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CHICAGO MARKETING CONSULTANTS

InternetKnowledgeSolutions.com

Business Growth And Development Guide

INTERNET KNOWLEDGE SOLUTIONS

Five Fatal Marketing Mistakes

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5 Fatal Marketing Mistakes

For A Powerful Small Business Marketing Strategy, Avoid These 5 Profit Killers!

Advertising is not marketing; advertising is only one aspect of the entire marketing mix. Incorrectly positioned in your marketing strategy, or inexpertly done, it will waste your assets worse than leaving your front door open every night!

Take some time to think about these common costly advertising mistakes. Eliminating or avoiding them will put money in your bank account fast!

MARKETING: A DEFINITION

World-renowned business expert, Peter Drucker, explained marketing in a nutshell when he wrote:

“Business, because its function is to create a customer and sustain it, has only two purposes -- Marketing and Innovation. Marketing and innovation are the only two functions that build business-- that sustain paying revenue. *Everything else is an expense.*”

#1 Do You Use Direct Response Instead of Image Advertising?

Small and mid size business owners, or professional service providers, frequently use image advertising in mistaken attempts at “branding”. This is *the* top money-wasting advertising strategy that you can employ. Here’s why:

Lexus can afford to use image ads in an attempt to position its products against the German car manufacturers because the ad budgets in that industry allow for waste and unaccountable results. The same trend is apparent with Nike, Coke, Levi’s, and McDonalds. But when a Realtor, for instance, continually sends out advertising just to “keep my name out there” – that’s a grave and costly mistake.

“Image Advertising and Direct Response are born of different worlds. Image ads are from the world of PR and publicity, while direct response is from the world of one-to-one sales. Image ads are designed to change the way the *market* thinks--over time. Direct response is intended to persuade *individuals* to perform a specific action – immediately.”

When you hear people complain about having tried postcards, direct mail, etc., who say they gave up because “mailing doesn’t work” -- they have probably mislaid the blame.

Just ask Publishers Clearinghouse, Boardroom, Rodale Press, and hundreds of thousands of smaller business who use, and swear by, *direct response* advertising. It’s the message, not the medium.

The results of image advertising can't be quantified. If it can't be quantified, it can't be measured. Direct ads, because they require a response, can be measured, tested, tweaked, and compared with other options.

All marketing assets need to, ultimately, be measurable. If they can't be measured, they can't be managed!

Ineffective ads don't work – no matter what delivery system you use.

#2 Have You Defined and Clearly Articulated Your USP?

Rosser Reeves, legendary 'ad man' from over 50 years ago, first developed the term *Unique Selling Proposition* and outlined the importance of the concept. It is the single most valuable marketing asset you can have-- better than even a great product or service. (But maybe not *both*, of course.)

Sometime you'll hear it referred to as the Customer's Buying Advantage, Strategic Marketing Position, or something like that –but the reference point is the same.

Your USP, in a nutshell, needs to answer the following question:

"Why, given all the other options available to me – including continuing to do what I'm currently doing, and, my option to do nothing at all – should I take you up on your offer, and do business with you-- rather than your competitor?"

If you use vague terms to describe your business, like, superior service, satisfaction guaranteed, service with a smile – you are, well, not unique. How about cutting edge technology, on time and under budget, money saving, cost effective, (_____) fill in the blank? NO.

When It Absolutely Positively Has To Be There Overnight! Yes. (Not 'speedy service')

We're #2-- We Try Harder! Yes. (Not convenience and superior customer service')

It's Not Live, It's _____! Yes. (Not high quality') (O.K., you get it.)

Don't confuse these with slogans or, as they're called, taglines ('progress is our most important product'). Your USP has to offer, in a simple and specific way, a benefit (at most, two) that solves the problems, and connects with the desires and conversations, that pervade your target market. This means, too, that you have to know your marketplace.

Even more than just a statement, a USP must be integrated into all your business processes-- management, maybe delivery systems, inventory, personnel, office décor, website, stationary, etc., so it is reflected from every aspect of your operation.

For example, Wal-Mart pushes cost savings in its' USP and has integrated into all levels of its business. All the company executives fly to business meetings in coach class and share rooms at Motel-6 type motels. And, to be consistent, Sam Walton never moved from the house he lived in when he first started the company!

Closer to home, if you offer the fastest service, you have to make sure your shipping, inventory system, vehicles, etc., won't hinder you from making good on that promise.

These are the fundamental *internal* business things that have to be accomplished before there can be any rational discussion about "branding". Your USP and direct response advertising – correctly executed – will make you the money you're looking for along the way!

In case you're wondering what makes Rosser Reeves such an authority, try: "Melts In Your Mouth, Not In Your Hand" ...50 years and counting!

#3 Do You Know the Lifetime Value Of Your Customer?

When we get right down to the nuts and bolts of marketing, advertising is simply an investment used to buy a customer, client, or patient. How can anyone decide how much to spend for something without knowing the value of what is being bought? Without knowing both numbers it's impossible to calculate your ROI.

