Chapter 1 Optimizing Your Marketing Program

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Arketing is all the activities that contribute to building ongoing, profitable relationships with customers in order to grow your business. The immediate goal of marketing is to make sales. The long-term goal is to become increasingly useful or valuable to a growing number of customers so as to ensure your future success.

Your *marketing program* is the right mix of products or services, pricing, promotions, branding, sales, and distribution that will produce immediate sales and also help you grow over time. You'll know when you've found the right mix for you and your organization because it will produce profitable sales and enough demand to allow you to grow at a comfortable rate. This chapter serves as a jumping-off point into the world of marketing. By reading it, you can begin to design a marketing program that works for you. The rest of this book can help you refine the program that meets your needs.

Knowing Your Customer

To make your marketing program more profitable and growth oriented, think about how to reach and persuade more of the right customers. When you understand how your customers think and what they like, you may find better ways to make more sales. The next sections help you get better acquainted with your customers.

Asking the right questions

To better know your customers and find out what they're thinking, you must communicate with them. But before you delve into asking your customers what they want, you first have to ask yourself one important question: Why will people buy what I offer? You need to provide benefits that customers value. For instance, your product may offer benefits such as convenience, ease of use, brand appeal, attractive design, or a lower price than the competition. The right mix of benefits can make your product particularly appealing to the group of customers who value those benefits.

Your specific appeal to customers may vary from your product having a better warranty to your store being open later than the competition. Whatever the specific reasons, if you can't list at least a few sound, logical reasons as to why people should buy from you, then you need to make some improvements.

However, even if you're better from a logical or rational perspective, customers may still choose the competition. Say your new cola scores better in blind taste tests or is made of organic ingredients. So what? Who wants to buy an unknown cola rather than the brand they know and love? No, this trust issue isn't rational, but it still affects the purchase — which is why you absolutely must take a look at the emotional reasons for why people may or may not buy from you. Is your brand appealing? Do you use an attractive design for your packaging? Is your presentation professional and trustworthy?



Image isn't everything in marketing, but it *is* just about everything when it comes to the emotional impact you make. So pay close attention to your image when you're looking for ways to boost sales. To truly know your customers, you also need to explore the answers to these two questions:

- ✓ What do customers think about my product? Do they understand it? Do they think its features and benefits are superior to the competition and can meet their needs? Do they feel that my product is a good value given its benefits and costs? Is it easy for them to buy the product when and where they need it?
- How do customers feel about my product? Does it make them feel good? Do they like its personality? Do they like how it makes them feel about themselves? Do they trust me?



To answer these questions, find something to write on and draw a big *t* to create two columns. Label the left column "What customers know about . . ." and put the name of your brand, company, or product in the blank. Label the right column "How customers feel about . . ." and fill in as much as you can from your own knowledge before asking others to give you more ideas. Keep

working on this table until you're sure you have an exhaustive list of both the logical thoughts and facts and the emotional feelings and impressions that customers have.

If you have access to a friendly group of customers or prospective customers, tell them you're holding an informal focus group with complimentary drinks and snacks (doing so helps with your recruiting) and ask them to help you understand your marketing needs by reviewing and commenting on your table. The goal is to see whether your lists of what customers know and feel about your product agree with theirs. Do they concur with how you described their emotional viewpoint and/or their factual knowledge base? (Chapter 4 gives more information about researching customer attitudes.)

Filling the awareness gap

Are prospective customers even aware that you exist? If not, then you need to bump up your marketing communications and get in front of them somehow to reduce or eliminate the *awareness gap*, which is the percentage of people in your target market who are unaware of your offerings and their benefits. (How? That's what the rest of this book is about, so keep reading!) If only one in ten prospective customers knows about your brand, then you have a 90-percent awareness gap and need to get the word out to a lot more people.



