

How to out-sell, out-market, out-promote, out-advertise everyone else you compete against before they even know what hit them'

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CHAPTER 19

Rapid Business Multiplier #2: Communicate Regularly With Your Customers or Clients

Your most certain and profitable growth will come from your **existing customers** or clients. Surprisingly, even if you sell a 'one-shot' product like property, replacement windows, wedding gowns, domestic appliances and so on, your existing customers are the source of your biggest growth in profits.

The profit-generating potential of existing customers is a much misunderstood and unrealised opportunity in business. Your **customers** are the single most valuable asset you have as a business owner.

Let me repeat that so it burns itself into your mind:

*Your customers or clients are the single
most valuable asset you have*

Acquiring a new customer is the most expensive thing a business ever does. Yet most businesses pour money and their largest sales efforts into acquiring new customers and then fail to nurture the relationship as the customer would like. This is a big mistake.

Acquiring New Customers is Your Single Biggest Cost

Winning new customers is your most expensive task. On average,
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it costs you *nine times more* to acquire a new customer as it does to sell to an existing customer.

Before a prospect will favour you with a purchase you have to capture her attention, cultivate interest, demonstrate your unique advantage, gain her confidence, and earn her trust. This costs time, effort and money. You have to advertise, mail expensive sales materials, dispatch expensive salespeople, follow up. You have to nurture your prospect until she is ready to buy.

When she *does* buy, you have overcome the natural barrier between prospective buyer, and seller. Your new customer has said *Yes, I am willing to become part of your buying family because I like you and trust you.*

At this stage you have gained a new asset of almost incalculable value. Why? Because — *as long as you nurture your customer respectfully, intelligently, regularly, and with favour* — he or she will be the source of a snowballing sales influx. Better still, the cost of generating future sales from existing customers is **tiny** compared with acquiring those customers in the first place.

Every Customer is a Ready Source of Additional Sales

As long as you never do anything to abuse their trust, and you regularly nurture the seller/buyer relationship, every customer is a ready source of additional sales.

A customer acquired ethically and honestly will trust your selling advice again, and repeatedly. If you ask him to recommend you to his family, friends, colleagues, social associates, **he will** because you already added value in some way to his life.

How To Communicate With Your Customers

Write or telephone your customers regularly with news of updates to your product lines, extended services, preferential prices, package offers, special one-offs, add-ons, extras, new releases, limited stocks, favoured service. Keep them in touch with every benefit and advantage that will add value to their purchase and be a source of additional income for you. Show your customers you care about them. Make people feel special as part of your customer family.

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But wait. People get fed-up with a continual barrage of sales letters and telephone calls, right? Wrong – with one caveat.

If you make the mistake of disrespecting your customers with empty sales hype you will quickly lose their attention.

But if you respect and treat your customers *as you like to be treated* by communicating genuine value, benefit, advantage they will listen to you, respect you, and be willing to take your advice.

The Secret Of Successful Customer Communication

If you feed your customers or clients with interesting, informative, educational, and newsworthy information, *you cannot communicate too much*.

_____ Never send blatant sales-hype. **It doesn't work.** Instead, send an interesting, thoughtful and respectful offer.

Communicate to your *customers* exactly as you would to your *best friend*.

Think about it. If your closest friend showed interest in buying your spare car, you wouldn't start blabbing off a barrage of empty sales hype, would you?

You would be honest. You would take care to explain every detail. You would point out the particular features you think would benefit him most. You would present both sides of the story – the good and the *not* so good.

Finally you would let your friend know the price he can buy it for, and how to pay you. You would even deliver it for him if it helped. You may even say to him, take it and try it for a month. If you don't like it after that simply bring it back. I don't want you to have it if it isn't going to suit you a hundred percent.

This is what the smartest, and wealthiest, sellers do. They are honest, ethical, interested in their *customer's satisfaction* even before their own, and in nurturing their customer long-term.

But for some reason, marketing and sales people think they have to be different when it comes to selling to *customers*. They assume it is a different process. So they sit and produce reams of

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pure sales hype, marketing slight of hand, institutional glitz that does not *inform*, and 'creative' advertising that does not *sell*.

Why? Why is selling to your customer fundamentally any different than selling to your closest friend? It isn't! People see through sales hype. They do not trust it. And they largely **do not respond to it**.

3 Golden Rules to Increase Customer Response

1. People dislike being **sold** to.
They like receiving **advice** on how to make the wisest buying decision.
2. People dislike being **told**.
They like being **guided**.
3. People dislike being **part of the crowd**.
They like being recognised as **individuals**.

Incorporate these three golden rules into all your communication with customers, and they will respond with willing cheque books.

