LEVERAGING CUSTOMER PERCEPTIONS TO GROW YOUR BUSINESS

During the past eleven years, CSCNetwork has made a significant commitment to the use of market research to provide member firms with a broad-range of insights regarding opportunities and obstacles to retaining existing customers and aggressively seeking new business. In 1998 and 2006, Market Measurement conducted broad-based telephone surveys among purchase decision-makers for uniform rental to develop a thorough understanding of what these individuals think about local independent launderers vs. the national chains. Always remember, reality is important, but the market is most heavily driven by perception.

To provide member firms with the most accurate and timely market information, this study was replicated in September 2010. Market Measurement completed more than 200 in-depth telephone interviews with purchase decision-makers for uniform rental, including those using local independent launderers, as well as those served by the national chains. The research study design was based upon a scientifically-developed pure random sample of companies located throughout the U.S. within 14 industry categories known to be heavy users of uniform rental (e.g., auto dealerships, special trade contractors, manufacturing, HVAC, etc.). Outlined below are several major themes that emerged from the 2010 market assessment and some initial thoughts about how member firms can integrate this information into their planning activities:

Cleaning/processing remain important, but "professional image" and "uniformity of appearance" are emerging as key drivers of demand for uniform rental.

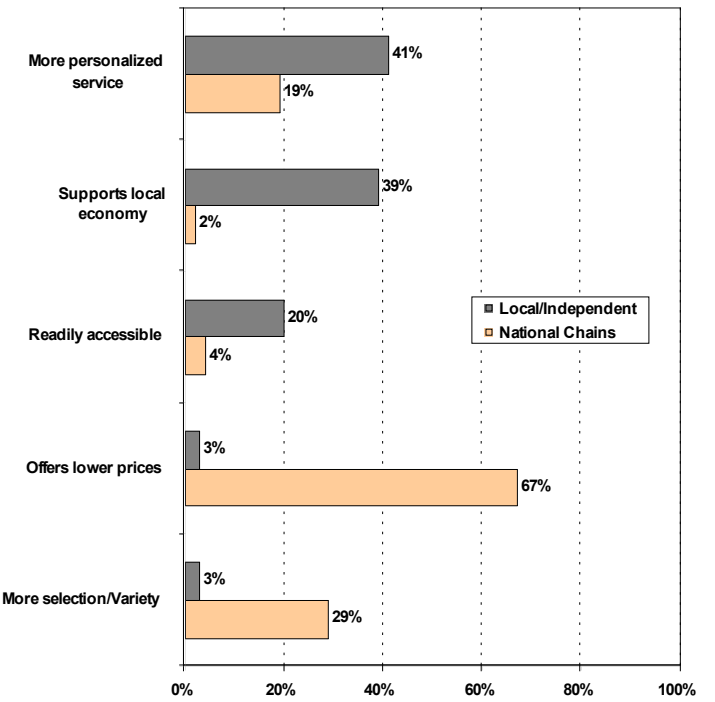
During the past 12 years, the proportion of purchase decision-makers for uniform rental who identify garment cleaning/processing as an important "benefit to the company" has consistently represented about one-third of all study participants. By comparison, those mentioning "professional image" accounted for barely one-in-five (21%) in 1998 compared to over one-half (52%) in 2010. Similarly, mentions of "uniformity of appearance" were rare in 1998 (8%), increased to almost one-third (31%) in 2006 and in 2010 is approaching one-half (45%) of all customers with a uniform rental program. It is also important to be cognizant of another key study finding. Specifically, from a list of eight aided evaluation criteria, the lowest rated topic in 2010 was "overall appearance of uniforms" (i.e., less than one-third provided a rating of "excellent").

Local independent launderers have compelling top-of-mind "image advantages" over the national chains.

When purchase decision-makers were asked to comment upon the potential advantages of using a local independent vs. a national chain for uniform rental, sentiment varied widely as demonstrated below in Exhibit A. For example, top-of-mind perceptions about local independent launderers were heavily focused upon "more personalized service" (41%), supports the local economy (39%) and being readily accessible (20%). In contrast, the dominant image attributes for the national chains are lower prices (67%) and more selection/variety of uniforms (29%).