If you need to communicate with customers more effectively and often, you have some options for bumping up the impact of your marketing communications and reducing the awareness gap:

- You can put in more time. For instance, if customers lack knowledge about your product, more sales calls can help fill this awareness gap.
- You can spend more money. More advertisements help fill your awareness gap, but of course, they cost money.
- ✓ You can communicate better. A strong, focused marketing program with clear, consistent, and frequent communications helps fill the awareness gap with information and a positive brand image, which then allows interest and purchase levels to rise significantly. See Figure 1-1 for a graphic that illustrates the awareness gap, and consider creating your own graph in the same format to see how big your awareness gap is. (Communicating better is my favorite approach, because it substitutes to some degree for time and money.)
- ✓ You can become more popular. Sometimes you can create a buzz of talk about your product. If people think it's really cool or exciting, they may do some of the communicating for you, spreading the news by word of mouth and on the Internet (this is sometimes referred to as *viral marketing*).

Focusing on your target customer

Your *target customer* is the person who you design your product and marketing program for. If you don't already have a really clear profile of your target customer, make one now — otherwise your marketing program will be adrift in a sea of less-than-effective options.





To craft your target customer profile, assemble any and all facts about your target customer on a large piece of poster paper: age, employer, education level, income, family status, hobbies, politics (if relevant), favorite brand of automobile, or anything else that helps you focus on this person. Also list your target customer's motivations: what he or she cares about in life and how you can help him or her achieve those goals. Finally, cut and paste one to three pictures out of magazine ads to represent the face or faces of your target customer. This is who you have to focus your marketing program on. Everything from product design or selection to the content, timing, and placement of ads must specifically target these people.



You can further increase your focus on your target customer by deciding whether he or she prefers marketing that takes a rational, information-based approach; an emotional, personality-based approach; or a balanced mix of the two. By simply being clear about whom to target and whether to market to them in an informational or emotional manner, you ensure that your marketing program has a clear focus.

Identifying and playing up your strengths

One of the best steps you can take as a marketer is to find your chief strengths and build on them so you can add an additional degree of focus and momentum to your marketing program. The key is to always think about what you do well for the customer (don't get hung up on shortcomings) and make sure you build on your strengths in everything you do. For example, imagine that customers say your pricing isn't as good as larger competitors, and you also feel that your brand name isn't very well-known. That's the bad news, but the good news is that existing customers are loyal because they like your product and service. The thing to do here is build on this strength by creating a loyalty program for customers, asking for and rewarding referrals, and including testimonials in your marketing materials and on your Web site. Building on your strength in this manner can help you overcome the weaknesses of your higher pricing and lesser name recognition.



Focus on your strengths by clearly and succinctly defining what your special strength or advantage is. Grab a piece of paper and a pen and start your sentence like this: "My product (or service) is special because. . . ." Take a minute to think about what makes your firm or product special and why customers have been attracted to you in the past. Then make sure you talk about your strengths or show them visually whenever you communicate with customers. (Some marketers call the resulting statement of what makes you special a *unique selling proposition*, or USP. As its name implies, it ought to be unique to your product, to help differentiate it from your competitors.)

Discovering the best way to find customers

Another aspect of your customer focus is deciding whether you want to emphasize attracting new customers or retaining and growing existing customers. One or the other may need to dominate your marketing program, or perhaps you need to balance the two. Marketing to new prospects is usually a different sort of challenge from working with existing customers, so knowing which goal is most important helps you improve the focus of your marketing.



I periodically survey managers of successful businesses to ask them about their marketing practices. The first and most revealing question I ask is, "What's your best way to attract customers?" Here are some of the most common answers — things that marketers often say are most effective at bringing them customers:

✓ Referrals: Your customers may be willing to help you sell your product (see coverage of word of mouth in Chapter 11 for how to stimulate referrals).

- Trade shows and professional association meetings: Making contacts and being visible in the right professional venue may be a powerful way to build your business (see Chapter 12).
- Sales calls: Salespeople sell products, so make more calls yourself, or find a way to put commissioned salespeople or sales representatives to work for you (see Chapter 17).
- Advertising: Advertising sells the product, but only if you do it consistently and frequently, whether in print, on radio and TV, outdoors, or on the Web (see Chapters 7, 8, 9, and 10).
- Product demonstrations, trial coupons, or distribution of free samples: If your product is impressive, let it sell itself (see Chapters 14 and 15).
- Placement and appearance of buildings/stores: Location is still one of the simplest and best formulas for marketing success (see Chapter 10 to position yourself for high Web traffic and Chapter 16 for prominent placement in the real world).

