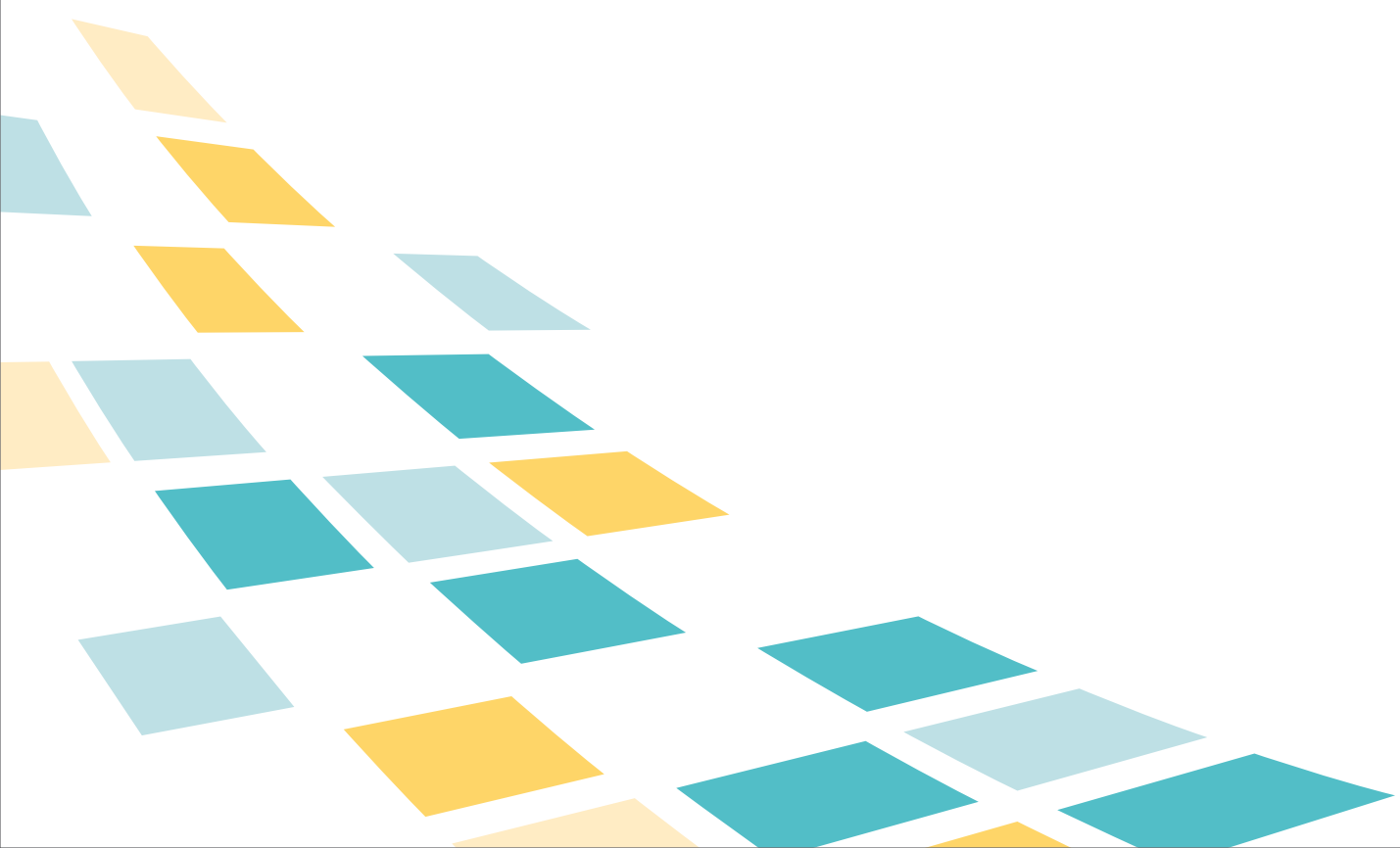



Finding **Opportunity** in a Down Economy

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





These are tough economic times. As a small business owner, you may be feeling the pinch today and worrying about planning for tomorrow. Most likely, you are questioning whether to scale back your existing marketing plans, or do away with them altogether.

