The Entrepreneurial Excellence Series

BUSINESS DEVELOPMENT

REPORT FOR STOREFRONTS AND HOME BASED BUSINESSES

Sponsored by Paradigm Coaching LLC

Why storefronts must have a digital strategy to survive ?

Over 3800 stores were set to close in 2018. Listed below is just a sample of the retail based stores that have closed but this obviously by far is not a complete list.

Michael Kors.
Kmart. Closings: 64. ...
Sam's Club. Closings: 63. ...
Abercrombie & Fitch. Closings: 60. ...
Sears. Closings: 39. ...
J. Crew. Closings: 20. ...
Macy's. Closings: 11. ...
JCPenney. Closings: 7

It has been predicted according to the World Economic Forum that by the year 2020 we will lose about 5 million jobs. If you have been paying even a little attention to the news you probably are aware of all the major chains that are closing and don't need this report to remind you. However many small businesses are quite possibly at an even greater risk for what might not be so obvious reasons.

Why are so many big businesses closing?

Adaptation

The answer is actually quite simple…. Adaptation. "We are living in a world where you must simply adapt or die." There have been many warnings of this with much earlier companies that have fallen subject to this notion. Blockbuster Video is one of the best examples that we have.

Blockbuster Video reigned supreme in the video rental industry for many years. However with a more cost effective model deployed by Netflix, Blockbuster eventually was unable to compete. Overall it would be Blockbusters in ability to innovate and adapt to the changes in both technology and consumer trends that would cost them their business. This brings us to the next challenge.

Blue Ocean Strategies

Traditional storefront businesses are falling victim daily to an enormous amount of disruption across multiple industries. This is due large in part to many new startup companies implementing "Blue Ocean Strategies". A Blue Ocean Strategy typically refers to a company that creates a uncontested market space that makes competition irrelevant. Many of the companies that take advantage of this strategy leverage many of the technologies that make up the Fourth Industrial Revolution. These Blue Ocean Strategies are best seen in companies like UBER who have totally changed the Taxi industry by creating a model that is virtually limitless in scalability and totally leverages technology . In addition to their global presence they have done it without owning one taxi cab. This is a company that has totally harnessed both technology and consumer trends alike that have changed the transportation industry forever.

Higher Net Operating Income

There are many advantages to businesses that start off with an ecommerce model for many reasons. One of the major advantage is overhead. With so many cloud based and (SAAS) or Software as a service models that offer tremendous leverage and efficiency, it can be extremely difficult for a storefront business to compete. A wide range of models that are used by some online competitors allow them the ability to create an enormous value proposition to their customers. Rather it is drop-shipping models used by mega companies like Amazon or competitors using artificial intelligence or automation to do what a storefront business must pay 10 people to do, it's not difficult to see who has the competitive advantage and why.

The New Marketing Paradigm

It goes without saying now that their has been a total paradigm shift in marketing trends. From social media, facebook ads, multiple social sites and platforms to video marketing .We are in a totally new dimension of marketing that far suppasses the traditional "foot traffic model" as we know it. Let's face it, how can you compete with the traffic from from the street when your competition is leveraging entire cities if not the world with only a fraction of the overhead that you spend just to keep your doors open?

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CONNECT THE DOTS OF CHANGE

<u>3800</u> Major Stores Closed in 2018 and American retailers announced **<u>6,000</u>** Stores will close in 2019!- *CNN*

5 million jobs will be lost by 2020 -*World Economic Forum*

47% of jobs will vanish in the next 25 years! - *Oxford University Researchers*

Fewer than 10% of companies' business models are economically viable as the world digitizes. Private surveys of CEOs confirm this sentiment. -World Economic Forum

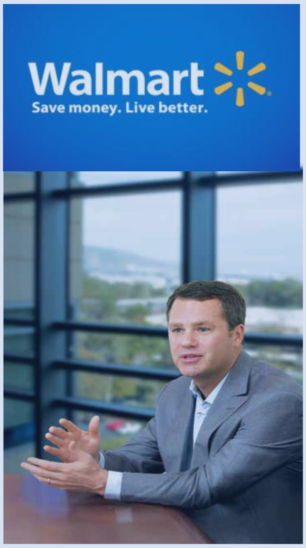
Digital platform business models are forecasted to mediate up to 30% of global economic activity by 2030, yet fewer than 5% of traditional companies have a coherent platform strategy that is integrated with their corporate strategy.
- World Economic Forum

