one of the first centres to go to an upper level, and with a strong and effective marketing plan to support it through the redevelopment process, it was inevitable that competing centres would have developed strategies to curb its pull.

Warwick Grove, situated a mere five minutes northeast of Karrinyup, enjoyed a mixed demographic with a reasonable disposable income. But the lure of Karrinyup was hard for some customers to resist, so as a result the No Hard Hat campaign was launched, pushing fresh food and the then three supermarkets.

Mandy Ceresa, Warwick Grove's marketing manager at the time, determined that a direct mail campaign for Easter would be the most effective strategy. Newspaper advertising was not possible, as being on the boundary of three community newspapers meant that the costs would be prohibitive.





Under the "Looking For?... Find it all at Warwick Grove" positioning, Mandy and her agency DMark devised a suitable campaign theme. The simple things proved effective: Looking for No Hard Hats? offered no dust, no inconvenience, no closed roads or car parks, exposed the emerging new centre's weaknesses, and focused on the current drivers for visitation to Warwick.

Convenience was number one, value second. By concentrating on its food, services and convenience strengths Warwick shored up! The retailers loved the campaign, enjoying its humorous overtones and liking the idea of getting at the big boys! As a result the six-week campaign reversed a trend that could have had serious consequences.

Selling Warwick's strengths and highlighting potential issues at the other centre provided for an interesting and enjoyable advertising battle. Loyalty to Warwick was re-established with the tongue-in-cheek campaign and apparently caused a few ruffled feathers in the Karrinyup camp. Karrinyup may have had the last laugh on opening, though, as it positioned itself as the premier centre north of the river. As well, the campaign elevated Karrinyup to Perth's leading fashion centre, a status formally reserved for Forrest Chase and Garden City, and Karrinyup enjoyed fantastic traffic flow during its opening and continued its growth in the months to follow.





Julia Zivanovic, the author of *A Marketers Guide to Shopping Centre Marketing*, offers her thoughts on blunting strategies.

#### *Julia Zivanovic*

The situation I faced as a marketing manager of a regional centre was that its dominance was under threat from several new centres being built to service massive urban development. To know which blunting strategies to use meant undertaking competitive intelligence gathering about the new centres. From this information I ended up using three types of blunting strategies: (a) barrier to entry, (b) pre-emptive defence, and (c) contraction defence.

### **Barrier to entry**

The *barrier to entry* means ensuring your centre has a strong differentiation in terms of its offer compared to your competitors, one that is difficult for them to copy. Therefore, working on the tenancy mix before any new centre's arrival is essential, as well as locking down any lease renewals so the tenant will not move to one of the new centres. The best barrier is having a strong brand and reputation, something that can take a new centre some considerable time to build. Loyalty can be built through a strong community relations program.

### **Pre-emptive defence**

Having gained insights into the new centres through competitive intelligence, I was able to undertake a *pre-emptive defence*. This focused on drowning out the launch of the new centres by ramping up our promotions to give as little ground as possible to the competition as the centres came on line. I shifted my budget for Easter and school holidays to a six-week campaign called New Seasons Living commencing three weeks before Easter. It had a different category focus each week and was supported by weekly mini expos, a lifestyle magazine letterbox dropped to key suburbs, press advertising, events program, and daily instant prizes. Using retailers' suppliers for prizes,

demonstrations and staffing stands at the expos cut down my costs but created the impression of a large spend. So much was going on at my centre, none of the new centres coming on line really made an impression with their typical launches of opening offers, sausage sizzles, face painting and bouncy castles.

Given the large number of centres coming on line I knew I would lose some market share to them. So another pre-emptive strategy was to go after a new market: rural communities. The rural sector drove to the city at three key times of the year, Christmas, Easter and at Royal Show time. I didn't have enough money to research which rural areas to focus on, so I developed a special offer for the rural sector and blanketed the rural areas with letterbox drop postcards through Australia Post. From the responses I tracked which towns sent in the requests for the information pack and the origins of those who had turned up to collect a goodie bag. The following year I was able to narrow my media spend down to the towns where the highest number of visitors had come from. The result was I did lose some customers to the new centres, but I replaced them with the less frequent but higher spending rural market.

### **Contraction defence**

The third strategy was a *contraction defence*, where less profitable segments of the market or weaker categories are given less attention in order to focus on the more profitable segments. In this case, my centre could not offer high-end fashion to the level of one of the other centres and therefore the strategy was not to directly compete in that category.

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Lyn Flannery of Lyn Flannery and Associates adds her own experiences of defensive strategies:

I have to be honest and say that during all my time I have never had to do this. We have always planned our 12-month campaign well in advance of a planned opening so that there were no real surprises. Strategy always comes first, so setting a strategic direction with the flexibility to introduce tactical campaigns to combat competitive activity (which has been highlighted in our planning sessions) has always worked for me. I am not a great believer in changing tactics to combat an unplanned or unexpected competitor activity.

One of the things that we did do recently was plan to have an event on a certain date and then found out that a competitor was actually planning to run a similar activity on the same date as ours — we did not change our strategy, just the date of the activity. And as it turned out we had the upper hand, as by the time ours was run (two weeks later) the other one was forgotten.

Marketing is all about planning ahead and part of this planning is knowing and understanding your competition. During the business or marketing planning sessions it is imperative that you use your own market intelligence and any other information you have on your competitive environment. For example, if you know that a competitor is planning an opening then you must plan and budget funds to combat the impact of their opening activity.

We all know that openings will draw an inflated customer flow and your marketing strategy must make allowance for this. Having a strategic plan in place will give you the peace of mind that your centre will recover once the hype of the new centre has settled down. Having built-in flexibility and contingency funding is also imperative when you know that your competitor will be aggressively active in the marketplace.

The big questions are:

- Do I believe in my marketing strategy?
- Did I do my homework when I was planning my marketing for the year?
- Can I change my tactics without jeopardising the overall strategic marketing direction of the centre? ■

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