Communicate Intelligently, Sincerely And Honestly

Consider these statistical facts. When you make a 'cold' marketing effort to prospective customers – usually a direct mail pack, a flyer, or a telemarketing campaign – you will achieve between nought and 1% response. (I have seen as high as 3% but it's rare and usually only possible to highly targeted prospects.) You should calculate your offer on 0.5% response. If it goes better, great! But don't bet your money on receiving a higher return.

But when you make an offer to your **existing customers** you will achieve a response up to 5%, 7%, 10%, 17%, or higher. These are all real returns I have received by communicating with customers.

In other words, you can garner **10 times to 34 times** more response *for no extra expenditure of money or time*, than you can

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marketing cold. More graphically, if you make regular, interesting offers to your existing customer base, you can make **1,000% to 3,400% more sales** than if you made the **same offer** to *prospective* customers. It's a massive leveraging opportunity.

Communicate regularly with your existing customers intelligently, sincerely, and honestly. Inform them, interest them, educate them on your product or service range.

I haven't Got My Customers Names! What Do I do?

If you sell to the public, start capturing your customers names and addresses and write to them *at least* monthly.

How? Run a prize draw. Get your printer to design small entry slips on which customers can write their name, address, and telephone. Also include a birthday and 'special-dates' line. Some customers will not feel comfortable giving this information but most will. You then have another *reason* to write, with a congratulatory message and a special occasion offer.

TIP:

Make your prize big enough to interest nearly every customer. A small retailer can offer a top prize of £50 and ten or twenty runner-up prizes of £10 each. Or you can give twice the value at no more cost. How? Give vouchers redeemable against stock. Every voucher redeemed at retail value costs only the trade price of the stock, often 50 percent of the retail price.

A national business can give away more but it is often not necessary.

If you are manufacturing and/or selling to trade and business buyers, you almost certainly record customer details on each invoice.

Start *using* your customer database to communicate regularly along the lines I have explained. Always remember your customer database is the most valuable asset you possess. If you treat every customer with the utmost respect *you cannot communicate too often*.

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Communicating Increases Sales – Even If You Sell A One-Shot Product!

You sell a one-shot product. Property, replacement windows, wedding gowns, domestic appliances, pets, property extensions, stone driveways. Surely these and other one-time product customers cannot be the source of extra sales, right?

Wrong.

Let me ask you this. If you buy a house, does it mean you'll never buy another house?

Does it mean you don't know any *other people* who will want to buy a house? Family, friends, relatives, colleagues, social associates?

Of course you do! You are likely to know dozens of people, many of whom you are in contact with regularly.

Now let me ask you this. If I was the Estate Agent you bought your house from, and one week after you'd moved in I contacted you to ask if everything was alright, and if you were happy, and if there was anything else I could do or advise you on that would help you, would you be surprised that I had taken the trouble to call? I think you probably would be.

Would you tell your friends and work colleagues how good your Estate Agent was to call and check if everything was OK? Yes, you almost certainly would.

What if, after one month, I wrote to you with a useful piece of information on keeping draughts out and reducing your heating bill? Would you value that information? You bet.

What if **every** month I sent you helpful and informative information on how to improve your home – decorating tips, a great curtain supplier one of my other clients told me about, a carpet dealer who sells top brands at lower prices, gardening tips, a quick note highlighting a new TV programme about loft conversions, and so on.

Would this be valuable and interesting to you? Maybe not all of it. **But much of what I sent probably would interest most home owners.** Either way, you would almost certainly appreciate the effort I take to help you and inform you, *especially as I am receiving no apparent gain.*

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Would you tell your friends and colleagues how *great* your Estate Agent was for being so helpful and valuing you as a client? You almost certainly would!

Now, when any of your family, friends, colleagues, or social associates move house, who do you think they will want to buy from? Me! Why? Because you recommended me. Because I demonstrated that I *care*. That I value every person who buys from me. That I take the trouble to *keep in touch after the sale* and be a catalyst of additional, useful information and assistance.

Wedding Gown Store Grows 40% in 12 Months

The owner of a successful wedding gown store wanted to know how to increase her sales further. She already marketed with effective advertising, a good range of gowns, competitive prices, and a first class service. What else could she do?

She was advised to start communicating with her customers. To write to them *after they bought a gown*, thanking them and offering best wishes for their big day. To write *after the wedding* with an invitation to attend a post-wedding champagne celebration at the store. To write on anniversaries and birthdays. Also, to write to them every month with details of the latest wedding gown styles in stock.

Within 12 months this store owner had increased her sales by over 40 percent. Just by keeping in touch. How? *Because every bride nearly always knows other brides-to-be*. By showing her brides that she cared, she quickly built a team of enthusiastic ambassadors who said to every newly engaged friend *you must buy your gown from this store!*

Your largest and fastest and most profitable growth will come from the one source you don't have to spend extra cash converting – your existing customers. Always communicate regularly with them.