22 INDUSTRIES THAT WILL SUFFER MAJOR DISRUPTION FROM THE FOURTH INDUSTRIAL REVOLUTION?

1. Human Travel Agents
2. Tax Accountants
3. News Papers
4. Language translation
5. Secretaries
6. Phone operators
7. Executive Assistants
8. Brick and Mortar Book Sellers
9. Financial Professionals
10. Job Recruiters
11. Lawyers

-Investopedia

12. Traditional Taxi Drivers
13. Delivery Drivers
14. Hotels and Motels
15. Pilots
16. Manufacturing
17. Postal Workers
18. Fast Food Workers
19. Radio DJs
20. Teachers
21. College Professors
22. Traditional Television Distribution



He identified the company's complacency as a disease!

Doug McMillon
President and Chief Executive Officer of Walmart Stores, Inc.

- Took over as CEO in 2014
- Despite the company experiencing an annual profit of 16 Billion said the company had a big problem.

He invested about 2.3 Billion dollars in the following areas:

- Higher wages for employees
- Employee Benefits
- Ecommerce
- The instore customer experience
- The online customer experience
- Apps
- Streamlined their website experience and other digital assets

Results as of 2018

- Walmart U.S. grew company sales 3.6 percent, excluding fuel — the highest annual growth rate in a decade.
- Ecommerce sales increased 40 percent, nearly doubling the sales of that business over the past two years.

SO WHAT ARE THE TAKE AWAYS?

- Omni disruptive variables across virtually all Industries for any business that does not make the necessary adaptations.
- A progressively diminishing job market which can and probably will lead to less spending thus revenue for retailers.
- Less competition for businesses that do adapt digital strategies and digital based platform models.
- Enormous opportunity for businesses who understand the problem and take action in retrofitting their businesses.
- Multifaceted benefits resulting in
  1. Higher Revenue
  2. Value Proposition
  3. Sustainability

WE MUST ALL

ADAPT OR DIE!

THE TOP 6 WAYS TO INCREASE YOUR REVENUE

#1 SALES TRAINING & COACHING

- According to a recent report, every dollar invested in sales training returned $29 in incremental revenues.
- According to a recent report, the best sales training will improve the performance of an individual on average by 20%.
- According to Forbes magazine, 55% of salespeople lack basic sales skills.
- Training + Coaching led to an increase of 88% in productivity, vs. 23% from training alone. Centre for Management and Organizational Effectiveness
- Return on investment quadruples from 22% to 88% when reinforced by in-field coaching and reinforcement- H Research
- 86% of companies that invest in coaching alone receive their initial investment back.
- Based on the training investments of 575 companies during a three-year period, researchers found that firms investing the most in training and development (measured by total investment per employee), saw a return of 45 percent higher than the market average. These same firms also enjoyed higher profit margins, higher income per employee and morale.

#2 CUSTOMER LOYALTY PROGRAMS

- Acquiring a new customer is at anywhere from 5 to 25 times more expensive than retaining existing ones, and increasing customer retention rates by just 5% increases profits by 25-95% (Narvar)
- 68% of Americans say exclusive offers are more important than traditional coupons that are available to everyone (Kelton)
- 94% of Americans would take advantage of an exclusive offer provided by a brand that the brand would not typically offer the general public (Kelton)
- 47% of consumers say receiving an exclusive offer would make them feel excited, rewarded (54%), special (36%), honored (34%), recognized (33%), proud (27%), chosen (24%), smart (21%), deserving (18%), justified (11%) and superior (10%) (Kelton0
- 82% of Americans say being provided an exclusive offer would increase how often they shopped with a brand (Kelton)
- 77% of consumers say loyalty programs make them more likely to stay with brands (Bond)
- 63% of consumers say they modify their spending habits to maximize loyalty benefits (Bond)
- 95% of loyalty program members want to engage with brands through a mix of new, emerging, and growing tech, including augmented reality, virtual reality, card-on-file and more (Bond)

