

Updated and Expanded

Finding **Opportunity** in a Down Economy

A Back-to-Basics Approach
to **Successful Marketing**
in Difficult Times



Introduction

The current state of the economy has made things tough for everyone, but it has also provided a great opportunity for businesses to separate themselves from the pack and to pull ahead in the marketplace. While some of your competitors may be cutting back on their promotional efforts, you can apply some smart, back-to-basics marketing tactics and position yourself as a reliable and stable business that will be able to weather these challenging times, and will be there long after.

Now is the time to take a step away from the day-to-day aspects of your operations and reflect on what drives your business: your existing customers, your products and services, your competition, and of course, you! You know your customer base and position in the marketplace better than anyone, and you probably have a good sense of how to leverage those relationships.

This updated, expanded guide will show you how to put your sound business knowledge to work and create an actionable, effective marketing plan. Some of these steps may already be part of your strategy. But if you follow our path to success, your business will be stronger, and you'll thrive in today's economic climate — and position yourself to be even more competitive in the future.

Part One

Understanding your customers

Your current customers are your most precious asset, even more so during tough economic times. These customers not only provide your most immediate revenue-generating opportunities, they are also the gateway to new business. By understanding your customers better, you can make your business more attractive to both existing and new customers and be positioned to successfully market through good and bad times.

*Ask yourself this: How much do you really know about your customers?
These three steps will help you learn more.*

■ Profile Your Customers

When your customers make a purchase, or when they sign up for your mailing list, are you asking them for useful information, like their zip code or marital status? You can use information like this to create a profile of their characteristics, buying habits, and interests. For example:

- What do your best customers have in common? How old are they? Are they male or female? How close do they live or work to your business? How often do they buy? What is their purchase behavior?
- Why do your customers choose you over the competition?
- Which customers are most likely to refer you to prospective customers?
- What preferences and interests have your customers noted in their email sign ups, or in conversation?

If this information isn't readily available from the information you already have, perhaps it's a good time to ask for it as part of a customer feedback survey. In Part Two, we'll discuss this further.

■ Segment Your Customers

Use the information you've gathered about your customers to segment them into groups with similar characteristics. Segmenting your customer list in this way will help you to identify those customers with the greatest potential for generating revenue and for referring new business. It will also help you to prioritize the most effective ways to market to each customer group. Possible customer segments might include:

- Personal characteristics such as gender, income level, or special interests
- Buying habits, such as types of purchases and frequency
- Frequency or likelihood of referrals

Tip: Use email marketing to segment your audience

You can use email marketing to segment your audience and create a preferred customer list. Start by looking at your email reporting data and segment your customer list into two groups based on common threads, such as click-throughs on recent e-newsletters and offers. From this information, you can divide your email list into two groups.

Then try sending a different, targeted test email to each group with a customized message that will appeal to each one's needs or buying habits. You might offer a 20% off coupon to frequent shoppers, or a refer-a-friend discount to those who are most likely to bring new customers into your business. Use the results of this simple strategy to create a preferred customer list, which is the first step in using email marketing for audience segmenting. Through preferred customer lists, you can better connect with each of your customers, thus creating deeper relationships and driving higher sales. In the future, you can also create other segmented lists based on gender, product preferences, or other factors.

Once you have a better understanding of your current customers, you can review your customer acquisition strategy to maximize the impact of your investment and put together a communications plan that effectively targets your most viable new audience. (For help developing a customer communications plan, see page 9.)

■ Match Your Customers to Products and Services

Another way to apply your customer data is to take a look at your products and services and determine if they meet the needs of your customers. Make an inventory of your products and services and ask:

- What are my top sellers and which ones are “dead weight?”
- What is missing from my current mix that could meet a customer need or demand?
- What special features or selling points are most meaningful to my customers?
- Does my pricing strategy make sense? Given the current economy, what are customers/clients willing to pay for my products and services?

Once you understand the relationship between your product and pricing strategy and your customers' needs, you can consider making adjustments that will allow you to remain competitive and profitable.

Part Two

Understanding feedback

Asking for feedback from your customers is key to building closer relationships with them. Customers will appreciate your interest in their concerns. They will see you as someone who cares about their needs and who wants to know what they think. The better your relationship with your customers, the more likely they will be to turn to you when they need the product or service you offer.

■ Use Online Surveys

Online surveys are an excellent way to get feedback from your customers, especially during a down economy. These are the times when it really pays to know what's on their minds. With an online survey, you can ask your customers their opinion about the quality of your products or customer service, what they'd like your business to offer in the future, and even how you can help them weather these challenging times. By gathering this information on a regular basis, you will have your finger on the pulse of their needs and be able to quickly turn your unique skills into customer benefits.

