



## Remembering to Seek Out New Clients

THE GIRL SCOUTS SONG *MAKE NEW FRIENDS* IS SHORT — JUST 3 STANZAS AND EACH IS JUST 2 LINES LONG, BUT THOSE LINES CONTAIN A LOT OF MEANING: “MAKE NEW FRIENDS, BUT KEEP THE OLD. ONE IS SILVER AND THE OTHER GOLD.”

What does that have to do with business? Everything! Without customers, no business can succeed, but every business loses customers occasionally. It might not be your fault; Your company could do absolutely everything right, but some customers will disappear. If you deal with consumers, some will move away or die or no longer need your product or service. In the business-to-business market, the person who champions your company might take another position in the company or retire, the company's needs could change, or the company could go out of business or be acquired.

Clearly you want to keep all your old customers (they're gold), but you need to find new customers (they're silver).

### Why We Lose Clients

CUSTOMERS STOP DOING BUSINESS WITH YOU FOR 5 PRIMARY REASONS:

- Some aren't there any more. They move, get promoted, quit, transfer, or die.
- Others may change to another supplier on the recommendation of a friend or business associate.
- A few may switch because another business has a true competitive advantage.
- Some will leave because of dissatisfaction with your product or service.
- The primary reason clients leave is because they feel unappreciated. Little or no contact, indifference, missed dates, and budgets being off target are all interpreted as a lack of caring.

### Attracting clients



Marketing guru Ray Jutkins, who was my friend for several years before he became a client, said that nearly 70% of all lost business is a result of that last reason. But even if you and your employees make your company so attractive that nobody ever leaves from lack of caring, you'll still lose customers for the other four reasons.

And that's why you need to be constantly on the lookout for new clients.

### Clients, not Customers

I USE THE TERM “CLIENT” INSTEAD OF “CUSTOMER” FOR A REASON. THE DICTIONARY DEFINITIONS ARE SIMILAR FOR BOTH IN THAT THEY SIGNIFY SOMEONE WHO PURCHASES A PRODUCT OR SERVICE FROM YOU, BUT SYNTACTICALLY THEY DIFFER.

Think of customers as people who buy products or services you supply; clients, on the other hand, buy your *advice* and *solutions personalized to their particular needs*.

The average grocery store has customers. A grocer who specializes in meats or vegetables or ethnic foods might be able to convert customers into clients. Companies can establish closer rela-

tionships with customers and effectively convert them to clients. The key difference between customers and clients is loyalty; many retailers have established customer loyalty programs to help them hang on to their established customers.

It's almost always easier to sell an existing client a new product or service than it is to attract a new client. The more a client buys from you, the less likely that client is to leave. Take banks for example. Bankers know that customers who have only a checking account may switch to another bank. The odds of keeping such a customer are a little less than 1:1; if the customer has just a savings account, the odds are better, in the range of 2:1 to keep the customer.

The numbers favor the bank as the customer becomes a client and adds checking and savings accounts (10:1), a loan of some sort (18:1), or both kinds of accounts, a loan, and a safe-deposit box (100:1).

Bank clients with a safe-deposit box rarely go elsewhere

As interesting as loyalty programs are, that's not my point this month. What can you do to seek out new clients?

## One Answer: Direct Marketing

UNLIKE REGULAR ADVERTISING AND UNLIKE PUBLIC RELATIONS EFFORTS (BOTH OF WHICH ARE ESSENTIAL), DIRECT MARKETING IS MEASURABLE.

You know how many people a direct marketing campaign touched. You know how many of those people responded to the message. It's an exact science, but it's one that many businesses don't use at all, misuse, or use ineffectively.

Ray Jutkins compared direct marketing to a rifle because it can be precisely targeted. Direct marketing can do 5 things, but only one at a time. Try to make direct marketing multi-task and nothing will be done very well.

The 5 tasks that direct marketing can perform include obtaining new clients, retaining the clients you already have, upgrading current clients, cross-selling clients, and convincing clients to come back for more of what you have to sell.

