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in this issue

> In the next issue of ROBIN reports...

Multi-Brandchising© & Brandscendentalism© !

STRATEGIC ISSUES & ANSWERS

THE GAP'S NINE LIVES?

NOT ON YOUR LIFE

It's the positioning!!! It's not about the next burnt, brushed, boiled or shaved khaki or pair of jeans. It's not about simply returning to the roots that were Gap. It's not about **Carrie Donovan** on a surfboard, or whatever **Trey Laird**'s creative genius might dream up. It may be all of these, but only in the larger context of brand positioning. Get a niche!

Simply, the Gap's current problems are much larger, more complex and multidimensional than its previous downturns. Those turnarounds, engineered by **Mickey Drexler**, won him accolades, and many experts viewed him as a genius. Not only did he revive the core Gap brand several times, he also launched Old Navy, repositioned Banana Republic and gave all three brands clear and distinct positions for three equally defined consumer segments. Indeed, the Gap, Old Navy, and Banana Republic were energetic, dominant and relatively high growth businesses for several years. They were relevant and enormously desired by each of their well-defined consumer groups. Then several things happened. Not all at once, but concurrent enough to tip the ship.

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DISTRIBUTION: *THE* NEW ERA ISSUE

A FUTURE OF CHANNEL-BLIND CONSUMERS

Wal*Mart is pursuing more upscale, and possibly designer merchandise. Certainly their recently acquired Asda supermarkets in Europe have had great success with the George designer brand. "Tarjay" already has a well-established reputation for "cheap chic," selling designer brands such as Mossimo, Oldham, Graves and Sprouse.

Meanwhile, Tiffany seems to be democratizing luxury, embracing the middle class, and tripling the number of stores in the U.S. and promoting lower-price items. They are clearly edging downstream.

The message from both extremes of the distribution spectrum speaks volumes about what the future of retailing will be. These are not merely examples of three retailers pursuing additional sales growth from new consumer segments. Indeed, they will capture new business. However, the simple fact that they can employ these strategies that once would have been considered "off strategy" and probably suicidal, confirms the fundamental change factors that are driving the industry's future.

Consumer Infidelity or is it Polygamy? If You Want Loyalty, Buy a Dog!

Once again the star player is the consumer, the primary driver. Their mantra is "I want, I want, I want! And, I want it wholesale." For years they have been demanding more for less because they can. Too much stuff and too many retailers equal consumers' power of choice. They are loyal to no one. With different value needs at different times, they are switching channels indiscriminately,

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A relentless and accelerating stream of competitive entrants over the past ten years attacked all three bastions. In fact, the specialty chain channel has arguably been the most over-competed for the past five years. The ultimate irony, of course, is the fact that the entire industry was oversaturated and decelerating in growth before these new entrants even opened their doors.

While these competitors attacked from the front and flanks, Target and Wal*Mart were nipping, if not chomping from underneath. I'm also sure Kohl's was getting their piece of hide from some of all three. However, even as the wolves were at all the doors, it seemed as though the Gap couldn't open stores fast enough, playing into what some experts call the insanity of the fashion business, the "get-big-quick-and-go-pop" syndrome. You get hot, grow too fast too soon, get unmanageable, and hit a wall. Probably as a result of such rapid growth, CEO Mickey Drexler admitted to a Goldman Sachs annual conference audience that he had been distracted from his typical role on top of the consumers' pulse. Too many layers of management took him too far away from those areas of the business that touched the consumer: product, presentation, communications, advertising, service, environment, image, etc. Additionally, as the competitors began to ape the casual fashion that was signature Gap, they re-directed their merchandising strategy towards trendier looks. Some analysts and experts believe this tipped them over the edge.

Finally, as if the pressures from the competitive battles were not enough, the pressures from the Wall Street "growth monster" undoubtedly accelerated the expansion strategy. Unfortunately, the market and shareholder demands for well above average compounded growth rates forces many publicly-held companies to make short-term, tactical decisions to grab as much business as fast as they can. Therefore, the strategically correct decisions to position the business for sustained competitive advantage often do not see the light of day.