As the preceding list indicates, every business has a different optimal formula for attracting customers. However, in every case, successful businesses report that one or two methods work best. Their programs are therefore dominated by one or two effective ways of attracting customers. They put between one-third and two-thirds of their marketing resources into their primary way of attracting customers and then use other marketing methods to support their most effective method.



To find your business's most effective way of reaching out to customers, you need to ask yourself this important question: What's my best way to attract customers, and how can I focus my marketing program to take fuller advantage of it? You can't look the answer up in a book, but you can take heart from the fact that with persistence you'll eventually work out what your winning formula is, and then you may only have to make minor changes from year to year to keep your program working well.

When you answer this question, you're taking yet another important step toward a highly focused marketing program that leverages your resources as much as possible. Your marketing program can probably be divided into four tiers of activities:

- 🖊 Major impact
- Helpful; secondary impact
- ✓ Minor impact
- Money loser; very low impact

If you reorganize last year's budget into these categories, you may find that your spending isn't concentrated near the top of your list. If that's the case, then you can try to move up your focus and spending. Cut the bottom tier, where your marketing effort and spending isn't paying off. Reduce the next level of spending and shift your spending to one or two activities with the biggest impact. I call this the *marketing pyramid*, and in workshops, I challenge marketers to try to move their spending up the pyramid so their marketing resources are concentrated near the top (which reflects the most effective activities).

What does your marketing pyramid look like? Can you move up it by shifting resources and investments to higher-impact marketing activities? Figure 1-2 shows how a marketing program may be viewed as a pyramid made up of the building blocks of your marketing activities. Ideally, your program should fit this visual model, with clear distinctions between the primary, secondary, and tertiary activities so you know where to concentrate your resources for best effect.



Defining Your Marketing Program

The success of any business comes down to what customers do, and they can only act based on what they see. That's why marketing and advertising gurus often say, "Perception is everything." You must find ways to listen to your customers and understand their perceptions of your firm and offerings, because your customers (not you) need to define your marketing program.



A marketing program should be based on a *marketing strategy*, which is the big-picture idea driving your success (if you don't have one yet, check out Chapter 2). The marketing program is all the coordinated activities that together make up the tactics to implement that strategy. To make both strategy and program clear, write them up in a *marketing plan* (see Chapter 3).

You don't have to get fully into the technicalities of strategies and plans right now, because in this chapter, I go over lots of simpler, quicker actions you can take to leverage your marketing activities into a winning program. *Note:* The following sections require you to think about and write down some ideas, so get out your pencil and paper, PDA, or laptop to jot down notes while you're reading.

Finding your influence points

From the customer's point of view, identify the components of your marketing program. (The components include everything and anything that the customer sees, hears, talks to, uses, or otherwise interacts with.) Each customer interaction, exposure, or contact is an *influence point* where good marketing can help build customer interest and loyalty.

If you have a marketing plan or budget already, it probably doesn't reflect this customer perspective accurately. For example, in many larger businesses, the marketing department is separate from product development, yet customers interact with your products so, to them, product development is a key component of the marketing program.



Similarly, some of the people who sell your product may not be in your plan or even on your company's payroll. A salesperson in the field, a distributor, a wholesaler, or anyone else who sells, delivers, represents, repairs, or services your product is on the marketing front lines from the customer's perspective. All of these people may be seen to represent or even *be* the product, from the customer's point of view. Are they all representing your business and product properly — with the focus and professionalism you want in your marketing program? Are they available when and where needed? Are they likeable? Is their presentation and personality consistent with your strategy for your marketing program? If not, you must find ways to improve these people's impact on the customer, even though you may not have formal authority over them. Make your expectations clear. Start by talking with them about your concerns and also offer help in the form of demonstrations or trainings, product information, and printed handouts such as brochures and instruction sheets they can share with customers.

Analyzing your Five Ps

What really matters in marketing are the points of contact between the customer and your communications, products, and people. These customer interactions with you (or *influence points*) constitute your marketing program. I always take care to list these influence points when designing a marketing program. To make a list of your own influence points, use the following Five Ps of marketing for your categories.

