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JEFFERSON CITY COMPANIES ADDING VALUE TO BEAT COMPETITION (Published in the May 2005 Jefferson City Business Times) - 5/1/2005

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JEFFERSON CITY COMPANIES ADDING VALUE TO BEAT COMPETITION

COLUMBIA, Mo. – As a marketing tool, the idea of value-added marketing is really nothing new, experts say. It's really just a buzzword for the age-old approach of finding new ways to outflank the competition.

But whatever you call it, from banks to coffee houses, Jefferson City companies that want to tap into today's selective, value-conscious consumers are finding innovative ways to add new features or services to attract and retain customers.

"Adding value is giving the customer a little extra, more than they expected," said Greg Baker of Hanna Stanley St. John advertising. "And it must be something that the customer wants; the customer must see it as a value. It doesn't have to cost the company more money, but it may require more effort from employees or more time spent with customers."

Such value might be real or perceived, Baker said. It might include a buy-one-get-one-free offer at the grocery store, a free car wash or interior vacuum from the auto repair shop after an oil change, a vendor who delivers a product ahead of schedule or who lets you pay in 30 days rather than upon receipt. Applicable to many situations, value-added strategies can help especially when differentiating between two companies that offer similar products or services, when the product or service is perceived to be expensive or a nuisance or when a company desires to change its customers' habits.

"Value-added strategies are effective when combined with a promotion," Baker said. "If there is no hype behind the value added, the customer may not recognize it is added value."

Jefferson Bank of Missouri, a client of Hanna Stanley St. John, has used a value-added strategy to great success recently by offering free on-line bill paying services to customers who sign up to receive their statements via e-mail. Customers say they like the service, and it reduces printing and postage costs for the bank, which in turn can pass on the savings to customers. Usually, on-line bill paying services will cost customers \$4 to \$6 a month, said Harold Westhues, president of Jefferson Bank.

"We think that it's truly the way of the future," Westhues said. "It is a cost for us now, but we think, long-range, it's going to be a benefit not only to the banking system, or to us, but

also to the customer because they can sit there in the evening, or the morning, pay their bills and then go fishing. We think, long-range, this is the direction it's going."

Value-added technology is important for Internet service provider Socket too, which provides such value-added items as improved spam filters, local technology support, a Web page to help people optimize their use of Socket's services. But Socket's biggest value-added product is its ability to provide local telephone service for businesses.

"The owners said, 'Hey, let's make this our goal to be a full communications provider for businesses,'" said Stephanie Ricketts, marketing representative for Socket. "It's even more than value-added probably. We are now officially a phone service provider."

Whaley's Pharmacy Inc. in Jefferson City has provided a value-added prescription delivery service for decades. Now with three retail stores, the original Whaley store, East End Drug, delivered prescriptions to customers as early as the 1940s. Now, with a new Whaley's on the west side of town, the delivery service, kept in motion by the Whaley's Ambassadors, has expanded to areas outside of the city limits and makes 50 to 60 deliveries a day. The company's Pro-care Services business also packages prescriptions for delivery to nursing homes and customers in long-term care facilities.

"A big base of clientele for pharmacies is the elderly, and many of them cannot get out and about," said Stacy Welling, marketing director for Whaley's Pharmacy Inc. "I had a lady who just called today and said, 'Well my kids take such good care of me, but I hate asking them to get my medicine for me all the time.' And she said, 'I heard that you deliver; I'm right across the street. How do I get set up with you?'"

Yanis Coffee Zone in downtown Jefferson City offers free wireless Internet and five free Internet terminals to its customers. According to Heather Morgan, general manager, the Internet services bring in more customers. While some coffee houses offer wireless service, she doesn't know of any others in Jefferson City that provide terminals.

"We have a lot of people that come in to use the computers every day," Morgan said. "We get everything from students to business types. We get just about everybody; everybody comes in. Almost anyone who comes in to get coffee usually ends up sitting down to check their e-mail. I think it has brought in a whole new crowd."

For a business wanting to add value as a marketing tactic, a good place to start is research. "Marketing research is critical in determining what value-added concepts matter to consumers and therefore which ones should be offered to the customer," said Mark Dahl, owner of Accountable Marketing.

While the strategy can work with any product or service, it may not be necessary for every saleable item. "Each possible value-added product or service must be weighed against the objectives that need to be achieved – if I combine A with B, will I sell more A?" Baker said.

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