As a result of all of the above, the "Achilles heel" of the specialty chain model finally hit home. Unlike retailers carrying multi-brands, this format has no way of spreading the risk. Just as gains can be leveraged on the upside when things are right, as Gap enjoyed for many years, conversely, a misstep on fashion and/or too rapid expansion can leverage the pain on the way down, as the Gap is now experiencing. And, when you have to start eating the inventory and the balance sheet gets stretched to support ever-increasing space through which little is moving, the "perfect storm" looms close.

In a bizarre sense, the Gap's problem is akin to Kmart. One could make the case that the Gap Inc.'s three brands have lost their differentiated and clear positions, merchandise and pricing have become confused, and supply chain management has suffered from the Gap's rapid expansion. With the extreme focus on "grabbing the business as fast as they could," without the infrastructure to support it, their once clear positions became fuzzy.

At the end of the day, the collapse of distinct and clearly differentiated brand positions for the three brands, relative to their consumers and their competition, may be the final undoing of the Gap.

In other words, unlike the Gap's past turnarounds, ignited by hot new fashion directions, this correction will require a much more in-depth analysis and perhaps a repositioning of its brands. And it will certainly require an assessment and probably a downsizing of their arguably over-extended real estate situation.

Therefore, a "merchant prince" as CEO will not cut it. Drexler himself all but admitted his vulnerability in the operational and financial areas of the business. Indeed, he was refreshingly candid in his resignation about the broader requirements of the job, and that his passion for product and its connectivity with the consumer were driving him to new endeavors.

The current environment is also much more hostile and unforgiving than during Gap's last couple dips. There are many more competitors, thus equal or better options for consumers. According to an analyst with Thomas Weisel Partners, by year-end retail space devoted to specialty apparel will have doubled from the mid-1990's, to 112 million square feet nationwide. And metaphorically, the enormous size of the Gap makes the task of turning it around comparable to steering the Titanic clear of the iceberg. Finally, like everything else in the world, change becomes more urgent, like an accelerating pinwheel, faster and faster. Speed, or the lack of it, kills. Time is not on their side.

ANSWERS...

Based on numerous discussions with consulting experts, senior wholesale and retail executives, and a few past and current Gap employees, along with my own observations and knowledge about the Gap's evolution, the following steps would reposition Gap Inc.'s brands and provide a strategic growth plan for the future. Like all turnaround situations of this magnitude, it must be understood that while these steps need to be implemented with great urgency, the resulting turnaround may take several

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years. In fact, the first and perhaps most important requisite will be management's, owner's and the financial community's acceptance of the potential short-term financial downside associated with the implementation of some of these turnaround strategies.

• GET A NICHE! GET A POSITIONING GUY!

Recruit a CEO whose dominant skills are rooted in strategic brand positioning, with primary experience running large multi-branded, multi-tiered companies. In fact, larger pools of candidates with these credentials are most likely to be found in industries other than apparel/retailing. The emphasis is on brand experience vs. retail or merchandising skills because the core problem is one of redefining and clearly differentiating and competitively positioning the Gap's brands for growth. The new CEO must immediately build a staff of seasoned retail, merchandising, marketing, financial and operational experts (many who may currently exist), and organize for broader delegation of authority and a more bottom-up driven decision-making process.

• DUMP THE DEADBEATS.

Develop a plan to close under-performing stores, primarily in many of their over-competed and traffic-challenged mall locations.

• "ANALYZE THIS!" RESEARCH AND READ IT!

Analyze existing (augmented with new) consumer research to more clearly define and understand why consumers left, where they went, and what it will take to get them back. I don't mean to understate the enormity of this step, nor do I mean to demean anyone's intelligence by stating the obvious. However, it is blatantly clear that Gap suffered a combination of inadequate research and/or a flawed research process, and top management's lack of, or inability to understand and proactively respond to it. Or perhaps management was so driven to achieve their growth and financial objectives, they deprioritized their consumer interaction. It is axiomatic for the success of any consumer-driven company that they execute an ongoing and superior consumer research process that they listen to, understand and respond to.