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Rapid Business Multiplier #3: Start a Profit-Generating Database

If, somehow, you could **accurately predict** what your customers wanted to buy every month think of the extra sales you could make! What would they be worth in your case—£1,000? £5,000? £10,000? £100,000? £1,000,000? predicting and understanding your customers buying habits is worth big money.

But surely predicting the future buying desires of your customers is impossible, right? Wrong! Modern technology has not only made it possible but *affordable*, even for the tiny one-person business.

The Mighty Sales Power of Database Marketing

Tracking the personal details and buying habits of your customers on a computer database arms you with three powerful competitive advantages.

1. You can regularly *communicate* with your customers in a personalised, meaningful manner that they respond to.
2. You can accurately *predict* customers future buying preferences and target your sales messages accordingly.
3. You can organise high-profit joint-venture and

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host/recipient alliances to targeted groups of customers.

In the days before personal computers keeping a database was time-consuming and expensive. Companies who knew the sales-multiplying effect of good communication maintained thousands of handwritten or typed index cards with customer profiles and buying histories.

Now, you can keep these 'index cards' on your PC database, target selected customers at the push of a key, and merge their names, addresses and other individual buying information into personalised mailings in minutes.

Biggest Profits Are Attainable Only By *Targeting* Customers

If you send sales messages out to a blanket market you can never optimize response. Why? Because customers *tend* to buy within the same quality sphere, price range, and area of interest they have bought in before.

If you own a high quality shoe store with exclusive ranges from the finest Italian shoe makers, there is little sales potential in marketing to people who tend to only buy *inexpensive* shoes.

On the other hand, if you sell shoes at competitive prices, and you appeal to a volume market, there is little sales potential in marketing to buyers of exclusive Italian shoes.

Likewise, if you sell a wide range of products, there is little sales potential in marketing cold-weather hiking coats to customers who have only bought *dress shoes* from you. Why? Because they have never shown any interest in cold-weather hiking coats. Just dress shoes.

To garner more profits from your existing customers market the same *type* and *quality* of product or service as they have proven they are interested in by their past purchasing.

Market exclusive Italian shoes to exclusive Italian shoe buyers, inexpensive volume-market shoes to inexpensive shoe buyers, cold-weather hiking coats to cold-weather hikers.

How To Engineer 2 - 4 Times More Sales From Every

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Marketing Pound

If you own a shoe store and stock a good selection of styles and price ranges to attract a wide market, some of your customers will always tend to buy *expensive* shoes, others *mid-priced* shoes, and others *low-priced* shoes.

Let's say 20 percent of customers buy your expensive range, 60 percent your mid-range, 20 percent your low range. Knowing this, you have a secret weapon with which to market.

When a new range of mid-priced shoes became available, if you marketed them to your whole customer database, the twenty percent of high-priced shoe buyers, and the twenty percent of low-priced shoe buyers will probably not be interested in your mailing. Two things will happen.

1. They will throw it away.
2. They will remember your mailing does not apply to *them*. Next time you mail them they will not pay you the attention they would if they knew all your mailings *did* apply to them.

If, on the other hand, you sent a promotional introduction about your newest mid-priced range to only those sixty percent of customers who buy mid-priced shoes, *you would be talking directly to the most likely buyers*.

Remember:

**The more you target the historical
buying habits and desires of your customers,
the more profits you make**

Conversely, the *less* you target your customers the more marketing pounds you throw away.

An added bonus of database marketing is that you can market highly effectively without your competitors discovering what you're doing. Unlike advertising, database marketing is invisible to competitors. Only your customers get to see your offers, what

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headline appeals you are using, what persuasive body copy you have written, what guarantees and prices you are offering. All this 'underground' marketing gives you a powerful head start against tough competitors who want to sell to the same market.

Make Offers Based On Customers Buying History

If you mailed a blanket sales promotion to your database, and you received a 5 percent response, you would probably make a good profit.

But if you *targeted* your customers and mailed them offers *based on their previous buying habits* you could increase your response to 7%, 10%, 12%, 17%, or higher. All these are actual responses received by targeted database marketing.

Your sales can double, or more. But your profits multiply by three, four, five or more times because the **cost of your campaign is the same** whether you receive a low response, or a high response.

Business Owners Increase Sales 40 - 60 Percent

In my experience, when you start a targeted and systematic database marketing campaign you will increase your sales by between 40 to 60 percent within twelve months *almost without fail*.

With fast, low cost PC's, powerful database software, and high quality printers available on almost every street corner today, all businesses can now take advantage of the additional sales and profits a database campaign can generate.