With an online survey you can discover:

- What your customers need
- How your customers have been affected by the economy
- Which products and services they are most likely to purchase from you
- How satisfied your customers are with your products/services
- The quality of your customer service
- Your customers' interest in referring you to other customers

■ Ask Your Employees and Suppliers

You can also garner valuable feedback about your business from your employees and suppliers. Each week, find ways to ask your employees what they are seeing in your place of business and what they are hearing from the customers with whom they interact. Get your employees working *with* you rather than *for* you!

In addition, use every visit with your suppliers to learn something new about the marketplace. As mentioned earlier, suppliers can provide valuable information about your industry — not just about how the competition is doing, but also about new goods and services, and about “what's hot and what's not.”

The more information you can gather from customers, employees, and suppliers, the better you will be able to adjust your business and communication plans to fit your customers' needs.

Part Three

Understanding your marketing effectiveness

In a tough economy, your first instinct might be to cut your marketing spending. But most experts agree that in a down economy, you should keep marketing — just do it smarter. In fact, there is a good chance that your competitors are cutting back on their marketing budgets, so if you continue to invest in marketing, you will:

- Gain market share over your competition
- Instill confidence in your customers that you're a stable business
- Be poised to move forward successfully when the economy bounces back

To make your marketing dollars work harder for you, take time to think about the costs associated with acquiring new customers. Here are three strategies to help you make informed decisions about using your marketing budget more efficiently.

■ Ask Your Customers

Find out from your customers how they heard about you. Include all options, such as the web, newspaper, direct mail, and word of mouth. Be sure to ask customers wherever and whenever they interact with you — at the register, online, by phone, in response emails. You can even post a poll on your website that asks: “How did you hear about us?”

■ Understand your competition

Look at your top three competitors. What are they doing to drive their business? Are they putting an emphasis on certain products or services? Are they pulling back on particular promotional efforts? Monitor their pricing and promotional strategies, check out their websites, and sign up for their newsletters or online communications.

■ Assess Your Spending

Look carefully at what you spend to attract customers. Make a list of the different vehicles you use — advertising (online/traditional), direct mail, Yellow Pages, email marketing, customer referrals, etc. Figure out your monthly and annual expenditures for each.

Now determine which of these marketing methods is the most effective for generating new customers and deliver the best return on your investment. Try this formula:

1. Calculate your cost of acquisition to understand which sources deliver the most customers: Divide the amount spent on each source (i.e., Yellow Pages) per month by the number of new customers generated by the source in the same time period
2. Now weigh which source(s) delivers the highest quality of customers and rank your acquisition methods accordingly.

■ Use Your Intuition

You know your business and your customers better than anyone. Armed with the Cost/Customer/Source data from the above formula, you can add your own intuition to make informed decisions about the sources that best support your sales objectives.

Worksheet # 1

How do you attract new customers? Use the following worksheet to evaluate how to calculate your cost of acquiring them.

Type of Promotion	Amount Spent Per Month	÷	New Customers Per Month	=	Cost Per Customer
Yellow Page Ads	_____		_____		_____
Radio	_____		_____		_____
Print (Newspaper)	_____		_____		_____
Online Marketing	_____		_____		_____
Direct Mail	_____		_____		_____
Networking Groups	_____		_____		_____
Organizations	_____		_____		_____
Other	_____		_____		_____
Total	_____		_____		_____
	A	÷	B	=	C

Part Four

Understanding What You Have to Offer

You should now have a deeper understanding of your customers and your marketing effectiveness. The next step is to use these insights to reinforce with your customers the benefits of doing business with you. Now more than ever, it is important to engage with your customers so they understand the unique benefits only you can offer. By showing customers — through dynamic and regular communication — that you care about them and can help meet their needs, you strengthen your relationship and build loyalty. As you deepen your customer communication, remember to:

■ Tell Your Story

You started your business because you had a vision about how your expertise could help customers and clients. Your story is uniquely yours! Customers want to understand this story; they need to know what you do and why you are doing it in order to look to you for quality products, services, and advice. Do your customers really understand your specialty? Do they understand how you can help them through challenging economic times? In your communications, think about:

- Emphasizing the needs you can fulfill and the strengths you can offer so you clearly define for your customers why they should do business with you.
- Positioning yourself in terms of benefits to your customers. Don't just toot your own horn. Remember, at the core of every interaction, your customer is asking, "What's in it for me?"
- Being consistent in your messaging. Whether it's expressed in person, on the phone, on your website, in your advertising, in your product descriptions, or in your e-communications, make sure your story — who you are, what you do, and why you do it well — is clearly and consistently portrayed.

■ Make Every Interaction Count

As a small business owner, you are already customer-focused. Now is the time to leverage your relationships with your customers and let them know that you are there to help them weather the challenges they face.

