

Fishing In The Right Pond

Summary:

In this week's episode of the MegaMarketer Coachcast, hosts Scott Smith and Justin Jacobs discuss list segmentation and why fishing in the right pond is the best way to catch fish.

Main Questions Asked:

- How can I get the most out of my existing customer base?
- What does it mean to develop a customer avatar?
- How can I improve response rates?
- What is the best way to grow my list?
- How can I target a specific area without wasting money?
- What should my average value per customer be?
- What demographics should I look at when selecting a list?
- Do you have a recommendation for the number of prospects I should send to?
- Where can I get a list of prospects for my area?

Key Lessons Learned:

Loyalty

- Loyalty is a very popular word these days and it stretches across industries. Technology has enabled price shopping in retail but less so with larger purchases. In those situations, customers are looking for expertise.
- Price shopping may get the customer in the door, but service will keep them coming back.
- You don't want to be the lowest priced contractor, there will always be someone willing to go lower and there will be zero loyalty.
- Some of the biggest service businesses see the first call as a loss leader.
- Set the expectation early that your company is different and then exceed the expectation and follow up.

- Marketing is a momentum process, it takes time to become impactful.

Avatars

- You need to know who your customer is. When you understand the demographics and motivations of your customer avatar you can 'fish in the right pond'.
- You can learn who makes the best customer for your business and figure out what market is the best one to target.
- There is an immense amount of data that you can use to target on a list, once you have it take advantage of it.
- Having a customer avatar allows you to customize your message to speak directly to your ideal customer.

Direct Mail

- More people have been turned away from direct mail by using every door direct than any other service.
- Scatter shot marketing is the opposite of having a customer avatar. Everyone is not your customer.
- If you're not getting a return on your marketing efforts, it doesn't matter how cheap each piece was.
- The piece is less important than the list. Everytime you send something out, think about the audience that is seeing it.
- If the piece is bad, change it.
- If you want to target a specific area, you have to get to know the area and do what you can to create a presence there.
- A bill board can be useful but it is not a direct response piece.
- If you're not trying to aggressively grow, you should be sending out 70% of your mail to existing customers and 30% to new customers that are as similar to your existing customers as you can manage.

List Building

- It depends on your definition of a customer, you can grow your list in 3 minutes if you're not picky.

- Identify your customer avatar and market aggressively.
- Spending 8%-10% of your annual revenue on marketing is a rule of thumb if you want to double your revenue next year.
- People have to be able to know who you are in order to respond to you.
- If you're only seeing your customers one time, you are actually going in the wrong direction and are probably losing money in long run.
- Acquisition is far more expensive than retention.
- Look at household income, age of the head of the household, the age of the home when selecting the demographics for a list.
- The best way to get something out of a list is consistency. If you can have someone call behind a direct mail piece you can increase the effectiveness exponentially.

Value

- If you look at your average customer base of people you've done business with in the last 48 to 60 months, the average value per customer should be around \$500.
- If your number is a lot higher than that, you are probably doing a lot replacements. If it's less, you probably don't have a process of service agreements and are more service based.

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Links to Resources Mentioned

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