Product

Determine which aspects of the *product* itself are important and have an influence on customer perception and purchase intentions. List all tangible features plus intangibles like personality, look and feel, and packaging — these are the aspects (both rational features and emotional impressions) of your product that influence customer perception. *Remember:* First impressions are important for initial purchase, but performance of the product over time is more important for repurchase and referrals.

Price

List the aspects of *price* that influence customer perception. What does it cost the customer to obtain and use your product? The list price is often an important element of the customer's perception of price, but it isn't the only one. Discounts and special offers belong on your list of price-based influence points, too. And don't forget any extra costs the customer may have to incur, like the cost of switching from another product to yours; extra costs can really affect a customer's perception of how attractive your product is. (If you can find ways to make switching from the competitor's product to yours easier or cheaper, you may be able to charge more for your product and still make more sales.)

Placement

List the aspects of *placement* or distribution (in both time and space) that influence the accessibility of your product. When and where is your product available to customers? Place is a big influence, because most of the time, customers aren't actively shopping for your product. Nobody runs around all day every day looking for what you want to sell her. When someone wants something, she's most strongly influenced by what's available to her. Getting the place and timing right is a big part of success in marketing and often very difficult (see Chapter 16 for help with placement).

Promotion

List all the ways you have to *promote* your offering by communicating with customers and prospects. Do you have a Web site? Advertise? Send mailings? Hand out brochures? What about the visibility of signs on buildings or vehicles? Do distributors or other marketing partners also communicate with your customer? If so, include their promotional materials and methods in your marketing program, because they help shape the customer's perception, too. And what about other routine elements of customer communication, like bills? They're yet another part of the impression your marketing communications make.

People

The fifth P is perhaps the most important one, because without *people*, you can't have a marketing program. List all the points of human contact that may be important to the success of your program. If you run a small business, this list may just be a handful of people, but even so, include this list in your planning and think about ways each person can help make a positive impression and encourage a sale.

Refining your list of possibilities

You need to find efficient, effective ways to positively influence customer perception. You want to use elements of your marketing program to motivate customers to buy and use your product (service, firm, whatever). The list of your current influence points for each of your Five Ps (see the previous related sections) is just a starting point on your journey to an optimal marketing program.

Now ask yourself: a) what can be subtracted because it isn't working effectively, and b) what can be emphasized or added. Think about each of the Five Ps and try to add more possible influence points. Look to competitors or successful marketers from outside your product category and industry for some fresh ideas. The longer your list of possibilities, the more likely you are to find really good things to include in your marketing program. But in the end, don't forget to focus on the handful of influence points that give you the biggest effect so that your program fits the pyramid design of Figure 1-2.



Consider the example of GLBargain (stores.ebay.com/GLBargain), a computer retailer from Dearborn, Michigan, that experimented with selling products on eBay and found a successful formula that led to the shift of the company's marketing focus to eBay and the Web (GLBargain also has a store of its own at www.glbargain.com). GLBargain is now a power seller on eBay and has made more than 5,000 sales to eBay buyers all across the United States. The store usually lists more than 600 separate items, using eBay-compatible store software from ProStores (www.prostores.com). GLBargain's marketing program emphasizes a strong presence and low prices on eBay, along with a tightly run warehouse that tests, packs, and ships products very quickly and reliably so as to get a high volume of happy customers who give the company top ratings in eBay's feedback system.

To craft your own winning formula, think of one or more new ways to reach and influence your customers and prospects in each of the Five Ps and add them to your list as possibilities for your next marketing program.

Avoiding the pricing trap



Don't be tempted to make price the main focus of your marketing program. Many marketers emphasize discounts and low prices to attract customers. But price is a dangerous emphasis for any marketing program because you're buying customers rather than winning them. That's a very, very hard way to make a profit. So unless you actually have a sustainable cost advantage (a rare thing in business), don't allow low prices or coupons and discounts to dominate your marketing program. Price reasonably, use discounts and price-off coupons sparingly, and look for other tactics to focus on in your marketing program.

Controlling Your Marketing Program

Little details can and do make all the difference in closing a sale! Does your marketing program display inconsistencies and miss opportunities to get the message across fully and well? If so, you can increase your program's effectiveness by eliminating these pockets of inconsistency to prevent out-of-control marketing.