If you own a small business and you don't already own a modern PC, I urge you to buy one. The extra profits you will earn from target marketing will quickly recoup your investment and aid you in dramatic new growth. £2,000 to £3,000 will buy you the PC, printer and database software you need.

If you already own a PC, printer and database software and you're not using it to mail regular targeted database promotions, you can grow your sales significantly, almost overnight, without any further equipment investment.

TIP:

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If you don't want to splash out for new equipment, consider buying second-hand. There are a number of good dealers around the country who'll help you with reliable used equipment. Make sure you get a good warranty. It's usually best to find a dealer near you in case anything develops a fault. Many suppliers also provide fairly low-cost yearly maintenance contracts. These range from about £50 to £130 per PC depending on the company. A service engineer will then come to you and repair the fault.

I have found a company in London to be very good. They are: **Morgan Computer Company**, 64 New Oxford Street, London WC1A. Telephone 0171 255 2115.

TIP:

The database software you choose will include instructions on what type of PC is required to run it. You'll probably – at a minimum – need a 200 MHz processor, 8 MB of RAM, at least 30 MB of available space on your hard drive, and Microsoft Windows 95 or 98, but check the software instructions and ask your dealer for advice.

A laser printer is more versatile and produces better quality text and images than dot matrix or bubble jet printers. A 300 or 600dpi laser printer is perfectly sufficient and nowadays very affordable. What cost £600-£1,000 two years ago costs £300-£500 now.

A system like the above is ideal for most small businesses. If you run a bigger business, or you need more elaborate information from your database – to keep track of every item sold in a retail store linked to particular customers, or if you send hundreds of thousands of personalised mailings each month – you can buy more sophisticated networked systems for £10,000+ that make light of the job.

The point is: Database marketing – whether you run a tiny, medium, or huge business – offers you substantial additional sales opportunities. It is worth investing in a system that will handle your business effectively and with ease.

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10 Records You Need To Start a Successful Database

Start capturing the names, addresses, telephone numbers and other relevant details of your customers. Also record every product or type of service they buy from you.

Your aim is to build-up an accurate *buying history* of every customer. This historical information forms the foundational core of your database campaign.

Here are the 10 records you need to start a successful database:

1. Name of individual.
2. Name of company/organisation.
3. Full mailing address, including post code.
4. Telephone number and, if business customers, fax number and e-mail address.
5. Source of inquiry or order, i.e. advert, catalogue, telephone, sales person contact, retail store, etc.
6. Date and/or purchase details of first inquiry or order.
7. Recency/frequency/monetary purchase history,
i.e.:
 - A) Date
 - B) Cumulative amount of purchases in pounds
 - C) Product, or product lines purchased (or services.)
8. Credit history with you and credit rating system (a scoring system works well.)
9. Relevant demographic information for individual buyers: age, gender, marital status, family data,

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- education, income, occupation.
10. For industrial buyers: type of company, size of company, revenues, number of employees.

5 Secrets To High-Profit Database Marketing

1. **Target your sales messages according to your customers buying history.**

Send top of the range offers to top of the range buyers. Mid-range offers to mid-range buyers. Low-range offers to low-range buyers.

2. **Communicate *more* with your best customers.**

If you discover 20 percent of your customers **spend more** than others, communicate with this special group more often. The more a customer spends with you, the more they usually **will** spend with you in future—if you market to them intelligently, respectfully, and interestingly.

Also, if you discover a percentage of customers buy more **frequently** than others, communicate with *this* group more, too.

Offer your preferential customers preferential treatment! You can offer them first choice on new stock or new services, upgrade options, preferential add-on sales, additional bonuses, special discounts, cross-buying opportunities, etc. You can invite them to pre-sale viewings, product or service launches, special events.

The more you make your customers feel *special* and *respected* the more they will respond by purchasing.

3. **Send your customers birthday, Christmas, Easter and special occasion gifts, offers, and 'personalised' buying opportunities.**
4. ***After the sale, send your customers additional, helpful information, instructions, or education that will add value to their purchase in some***

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- way, or their *use* of what they purchased.
5. **Communicate with your customers regularly, with updates of your latest products and services and an opportunity to buy.**

You Cannot Communicate Too Much

Can you communicate too much? No! You can only communicate too *boringly* or with too much *sales-hype*. As long as you speak to your customers in an interesting, respectful, educational, informative, helpful, intelligent manner *you cannot communicate too much*.

Targeted database marketing provides you with powerful competitive advantage in an age when competition is fierce. Knowing who your best customers are, what they buy, and how often they buy provides you with an effective marketing weapon.

The more you communicate, and the more effectively you do so, **the more you sell** without your competitors discovering how you are achieving it.