When you know your CLTV, you can make more intelligent (read, profitable!) projections across all phases of your marketing. You'll come to know a lot more about your own business when you mine your data for these figures. You'll see the under-developed assets and profit opportunities that you previously overlooked.

For example, when you analyze your customer base in search of these numbers, some very eye-opening trends will emerge. You'll see their buying habits, your average first purchase profits, and the additional profit they contribute as they continue to buy.

Then, you can accurately segment your customer base to see where your money is actually coming from. Experience, as well as all the available data, has shown me that this is one case where the '80/20 rule' actually applies.

If you examine the data more closely, you'll see what kinds of offers bring in the most profitable buyers. You'll also be able to develop and refine the conversion process that transforms those buyers into actual *customers*.

#4 Do You Do Continuously Market To Your Existing Customers Or Do You Equate Business Growth With Attracting New Ones?

This is most common strategic error I see being made in the small and mid-size business marketplace today. Add this mistake to image advertising and you have a proven prescription for marketing disaster.

I think this is a carryover from the way business owners initially come into the marketplace. At first, we have no customers. The more new customers we acquire, the more our businesses grow. It seems to become ingrained in our 'marketing-thought' that this is the best, or only, way to grow.

After awhile we accumulate a customer base and gradually cross a threshold where our growth strategies should change. Here's why:

The cost of landing a new customer may easily run from a couple hundred dollars, into the thousands – and this is just to acquire the first sale! There is a much more cost-effective, high yield strategy available.

A buyer who has bought from you once is 5 times more likely to buy (again) than someone who has never bought from you. You can engineer this *second* purchase for probably less than a dollar! (A postcard, letter, *and* email can be sent for around 80 cents.) A buyer who has bought from you *twice* is **3 times** more likely to buy again than someone who has already bought from you once!

Now instead of using a lot of money to make low-margin sales offers to the people who are least likely to buy, you can use a more profitable and cost effective approach to accelerating your business growth.

When you've accurately segmented your customer records, you can develop amazing profit making ad campaigns. You'll know what kinds of offers each segment responds to best so you can add more value and benefits to elevate your customer experience. The result is more pure profits and an increase in your customers' lifetime value.

Frequent buyer programs, exclusive offerings to "Platinum" customers, bundled products and services to "Gold" customers, and so on. You *get* offerings like this everyday. Why not put the same principle to work? Your business will grow by leaps and bounds!

#5 Do You Advertise *Beyond* The Cash Register?

Most of the ads I see offer "bargain basement" opportunities with obviously low profit value. This often makes me wonder what the owner's *overall* goal is for the ad campaign. Frequently I'm told that they are banking on the buyer also buying something else. While that may be a moderately safe "percentage play", a *proactive* ad strategy will produce a more impressive, and more lucrative, results.

Acquiring a buyer is not the same as acquiring a customer, and an effective ad strategy has to take this distinction into account. If you're not transforming buyers into customers, your business will just become an endless series of low margin promotions!

Why not have your salespeople ready with up-sell and cross-sell strategies, as well as bundled offerings to go along with your initial advertised 'special'?

Instead of looking at your sales from a *product* perspective, consider what *problem* your buyer is trying to solve. A knowledgeable sales person can add value to the buyers' trip to the store by making all the items needed for a complete solution available. When you can transform your perceived role from product vendor to solutions provider, repeat purchases and referrals are sure to follow!

Do you sell to a return trip by offering a 'first time buyer's certificate' that is good for some special offering if redeemed in the next 15 or 30 days? What about a 'bring a friend coupon' that may get a response from an additional buyer that your campaign may have either missed or failed to convince.

Your sales staff should have a range of 'bounce-back' options since the same offer isn't going to be attractive to everyone. Just guessing by what is being bought at the time is a very inaccurate way to judge. After all, the guy who's buying exterior paint supplies for his home isn't going to be doing that again for a long time!

Capture Their Personal Data

Do you enroll them in your automatic 'birthday discount shopping spree' program to capture their personal information? You'll need it in the future to involve your new buyer in your relationship marketing efforts.

When you can correlate this data with their first purchase, purchase amounts, etc., you can begin to develop accurate individual customer profiles. As time goes by you'll know the buying patterns and preferences that will let you deliver laser focused, irresistible offers that generate high volume, high profit responses.

The deliberate planning of the micro-steps all along the conversion process will generate higher returns on your advertising investments and ensure a continuously widening customer base. You'll soon see an upsurge in revenue that you may have otherwise thought impossible!

WAIT! THERE'S MORE

Did You Find These Tips Helpful?

We certainly hope so. If you did, here's something *you* can do to help *us*. (You just knew there was a catch – didn't you?)

Please send me your comments to this article. We'd like to have your feedback so we can continue to improve our offerings.

Send replies to: news@internetknowledgesolutions.com

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In return for that favor, I'll send you

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