You can engage customers by:

- Making them feel special. Offer customers more than they expect and thank them for their patronage so that they know you appreciate their business.
- Initiating personal dialogue. When a prospective customer visits your website, or visits or calls your place of business, get their contact information. When customers come into your business, take the time to ask how they are doing. This is the first step in developing your relationship and it allows you to share beneficial information with them.
- Whetting their appetites. Let customers know what to expect by sharing examples of how you will stay in touch. Be sure to ask for permission before sending email marketing communications.

■ Engage Your Employees

Enlist your employees to help meet your customers' needs. An engaging, service-oriented employee can be invaluable in keeping your current customers happy and encouraging new customers to come back. Be sure to provide your employees with outstanding, customer-oriented training that encourages them to provide the highest quality service to your customers.

Part Five

Understanding your communications plan

You understand your customers and the importance of keeping in touch with them in the most effective and efficient way. Now is the time to lengthen the conversation and strengthen your relationship through honest, regular, useful information that respects your audience's needs and supports them through tough financial times.

Even though people may be bombarded with messaging every day, they actually like staying in touch and being informed about what you are doing — if the information is interesting and useful to them. Remember: in a down economy, consumers become more selective and more concerned about making better, more informed purchases. A smart communications plan that offers intelligent, actionable, and engaging information will help you keep the dialogue going and show your customers that you care about their welfare, not just their business with you. It also fosters loyalty; if customers feel you have something valuable to offer, they are more likely to pass on your information, refer others to you, and turn to you for advice.

Here are some tips for developing a dynamic communications plan:

■ Share Your Knowledge

You and your expertise are why your customers come to you. Provide information that is both beneficial to them and that they can only hear from you.

■ Offer Relevant, Entertaining Information

The knowledge you impart should be both relevant and engaging to read. Challenge yourself by asking “so what?” If the information is fascinating to you but isn't important to your customers' needs, take it out. To make your communication more readable and relevant, try to:

- Be fun, entertaining, and informational
- Be brief — provide small nuggets of useful information
- Be engaging
- Be clear about benefits (write about what “you get,” not what “I offer”)

■ Vary Your Content

A content strategy that contains several different formats — features, short tips, news, a coupon or discount section, etc. — makes your communications more interesting to read and gives you flexibility. One size does not fit all; with a varied format, you can match your content to your purpose for communicating.

Tip: *Cut through the email clutter*

Consumers are bombarded by emails every day, even more so now during this difficult economy. So, in order to have an effective communications plan, it is important to gauge the appropriateness of your communications and ensure that customers will continue to open your emails.

You can gauge your communication plan's effectiveness by your open rate, which tells you the percent of those on your list who opened your email campaign.

You can improve or preserve your open rates by following these four simple steps:

- 1. Ensure that the name in your "from" line is recognizable; include the name of your business or organization*
- 2. Use a compelling subject line. Lead with a benefit and try to pique the reader's curiosity. You want your readers to feel compelled to find out more. For example, "7 Ways to Eat Healthier."*
- 3. Send targeted emails to specific audiences with content that appeals directly to their needs. (See list segmentation above.)*
- 4. Evaluate how frequently you are sending emails. Resist the urge to over-communicate.*

■ Catch Their Eye — and Mind

Appealing design and well-written content reinforce your commitment to engaging with your clients and emphasize your attention to detail.

Communication that marries readable, intelligent information with smart design and photography is more likely to stand apart from the email clutter your customers are bombarded with. It is also more likely to be forwarded; people like to share attractive and timely information with their friends and colleagues.

■ Engage Your Audience

Ask your readers to get involved in the dialogue. For example, they can submit a question to stump you on your area of expertise, which you can then answer in your next communication. Or they can help you develop interesting content. For example, your e-newsletter might include:

- Responses to frequently asked questions
- Customer success stories or problems you have solved
- Results of surveys you've done with your customers

■ Enlist Contributions

Ask other experts who complement your business to contribute to your newsletter, blog, or other communications. This strategy adds interest for your readers, emphasizes the breadth of your experience and connections, and may even generate referrals from those experts and their colleagues.

Worksheet #2 Create a Communications Calendar

A communications calendar will help you manage the frequency of your email communications and your open rates:

Example calendar

Month	Jan				Feb				Mar				Apr				May				Jun				Jul				Aug				Sep				Oct				Nov				Dec											
Week	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4								
Newsletter																																																								
Promotional Message																																																								
Announcement																																																								
Events																																																								
Save the Date																																																								
Sign-Up																																																								
Reminder																																																								

Use this form to plan your communications strategy

Month	Jan				Feb				Mar				Apr				May				Jun				Jul				Aug				Sep				Oct				Nov				Dec							
Week	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4				
Newsletter																																																				
Promotional Message																																																				
Announcement																																																				
Events																																																				
Save the Date																																																				
Sign-Up																																																				
Reminder																																																				

Part Six

Tip: *Take full advantage of referrals*

Referrals are your best source for new customers. When passionate existing customers recommend your business, they are providing you with free new business and putting their own reputations on the line for you. It is important to continue taking care of and communicating with your best customers. Not only do these leads convert the best of all sources, they typically have the lowest of all acquisition costs. The investment — taking good care of your existing customers — leads to a high return (new customers) with zero cost of acquisition.

