

BUSINESS INTELLIGENCE

Strategies and Trends for the Successful Business

REPORT

May 2010

IDEAwatch

Tips for Growing Your Business

■ **What's the best way to communicate with your customers?** Learning the answer could hurt your marketing efforts. That's because marketers will often only focus on one best communication method. But these days consumers engage with a variety of online communications and activities and have different preferences and tastes. For example, while email may be your best method right now, consider mixing things up by using social networking websites such as LinkedIn, Facebook, Twitter, YouTube and others. Your customers don't see these channels as mutually exclusive. Why should you?

Source: www.marketingprofs.com

■ **Spice up your company newsletter** and expand your network by touting the services of business partners. If you run an advertising agency that works with a particular printing company, for example, let your newsletter subscribers know how that company gives customers superior quality. When you help an ally, they'll be more likely to help you or mention your company in their newsletter.

Source: www.fuelnet.com

■ **When your company makes a mistake, do you offer refunds or discounts?** Instead, consider offering additional products or services whose value equals or exceeds the refund amount. For example, a printer misses a deadline, and instead of refunding \$100 to the customer, offers to print 20% more of the order and give the customer an extra color free next time he comes in. The concessions are worth more than \$100 to the customer even though they won't cost the printer \$100 to perform them, plus the free color encourages the customer to return to the shop.

Source: *Telephone Selling Report*, www.businessbyphone.com

MARKETING

Are Your 'Unique Benefits' Neither?

by Tim Riesterer

A 2009 SURVEY of 9,000 decision makers in B2B companies found that 86% of the "unique benefits" touted by vendors were not perceived as unique or having enough impact to create preference. Unwittingly, it appears, companies are creating value parity-positions, not value propositions.

Is it any wonder you are having a hard time getting customers to start sales cycles with you? The survey results would also explain the rising number of "no decisions" at the end of opportunities.

This article offers the following three rules for creating preference vs. parity in your value propositions.

1. Put it in context. The Marketing Leadership Council of the Corporate Executive Board, authors of the survey, say the biggest failure point in most company value propositions is "proximity." That is, because of marketers' proximity to their own company and products, they overestimate the uniqueness and relevance of the benefits they promote. And one of the biggest problems with proximity is that it causes marketers to mistake customer touch points for value propositions.

Companies like to tout such things as customer service as a differentiator. But research has found that decision makers see those touch points as marginal or poor drivers of preference. What really gets customers excited is hearing about clear, unique benefits that address their business needs. Strategic agenda items such as "streamline my supply chain" or "help me get more out of my current capital investments" are what people will pay you for, because those items are relevant to their responsibilities and how their organizations hold them accountable.

Needs-based benefits that show customers how to do something better tomorrow than they do today were proven to be four times more powerful predictors of preference vs. touch points, according to the CEB research.

Also, remember that you get delegated to whoever you talk like. Make sure that the needs you address are presented in the context of the person who can make a purchase decision. The tendency is to drift toward the user of your products or services; typically, that person isn't the

Companies tout customer service as a differentiator, but that's not enough to impress decision makers.

key decision maker.

Preference vs. Parity Rule 1: No context, no value proposition.

2. Show it in contrast. Do your value propositions create contrast for customers? Do they see themselves in enough pain with their current situation to replace, upgrade or otherwise change the status quo? And, more important, do you clearly align what you do and show the relevant gain, with regard to that pain?

If your prospects hear your message or listen to your story and they can't see themselves eliminating challenges and positively changing their strategic agenda in a significant way, you don't have a value proposition. Value lies in the contrast between the pain and the gain.

Brain research proves that humans make decisions that are more adaptive than rational. They need to see a change in their environment that makes the status quo no longer acceptable. They need to see that change is coming now, and that your solution is critical to their survival.

In fact, you need to inject emotion into your messaging. Even in B2B, you have to get decision makers emotionally invested in the decision. They will justify with facts, but they will buy based on how your solution will influence their success or failure in their jobs.

It's only by creating a dramatic contrast between how bad things are today and how good things will be after they partner with you that you can get prospects to

continued on page 2

■ **Increase your odds of getting a signed contract** by asking the “expected results” question, suggests Steve Slaunwhite, co-author of *The Wealthy Freelancer*. Ask, “What exactly do you need this project to accomplish?” The more you position your services around the wanted results, the more likely you are to get the job — at the price you want. Be sure to restate their answer within your project proposal. The great thing about this tactic is that it uses the client’s own thinking to persuade them that the investment is worthwhile.