• DEVELOP THE DNA.

Based on the research findings, including a comprehensive market and brand competitive analysis, each of the brand's positions must be developed. Ultimately, it includes what those brands are going to stand for in the eyes of their consumers. It defines the brand's character, both the stores (and the entire presentation) and the products. It defines their competitive position and why they are better. It defines the promise of the real and perceived value that they will consistently deliver to their consumers. In essence, it defines their entire value proposition.

• PREP THE PLAN.

Once these brand positions or value propositions are clearly defined, they will drive the entire rest of the Gap's business. The value proposition will dictate how every other segment of the Gap's internal and external supply chain must respond to deliver the value proposition. From this understanding a strategic business plan must be developed, including short-term action plans and long-term growth strategies.

• LET THE CONSUMER RUN IT.

These plans will necessarily link and interconnect every activity in the supply chain, resulting in a continuing and seamless process driven by the consumer's desires and immediately responsive to their purchase.

• TIP #1: PUSH BEYOND PARITY OR PERISH.

Regardless of how the Gap is ultimately positioned or strategically planned, they must include both highly differentiated (innovative) and low cost strategies as a part of the new value proposition. The over-competed world has raised the bar on parity. Simply for a company just to be competitive, they have to deliver new and better, faster, cheaper and wherever and whenever the consumer wants it.

• TIP #2: KOHL'S REDEFINES LOCATION, LOCATION, LOCATION.

It is also advised that Gap's new strategic growth plans learn from the expansion process employed by Kohl's. Based on superior consumer research, Kohl's positions their new locations precisely "across the street" from their consumers (most of them intercepting the consumers on the way to the mall). This does not mean that all mall locations are bad. It simply means that successful distribution must be selective, based on where the consumer is.

• TIP #3: LOOP YOUR LOOP LIKE ZARA AND H&M:

It is advised that the Gap's sourcing, logistics, distribution and operations functions examine the Zara and H&M models for their incredibly efficient, enormously profitable, and totally consumer responsive new merchandise flow. Even if the new Gap positions are back to core basics, these models yield higher, more profitable turns, with very low inventories. Zara delivers a new line twice weekly to each of their over 500 stores worldwide.

POINT/COUNTER-POINT

EARTH TO MAY CO...

THE UNIVERSE HAS MOVED ON

As reported in WWD, May Company is playing catch up to Federated's private branding strategy. This is the equivalent of two last century buggy whip companies trying to out-brand each other as the first Model-T rolled off the assembly line. The department stores' share loss (which is all that counts in a mature industry), began at least fifteen years ago for all the reasons they are now trying to correct. Talk about too little, too late.

First of all, the acceleration of private branding is but one small initiative against a tsunami of deteriorating characteristics endemic to the department store business model. I have enumerated these characteristics often, so I will not dwell on them here (if you wish to receive that article or pieces of other articles, I will be happy to send them to you).

Focusing on this private branding issue, if what I read in WWD is true, May Company's objective is not strategic. I don't read brand building as one piece of an overall business repositioning strategy, which would ultimately provide superior value to the consumer across the totality of their offering. I read this as another short-term, quick hit for increasing their "numbers." I read: "...May Co. executives described the new proprietary products as being 10 to 20 percent less expensive than Federated's comparable private brands."

This sounds like just another horse race in the price wars (as if deflation hasn't been gruesome enough for the past ten years). More cost cutting, more narrowing of an already depleted matrix, thus less selection for the consumer, all with the idea that they might increase top- and bottom-line performance.

Short-term they might. Long-term, it is more of the same shell game for the benefit of Wall Street vs. the consumer. Long-term, they will also most likely lose the great lifestyle brands because they haven't figured out how to really partner with, and add value to, those brands. Long-term, they still haven't fixed all the other reasons the consumer has vacated their stores. Therefore, long-term, they lose.

It is not about "cheapest." Wal*Mart, Target, and Kohl's figured that out. It is about legitimate, credible, superior value for the lowest possible cost.

ON THE OTHER HAND...

