

BUSINESS INTELLIGENCE

REPORT

Provided for members of the
Greater Maryville
Chamber of Commerce

Strategies and Trends for the Successful Business

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IDEAwatch

Tips for Growing Your Business

■ **Maintain laser-sharp focus in your business** by starting each day with reviewing your vision. All too often mission statements are written and filed out of sight — and out of mind. Take your vision to the next level by articulating it in a way that really resonates with you through words and/or visuals. Take two or three minutes each morning to study and reconnect with your vision. Still your mind and step into your vision, allowing your body and mind to feel the success as if it has already been achieved.

Source: Marla Tabaka, www.inc.com

■ **Companies typically research why they won or lost a bid**, but have you ever researched who is buying but not considering your firm? Examine the cases where companies did a deal with your competitors and your company wasn't even considered for the business. That's the best way to uncover the real weaknesses of your marketing and sales efforts.

Source: www.bnet.com

■ **Learn from your employees' resistance.** Rather than viewing employees who resist change as poor team players, think of them as offering valuable input. First, consider whether the employee is a continual complainer or if he may actually have the good of the company in mind. You may need to probe to uncover issues underlying the complaints. Ask yourself "What does he know that I don't?" Often people closer to the work can foresee problems that you might overlook. Take their perspectives into account and be willing to consider suggestions.

Source: *Harvard Business Review*, www.hbr.com

MARKETING

Five New Rules of Customer Engagement

by Lior Arussy

IN THE DIGITAL ERA, where customers have more power than ever, you need to rethink the way you engage consumers. The days of clichés are over. "The customer is always right" is true only to the extent that now the customer has access to vast information with the click of a mouse. The Internet has created opportunities and obstacles. When a disappointed customer's twitter can destroy your company's reputation, you must cast aside old axioms and practices and re-examine the customer-company relationship.

Most consumers will increase their purchases by 10 percent or more if they have a positive customer experience — and many of those consumers will pay a premium price for an exceptional experience. How can you attract this valuable consumer segment?

Observe These Five Rules

Here are five new rules of engagement with Facebook-friendly shoppers:

1. Stop selling — start educating. No customer likes to be sold, but all customers like to buy. Thanks to the Internet, traditional sales methods no longer apply. Search engines are the new sales force. Customers want information. To be successful, stop selling and start educating. Instead of business development sales and account management, create your own "Department of Discovery and Surprise." Help customers discover something new, and they'll consider your product or service. Enlighten them and they'll buy it. Customer-centric companies are in the education business — not the selling business.

2. Target and select customers carefully. Measure the potential customer's value not only in terms of available budget but also by the potential cost of service. Some customers may

have the budget to purchase your product or service but will be a nightmare to manage. Learn to recognize and avoid them. Working with a U.S. telecommunications company (which sold to anyone willing to sign a two-year agreement), we discovered that most new customers

Follow these rules to attract a customer base that's less concerned with price and more likely to be loyal.

contacted customer service an average of 50 to 100 times a month! These customers were paying \$29.95 per month for their service, but were costing the company much more in customer service expenditures. They were consuming resources they hadn't paid for. And, they restricted the company's ability to allocate resources to its profitable customers. Select your customers carefully. Get rid of the unprofitable customers and focus on the profitable ones.

3. Don't discount — demonstrate value. Traditional selling methods tend to assume that a request for a discount by the customer reflects an insufficient budget. You are short-sighted if you believe this. Asking for a discount often indicates that the customer is confused. She can't consolidate the price and product being presented. She doesn't understand the value included in the product. Customer-centric companies develop methods to demonstrate the value included. Few customers can articulate in financial terms the value they receive from the company. Create methods for your customers to understand the value delivered.

4. Think long-term and be generous. At the moment of truth, customers take note of your performance. Will they be satisfied with your efforts leading up to the transaction? Will they consider the sale a one-time interaction or

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■ **Improve your meetings and presentations by respecting the “Role of Three.”** This reflects the fact that people remember roughly three distinct things from any event, lecture, meeting, book or article. This limitation arises because your memory wants to focus on interconnected facts, rather than distinct and independent pieces of information. What does this look like in practice? First, start every meeting and presentation with a brief description of the three things you are going to cover. Next, focus the meeting on just those three items. Finally, review the three key points. It’s a simple strategy, but not commonly practiced, as people feel the need to add just a few more points.