Source: www.yudkin.com

■ **Reduce absenteeism at your company this summer** — and save your employees a lot of grief — by helping them locate quality summer child-care programs. For guidance, visit www.nccic.org.

■ **Customize your Facebook Page** (fan page) using the Static FBML app. If you find Facebook’s format to be too limiting, this application allows you to create a custom tab (landing page) for your fans. Just search for “Static FBML” in Facebook. Once you find the app, click on “Add to my page.” This app can be a bit technical and requires you to know HTML or FBML, so you may want to ask a web developer for help. For more information on Static FBML, go to <http://bit.ly/btIFib>.

Source: www.smallbiztrends.com

■ **Add some tunes to create a more pleasant workplace experience.** Fifty-nine percent of employees who listen to music at work say they aren’t likely to call in sick for work compared with only 32% who don’t listen to music at work, according to Entertainment Media Research. Most employees who listen to music at work describe their workplace as happy compared with less than half of those who don’t listen to music. In addition, 81% of employees said music in the workplace creates a more enjoyable experience. Before implementing this idea, develop a policy for personal music players. If you play music over a sound system so the entire staff can hear it, vary the styles of music. In addition, maintain a low volume so you don’t distract workers.

Source: www.workplacemagazine.com

Need speed? Slow down

Companies fearful of losing their competitive advantage spend a lot of time and resources looking for ways to pick up the pace. However, new research suggests they try slowing down instead.

Researchers at The Forum Corporation found that companies that chose to go, go, go to try to gain an edge ended up with lower sales and operating profits than those that paused at key moments to make sure they were on the right track. What’s more, the firms that “slowed down to speed up” averaged 40% higher sales and 52% higher operating profits over a three-year period.

But what does “slower” and “faster” really mean in business? Firms sometimes confuse operational speed (moving

quickly) with strategic speed (reducing the time it takes to deliver value). Simply increasing the pace of production may lead to quality problems, while fast-moving strategic initiatives may not deliver value if time isn’t taken to identify and adjust the true value proposition.

In the study, higher-performing companies with strategic speed made sure that everyone was aligned in support of projects. They were more open to ideas and innovation, and they allowed time to reflect and learn. By contrast, performance suffered at firms that moved fast all the time, focused too much on maximizing efficiency, stuck to tested methods and didn’t foster employee collaboration.

Source: *Harvard Business Review*, May 2010

Appealing unemployment claims can backfire

With unemployment taxes increasing, more small business owners may be motivated to appeal claims for unemployment benefits filed by former employees who quit or were fired for cause — but such appeals can sometimes backfire.

Employers may want to appeal unwarranted claims, experts say, but be aware that the effort could inadvertently prompt a former employee to file discrimination, harassment or other charges in retaliation.

Another possible outcome is that a business owner ends up owing back taxes to

the government because he or she fought to deny benefits to an independent contractor who should have been classified as a regular employee.

Some cases do pay off: In 2009, employers filed 405,153 appeals to deny benefits to former workers and 36% won, a figure that hasn’t changed too much in recent years, according to the U.S. Department of Labor. The key is having good documentation showing the previous employee doesn’t qualify for benefits.

Source: *Wall Street Journal*, April 6, 2010

Unique Benefits... continued from page 1

create an opportunity and champion a decision in their organization.

Preference vs. Parity Rule 2: No contrast, no value proposition.

3. Prove it with corroboration.

The third rule pertains to proof points. Most marketers think of proof points as quantifiable validation of the value you provide. That’s true, but it’s only partially true. When you are trying to get prospects to care enough to consider a change and choose you, proof points must corroborate your solution on two levels.

First, you need proof points that will corroborate or turn up the heat on the problem. “Amping up the pain” is what I like to call it. For example, at the beginning of this article I told you that 86% of unique benefits that companies cite don’t create preference. I bet it got you thinking about your own benefits statements and value propositions. It hooked you into the story and got you to care about a potential solution.

Second, you need proof points that will corroborate your claims to be able to solve the problem in a meaningful way that eliminates the pain and brings measurable gain around the strategic item you are addressing. One example of that in this article was the research finding that needs-based benefits are four times more powerful than touch-point-based benefits.

Do you have documented results that validate what doing something different tomorrow will mean to your customers — in terms they care about?

Preference vs. Parity Rule 3: No corroboration, no value proposition.

Use those three rules when creating your value propositions and you will discover the difference between preference and parity.

Tim Riesterer is chief marketing officer and SVP of Strategic Consulting for Corporate Visions (www.corporatevisions.com). He is also the co-author of *Customer Message Management: Increasing Marketing’s Impact on Selling*.