The May Co. and other department stores have not been totally asleep during the competitive onslaught and their departing consumers. In particular, Federated is well ahead of the pack on all fronts. I'm hearing and reading about change initiatives: easier to get to, more off-mall locations, and easier to shop through test models; small store prototypes; more focused and distinctive assortments, with special appeal for younger consumers; and a stronger value message.

In fact, Federated crafted a strongly worded commitment in their 2001 Annual Report to a "singular goal of developing a more compelling business proposition for our customers to drive sales growth." Their new Lazarus "store-of-the-future" concept in Columbus, Ohio, will be testing their new value proposition. At 240,000 square feet it features price-check stations, centralized checkout areas, plasma screens for in-store events and promotions, weather and sports information, etc. There are kiosks for reviewing how rooms in a home would look with design and furniture changes. The kiosks are also used for checking e-mail and buying movie tickets. Play areas, spa, massages, and manicures are available. Beauty products are all available in "open-sell" areas for self-service. Larger dressing rooms, gift-wrapping, a demo kitchen in housewares, and a Starbuck's are all part of their future concept to reenergize their connection with the consumer.

In fact, they seem to have struck a nerve with the juniors and young men's segments, which outperformed the rest of the store in 2001. It started with their test of the "Gen-now" department in Rich's in Atlanta, positioning young men's and juniors together to compete with A&F. It is now incorporated in the Lazarus "future" store, with an edgy warehouse look, unisex fitting rooms, vending machines, and a cyber café. The concept will be expanded across the country. Another test called MK Kidz Zone (for newborns through preteens) opened in Macy's in Bridgewater, NJ, featuring an expanded assortment, color codes for zones, sizing aids, shopping carts that become strollers, and various other customer service enhancements.

Federated is also testing small market, off-mall stores such as The Bon Marche in Helena, Montana, at 64,000 square feet, for quicker, easier shopping. And not only are they expanding on their U.S. private branding strategy, they are selling their brands to non-competitive retailers internationally. Furthermore, the first freestanding I.N.C. store opened in Tokyo in 2001. Could this be the pursuit of a new growth market niche for

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OPPORTUNITIES

THINK SHARE OF STOMACH

WHEN THINKING PLUS-SIZE APPAREL POTENTIAL

Think about the entire multi-billion dollar over-saturated food industry, run by some of the best and brightest B-school grads, all strategizing and competing for what they call "share of stomach." According to Pepsico there are as many as "thirty-two snack opportunities each day" in each of those stomachs. And, of course, Pepsico would like to capture ownership of all thirty-two. Imagine the collective attack of all those food companies fighting for shares in the collective stomachs of consumers across the country, supported by billions of dollars of advertising, promotional gimmicks and price wars. Yale psychologist **Kelly Brownell** uses the term "a toxic food environment" of cheap fatty food, large portions, pervasive food advertising ($10 billion a year), and sedentary lives. No wonder we have a world of expanding stomachs with no end in sight. In fact, per capita consumption of food increased about 8 percent from 1990 to 2000, translating to 140 extra pounds of food per person. Plus, food is cheap, people love to eat and hate to work out. Bottom line, the plus-size apparel market will continue to expand (no pun intended).

Those that have not seized this opportunity are missing one of the few, if not the only growth opportunity in the business. There have been hundreds of studies publicized over the past several years trumpeting the fact that this niche may be the last untapped and fastest growing market in the apparel industry. How could anyone miss this fact? Furthermore, the opportunity exists in every age and gender category.

Pursuing this segment is a marketing challenge for many companies because it involves much more than just the sizing issue. The product positioning and presentation at retail is a challenge because most of them have not given it a focused effort. Some retailers actually do not want this segment shopping in their stores. Therefore, assortments are sparse or nonexistent. Also, many vendors and brands are very nervous about advertising and promoting to this market out of fear that they may dilute, tarnish, or alter their images. This is particularly true for those brands and retailers pursuing the youth markets. Pricing also becomes an issue when vendors charge for the additional fabric required.