Source: www.smartblogs.com

■ **Ever wonder why some people’s Facebook posts always show up on the news feed while others don’t — maybe yours, for instance.** Tom Weber of *The Daily Beast* did some experimenting and inferred the following: Facebook is biased against newcomers. They can post all day and most friends won’t see them. One way to overcome this is to have some friends click like crazy on your items and post comments, letting Facebook know you have something others find interesting. Next, plain old status updates rarely show up in the top news, but posting links does, and posting photos and videos trumps links. But even after doing all of this, you won’t display on everyone’s news feed. Unless they interact with your page, it’s hard to get on the feeds of people with 600 or more friends.

Source: www.thedailybeast.com

■ **If you sell products that are made in America,** let your customers know. Three in five Americans (61%) say they are more likely to purchase something when the ad promotes it as “Made in America” and only 3% are less likely, according to a recent Adweek Media/Harris poll. Older Americans and those from the Midwest are generally more patriotic shoppers than younger people and those from the South, East and West, but the differences aren’t enough to abandon this approach.

Source: www.marketingcharts.com

The growing impact of online local search

Local, mobile and social search are converging quickly, according to this year’s *Local Search Usage Study*, conducted by comScore for TMP Directional Marketing. By combining the observed behaviors of 1 million online consumers with 4,000 online surveys, the data outline the importance for companies to develop a multichannel search strategy for reaching consumers. Here are a few key takeaways:

Seventy percent of consumers go online first for local business information — an increase of 7% since 2009. But that doesn’t mean they’re only using search engines. With the heavy push of tools like Facebook Places and

Twitter Places, more users are using varied sources to find information. According to the survey, 69% of consumers are more likely to use a local business if it has information available on a social media site — possibly due to the trust created by fans of the business.

Hopefully you’ve claimed your local listings on sites like Google, Yelp and Internet Yellow Pages, because one out of six searchers is frustrated with their ability to find reliable information about small businesses on the Web, saying the info is either missing or incorrect. One out of three will just abandon the search.

Source: SmallBizTrends.com, October 12, 2010

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transaction? Clearly you want to avoid this one-off affair. Repeat business is your lifeblood. To ensure repeat business, you must be generous in the present. Generosity is the sign that you’re willing to invest in the relationship; to prove to the customer that one-time transactions are not standard. Be generous. Customers will notice and tell their friends. Your customer base will expand, along with your customer-centric reputation.

5. Don’t argue — listen and deliver. Often customers have needs that are different from a company’s product offering. A traditional sales tactic would be to redirect the customer to a similar product in the company’s line. This is a mistake. If customers are coerced to buy products they don’t ask for, they’ll generally resent the purchase, the process and the product. Customer-centric companies listen and deliver what customers really want — regardless of the bottom line. For example, a customer went into Nordstrom’s in search of a particular cologne. The clerk at the fragrance counter informed him that Nordstrom’s did not carry the brand. Instead of trying to sell the customer a similar brand, she asked him to wait, went to a neighboring drugstore, purchased the product and presented it to him. Her efforts earned her high praise and Nordstrom’s a lifelong customer.

Cultivate Customer Loyalty

Tap into your inner customer. Deep down, you know what is acceptable and what is not. You know what makes you happy and what it feels like to be

cheated. Yet somehow you have this belief that customers need only a small taste of good service to keep them happy. You allow this narrow-minded perspective to persist because you believe that to do otherwise would diminish profitability. This is a fallacy. Treating customers the way you wish to be treated will encourage customer loyalty. Loyal customers will buy products and services at a premium because they see the value in the service provided. Bottom line goes up, costs go down and your company grows.

So, how can you become customer-centric? How do you learn to focus on the customer? To reset the rules of engagement you stop talking — and listen to what your customers say about your products, services and yourself. It’s a no sales-agenda visit. It’s difficult at first — honesty can be painful — but the rewards are tremendous. Your customers will experience your commitment and your desire to fortify the relationship, and you’ll identify new opportunities.

A customer-centric company respects — rather than resists — the consumer’s new power in the digital age. Leverage this power to educate your customers. Realize the playing field must be level for long-term relationships to grow. Rethink the rules of customer engagement. Embrace the chance to expand your customer base with consumers who are less concerned with price and more concerned with loyalty.