The answer is neither! Uncertain economic times provide the perfect opportunity for you to take stock of your existing customer base and to leverage those relationships in order to weather the downturn—and stay competitive in the future. Now is the time to assess the fundamentals that drive your business: knowing your existing customers; acquiring new customers; connecting with customers in meaningful ways; and delivering the right solutions to meet customers' needs.

This guide gives you useful tips for leveraging what you already know about your business. It can help you create an actionable, effective marketing plan that will help you survive—and thrive—in today's uncertain economic climate.

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 buying patterns and click-throughs on recent e-newsletters and offers. From this information, you can divide your email list into two groups. Then, try sending a targeted test email to each group with a customized message that will appeal to each one's needs or buying habits. For example, you might offer a 25% off coupon to frequent buyers, 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.

Understanding your customers

Your existing customers are your most precious asset, even more so during challenging 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 the economic storm.

Here are two steps to help you learn more about your customers:

■ Profile Your Customers

You can get to “know” your customers better by creating a profile of their characteristics, buying habits, and interests. For example:

- What are the characteristics of your best customers? How old are they? Are they male or female? How close do they live or work to your business? What is their income? 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?

■ Segment Your Customers

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

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

Frequency or likelihood of referrals

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 audience.

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. So it is important to continue taking care of and marketing to even your best customers. In our experience, 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) at \$0 cost of acquisition.

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, but do it smarter. There is a good chance that, during this recession, 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 in it for the long-term
- 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:

■ 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 costs, and customer referrals. Figure out your monthly and annual expenditures for each.

■ 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, on-line, by phone, in response emails. You can even post a poll on your website that asks: “How did you hear about us?”

■ Weigh Your Cost of Acquisition

Once you've looked at your spending and talked to your customers, determine which marketing methods are the most effective for generating new customers and have the best return on your investment.

Try this formula:

1. Calculate your cost of acquisition to understand which sources deliver the most customers:

$$\frac{\text{Amount Spent/Month on Source (i.e. Yellow Pages)}}{\text{\# of New Customers Generated by Source/Month}}$$

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 best places to cut and to invest to 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 Year	÷	New Customers Per Year	=	Cost Per Customer
Yellow Page Ads	_____		_____		_____
Radio	_____		_____		_____
Print (Newspaper)	_____		_____		_____
Online Marketing	_____		_____		_____
Direct Mail	_____		_____		_____
Leads Groups	_____		_____		_____
Organizations	_____		_____		_____
Other	_____		_____		_____
Total Cost Per Customer	_____		_____		_____
	A	÷	B	=	C

Tip: Use email marketing to collect feedback

Email marketing is an excellent way to get feedback from your customers, especially during a volatile economy. Try incorporating a simple, one-question survey into every email campaign you send out. By getting ongoing information from your customers, you will have your finger on the pulse of their needs and be able to quickly turn your unique skills into customer benefits.

Understanding what YOU have to offer

Now that you have a deeper understanding of your customers and your marketing effectiveness, you can use these insights to reinforce to 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.
- Being consistent in your messaging. Whether it is 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 and what you do—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 challenging times. You can engage customers by:

- **Initiating personal dialogue.** When customers come into your business, take the time to ask how they are doing.
- **Making them feel special.** Offer customers more than they expect and thank them for their patronage so that they know you appreciate their business.

- **Keeping the conversation going.** When a prospective customer visits your website, or visits or calls your place of business, get their contact information. This is the first step in developing your relationship and 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.

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. 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 dealings 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, leave 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”

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 both gauge the appropriateness of your communications and ensure that customers will continue to open your email.

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.
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.

■ 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 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.

■ 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.

■ 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 withstand 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.

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

	Jan				Feb				Mar				Apr				May				Jun				Jul				Aug				Sep				Oct				Nov				Dec							
	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																																																				
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Save the Date																																																				
Sign-Up																																																				
Reminder																																																				

Use this form to plan your communications strategy

	Jan				Feb				Mar				Apr				May				Jun				Jul				Aug				Sep				Oct				Nov				Dec											
	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								
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Help is just a click away

You are likely facing many challenges in this economy. Constant Contact's commitment to supporting you does not end with this guide. Sign up today to join our mailing list and receive our newsletter. You'll learn more best practices for marketing smartly during tough economic times!