

RANDOM

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April 2006

COMMUNICATIONS WITH A PURPOSE

THOUGHTS

Accountants versus Marketers

Companies sometimes manage to survive in spite of themselves. Here's an example. Gasoline is a commodity. That means that most consumers will choose the brand with the lowest price. When your product is a commodity, the least important point of differentiation can become the most important.

How so? Tires occasionally need air. For the past 50+ years, gas stations (formerly called "service stations" because mechanics worked there and could service your car) provided free air for your tires. In part, this was because the mechanics who worked there needed compressed air.

Now there are clerks, not mechanics, because gas stations have gasoline but no service. Service bays and lifts have been replaced by sandwich counters and beer coolers. The air compressor is no longer needed by anyone who works at the gas station.

Some accountants decided that gas stations should charge for air. Maybe they approached the decision from the conclusion that the air was no longer needed and providing it cost the company \$79.37 per year, so those who need air should be charged 50 cents (which would net the company \$1475.23 per year). Maybe they just saw it as another way to screw the customers. If they'll pay \$2.50 for a gallon of gasoline, they'll probably pony up another half buck for air.

"Don't piss off the customer," is a key marketing concept.

Free air isn't.

On March 5, 2006, I needed gasoline and I'd noticed that one of my car's tires was a bit low, so I drove to the service station near my house. It's a BP station with beer, sandwiches, and something new: Air pumps that work only if the user inserts 50 cents per hit. Wrong answer. I bought no gas there. And because I hadn't gotten out of my car, I didn't buy any sandwiches or beer, either.

Down the street I found a Speedway station with no sandwiches, but the station did have beer. And 50-cent air. I bought no gas there. No sandwiches. No beer.

Around the corner, I found another BP with no sandwiches. But the station had beer, 50-cent air, and candy bars. No sale there, either.

Across the street from that BP was a United Dairy Farmers store with gasoline, sandwiches, ice cream cones, beer, and free air. That's more like it. I filled the tires. I bought some gasoline. I went inside and bought some beer. No sandwiches, though, or ice cream.

Chances are that I'll continue to visit the United Dairy Farmers store because it has free air. The gasoline costs

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the same as at the BP and the Speedway stations. I can buy beer when I want it. I can even buy an ice cream cone. But management has decided not to charge me for air.

How much does it cost this UDF to provide free air? I know that there's a cost. The store must install and maintain an air compressor, but management is smart enough to know that "free air" is a little thing that will convince customers who otherwise might have patronized the BP station across the street or the Speedway down the block to stop at the UDF for gasoline – and possibly for other (more profitable) items. So what's the real cost of providing free air? What's the cost of charging for something most of your customers think should be free?

I said that as long as the UDF continues to provide "free air", I'll continue to patronize the store. What's the long-term value of that patronage? Is it more than the cost of keeping the air free? These are questions the accountants forgot to ask.

Keep non-marketers out of marketing.

Accountants are needed. They're the ones who tell management whether the business is making money or losing money. But "bean counters" aren't marketers and they shouldn't be allowed to make marketing decisions because their decisions will almost always create short-term wins and long-term losses.

Leave marketing decisions to those with marketing expertise. Or common sense. And common sense says: Don't piss off the customer. There's no long-term benefit there even if you score a short-term win. **B**

How safe is the information on your computer?

Symantec has released its 9th semi-annual report on Internet security. It covers the period between July 1, 2005, and the end of the year. The report shows that the face of computer viruses continues to change in predictable ways.

In the past, attacks were mainly designed to destroy data. Today, only rank amateurs do that. Now the goal is to steal information from computers and to do it in a way that won't attract the notice of the user. If data loss concerned you, this troubling development should be even more worrisome.

Malicious code of this type was present in 74% of the top 50 virus and worm threats in the previous 6-month period. In this latest report, 80% of the top 50 treats contained code designed to steal data.

According to Symantec Vice President Arthur Wong, cybercrime is the greatest threat faced by the on-line community. The report also discusses the growing trend of attackers to use "bot" networks – machines that have been compromised and may be used by criminals.

The threats continue to evolve into multi-part, modular attacks that are designed to be stealthy. The individual components pose little or no threat on their own, but when all of them are assembled on a computer or a network, they can be activated to steal data, send spam, or to host a rogue website designed to spread the chaos.

Symantec says that China experienced the largest increase of bot-infected computers, but that the United States still has the largest number of infected machines. Bots and networks of bots are increasingly the source of attacks.

These networks are also used to serve Web pages that are used in phishing threats. Symantec says there were nearly 8 million phishing e-mails sent every day during the second half of 2005.

The report says Symantec documented 1895 new software vulnerabilities, the largest total recorded number of vulnerabilities since 1998. Of these, 97% were considered moderately or highly severe and 79% were considered easy to exploit.

Criminal masterminds? Not exactly.

And if you think it takes intelligence to steal your information, think again. A retired police officer, when he was on the force, carried around an aluminum clipboard that had an emblem on the back: WDGTSO. "We don't get the smart ones." And so it is with phishing attempts or spyware. People who are can't figure out a legal way to earn money try to steal your money. As for intelligence, none is required.

All it takes is \$15. A Russian website offers the WebAttacker spyware kits for \$15 and says it will even provide technical support for those who buy the kit.

What do you get for your \$15 investment? Scripts designed to simplify the task of infecting computers and instructions for

taking over websites that you can then use to infect computers owned by people who follow a link in the spam you will send out. If you can follow simple instructions, you can become a computer crook.

Why would people follow links in spams? Because those who write them are at least smart enough to make them timely. Recent examples include supposed tips for protection from the H5N1 bird flu virus, claims of proof that Slobodan Milosevic was murdered, and such.

The gullible people who visit the site will probably find that their computers have been infected with malicious code. The website identifies the visiting computer's browser, operating system, and installed patches, then launches an application that will download a program that attempts to turn off the firewall and install a password-grabbing keylogger. In other words, it's the next step in the evolution of the "script kiddies".

Keeping your firewall, anti-virus, and anti-spam systems up to date is critical and running occasional anti-hijack tests isn't a bad idea, either. Still, the most important part of your security system must continue to be caution and a healthy degree of skepticism. If you have money or information that might be useful to somebody else, rest assured that somebody is trying to find a way to get it. **B**

Since when is an 8GB hard drive a big deal?

When it's in a telephone! Samsung's SGH-i310 will include 8GB of memory on a hard disk. Earlier Samsung phones had 1.5GB and 3GB hard drives. So you'll have a hard disk for storage, a digital camera, and an MP3 player in addition to a cell phone.

The device will come with Windows Mobile 5.0, which allows users to view files and play music. It will interface with your personal computer via USB or Bluetooth.

Want one? I have to warn you about two problems: First the phone won't be available until the second half of 2006. It's already April, so you don't have long to wait. But second, it will be available initially only in Europe, so you may have to move if you really want one.

And, no, this isn't an April Fool's Day joke. **B**

on the market by A.J. Stinnett

CORNER

*"Planning is like
rooting out bamboo.
It's hard work."*