However, these problems just seem symptomatic of a state of denial by vendors and retailers that this segment is so big and growing so fast. There is almost an avoidance factor that impedes any intelligent strategic planning. In fact, the very discussion of "special sizes" casts these categories into isolation, or at least out of the mainstream of the business.

Ironically, most executives need only to look in the mirror to realize we are all getting larger, except perhaps the "x-ray women," who may now be out of vogue anyway. Therefore, those who want to compete in this fertile category better figure out how to incorporate it into their entire business and not simply as an adjunct.

After all, the food guys offer you a regular Twinkie and a Diet Twinkie right next to each other in the same store. They are obviously not embarrassed to cater to larger people. In fact, they gain a greater share of stomach.

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Federated in the specialty chain channel? While May Company and other department stores are also testing many of the same concepts, they are not as far advanced.

Is all of this testing too little, too late? Is it simply driving incremental change when more fundamental and dramatic change to the whole business model is needed? Will Federated's lead buy them more time and more acquisition opportunities, so as the sector continues to erode, they will be the last man standing?

The answer is all of the above. And then what?

OPPORTUNITIES

"...WE OWN THIS WOMAN"

TIGER BY THE TAIL STRATEGY & FEROCIOUS EXECUTION

Referring to the large-size segment, this bold statement by chief executive **Dorit Bern** of Charming Shoppes is backed by an incredible 43% share of the under-served and fastest growing plus-size market. And there is no end to growth in sight. At about $2.5 billion in annual sales with just under 2,500 stores, after their acquisition last August of 650 Lane Bryant stores, they cover 48 states and are now the largest apparel specialty chain.

Bern's portfolio of nameplates also strategically positions CS to serve every plus-size demographic group from 18 to 65 and ranging in income from $25,000 to $75,000. So, not only does CS own 43% of the plus-size universe, they have immediate and direct access to the remaining 57%.

These are merely some of the broad measures of what CS, with Bern at the helm, has achieved. The larger lesson for all businesses emanates from Bern's overriding strategic understanding that the consumer is the focal point and the driver of every single decision and activity in the entire supply chain. Secondly, to reach and maintain that understanding, and thus the success of the business, Bern understood the imperative to bond with the consumer and essentially live in their "heads" on an ongoing basis.

STRATEGY HIGHLIGHTS

- Shortly after confronting the unfocused, bankruptcy-headed mess that was the Fashion Bug chain that Bern took over in 1995, she grabbed onto the tiger that was staring her in the face, the 37% of the business that was $1.1 billion worth of large-size customers.

- By identifying and prioritizing the growth opportunity within the existing business, Bern avoided the mistake of totally focusing on a tactical "fixit" approach, incremental adjustments and corrections across the supply chain, all with the objective of retaining or stemming the exodus of the existing customer base. While some tactical changes were quickly employed to stabilize the business, Bern was strategizing the larger end game.

- With her strategic vision and focus on the customer base of greatest opportunity, she placed that customer in their rightful position, as the leader and shaper of the newly forming business. Therefore, into their heads, hearts and lives she went.

- Following her initial personal letter of introduction to her customers, she received an overwhelming response, and to this day receives about 3000 e-mails and letters a month. Additionally, she communicates to her six million customers every couple of months through columns she writes on subjects ranging from teen pregnancies to gun control. She has also launched charitable programs for women and children in need, and provides free literature in her stores on health, education, finance, and family matters. Needless to say, ongoing primary research is a way of life for CS.

- More important than Bern's ownership of the "numbers" is her ownership of the hearts, minds and souls of her customers. Once you own that, the numbers follow.

- "We have the name of every plus-size customer," Bern claims, referring to the 18 million names in their database. Their goal is to interact with all of them individually, to learn what they want and to inform them about what is new.

At the end of the day, CS might stumble with wrong styling, poor presentation, service, quality, inventory, too rapid expansion, or a myriad of other problems. However, the bond that Bern has forged with her customers will withstand a lot of missteps. A consumer who loves you will give you many chances to pick yourself up and dust off the mistakes.

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depending on their desire du jour and the retailer that is best able to satisfy it. However, rather than defining this behavior as infidelity or lack of loyalty, it may be polygamy, with the new consumer married to many different stores and channels for many different needs.

