

# Adjusting to Industry Change

**An industry veteran challenges the Christian retail industry to make “change” the focus of their business/ministry**

By Bob Steele

## The Changing Landscape of Christian Retail?

Having just returned from the Spring Arbor sponsored Retail Momentum Seminars during March, I am encouraged by the optimistic outlook of many retailers, yet there still exists a considerable amount of concern and skepticism over the future of the Christian products industry – and rightfully so. Last year, 62% of all Christian music was sold outside the traditional CBA store and retail channel. That leaves the CBA channel with a 38% market share of Christian music. Years ago, it was difficult to find Christian music other than at a Christian retail channel store. As Bob Dylan first sang in 1963, “the times, they are a-changin.” And they will continue to change.

How long will it be before we see the same thing happen to Christian books? Big box retailers and mainstream book superstores continue to take a big bite out of our market share every day. Given the current rate of change, some industry experts are predicting that by 2010, more Christian books will be sold outside the CBA retail channel than through the channel. You know what happened to your music sales. Are you prepared to have the same thing happen with book sales? As retailers, we need to be

preparing to face the increasing challenges we will experience over the next few years.

I think Bill Anderson, CBA President, said it best at this year's Future of the Industry meeting held in Indianapolis. Drawing from a football analogy, he stated that many stores are experiencing something similar to what a high school football team would experience when coming back onto the playing field after the half time break and not finding the same traditional high school team they faced in the previous half, but an organized, well trained, motivated professional NFL football team!

Most Christian retailers find themselves facing a similar problem, and it is not going to get any better. Doesn't it feel like the big guys are staring you right in the face on the front line? The competition will not go away, they will not play down to our level and give us a break nor will they stay the same – they'll get even better! So, as Christian product retailers, what are the practices we need to institute to effectively compete in this increasingly competitive marketplace?

## Developing a Level Playing Field

One of the first things Christian retailers need to address is finding a way to “level the playing field”. What do we mean by that? We just stated the competition will not play down to our level. Our option is then to play up to their level. To accomplish this, it is essential to discover areas in which we can surpass our competitors. We need to uncover the competitors weakness and then build our game plan to emphasize and execute our strengths in those very areas.

To start this process, let's go back and take a look at the words used to describe the

competition we found on our home field when we returned from the locker room at the end of half time – well organized, trained, motivated and professional. In the first half, we had home field advantage – now we are at a disadvantage, facing lots of big people, imposing odds and lofty obstacles.

How can we build a game plan to overcome those obstacles? We must build on our strengths. In the last article in this series, we closed with emphasizing a need to operate our stores with a balance between ministry and business practices. If we are to be successful in future years, we will be necessary for us to step up and improve our performance in both areas. The game has definitely changed and if we don't change with the game, I am afraid we will soon see the screen of reality flash that ominous ending message - GAME OVER.

## Improving Your Ministry

To help prevent such an event, it is essential we consider the ministry side of things first. Back to definitions. We find a common verb is used in defining both the words “ministry” and “business.” That verb, action word or phrase is “to serve.” So both ministry and business share a common concept – serving.

Unfortunately, many of us often operate under a misconception of the word ministry. Ministry should not be synonymous with giving discounts, doing things on the cheap, operating a shoddy looking store or asking vendors for special credit privileges. To the contrary, ministry is all about serving, and so is business. Serving in a “business/ministry” should be our strong suit and the focal point of our business plan.

To effectively minister to our customer base, we need to better understand who that customer is and how we can best serve him.

We should have a macro concept of the customer first. What are the general overall demographics of people in our area? What is the dominant denominational profile? What is the average draw or distance for customers that come to our store? Questions such as these should be addressed in an overall business plan. Once established, these facts will help determine how to more effectively reach the prospective customers in your area. Each year's successive business plan should develop various new methods for you to reach your target customers.

Secondly, develop a micro concept for addressing the individual customer when they walk in the front door. Every staff member needs to know exactly how to effectively handle each individual customer, determine their need and supply that need or service. That is ministry, that is service and that is what will keep customers coming back to your store.

Christian retailers should be able to easily differentiate themselves in the area of serving. This is one area we should fully understand how we can serve & minister to our customers – from a business perspective as well as from a ministry perspective. We should be able to go a step beyond the competition in serving our customers, given our understanding of what it is to serve on two levels. Having your staff organized, well trained, motivated and professional will go a long way in meeting and exceeding your customers expectations. What a great ministry.

## Regaining Home Field Advantage

How can we regain the home field advantage we once held in the marketplace? By

competing only in the areas where we can develop a competitive advantage. We just saw an example of that in serving our customers with a business/ministry heart, something hard to duplicate in a large mainstream store environment. The competitive advantage concept is mentioned in almost every business publication you read. You are also advised not to compete in areas in which you are not naturally competitive. Let's take a look at one of the areas where Christian retailers can not be competitive. Then we will identify several areas where you have a distinct advantage in competitiveness.

Christian retailers are unable to obtain the huge discounts afforded the high volume retailers and discounters. Should you try to compete against these types of retailers on price only. No, not on a regular basis. You are not naturally competitive in that arena. Should you discount books and have "loss leaders" – yes, absolutely. Every good marketing plan will include loss leaders and promotional sales.

Now, for the areas where we have an existing competitive advantage. How about all the local churches in your area? Can Wal-Mart or Barnes & Noble effectively serve the local church market? No, not on an ongoing specialized basis. The local Christian retailer has the advantage there. CBA research conducted in 2002 found that the biggest

untapped market for Christian retailers was the church community. Why was that a surprise to us? This concept was brought to the forefront through the CBA Future Trends Report prepared by Retail Forward. What plans are in place for your store to market to the local church community in which you have a distinct competitive advantage?

We saved the best for last. Here is where Christian retailers can really gain some

ground in protecting or taking back some of the ground we have lost. Three areas - product knowledge, breadth of title selection and service are our most prominent and powerful advantage. Notice the order in which these appear, product knowledge being the first and foremost. Christian retailers and staffers with product knowledge are the differentiating factor not to be matched by the competition in the near future. As a concept, the distinctives listed are easily recognized, but how we accomplish them is a little more difficult. We've been at this retail game for many years, yet we still seem to

have our difficulties. In our next article in this series, we will address the business side of the business/ministry equation as we look at properly managing your two most important assets – inventory and people.

#### WHO'S MY COMPETITION?

While nearly 70% of Christian retailers cite discounters as their primary competition and nearly 50% said Christian suppliers are, a CBA poll found customers prefer to shop for Christian resources at Christian stores (more than 30%). The second preference is superstores such as Barnes & Noble and Borders. CBA Marketing & Business Development VP Mark Kuyper said the numbers show industry mistrust between Christian retailers and suppliers, but "they've got to get over it" and figure out ways to cooperate for mutual benefit. "Christian retailers are feeling the pinch of discounters, but the selection and service of superstores may be stronger competition," he said. "Consumers may buy Wal-Mart for convenience and price, but Barnes & Noble is more 'top of mind' for these resources."