Understanding new-customer opportunities

Now that you've developed a solid understanding of your customers, the benefits you and your business offer, and the importance of a good communication plan, it's time to leverage that knowledge and use your customers to develop new customer relationships. Through referrals, testimonials, partnerships with other organizations, charity sponsorships, and networking, you can find many potential customers willing and eager to give your business a try.

■ Ask for Referrals

Don't assume your customers know that you welcome their referrals.

You have to ask! Put a message in your email communications that says, "We'd appreciate your referral business." And always include your contact information in every communication.

Among your current customers live many of your biggest fans. Using results from your online surveys, you can identify those customers who are most likely to refer your business, and then arm them with "insider information" about your company, products, services, and expertise. This deeper relationship with your best customers will not only make them feel special, it will also turn them into passionate advocates for your business, which will more than likely result in highly qualified leads.

■ Gather Testimonials

Customer testimonials are a powerful way to influence prospects about the value of doing business with you. Delighted customers telling your story gives potential customers an outside perspective on your success in meeting customers' needs and finding credible solutions to their problems. It is always better to have someone else sing your praises than to do it yourself!

Testimonials can take many forms and be shared in many ways. You can feature stories on your website, in your newsletter, or within collateral pieces. You or your sales staff can also use testimonials to introduce your business to prospective customers or as a leave-behind following a presentation.

■ Build Partnerships

Partnering with other local business owners is another excellent way to build your customer list. Other businesses may have customers who fit your own “ideal customer” profile. Most likely, they could benefit from exposure to your customers and vice versa.

Connect with other organization owners in related industries or in your area and work together to host an event that crosses customer lines and promotes both of your products or services.

Some creative examples include:

- A cooking store hosts a wine-shop expert for an in-store wine tasting and educational event called “How to Choose a Good Wine on a Thrifty Gourmet’s Budget.”
- A financial planner holds an event at a bookstore to answer consumers’ questions about the economy, savings, college tuition, and retirement planning.
- A garden center teams up with a landscape architect who gives a tour of the center, pointing out the best plants and shrubs for different environments.
- A day spa invites a local chef to run a workshop at a kitchen store on how to make great healthy meals in 30 minutes.
- A retail store partners with a local charity and sets up a place for donations within the store. This strategy raises awareness, generates foot traffic for the business, and illustrates social responsibility.

■ Support Local Charities

Today, more than ever, consumers are socially conscious and care deeply about having a positive impact on the world. Customers want to give back to their communities and are keenly aware of businesses that take community responsibility seriously.

By supporting a local charity, you will deepen your relationships with current customers and build trust with new customers. Sponsorships appeal to people’s charitable sensibilities, thereby generating greater awareness for both your business and the charity.

In addition, you will most likely enjoy some free publicity: The charity will proudly feature your business in its own communication efforts, and the local newspaper might even report on the story and tout you as a “do-gooder” of the community.

■ Put Networking to Work

Joining a local networking group is another excellent way to build your business. It helps you gain visibility and meet business owners and prospective customers in your community. You can learn how your colleagues are faring in the current economy and meet others who might want to partner

Tip: *Publicize through email marketing*

Email marketing is a great way to publicize partner events. You can include announcements in your e-newsletters, explain why you've chosen to partner with the other business and what benefit it has for your customers, and offer product coupons to those who come in during the event. You might even offer your existing customers an incentive if they bring a friend. During the event itself, be sure to have email signup sheets available to collect new addresses from your newfound customers. Then you can continue the dialogue you start.

with you on events. Local groups may also help you find services that fit the customer needs you cannot fill; by referring your customers to these services, you not only give back to your customers but also earn the other business owner's appreciation. You never know when that business will refer a new customer to you!

Help is just a click away!

You are likely facing many challenges in this economy — and Constant Contact is here to help. By joining our online community, ConnectUp!SM, at <http://www.constantcontact.com/community>, you will gain inspiration and can share ideas about how to best cope with economic uncertainty. In our Down Economy Idea Exchange, you will discover additional suggestions about how to market smarter in these tough times, and can learn from peers, colleagues, and even competitors what has worked for them. Come and connect with this active, helpful, and encouraging group of small business owners like yourself and learn more best practices for thriving during a down economy.