

Introduction to STIHL SHOP™

It is important to provide you with the background to and purpose of our STIHL SHOP™ program. Modern-day consumers are much more demanding in terms of their retail shopping expectations and they enjoy more choice in terms of products to choose from and places to shop. Industry research shows that the current shopping experience offered to outdoor power equipment consumers often falls well short of their expectations in many critical retail and service related areas. Dissatisfied customers rarely return to the same shop and they rarely tell the shop owner when (or why) they decide to take their future business elsewhere.

The STIHL SHOP™ program is a retail modernisation program. Developed from substantial consumer research, the STIHL SHOP™ program is designed to lift overall retailing standards and raise the national market profile of STIHL SHOP™ Licensees.

The STIHL SHOP™ program is therefore a collaborative initiative between STIHL SHOP™, a division of STIHL Limited, as the Licensor and STIHL SHOP™ Licensees (independently owned and operated businesses).

Before entering into an agreement, prospective STIHL SHOP™ Licensees must accept that some retail/retailer behaviour changes will be necessary if a high standard of retailing is to be strived for and achieved. In addition, compliance to standards will be necessary if those high standards are to be consistently maintained and supplied daily by STIHL SHOP™ Licensees and their staff to end-user customers.

When properly embraced, the STIHL SHOP™ program will provide the tools for the Licensee to deliver a higher standard of retail experience to end-user customers that consistently matches or exceeds their expectations. We believe that this in turn will significantly enhance the market reputation of the Licensee and the reputation of all STIHL SHOP™ Licensees.

We created the STIHL SHOP™ program with the intention that, once established nationwide, the STIHL SHOP™ program will command a significantly higher market profile for individual STIHL SHOP™ Licensees and for STIHL SHOP™, a division of STIHL Limited, something that has not previously taken place due to the absence of a (consumer) recognisable national retail brand identity. This, in turn, is likely to increase the market value of STIHL SHOP™ Licensees (the independently owned business enterprises) and protect the Licensor's long term business with STIHL SHOP™ Licensees.

Over time, we believe the increased value of being a STIHL SHOP™ Licensee (the worth of each independent business enterprise) will translate into significantly improved profitability and broader business opportunities for STIHL SHOP™ Licensees.

STIHL SHOP™ Strategy

Our brand is the most important asset STIHL SHOP™ will ever have, and as such it must be protected for the good of all Members, now and into the future.

It is the development of our brand and the ever growing public awareness of what it means that will grow the equity each Member has in their business.

The primary role of the Support Office is to protect and enhance the brand. This is done by setting standards of performance and appearance, communicating these to Members, training Members and staff and then ensuring compliance with the standards.

Communicating the brand and what it means to the public is the function of the annual marketing plan designed by the Support Office.

Vision

The vision for STIHL SHOP™ is an expression of what we desire to be.

To attain the Vision will require it to be adopted by all Members as a personal commitment to the Group.

STIHL SHOP™ will be New Zealanders' preferred destination for the purchase and servicing of Outdoor Power Equipment.

Having set the Vision, we need to explain what it means; it is more than just a slogan. The following formula is used to explain the components of our Vision.

VISION = MISSION + VALUES + GOALS

Mission

Our mission describes the every day tasks we do.

- STIHL SHOP™ will communicate to New Zealand that it offers a unique and **exceptional retail customer experience.**
- STIHL SHOP™ will offer a consistently refreshed customer experience, with Members that view all customers as people and future friends.
- STIHL SHOP™ will empower its customers with expert service and advice to help them choose the right Outdoor Power Equipment for their needs.

- ❑ STIHL SHOP[™] will supply the quality, range and stock levels of product that meet consumer requirements for design and performance excellence at a fair price, coupled with excellent before and after sales support.

Values

Values describe the approach and attitudes that we have towards everything we do.

At STIHL SHOP[™] our actions are guided by the following values:

- ❑ STIHL SHOP[™] is a co-operative partnership. We approach everything with integrity.
- ❑ We deliver what we promise, and we go the extra mile for our customers and each other to build a **distinctive STIHL SHOP[™] Customer Experience**.
- ❑ We are open to change and will constantly seek to improve.
- ❑ Being friendly, relaxed and open is important to us.
- ❑ We focus on taking the right actions.
- ❑ We have a results driven, commercial focus – making money is important.

Brand Values

Being the Experts is the essence of our brand values. We are committed to increasing our expertise in OPE Retailing and Servicing.



These are values we have to deliver on because they are what we want the customer to believe when they see our brand:

VALUE	Quality products, good prices, after-sales service.
CHOICE	Top brands and the 'right tool for the job'
EASY	Great stores, set up for me
EXCITING	Cool products in a smart environment
GOOD PEOPLE	Local, down to earth
HANDS ON	Practical and interactive – 'do touch'
FRIENDLY	Personal service and a welcoming attitude
REAL	Sincere and knowledgeable staff who know what they are talking about

Goals

The goals are what we measure ourselves against to see how we are progressing towards our Vision.

- ❑ Our STIHL SHOP™ Brand will be nationally recognised as a locally owned and operated store providing retail and servicing quality that is best in class.
- ❑ STIHL SHOP™ Members will gain market share from all other OPE retailer groups.
- ❑ STIHL SHOP™ will be instrumental in reducing the OPE market share of non specialist dealers.
- ❑ STIHL SHOP™ Members will be rewarded with a ROI and goodwill growth at higher levels than other OPE industry participants.

