



Saving Money by Not Marketing is an Expensive Mistake

EVERY BUSINESS LOSES CUSTOMERS NO MATTER HOW HAPPY THE CUSTOMERS ARE.

SOME MAY NO LONGER NEED OR DESIRE YOUR PRODUCT OR SERVICE FOR A VARIETY

OF REASONS, SO IT'S ESSENTIAL TO KEEP PROSPECTS IN THE PIPELINE.

There are five primary reasons you'll lose a client: Some will move, get promoted, quit, transfer, or die. Others may abandon you based on the recommendation of a friend or business associate. A few may leave because somebody else has a competitive advantage and some will leave because of dissatisfaction with your product or service. A few may leave because of what they perceive as your indifference.

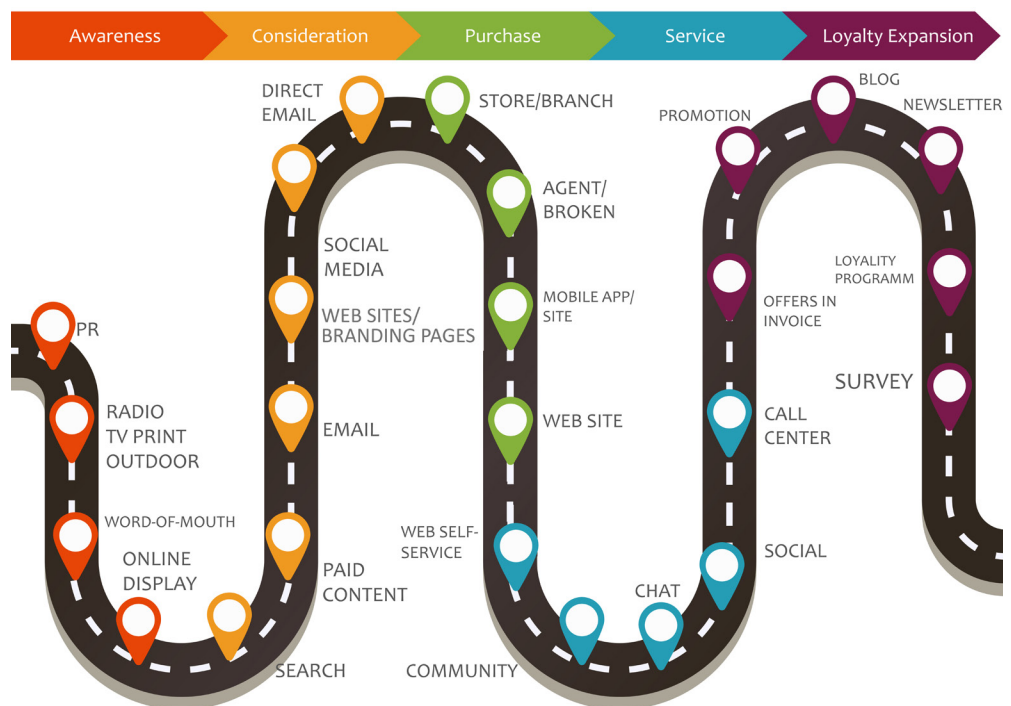
Marketing guru Ray Jutkins, who was an acquaintance for about 20 years, a friend for 15, and a client for about 10, reminded his clients that most lost business is the result of that last reason. You can guard against perceived indifference, but you'll still lose customers for the other four reasons.

Going Beyond the Internet

THE WEB IS IMPORTANT, BUT IT'S NOT THE ONLY WAY TO ATTRACT CLIENTS. IN FACT, IT'S IMPORTANT TO FIND WAYS TO BRING PROSPECTS TO YOUR WEBSITE – NOT JUST WAIT FOR THEM TO SHOW UP. SEARCH ENGINE OPTIMIZATION IS ONE WAY TO ACCOMPLISH THIS OBJECTIVE, BUT SHOULD DIRECT MARKETING BE PART OF YOUR PLAN?

Unlike regular advertising and unlike public relations efforts (both of which are important), 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.

Direct marketing is seen as a rifle, while advertising and public relations are more like a shotgun. Direct marketers precisely target those they want



to reach. Yes, it's more expensive on a *per-impression* basis, but it can also have a greater impact.

Ray was adamant about what direct marketing can do. It can accomplish five objectives, he said, but only one at a time. Attempting to make direct marketing multi-task ensures multi-failure. Your choices:

- Obtain new customers.
- Retain existing customers.
- Upgrade current customers.
- Cross-sell customers.
- Convince customers to buy more.