The fact of the matter is that the new millennium consumer will buy from whoever can provide their immediate needs, quickest, cheapest, easiest, newest, best, and most often. Another way of putting it is that the once loyal Neiman-Marcus customer, for example, has absolutely no compunction today about shopping and buying in Wal*Mart or Target. Simply, the once rigid barriers between mass and class distribution are falling away. The consumer is democratizing distribution.

The scary part is on the other side. The battles that are raging to satisfy these demands are violently transforming the entire retail business model and thus the entire retail landscape.

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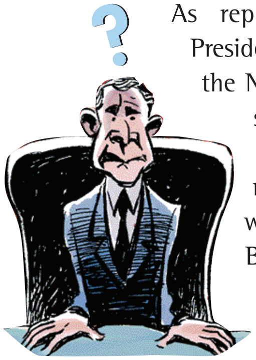
"DUBYA" DOESN'T GET IT



As reported in WWD, our President tells a meeting of the NRF that one answer to stimulating the economy would be to open more retail stores. If this were from the mouth of Bill Clinton, I would ask what he just smoked and inhaled. The fact that a stone sober George Bush offered this up as some kind of grand strategy is really scary. Worse, since he probably didn't dream it up himself, it brings into serious question the intelligence of the advisers who prepped him. When asked to comment on the President's advice to the industry, **Paul Charron**, the CEO of Liz Claiborne, who is never at a loss for words, quipped, "I'm not the field-of-dreams type management style."

At 31 square feet of retail space for every man, woman and child and growing, the U.S. has three times the total of Great Britain, which is runner-up with 10 square feet per capita. In the past decade alone, we added 10 square feet per capita, twice the rate of population growth. And, of course, retailers have to put something in that space. Why not more apparel? Because we gave 2.5 trillion pounds of it away last year. It has been common knowledge throughout the retail industry that we have been over-congested for perhaps the last fifteen years and will undoubtedly compete in this environment for as far into the future as we can see. Furthermore, this has largely resulted in a ten-year and ongoing price deflation trend in the apparel sector (disinflation in many others).

I guess "Dubya," or his advisors, apparently not rocket scientists, do not see the correlation between too much supply and not enough demand resulting in a continuance of such deflation, which ultimately destroys bottom lines.

We should be getting rid of retail space, not building it.

SPEAKING OF WHICH...

The automobile industry produces about 6 million more cars a year than people buy. What are they doing with them? Forget about zero percent financing. Soon they will be paying consumers to take them off the lot. As one analyst from Goldman Sachs said, "Those guys in Detroit don't let demand get in the way of their sales forecasts."

And now, listen to this! Talk about defying the law of supply and demand, and in the middle of an economic meltdown. The "Big Three" are dropping once standard features and raising prices. Raising prices and providing less value! Are those guys insane, or are they on some new form of dream enhancing Viagra? At best it's a shell game intended to confuse the consumer, challenging them to figure out how these companies are repackaging their products and prices. You think the consumer will be fooled? I don't think so. And in this teetering on the edge economy, exacerbated by 6 million more cars a year than people want, I think the "Big Three" are very much insane.

QUOTES TO REMEMBER

"What happens when you let air out of a bubble? It deflates." *Justin Lahart, CNN/Money Staff Writer*

"It looks as if the authors of 'Dow 36,000' — remember that? — may have had one digit too many in their title. Let's just hope it was an extra 3, not an extra 0." *Paul Krugman, economist and NYT editorial writer*

"Well, even if WorldCom goes bankrupt, they're still in business. You know, Enron is still in business. Kmart is still in business. So, going bankrupt for a business is not a big deal." *a spokesman for MCI when being interviewed by Time Magazine*

"It is important to Ms. Wachner that her good reputation and her good name be preserved and that the record be straight on the value she has contributed to the company." *Kenneth Eckstein, partner in the law firm representing Linda Wachner in her pursuit of a $25.1 million severance package she claims as a contractual obligation of bankrupt Warnaco Group, ahead of other unsecured creditors*

"While the vision of your retirement now has one big trash can in the middle of it, chock full of popped balloons, guess whose vision is full of cherry plums and million dollar mansions on the seashore? The guys who were inflating those balloons and knew when to sell out." *Labor activist addressing a group of employees*

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Excel in Everything, Be Superior in One: The Paradoxical Value Proposition

The traditional "B-School" theory that a business must adopt a low-cost, high-volume strategy, or a high-cost, highly differentiated strategy, is going, going, gone. That theory held that a business could not execute both strategies and successfully compete, that they must focus on one or the other.