EXHIBIT A

PERCEIVED ADVANTAGES OF USING A LOCAL INDEPENDENT, VS. NATIONAL CHAIN FOR UNIFORM RENTAL

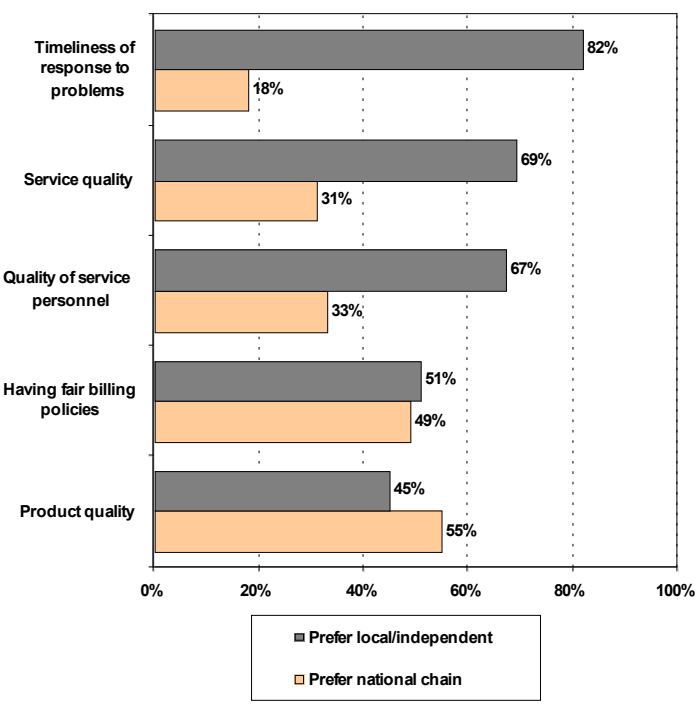


Further evidence of favorable perceptions about local/independent launderers.

While emphasis should always be devoted to unaided, top-of-mind sentiment, as outlined in Exhibit A, study participants were also asked to share their perceptions regarding who would best serve their needs when considering the five evaluation criteria shown below in Exhibit B. Clearly, local independent launderers have a much stronger image than the national chains when considering quality of service personnel, service quality and, in particular, timeliness of response to problems. By comparison, as is consistent with the earlier-noted unaided sentiment, local independents have an untapped opportunity to "tell their story" when considering "having fair billing policies" and "product quality."

EXHIBIT B

PERCEPTIONS ABOUT "WHO WOULD BEST SERVE CUSTOMER NEEDS" FOR UNIFORM RENTAL



Don't be "the best kept secret"

Purchase decision-makers for uniform rental were asked whether their current supplier serves a national market or only the local market and surrounding area. In 1998, well over one-third (40%) of those using a local/independent supplier responded either "don't know" or "a national chain" when asked to describe the service area of their supplier. In 2006, the level of confusion among those using a local independent supplier increased to 50% and in 2010 the proportion correctly identifying their supplier as a local/independent fell to less than one-third (30%). An in-depth review of the study findings suggests this lack of awareness is likely to be a function of two key issues. First, the profile of those renting uniforms continues to evolve away from traditional, heavy-soil industries toward those most interested in image, identity and wearer appearance. Secondly, perhaps because of their shorter tenure as users of uniform rental services, those in the image and identity markets tend to be less knowledgeable about which suppliers are local independents vs. national chains. Regardless, the message for CSCNetwork member firms is clear…to capitalize upon the highly favorable image attributes associated with being "local independent," we need to do a much better job of educating purchase decision-makers regarding our "local/independent" status.

In terms of applying these research findings, Market Measurement recommends consideration of the following:

• While certainly not ignoring the "basics" of a uniform rental service (e.g., cleaning, processing, repairs, etc.), ensure that sales/marketing efforts devote particular emphasis to the themes of "professional image" and "uniformity of appearance." In essence, a rental uniform can enhance the image of, and perceptions about, both the company and the individuals wearing the uniforms.