■ **If you're hiring new employees,** you are probably receiving a flood of resumes or applications — many from unqualified applicants. To avoid wasting your time sorting through this deluge of paperwork, pre-screen applicants by asking them to answer detailed and specific questions that are relevant to the job. Now you can quickly distinguish between those who actually meet the qualifications and those who are applying to anything and everything, hoping to find work.

Source: thehiringsite.careerbuilder.com

■ **Don't file for that patent yet!** Successfully taking a product to market requires research and the ability to talk to people about your invention. Inventors reluctant to share their invention with people they don't know will often rush out and file a full-blown, utility patent application. However, at a fraction of the cost, a provisional patent application can be submitted. A provisional patent is not actually a patent, but it acts like a place holder. In essence, you are laying claim to the filing date of the provisional patent application if and when you elect to file for a full utility patent up to one year from the time you file your provisional patent application. This gives you the legal right to write "patent pending" on your prototype and show it to whomever you wish. Contact a patent attorney for more information.

Source: www.entrepreneur.com

■ **If you are genuinely interested in obtaining customer feedback,** train your employees to ask, "What's one thing we could do better next time?" Not: "How was your meal? Did you enjoy....? Was everything all right?" These are close-ended questions and people will typically answer, "Fine," or "Yes." You need an open-ended question that overcomes the customers' inclinations to be polite — that provides a higher quality of feedback. Of course, be prepared to act on that feedback.

Source: www.allbusiness.com

Demand rising for 'good enough' products

The "Great Middle Market" shopper — not too cheap but not too expensive — is a dying breed. The economic crisis has upset the gravy train that once was the "Great Middle" tier, comprised of consumers larded with credit and competing to stay one up on the Joneses.

The new winners are companies such as Apple and Hermes that can still convince consumers to pay more for significantly better products, and on the other end, companies such as Vizio and Ikea that sell "good enough" products at very low prices.

The losers? Everyone else, such as GM and Sony, who once fattened their bottom lines on sales to the Great Middle, or what economics writer James Surowiecki characterizes as "making money by sell-

ing moderately good products that are moderately expensive." That's not a winning formula today. Midrange products are neither exceptional enough to justify premium prices nor cheap enough to win over value-conscious consumers.

Today, the information revolution allows consumers to research products in depth, making them comfortable with trading down. Furthermore, today's cheaper products are becoming higher quality.

Finally, in uncertain times, certainty sells, giving support to the high end. Consumers are still investing in well-known brands that deliver consistent quality and provide psychological comfort.

Source: Bnet.com

Is location marketing the next big opportunity?

It's the ad served while you are reading the news on an e-reader that knows you're at home and three blocks from a Starbucks. It's finding a restaurant in a strange city on your iPhone, discovering that a store nearby stocks the TV you're looking for or that a certain grocery on the way home has the cut of meat you need.

The potential of knowing when and where a consumer is — within privacy constraints — is expected to open up the floodgates for location-based marketing.

"What used to be called point-of-purchase is now called mobile advertising," said Kip Cassino, VP-Research at Borrell Associates. "Mobile can be an extension of a retailer's storefront."

Borrell estimates mobile will dominate U.S. interactive marketing spending as soon as 2014 with 70% share, based on the growing use of smartphones, Kindles, iPads and portable gaming devices.

Companies such as Placecast set what's called a "geo-fence" around retail locations and, once you opt in, blast FYIs or offers texts when you're within a determined radius. In a four-month study with the American Eagle retail and Sonic restaurant chains, Placecast reported 79% of participating consumers said geo-fencing programs increased their likelihood to visit stores, and 65% made purchases during the program.

Source: *Advertising Age*, March 22, 2010

Micropayments may finally be set to surge

Online and mobile commerce is about to get a shot in the arm. Online payment service PayPal is opening the door to widespread use of credit and debit cards for so-called micropayments — as small as half a buck and up to about \$12. Instead of charging separately for each transaction they handle, the company plans to aggregate a merchandiser's micropayments and levy a single fee for the bundle.

Cheap processing of micropayments is hailed as the answer to many sellers' prayers. Publishers, for example, will be able to sell articles online "by the drink."

And lower fees should help industries already using micropayments such as ring tone merchants and smartphone application marketplaces. Craftspeople and entrepreneurs who sell low-value goods on e-marketplaces will also benefit.

"Microservices" may appear in which, say, a small fee paid by cell phone could take a customer to the front of a long line.

The micropayment economy has been promised before, but experts say mobile commerce and newfound trust in online transactions will make the difference.

Source: *Kiplinger*, April 7, 2010