Well (yawn, yawn), the consumer has raised the bar. They are demanding that companies give them a balance of both strategies. Those that do will win and the rest will lose. In a positive vein, the consumer is saying if you can give them both lower prices and higher value across the street from where they live, they will buy from you. Wal*Mart need not be pigeonholed as just the lowest price retailer, or Tiffany as untouchable. Furthermore, if they succeed in the correct balance of lower prices and higher value, relative to their established image, the consumers' perception of what they stand for will not be diminished. In fact, it will be enhanced. However, the devil is in the blending of the two equations.

Regardless, the competitive bar has been raised across all channels. In essence, businesses must achieve competitive parity, at the very least, in every aspect of the business, and must have superior advantage in at least one area.

Superior Advantage Through Distribution

Given the facts of unlimited selection at rock bottom prices on the demand side and therefore the fierce battles raging in the over-competed supply side to be selected by the consumer, then for a business to simply make it to the "playoffs," so to speak, they must be excellent in everything they do. However, to emerge victorious, to actually be the winning selection, a business must have their value right in front of the consumer at the nano-second they want to buy it, where they want to buy it, and faster than the competition. Simply, in the land of competitive parity or equality of excellence, the one who gets in front of the consumer's face first, and more often, wins. Do I hear "superior advantage through distribution"?

When hockey great **Wayne Gretsky** was asked how he achieved greatness, he answered, "I go to where the puck will be." **Andrea Jung**, CEO of Avon, was quoted two years ago at a Fairchild conference: "Where women go, we will be." Home Depot CEO **Bob Nardelli** says: "We will capture home improvement dollars wherever and however they are spent." From a more intellectual perspective, Professor **Louis Stern** of Northwestern's Business School foresaw several years ago that distribution would be the paramount issue for all of commerce throughout the world. On a macro level, he stated the issue as one of how to distribute the overwhelming excess of stuff produced by the world's developed countries to the two-thirds of the world's underdeveloped countries who really need it.

On a micro level, he said the issue was how to laser distribute the excess through the over-congested, over-competed marketplace most efficiently, effectively and more quickly than the competition, to be in front of the consumer at the nano-second they want it, and where they want it. While Gretsky's, Jung's, and Nardelli's respective "teams" or businesses are expected to excel competitively in all functions, it is clear they have focused on distribution as the one area in which they intend to achieve superiority, thus gaining sustainable competitive advantage.

Not Just Distribution: Ubiquitous Distribution

Following the above logic, "distribution" by itself is too passive. Winners will be ubiquitous distributors, everywhere all the time. They will be the first and fastest to the consumer and will always be in front of them. If not, the competition will be.

This requires that the entire gamut of providers, retailers, vendors, brands, and wholesalers be ubiquitous in place, space and time. Ubiquitous in place means physically moving one's value closer to the consumer, essentially distributing the value to their front door, or at least close enough not to inconvenience them. This physical ubiquity also requires distribution through all vehicles available: "clicks, bricks and catalogues."

Space ubiquity translates to assuring that a "shelf" is never empty, there are zero stock-outs, or simply always being where the consumer expects you to be. Superior supply chain management is imperative for making this happen. Finally, ubiquitous in time simply means around-the-clock accessibility.

To be continued in our next issue...

- *Who the winners are*
- *How they execute and achieve superior ubiquitous distribution through Multi-Brandchising© and Brandscendentalism©*
- *How today's consumers are democratizing distribution and how tomorrow's channel-blind consumers will fundamentally change the retail landscape*