To show you how hard it is to control all the influence points in a marketing program, I want to share the story of a company whose marketing I once evaluated. American Marine is a Singapore-based manufacturer of high-quality, attractive Grand Banks motor yachts. Its products are handsome, rugged, and seaworthy, and customers have an almost fanatical love of and loyalty to the product. (In other words, the product sells itself — if you can find people who have enough money to buy it.) This manufacturer showcases the product in its well-designed, full-color brochures and product sheets, with both attractive color photos of the boats and detailed specifications and floor plans. (The company recognizes that customers have both informational and emotional elements in their purchase decision, and it covers both bases well in its printed materials.)

However, Grand Banks yachts are sold through regional distributors, who occasionally fail to maintain the same high standards when they add their own cover letter or other printed materials to the manufacturer's marketing materials. I was asked to evaluate a regional distributor's presentation, so I requested information over the Internet. In response, I received a plain, low-quality brown envelope with a boring, black-ink cover letter lacking any picture or logo-type drawing of the product. Hidden beneath this unimpressive packaging and form letter were the truly impressive corporate brochures about the product. The product in this case costs more than a million dollars. To make a sale like that, you need to put some extra care and effort into making sure everything you show a prospective customer is sophisticated and impressive.

I see communication problems like this all too often with my clients. The Grand Banks mailing would've been much more effective if the entire package were done to the high standards set by the corporate marketing materials and the product itself. My recommendation was that both envelope and cover letter ought to

- Demonstrate high-quality design and materials to represent the fine craftsmanship of the product
- ✓ Show the product, because the product makes the sale in this case

To give another example, many eBay sellers fail to take and post high-quality photographs of the products they're trying to sell and then wonder why they get few bidders and have to sell for low prices. These sellers can easily upgrade their photography, but they fail to recognize the problem, so they allow this critical part of their marketing mix to remain poorly managed.

Given the reality that some of your influence points may be partially or fully uncontrolled right now, I want you to draw up a list of inconsistent and/or uncontrolled elements of your marketing program. I think you'll find some inconsistencies in each of the Five Ps of your program (don't worry though; that's common!). If you can make even one of your marketing elements work better and more consistently with your overall program and its focus, you're improving the effectiveness of your marketing. Answer the questions in Table 1-1 to pinpoint elements of your marketing mix that you need to pay more attention to.

Table 1-1Getting a Grip on Your Marketing ProgramCustomer Focus	
Are they new customers, existing customers, or a balanced mix of both?	
Understand what emotional elements make custom- ers buy: What personality should your brand have? How should customers feel about your product?	
Understand what functional elements make cus- tomers buy: What features do they want and need? What information do they need to see in order to make their decision?	
Product Attraction	
What attracts customers to your product?	
What's your special brilliance that sets you apart in the marketplace?	
Do you reflect your brilliance throughout all your marketing efforts?	
Most Effective Methods	-
What's the most effective thing you can do to attract customers?	
What's the most effective thing you can do to retain customers?	
Which of the Five Ps (product, price, placement, promotion, people) is most important in attracting and retaining customers?	
Controlling Points of Contact	
What are all the ways you can reach and influence customers?	
Are you using the best of these right now?	
Do you need to increase the focus and consistency of some of these points of contact with customers?	
What can you do to improve your control over all the elements that influence customer opinion of your product?	
Action Items	1
Draw up a list of things you can do based on this analysis to maximize the effectiveness of your mar- keting program.	

Refining Your Marketing Expectations

When you make improvements to your marketing program, what kind of results can you expect? As a general rule, the percentage change in your program will at best correspond with the percentage change you see in sales. For example, if you change only 5 percent of your program from one year to the next, you can't expect to see more than a 5-percent increase in sales. Check out the next sections for help refining what to expect from your marketing plan.

Projecting improvements above base sales

Base sales are what you can reasonably count on if you maintain the status quo in your marketing. If, for example, you've seen steady growth in sales of 3 to 6 percent per year (varying a bit with the economic cycle), then you may reasonably project sales growth of 4 percent next year, presuming everything else stays the same. But things rarely do stay the same, so you may want to look for threats from new competitors, changing technology, shifting customer needs, and so on. Also, be careful to adjust your natural base downward if you anticipate any such threats materializing next year. If you don't change your program, your base may even be a negative growth rate, because competitors and customers tend to change even if you don't.