It's clear that the type of message used to attract new customers is far different from what would be needed to bring existing customers back

for more, but sometimes that distinction is lost and an inexperienced marketer tries to make a campaign do too much.

The five objectives describe a continuous process as prospects become customers, then clients, and possibly advocates. Not all businesses can have clients, though. The distinction between *customer* and *client* recognizes the relationship that exists: Those who sell commodities have *customers* while those who develop deeper connections have *clients*. Clients turn to these merchants for advice.

The gold standard of advertising, as we discussed last month is *word of mouth/mouse* from those who have become your advocates.

Coming Back for More

BANKS PROVIDE AN EXCELLENT EXAMPLE OF HOW CROSS SELLING CAN CEMENT RELATIONSHIPS. BANKERS KNOW THAT CUSTOMERS WHO HAVE ONLY A CHECKING ACCOUNT CAN EASILY BE LURED AWAY. THOSE WITH A SAVINGS ACCOUNT ARE ABOUT TWICE AS LIKELY TO STAY, BUT THOSE WITH BOTH CHECKING AND SAVINGS ACCOUNTS ARE FAR LESS LIKELY TO BE ENTICED BY A COMPETING OFFER.

If the bank can add a credit card, a loan (even a small one), and a safe deposit box, the customer is effectively locked in. This, as Ray Jutkins pointed out to seminar audiences, dramatically illustrates the power of cross selling.

But as important as cross selling and relationship building are, it's essential not to lose sight of the need to add new customers. Direct marketing is effective, but isn't always the best choice.

For example, 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.

When Direct Marketing is Right

BEFORE LAUNCHING A DIRECT RESPONSE CAMPAIGN, ANALYZE THE SITUATION TO SEE HOW WELL YOUR NEEDS COINCIDE WITH THE EIGHT PRIMARY CONDITIONS THAT MAKE THIS MEDIUM EFFECTIVE.

The first two conditions are essential for direct marketing effort to succeed: You must be able to clearly identify the target audience and a way must exist by which you can reach that audience. If either of these conditions is missing, don't even consider direct marketing.

Direct marketing is a good choice for complicated products or services that need a lot of information. Some campaigns use multi-page direct-mail letters. "No message is too long," was what Ray Jutkins said, "but any message can be too boring." In other words, tell a compelling story and people will read it.

Any product or service that has a continuity component – subscriptions, repeat sales, or add-on sales – can use direct marketing effectively.

When you need to control the entire message, consider direct marketing. If your product or service doesn't fit standard distribution channels, direct marketing works.

Here's one that may surprise you: Direct marketing is the right choice when you want *less* visibility in the marketplace. This is the forum to use if you want to test offers and prices or when you need to conduct early marketing research that you don't want competitors to know about.

Ray Jutkins wrote about these topics in *Power Direct Marketing* during the 1990s. Technology has changed a lot since then and today's direct marketing can include email campaigns in addition to those that use postal mail.

Keep direct marketing techniques in mind when you're considering methods that can be used to attract new customers. **Ω**



If Passwords Are Dead, What's Next?

PUNTIITS SAY PASSWORDS ARE DEAD, BUT ASK THEM WHAT YOU SHOULD USE INSTEAD. SILENCE WILL FOLLOW.

Nobody likes passwords. Far too many people still share the same user name and password between accounts and crooks know that if they get your Facebook credentials, they might also have your bank credentials. Too many passwords are weak ("password" or "letmein") and strong passwords ("r6#O\$KxrcblO@5eLo@Bx") are impossible to remember. Even worse, too many people can be tricked into giving their passwords away.

Some new Windows computers have fingerprint readers and the Windows *Hello* function uses facial recognition. Companies are throwing money at projects to identify and develop the technology that will replace password because current fingerprint readers and facial recognition are weaker than a well-crafted and carefully maintained password.

Two-factor authentication improves security, but slows the process of logging in. And, if you lose the smart phone that's used for two-factor authentication, restoring access to the account might take a long time.

The pundits are right. *Something* will replace passwords, but we're not there yet. Everyone hopes that whatever the replacement is will be easier to use and more secure. But most people don't like change and some will still find ways to defeat new security mechanisms. While we're waiting for what's next, we should at least do everything we can to protect our credentials.

Heresy here: Some passwords can be reused. Maybe you have a *New York Times* or *Washington Post* account. These credentials are trivial and could be shared. Any account that has financial information should be secure, though, and no passwords should be shared.

Given a choice between safe and sorry, safe is almost always preferable. **Ω**