



The Raphel Report

**Observations on marketing,
advertising, sales and
promotions
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July 2002

Number 38

ADDED VALUE

When comedian and entertainer Eddie Cantor was growing up in the 1920s on the Lower East Side of New York City, he ran errands for housewives in his tenement building. In exchange for a piece of cake or a chunk of salami, he did their grocery shopping. But one thing puzzled him.

Why did all the housewives send him to the same store a distant ten blocks away? Why not shop a market that was closer? He offered to go to a nearer store to speed his delivery time but the housewives all said, "No."

The next time he went to the store to fill his orders, he watched the grocer carefully and saw mistakes! If an order was for a dozen rolls, the grocer put in thirteen.

Cantor pointed out the error to the grocer. "No mistake," was the answer, "It's good business to give something 'extra.'"

Years later, Cantor went back to see if he could find out if the grocer was still in business. The store was gone but he finally located the owner. He was chairman of the board of a chain of supermarkets.

We call this "Added Value."

It means something extra, over and beyond what the customer expects when they buy your product. We call it the un-expected, un-asked for, un-usual "extra."

In New Orleans, they call it "lagniappe" that began with the early Creole shopkeepers in Louisiana. Whatever the customer would buy, the owner would fill the order and then add "a little more."

Famed promoter Bill Veeck who owned, one after another, the Cleveland Indians, St. Louis Browns and Chicago White Sox baseball teams would bring in the crowds with advertised special attractions: trapeze acts, parades of antique cars, marching bands. And then he would add something "un-expected, "un-asked for" - an "un-usual" extra for the crowd's entertainment.

I was working with a furniture store in the suburbs of Washington DC and asked the owner, "What do your deliverymen leave when they bring furniture to the customer's house?"

He looked at me confused, "Why, the furniture of course."

"And what else?" I asked.

"Nothing," he answered.

"Change that," I suggested. "Every time they deliver a piece of furniture have them bring in, as the last item delivered, a dozen roses in a glass vase from you as 'thank you' for buying from you."

He agreed and later expanded this to "matching" items. If someone bought a reclining chair, he included a magazine rack. . . free. A bedroom set? – an end table . . . free.

By practicing "added value" he was creating a loyal customer. And, more important, he was

creating something that made him different, apart and in front of his competition.

When his customer spoke about his business to others they spoke not of the merchandise they bought, but rather the "extra" they received . . . free.

Here are some of the "Added Value" stories we did in our shops:

- When women customers came to our shopping mall on Mother's Day and they checked out, each was given a long-stemmed rose for the holiday.

- During the Thanksgiving season, as each customer left the store, the cashier placed a small wrapped gift in the customer's shopping bag.

"What's this for?" asked the customer.

The cashier was trained to answer: "It's Thanksgiving. And we thought this was a great time of the year to show our thanks for your shopping with us."

(Did customers tell their friends and return? Yes!)

- One year, at Christmas, we bought 1,000 tiny Norfolk pine trees in small clay pots. The trees, when full grown, are the classic holiday trees seen for sale on street corners that time of the year. We attached to each one a short message from the Mayor of Norfolk Island, home of the original Christmas trees. They were given to each customer as they finished shopping. We thought the quantity would last us from Thanksgiving till Christmas.

We gave out the entire 1,000 trees in two weeks! We quickly re-ordered 2,000 more! Every year there were always a handful of customers that would report to us how much their tree had grown the past year!

(Did customers return and also tell their friends? Yes!)

- We had dinner at a local Italian restaurant. The service was slow and we complained to the waitress who apologized, saying the kitchen could not keep up with the business that evening.

The meal, when arrived, was excellent but we were disappointed with the wait. The waitress returned a few moments later with a dessert menu saying, "Take anything you want from this menu with our appreciation for your consideration in waiting for your dinner."

(Did we tell our friends and return to that restaurant? Yes!)

"Added Value" also works in reverse. When a friend approached a contractor to install playground equipment he bought for his son, he asked for the installation price. The contractor returned the next day with an estimate of \$400.

"That's not good enough," said our friend.

The contractor, accustomed to people bargaining with him, said, "I can't do it for less. That's my bottom line."

"You don't understand," said our friend. "I think the job is worth \$500 and that's what I'm going to pay you that amount because I want the best possible work. Now, can you start today?"

The contractor was confused, then puzzled, then uncertain and then said, "No, I don't think so. If you're paying that price, I have to go back to my work site and pick up some extra heavy duty bolts and equipment I wasn't planning to use."

Said my friend, "The finished job was worth at least \$700. I don't think I paid \$100 too much. I paid \$200 less than the finished job should have cost."

His thinking: The extra \$100 meant "added value" safety for his children.

What all these innovative, creative and successful Added Value ideas prove: Business is a lot like tennis. Those who don't serve well end up losing.

The Creoles call it "lagniappe."

We call it "Added Value."