You'll understand immediately why a single effort won't work for multiple purposes if you consider the type of message that would be needed to attract new clients versus the message you would use to bring existing clients back for more.

The tasks can be seen as part of a continuum, though, as people move from being suspects (those you think would buy your product or service) to prospects and then to customers. Customers can be developed into clients and a client reaches the final step in the continuum by becoming an advocate.

Advocates are people who not only buy what you sell, but they also encourage their friends and associates to buy.

American Express suggests a 7-step plan to attract new clients: Identify, Discover, Know, Position, Direct Response, Partnerships, and Follow Up.

- **Identify:** Have a clear picture of exactly who you're targeting. Consider their hopes and fears, and then determine what you can do to help them. Narrow the focus of your ideal client. Instead of "women", your target should be more narrow: "Married women ages 24 to 37 who live in the Midwest, have at least one child, and work full time", for example
- **Discover:** When you know what your prospect looks like, find out where you can find people who fit the description. "Where" might be physical locations or social media.



- **Know:** Make sure that you have a complete understanding of your own business, your product or service, and your industry. This is important because knowing your product or service intimately gives you an edge that prospects will notice when they work with you.
- **Position:** You should be the expert in your field, armed with answers that the prospective client is looking for. Give prospects an excellent reason to try your product or service. This doesn't mean reducing prices. As Ray Jutkins said, "price is not a benefit." Position yourself and what you're selling as the right *answer* for the prospect's needs.
- **Direct Response:** Use tactics that encourage prospects to complete a specific action, such as opt into your e-mail list or request more information. Create ads (print or online) that attract your ideal clients by giving them something of value for free. What you offer must have a perceived value to the prospective client even if it costs you little or nothing to provide it.
- **Partnerships:** Develop symbiotic relationships by teaming up with businesses that offer services that complement what you offer. If you offer custom landscaping, team up with a home builder.
- **Follow Up:** Do what you said you would do. Establish follow-up tasks so that you'll remember to contact those who responded to your direct response ad.

## Is Direct Marketing Right?

DESPITE ITS CAPABILITIES, DIRECT MARKETING ISN'T ALWAYS THE BEST CHOICE FOR DEVELOPING NEW CUSTOMERS WHO CAN BE CONVERTED TO CLIENTS.

Standard advertising is far more effective when you need to build general market awareness, particularly if you don't know exactly who your suspects and prospects are. Public relations initiatives are the right choice when you need to

communicate with the news media, government agencies, employees, and the public.

I can think of 8 conditions that call for direct marketing. The first 2 are essential for any direct marketing effort to succeed: First, you must be able to clearly identify your target audience and, second, you must be able to reach that audience. If either of these is false, don't even consider direct marketing.

Direct marketing is a great choice when you have a lot to say about your product or service. You've probably received some multi-page direct-mail letters. "No message is too long, but any message can be too boring" is the way Ray Jutkins put it. *Tell a compelling story that's of interest to your audience and people will read it.*

Another strong indication for direct mail is a product or service that has a continuity component, either through repeat sales or add-on sales.

If you need to control the entire selling message or process, direct marketing is the right choice. Likewise, when you want to build a predictable model that can be re-used with other audiences. Because direct marketing is testable and results oriented, repetition is a key advantage.

Some products or services simply don't fit standard distribution channels. In that case, selling direct is the way to go.

The final indicator may be a surprise: When you want less visibility in the marketplace. Direct marketing is an excellent medium when you need to test offers or prices, or when you're conducting early marketing research that you don't want competitors to know about.

Some of the information in this article is based on *Power Direct Marketing*, a book that Ray Jutkins wrote in the 1990s. Technology has changed in the past 20 years, but the philosophy behind these practices remains valid.  $\Omega$

Rich Schefren maintains the final copy of Ray's website and the full text of *Power Direct Marketing* is on the site. [www.rayjutkins.com](http://www.rayjutkins.com).