After you have a good handle on what your base may be for a status quo sales projection, you can begin to adjust it upward to reflect any improvements you introduce. Be careful in doing this, however, because some of the improvements are fairly clearly linked to future sales, whereas others aren't. If you've tested or tried something already, then you have some real experience upon which to project its impact. If you're trying something that's quite new to you, be cautious and conservative about your projections until you have your own hard numbers and real-world experience to go on.

Preparing for (ultimately successful) failures

Start small with new ideas and methods in marketing so you can afford to fail and gain knowledge from the experience; then adjust and try again. Effective marketing formulas are developed through a combination of planning and experimentation, not just from planning alone. In marketing, you don't have to feel bad about making mistakes, as long as you recognize the mistakes and take away useful lessons. When it comes to marketing, I'm a positive pessimist. My philosophy is, "What can go wrong, will go wrong . . . and we'll be fine!" I try to avoid being too heavily committed to any single plan or investment. I keep as much flexibility in my marketing programs as I can. For example, I don't buy ads too far in advance even though that would be cheaper, because if sales drop, I don't want to be stuck with the financial commitment to a big ad campaign. And I favor monthly commissions for salespeople and distributors because then their pay is variable with my sales and goes down if sales fall — so I don't have to be right about my sales projections.

Flexibility, cautious optimism, and contingency planning give you the knowledge that you can survive the worst. That knowledge, in turn, gives you the confidence to be a creative, innovative marketer and the courage to grow your business and optimize your marketing program. And you can afford to profit from your mistakes.

Revealing More Ways to Maximize Your Marketing Impact

You can improve a marketing program and increase your business's sales and profits in an infinite number of ways. This section looks at some of them, but don't stop here. Keep searching for more ideas and implement as many good ones as you can.

- Talk to some of your best customers. Do they have any good ideas for you? (Ignore the ideas that are overly expensive, however. You can't count on even a good customer to worry about your bottom line.)
- ✓ Thank customers for their business. A friendly "Thank you" and a smile, a card or note, or a polite cover letter stuffed into the invoice envelope all are ways to tell customers you appreciate their business. People tend to go where they're appreciated.
- Change your marketing territory. Are you spread too thin to be visible and effective? If so, narrow your focus to your core region or customer type. But if you have expansion potential, try broadening your reach bit by bit to grow your territory.
- Get more referrals. Spend time talking to and helping out folks who can send customers your way. And make sure you thank anyone who sends you a lead. Positive reinforcement increases the behavior.

- ✓ Make your marketing more attractive (professional, creative, polished, clear, well-written, well-produced). You can often increase the effectiveness of your marketing programs by upgrading the look and feel of all your marketing communications and other components. (Did you know that the best-dressed consultants get paid two to five times as much as the average in their fields?)
- ✓ Smile to attract and retain business. Make sure your people have a positive, caring attitude about customers. If they don't, their negativity is certainly losing you business. Don't let people work against your marketing program. Spend time making sure they understand that they can control the success of the program, and help them through training and good management so they can take a positive, helpful, and productive approach to all customer interactions.
- Offer a memorable experience for your customer or client. Make sure doing business with you is a pleasant experience. Also, plan to do something that makes it memorable (in a good way, please!).
- ✓ Know what you want to be best at and invest in being the best. Who needs you if you're ordinary or average? Success comes from being clearly, enticingly better at something than any other company or product. Even if it's only a small thing that makes you special, know what it is and make sure you keep polishing that brilliance. It's why you deserve the sale.
- Try to cross-sell additional products (or related services) to your customer base. Increasing the average size of a purchase or order is a great way to improve the effectiveness of your marketing program. But keep the cross-sell soft and natural. Don't sell junk that isn't clearly within your focus or to your customer's benefit.
- ✓ Debrief customers who complain or who desert you. Why are they unhappy? Can you do something simple to retain them? (But ignore the customers who don't match your target customer profile, because you can't be all things to all people.)



Every time you put your marketing hat on, seek to make at least a small improvement in how marketing is done in your organization and for your customers.