STIHL SHOP™ Support Office (SSSO)

STIHL SHOP™ Support Office exists only to increase its Licensees' profits by developing training, marketing and support systems that deliver value to the Licensees.

We are careful with expenses because it is our Members who fund the Support Office.

These principles are the focus of our support for Members:

- ❑ **Business Advisory Focus** – how can we improve the licensed business?
- ❑ **Compliance** – does the store meet the required STIHL SHOP™ Standards?
- ❑ **Marketing and Promotions** – how can we increase customer pull through?
- ❑ **Leverage** – can we use the STIHL SHOP™ network to build stronger licensed businesses?

Differentiation - The STIHL SHOP™ Customer Experience

To be successful in a world of ever increasing sameness – when everyone competes on price and makes commitments to customer service - we must stand out from the crowd. Only businesses with unique and sustainable differentiators will survive and prosper.

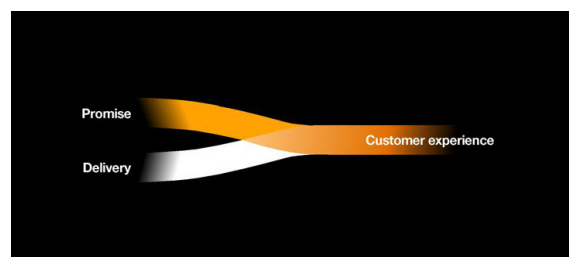
Our differentiation philosophy: There is no better way of making our business stand out than by the **entire experience the customer receives is the best it can be.**

From the beginning, the STIHL SHOP™ strategy has been to create a distinctive STIHL SHOP™ Customer Experience that will be our point of difference. Creating positive Customer Experiences garners client loyalty and advocacy. No amount of advertising can compete with recommendations from friends and family. Creating the best Customer Experiences helps businesses generate these word-of-mouth recommendations.

Research shows businesses and organisations that concentrate their energy on building unique and memorable customer experiences and those who engage emotionally with their clients - rather than just their wallets – are the ones that build strong loyalty and advocacy.

“The greatest advantage achieved from delivering a consistently great customer experience, is that price, as a decision making factor, plummets in importance”

The marketing of the brand will make a promise to potential customers, then the in-store standards must match that promise to deliver the desired customer experience.



To achieve our vision, STIHL SHOP™ must deliver a customer experience that matches or exceeds the promise, and it must also be a better experience than any competitor store can offer.

Customer Experience as the Point of Difference

As Customer Experience describes the main tactic we use to differentiate STIHL SHOP™, we should define just what we mean by Customer Experience.

In retail, a multitude of little things gel to make up the “Customer Experience”. It is how these come together that determines whether the customers’ experience is positive and encourages them to do business with you again. They relate to the layout of your store, and how easy it is to find and how inviting it is when they get there. They also equally relate to the people aspect such as if they are greeted, and if the retail staff endeavour to build a relationship with them and take the time to find out their requirements.

At STIHL SHOP™ much of the retail environment details have been attended to by the design. The people issues are human and you can see that creating a unique customer experience is about an emotional connection and it depends almost entirely on you and your team.

Our People

Everything Members and their staff do impacts on the public perception of the brand values and the brand equity that all Members have invested in.

Your staff are the key to success and why there is a strong focus on performance management training you are provided with a lot of information about Human Resource management.

The RIGHT people are your greatest asset; you will struggle to be successful in today's economy without them. The WRONG people can bring your business to its knees and must be identified and retrained or ethically managed out of the business.

Great customer experiences are delivered by great front-line people. They have energy, empathy, personality and a willingness to do the best possible job for their customers, every time. These are the people you must find and when you do, look after them as you would like them to look after your customers.

Standards and Compliance

Compliance with standards is one of the key measures we have to ensure we are on track to meet our Vision and **consistently deliver exceptional customer experiences**. STIHL SHOP™ Support will conduct Mystery Shopping programs several times a year and carry out compliance visits to ensure the required standards are adhered to. The inspection program is made available to Members so they can conduct self inspections as a way to avoid store blindness.

Merchandising Standards

The Merchandising Guide provides detailed explanations of the merchandising standards expected of a STIHL SHOP™, including general housekeeping and maintenance.

Posters and Other Advertising Material

As a general rule, supplier posters and merchandising material are not allowed to be displayed in store in order to preserve the image of the STIHL SHOP™ brand.

Training

The training programs provided by STIHL SHOP™ Support Office and its contractors are designed to help Members deliver the type of STIHL SHOP™ Customer Experience that, over time, will ensure we achieve the Vision.

Current programs provided to Members include:

- Business Management
- Sales & Marketing
- Inventory Management
- Human Resources and Training
- Customer Service
- Technical Product Knowledge

The aspects covered will be discussed in more depth during our initial meetings. If the STIHL SHOP™ program strikes a cord with you, we are interested in talking further with you.

Next Steps

If the STIHL SHOP™ program strikes a cord with you, we are interested in talking further with you. Contact Phil Weedon, Retail Distribution Manager for STIHL SHOP™ on (09) 262 4000 to discuss opportunities in more detail.