"Continually reinforce the 'local independent' status of your company whenever communicating with current and potential customers."

• Think about pursuing a "holistic," rather than "incremental" approach to ensuring high quality uniform appearance. Specifically, production personnel are often heavily focused upon making sure that each garment is clean, stain-free, not needing any repairs, having minimal wrinkles, etc., which we would describe as the "incremental approach" to evaluating the garment. In contrast, purchase decision-makers are, increasingly, indicating that they are more heavily focused upon the "overall appearance" of the uniform and its ability to reflect the appropriate image. Your challenge—find a way to enhance the appearance of the uniforms in an environment where customers are increasingly price sensitive.

• Continually reinforce the "local independent" status of your company whenever communicating with current and potential customers.

• Be creative in this communication, which could include invoices, business cards, displays on delivery vehicles and, in particular, sales presentations and brochures, etc.

• Research conducted by Market Measurement demonstrates that the impact of being "local/independent" vs. "family owned" is fairly comparable, so choose either one of these options.

• In response to the likelihood of the continued importance associated with "supporting the local economy," make sure current and potential customers understand that national chains, regardless of the fact they have local plants or depots, transfer much of the economic benefit to distant headquarters locations.

• Critically review your billing policies, as this evaluation criterion used to be a key strength of local/independent launderers, though sentiment has deteriorated measurably in recent years.

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of surfactant employed in the detergent should be tailored to polyester textiles. Nonionic surfactants with a lower HLB value (a measure of how the surfactant interacts with oil and water) are better suited for polyester laundering. These types of surfactants are better at emulsifying oil-based soils, which are the most difficult to remove from polyester.

Not All Spun Polyester is Equal

Since spun polyester has an affinity for oil-based soils, major spun polyester manufactures have incorporated special chemicals during polyester manufacturing to promote easier soil release during laundering. Once applied to the polyester fiber itself, these compounds prevent soils from forming tight bonds with the polyester which makes stain/soil removal less difficult. Additionally, some spun polyester manufactures have taken additional steps in the manufacturing process to modify the surface properties of the fibers to make them softer, incorporated whitening procedures to improve whiteness appearance and retention, or employed advanced dyeing techniques to ensure color retention.

However, all of these additional treatments add costs to the manufacturing process. Typically, the more economical spun polyesters on the market do not incorporate these treatments and are more susceptible to poor stain removal, dulling in color or whiteness, and possibly dye fading.

New Technology and Advances

Advancements in laundry chemistry have been able to enhance the performance of lower quality spun polyesters as well as improve upon the higher quality polyester textiles. Soil release treatments are now available that can be applied during the wash process, significantly improving soil removal. This can translate into lower stain reject rates, a reduction in chemical usage (as stain removal is easier and can be achieved with less chemistry) and lower wash temperatures, which translate into energy savings for the laundry. Also, detergents containing dye transfer inhibitors can prevent fugitive dye from redepositing on other textiles, reducing graying and dinginess. Finally, activated bleach technology can improve textile whiteness when low temperature washing is required.

Advancements in spun polyester technology have moved this once niche textile fiber to a widely accepted and used fabric for laundries. Concurrently, laundry chemistry is up to the task of providing clean, long lasting polyester goods. By being aware of the properties of spun polyester and the process modifications required to launder these textiles, laundry operators can take full advantage of spun polyester and its unique properties. CSC



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• National chains have a long history of being viewed as offering a wider selection of rental uniforms. Try to offset this popular perception by promoting the purchasing power you have through CSCNetwork. The combined purchases of CSCNetwork member firms are comparable to being the second largest industrial launderer in the country.

Developing action plans, such as those outlined above, will be of increasing importance, both in terms of maintaining current customer relationships and expanding market penetration, especially in a weak economy. CSC



For more than 10 years, CSC has partnered with Carl on market research projects for the industrial laundry industry.

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