

## Marketing Hotsheet # 2

**"Our minds are like our stomachs; they are whetted by the change of their food." - Quintilian**

Thanks for investing in food for your mind. This issue is a special one: all the stories are related to food in some way. In this issue, you will read:

**02a | Beating the recession selling more ice creams**

How Frank used basic marketing tactics to change his business fortunes during the recession

**02b | Profitable pepperoni pizzas**

How the founder of Dominos pizzas, Tom Monaghan increased store profits by 50% on a slow day

**02c | The six dollar burger**

What was special about the Hardees six-dollar burger that saved them from million dollar losses?

**02d | Best of Belgium**

Does giving choice to consumers increase sales? Godiva chocolates answers the question

**02e | The mango man**

Gregory's secret that allows him to sell more fruits for more money than anyone else

**02f | Ten-minute icecream vacation**

How Cold Stone went from 74 outlets to 900 in five years

Print the marketing hotsheet, grab a paper and pencil and read away...

## 02a | Beating the recession selling more ice creams

Maybe it was the recession.

Frank's ice-cream corner was not earning as much money as he had thought. No one was buying the specialty ice creams even though they were much better in taste. The normal ice creams like chocolate, vanilla and strawberry were doing good but the profit on them wasn't good enough to keep the shop open. Frank thought maybe it's the recession...

But before he closed his shop, he gave it one final last try. He met a marketing consultant and asked him for a few suggestions. If the consultant helped him out of his troubles without spending too much money on advertising, Frank would give him free supply of ice creams for a lifetime.

Even though the marketing consultant wasn't too keen on the ice creams, he took on the challenge. And the first thing he did was to target the basics. He told Frank: "Get the basics of selling right and you will be out of the red."

He asked Frank to take snaps of all his specialty ice creams. Then blow them up in size. And stick them up on the walls with their names below. Then he told Frank to write the descriptions for all the specialty ice creams. Before that, Frank just had the names of the ice creams on a black board behind the counter. This was ok for the normal ice creams like chocolate and vanilla. They were self-explanatory. But for the specialty ice creams, names weren't enough. How would people know what a "Raz Mataz" ice cream is?

Just adding the colourful pictures and the mouth-watering descriptions got Frank out of the red. 80% of his customers started ordering the specialty ice creams paying a premium on them. Sales were up. Profits were up. And the recession went knocking on some one else's door.

### **Action summary:**

- Get the basics right.

- Right words and colourful pictures sell even during a depression. The sales of almost all the products go up by getting the words and pictures right.

## **02b | Profitable pepperoni pizzas**

Tom Monaghan was on his way to super success. But he didn't know it yet. It had just been a few days to his opening of Dominos pizzas. And already there was trouble. Almost all of his employees decided to bunk work on the same day. Tom was contemplating whether they should even open the pizza place that day.

While he was thinking, some one suggested that they should just cut out the six-inch pizza to save time. Six-inch pizzas were the most ordered ones and if they stopped selling those, they might be able to cope up with the rest of the orders.

The number of orders that evening did go down as expected. But the profits: They were up by 50% for the day. It took the same amount of time to make and deliver six-inch pizzas as it took for the eight and ten inch pizzas. But when Dominos stopped making six-inch ones, the orders for eight and ten inches increased! Even though they never got busy that night, their cash counter certainly was!

### **Action summary:**

- Take a good look at all of your products. Are some products taking more of your time but bringing in less money?
- Take a good look at all your clients too. Some clients will act like sponges and use up all of your time. Cutting them off might be profitable in the long run.
- Focus on those aspects of business that are most profitable. At least in the beginning, only focus on a few aspects that bring in the most business. When your small business grows, you can diversify.

## 02c | The six dollar burger

In the fall of 1960, Wilbur Hardee opened a drive-in quick service restaurant. The restaurant became extremely well known and in 1963, it became the first in the fast food industry to make a public offering of stock. 2 years before McDonalds!

Sometime after that, Hardees got lost. They could not cope up with McDonalds, Burger King, Wendy's and other fast food chains cropping up everywhere. Hardees were losing a lot of money. The big chains were introducing \$1 menu and Hardees, like many other restaurants, tried to keep up with them. This strategy almost ran them out of business. Things were turning from bad to worse until some one in the management took some important key decisions.

While the big chains were cutting down costs and spending millions in advertising to attract more people, Hardees started increasing their prices. They decided to focus on earning more per diner than on bringing more diners in. Instead of waging a price war and coming out with their own \$1 menu, Hardees introduced the "six dollar burger." They made the burger thick. They used pure Angus beef. They became well known for thick and tasty burgers that tasted as good as home made ones.

They started doing what no other hamburger joint was willing to do. They invested in making quality burgers when others were cutting costs. They started selling more expensive burgers when others were introducing cheap ones. And they prospered. They grew. Today they have about 4,000 restaurant joints all over the world!

Oh and they sold the "six dollar burgers" for only \$3.99.

### Action summary:

- When the competition is fierce, focus on the attributes that the competition is weak at. Do something different.
- 4,000 people \* \$1 = \$4,000 revenue. And also 1,000 people \* \$4 = \$4,000 revenue. You can earn more by

charging high even though the total number of buyers is low.

- Letting people believe that they are receiving a deal will make them buy more as well as increase their satisfaction. Hardees used a superb tactic by charging just \$4 for the "six dollar burger." You too can make use of the tactic: show that your product is worth more and then give a deal to win more clients.