#3 TEXT MESSAGE MARKETING

- The most important text marketing statistics to know are that 92% of the U.S. population owns a mobile device capable of receiving SMS messages and that 68% of the U.S. population owns a smartphone. Notably, 98% of the 18-29 age bracket owns a mobile device capable of receiving an SMS message.
- Although the percentage of the population owning a smartphone is increasing each year, any mobile marketing campaign that ignores SMS text marketing also currently ignores 24% of the population. That is the equivalent of 76 million potential customers. It is also relevant that:
- Among the 18-34 year-old age bracket, text is the preferred channel for notifications from businesses. [2]
- 83% of millennials open SMS messages within 90 seconds of receiving them. [3]
- 75% of millennials prefer SMS communications for deliveries, promotions and surveys. [4]
- 31% of consumers respond to SMS surveys, with an average response time of less than six minutes. [5]
- Consumers are more likely to open text messages before any other form of mobile communication. [6]

#3 TEXT MESSAGE MARKETING-CONTINUED

- 62% of cellphone users check their devices for new messages immediately after waking up.
- 79% of mobile phone users check for new messages within 15 minutes of waking up.
- 48% of women check that they have their cell phone with them before leaving home. Only 26% check that they have their purse.
- The average response time for a legitimate email is about 90 minutes, compared to 90 seconds for a text message.
- In-store on-demand coupons see a redemption rate of 70% - 80%.
- Out-of-store on-demand coupons have a redemption rate of 30% -50% and drive customers to your business.
- SMS produces engagement rates six to eight times higher than retailers normally achieve via email marketing.
- 48% of Internet consumers said they would prefer to receive their loyalty-related messages via SMS.

#5 Video Marketing Statistics

- By 2019, 80% of global Internet consumption will be video content.
- 86% of online video marketers use video content.
- 81% of people feature their video on their brand's website.
- 7 out of 10 marketing professionals are optimizing video for SEO.
- Marketers who use video grow revenue 49% faster than non-video users.
- Marketers who use video receive 41% more web traffic from search than non-users.
- 43% of marketers said they'd create more video content if there were no obstacles like time, resources, and budget
- Marketers who use video content get 66% more qualified leads per year.
- 52% of marketing professionals worldwide name video as the type of content with the best ROI
- Video in email leads to a 200-300% increase in click-through rates. Including video on a landing page can increase conversions by 80%.
- According to Renderforest survey, 78% of users got more traffic to their
- website after using videos. Besides, 71% of them claimed that thanks to videos the average time on their website has increased.
- 69% of users generated more leads with the help of video content, and 54% of users increased their sales.

#4 REFERRAL MARKETING

- Companies with formalized referral programs experience 86% more revenue growth over the past two years when compared to the rest.
- Referral leads convert 30% better than leads generated from other marketing channels (R&G Technologies)
- Referred customers have a 16% higher lifetime value (Journal of Marketing)
- People are 4 times more likely to buy when referred by a friend. (Nielsen)
- 83% of consumers are willing to refer after a positive experience—yet only 29% actually do.—Texas Tech University
- Offering a reward increases referral likelihood, but the size of the reward does not matter.
- Only 30% of companies surveyed have a formalized referral program.
- 87% of frontlines sales reps, 82% of sales leaders, and 78% of marketers surveyed agree that referrals are the best leads your business can get.

#6 Reputation Management Statistics

- **85%** of consumers trust online reviews as much as personal recommendation.
- Peers are now considered to be as credible as experts.
- Positive reviews make **73%** of consumers trust a local business more
- **64%** trust online search engines the most when conducting research on a business
- **15%** of consumers don't trust businesses who don't have reviews
- **77%** of consumers think that reviews older than 3 months aren't relevant
- **97%** of consumers read online reviews for local businesses in 2017, with 12% looking every day
- Reviews are the second most powerful ranking factor for Google's local pack
- In Google search results, reviews have **7%** influence on rankings
- Going from a 3-star to a 5-star rating delivers businesses **25%** more clicks from Google

- **74%** of people who see customer reviews on a business website say they would contact the business.

- **49%** of consumers say a business needs at least a 4-star rating before they would use them

- **30%** of consumers say they positively judge a business which publicly responds to online reviews.

- Every 1-star increase in a Yelp rating leads to a **5 to 9%** increase in revenue.