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■ **Positive customer reviews are crucial** to attracting new customers today. Prospects want proof that others love what you offer. Increase your company's credibility by making it easy for customers to submit reviews. Use your email newsletter to supply links to third-party review sites, such as Yelp.com, where customers can talk about their favorite aspects of doing business with you. Also, encourage submissions directly to you, either through email or by posting to your social media fan pages. Share happy customers' reviews on your website, blog, print materials, newsletter and email signatures.

Source: www.stepbystepmarketing.com

■ **Sometimes banks will not lend to you because they can't.** Banks are required to maintain certain ratios. If the asset quality of a bank has been adversely affected during the last few years, chances are, it will be limited in soliciting and acquiring new loans. Rather than wasting time approaching the bank, do a little research first. Check the FDIC, OCC and Federal Reserve websites and take a look at the bank's recent financials, read the news about the bank in the media and seek out other business owners' opinions. If the bank looks weak, move on to the next one.

Source: www.sbsonline.com

■ **Want trade show prospects to remember your exhibit?**

Train your booth staff well. A study investigated what factors influence exhibit recall six months after a visit. Of those surveyed, 55% of executives indicated that the personal sales assistance provided by booth representatives helped them recall a company's exhibit. Only 32% recalled an exhibitor based on the product information obtained, while just 13% indicated that a premium or giveaway helped them remember a particular exhibitor.

Source: www.tradeshowresearch.com

Blaming the media for bad ads

If you've experimented with advertising and decided that "print advertising doesn't work" or "radio is a waste of money," there could be another explanation: your ads and ad strategy just aren't very good. A large and growing body of evidence points to advertising messages and the strategy behind them play at least as much of a role in marketing success as the media plans that carry them.

Ameritest, for example, analyzed more than 60 over-the-counter drug ads with more than 2,400 consumers. In one test, they displayed different ads for Tylenol and then asked viewers what

they thought would be an appropriate price for a bottle of the pain reliever. The weakest ad got an average response of \$4.05, while the strongest ad attained an average price of \$4.81.

Part of this "kill the messenger" mentality is that it's difficult to measure creative's impact on sales because it's not easy to effectively test one advertisement against another in the same medium at the same time. Another factor is that marketers have a lot more personally invested in the creative because they may have developed or helped develop the ad and strategy.

Source: *Advertising Age*, September 27, 2010

Fed contracts to be set aside for women

After 10 years of delay, the Small Business Administration will implement an expanded federal contracting program for women-owned businesses.

The purpose of the program is to set aside federal contracts for women-owned businesses in industries where they have been underrepresented. The new regulation expands the program to 83 industries. Contracting officers at federal agencies will be able to start set-

ting aside contracts for women-owned businesses in early 2011.

To be eligible, businesses must meet industry-based small business size standards and be majority-owned and controlled by women. Agencies will be authorized to set aside contracts of up to \$3 million for such businesses, except in manufacturing, where the size of the contracts can go up to \$5 million.

Source: BizJournals.com, October 5, 2010

Not all businesses find 'daily deal' a good deal

The hottest thing in online marketing today is the daily deal. Mega-successful company Groupon started this trend, and many imitators have sprouted. So how are those daily deals working out for retailers? Not so hot, says a new study.

For the uninitiated, a business that offers a daily deal through one of these sites must provide a substantial discount — often 50% off — plus the daily-deal company's cut. Customers prepay upfront and get a coupon they present to the advertiser.

A Rice University study polled 150 businesses that did Groupon deal offers in the past year. About one-third of participating businesses said their daily-deal offers were unprofitable. More than 40% said they wouldn't do a daily deal again. Business owners reported deal users didn't buy additional items beyond

the deal offer and that they tended to be one-time visitors and didn't become repeat customers.

Some of the study's recommendations on how to make a daily-deal promotion successful: Design your deal so that it will appeal to new customers and not cannibalize sales to existing customers. Know whether your business type is well-suited to benefit from a daily deal. The study found restaurants and education companies fared the worst, while salons and spas were the most successful. Offer the deal on merchandise you're looking to unload or underutilized services you want to grow. Avoid offering a discount off the total bill — you may end up giving away too much margin, as you aren't in control of the size of your discount.

Source: Entrepreneur.com, October 8, 2010