## **02d | Best of Belgium**

Squashed between France and Germany lies a small country: Belgium. Belgium is known as the king of chocolates country. Since centuries, they export fine chocolate throughout the world. But one chocolate stands out even in Belgium: Godiva. From New York to Paris to Tokyo, it is Godiva that brings the best of Belgium to the world.

More than 75 years ago, in the year 1926, Joseph Draps opened a chocolate shop on a cobblestone street in Brussels, Belgium and named it Godiva. Draps perfected a unique formula of "rich chocolate with unparalleled smoothness." Because of the rich taste, elegant designs and beautiful packaging, Godiva became an instant hit and Draps positioned Godiva as luxury chocolate.

Since its humble beginnings in 1926, Godiva has grown a lot and has outlets around the world. It has more than 1,000 outlets in America itself. Godiva conducts researches every so often to gauge the taste of the diverse public. In one such research, people were asked to choose from a variety of Godiva chocolates in two different outlets. In one outlet, a group of people was offered 6 choices and in another, a group of people was offered 30 choices.

Surprisingly, those who had more choices found their selections to be less tasty, less enjoyable, and less satisfying than did those who were given limited choices.

### **Action summary:**

- There were hundreds of chocolate shops in Belgium similar to the one Joseph Draps opened. Yet Godiva prospered. This was because Godiva was positioned as

the premium chocolate. Position your product for the higher end market and even though you receive lower number of sales, you will earn more.

- Offer choices to people. But the more choices they have, the more confused they will become. Make it easy for them and offer fewer choices.
- When Procter & Gamble reduced the number of varieties and sizes of Head and Shoulders from 26 to 15 in the early 1990s, the shampoo's market share increased. Offering fewer choices can increase your sales too.

## **02e | The mango man**

In the Caribbean lives a man named Gregory. He sells more fruits than anyone in the entire pack of islands. And he sells it for more money! How does he do that? He only sells fresh fruit from his small trusty boat. But he does more than just sell fruits.

Gregory has one of the smallest motorboats and he painted it the colour green, which can be easily seen in the blue sea. He has tied more than a dozen colourful flags of various kinds that he took off from other ships. As if that wasn't enough for him to win peoples attention from far away, he signals his arrival by blowing into a conch shell.

When children hear the conch shell, they start shouting: "It's the mango man!" Their parents dig into their pockets and buy the fruits from Gregory. Gregory makes it an occasion for tourists and their kids to eat fruits. Instead of just selling fruits, he sells an experience!

### **Action summary:**

- Gregory goes to his clients instead of waiting for his clients to come to him. By taking his business mobile, he sells more fruit than anyone else. How can you make your business more mobile?

- You can't sell if you don't have people's attention. Win people's attention by being colourful. Then follow up with your great service.
- Sell an experience. Not a product.
- Brand yourself. Gregory branded himself as the "Mango Man." This made people recognize him. People used to buy fruits from Gregory even after a few copycats started selling fruits in motorboats in a similar way.

## 02f | Ten-minute ice cream vacation

America is growing fat everyday. More people are dieting and exercising these days. Atkins and south beach diet is always in the news these days. The food chains are shaping up. McDonalds dumped their super size meals. Other fast food chains are coming out with salads. Ice cream parlours like Baskin Robins are coming up with non-fat ice creams and yogurts.

And yet, one ice cream parlour is not heeding to the mainstream medias' advice. While most food product companies and restaurants are going low-carb, Cold stone is selling rich, creamy ice creams that have tons of calories. And it's succeeding.

A typical ice cream in Cold Stone will have nuts, fruits, candy, chocolate, fudge and even cake batter. Cold Stone's smallest cup is as big as Baskin Robins large scoop! And Cold Stone sells even bigger ice cream scoops. The small, medium and large cups are called "like it", "love it" and "gotta have it."

Kevin Donnellan, senior public relations manager for Cold Stone Creamery says, "We are super premium ice cream. We like to think that when people are on the Atkin's [Diet] or South Beach Diet, if they want to cheat, they're going to go to Cold Stone Creamery because they want the best... It's really the ice cream lovers who want to take that ten-minute vacation and really indulge and enjoy themselves."

Cold Stone sells luxury. People get to eat the best ice creams. And they even pay accordingly. A small cup at Cold Stone costs as much as \$3! And yet people can't have enough of it.

Because Cold Stone is doing what others aren't, it's growing really quickly. In 1999, there were 74 Cold Stone parlours. Today there are close to a 900!

### **Action summary:**

- Do what others aren't doing. Be different from your competition. And you will grow faster.
- Target a specific market. While other ice cream parlours targeted kids, Cold Stone targeted women aged between 18 and 34.
- Sell an experience. Sell luxury. If you make the best quality products, people will pay more.

### **Next issue:**

Thanks for enjoying our food special. We have some very interesting and profitable stories scheduled for the next issue:

- The classified ad Steve and Lori Leveen used to make tons of money
- How a 12-year-old boy earned more money than his schoolteachers
- The value addition formula
- And much more

See you in a couple of weeks.

Kind regards,  
Ankesh Kothari

**p.s.** Send me your marketing success story and win a reward. Tell me how you used the marketing tactics revealed in these stories and I'll publish it making you famous. Send me an email at: [ankeshk@marketinghotsheet.com](mailto:ankeshk@marketinghotsheet.com)