

# Marketing 101

**By: Top Hat Marketing Inc.**

**Robert Jahnke**

People don't care who you are until they know what you can do for them!

- What can I do for you?
- Basic marketing, from Jay Abraham, not taught in schools.
- Self taught, since late 80's. 45 hours for 5 weeks per year, at my peak. I track it.

# What you will learn

1. First 2 questions the top marketing consultant would ask you.
2. Things you have to know to run any business.
3. Only 3 ways to grow any business.
4. Advertising tips.
5. Top things to do to start your marketing plan.

# About Me

- Robert Jahnke
- Business Owner since 1982
- Businesses owned:
  - White Glove Carpet Cleaning
  - U-Save Insurance Agency
  - Around the World Travel
  - Ads For You
  - Pre-Paid Legal Services
  - Top Hat Marketing Inc.

# Jay's First 2 Questions:

1. USP (Unique Selling Proposition)
  - “Your business is my business”
  - Wal-Mart “Save money. Live better.”
  - Subway “Eat fresh. Live green.”
  - McDonald’s “I’m lovin it”
  - AT & T “Rethink Possibility”
  - Clark Howard “Save more, spend less and avoid getting ripped off”
2. Life-time value of a client  
one time sale, yearly sales and lifetime sales

# Lifetime Value

To illustrate the concept of Life Time Value of a client, let's imagine you are the owner of a hair salon.

Questions to ask:

1. How much do you charge per haircut?
2. How many times per year, on average, do clients get their hair cut?
3. How many years, on average, do clients stay with you?
4. What other products do clients purchase from you?
5. How much do you charge per product sold?
6. How often do clients purchase these products?
7. How many referral do you get per client?

# Lifetime Value

You receive on average \$40 per hair service.

They visit you on average 6 times per year.

They remain a client for an average of 5 years.

They buy other services like, hair coloring, shampoo and hair treatments, on average 3 times a year for an average of \$20.

Give 3 referrals per year

Formula:

$\$40 \times 6 = \$240$  on visits

$\$20 \times 3 = \$60$  other services

$\$300$  per client per year

$\times 5$  years =  $\$1,500$

Plus 15 referrals in the 5 years  
and if half stay =  $\$8,000$  more

Every new client could be worth  
over  $\$9,500$  lifetime, with the referrals, if optimized.

# Lifetime Value

One more important piece of information.

- What is the likelihood of turning a prospect into a long term client once we get them to try your salon?
- In most cases, the answer is 50-75%. That's because when someone tries something once, they have already demonstrated a need and a preference for the service. It's easier to go back to the same place over and over.
- Now that we know what each new client is worth to us, we know what we can spend to get a new client. So you can make aggressive promotional offers to get people into your "chair" (or whatever our business happens to be) for that first time!

# Question You Must Know

What is the allowable cost to get a client?

What can I spend to get a new client?

Use the formula in the life time value of a client to find out what a client is worth, then you know what you can spend to get a new client.

# **The fortune is in the follow-up**

## **Follow Up Statistics**

- **48% of sales people never follow up with a lead**
- **25% of sales people make two contacts**
- **12% of sales people make three contacts**
- **10% of sales people make more than three contacts**

# Sales Statistics

- **2% of sales are made on the first contact**
- **3% of sales are made on the second contact**
- **5% of sales are made on the third contact**
- **10% of sales are made on the fourth contact**
- **80% of sales are made on the fifth through twelfth contact**

# Secret

If 85% of sales people don't follow up more than 3 times.

AND

80% of all sales are made on the 5<sup>th</sup> – 12<sup>th</sup> call, who makes all the MONEY/SALES?

**Less than 15% of sales people.**

# Why Customers Leave

- 68% non-caring or feel unappreciated (Forget about You)
- 14% product dissatisfaction
- 9% Price
- 5% Because of a friends recommendation
- 3% Move
- 1% Die

Source: U.S. Chamber of Commerce

**(Must follow up with clients)**

# Does price matter?

Examples:

- Fence
- Excavating/House Cleaning
- Website

It's about adding value... from the target's perspective, what can you do to help me solve my problem and is the extra cost worth it to me?

# My #1 Question

What are your clients  
“hot buttons”?

- What’s in it for your customer?
- What are you’re clients wants and needs?
- What problems do they have that you can solve?

# Hot Buttons

Example: Construction Company

Show up when you say, work done on time, don't charge me more and do what you say you will do.

Fencing Company

Same as above, plus my gates to work right, and stand straight.

What are people buying  
from you?

They buy a result, benefit,  
advantage, enhancement,  
enrichment, protection, or  
entertainment!

Factors that influence a sale:

Pride, love, sex, power,  
respect, money, fear, greed,  
and guilt.

# Know the difference between features and benefits:

- Do you know what the benefits of using your products or services are?
- How many benefits can you write down about your business?

Example: Anti-lock brake is a feature, the benefit is the safety of your family.

- Do people need a drill or a shovel?

No, they need a hole.

- Buying Shoe's?

You make decisions by looks, style, comfort and price.

Endorsements from famous athletes get you to look.

- Restaurant? Not buying food, I'm buying convenience, family outing, different taste

Starbucks you're buying a coffee experience

# Question You Must Know

Is my pricing right? (60%)

Best location?

Who is my market?

What do I do better than my competition?

# First Step of Marketing

## PLANNING

Most marketing programs begin in the middle of the process and focus on where the message goes (media) and what is said (creative).

Your Growth Strategies have to recognize that the most critical step is to define the strategic direction you plan on going.

# Questions For You're Marketing Plan?

Who, What, Where & When?

- Who is your target market?
- What is the best way to reach them?
- Where do you reach them, which media?
- When to market? (The right time)

# Who's the Target?

There are 5 different types of markets.

## 1. Demographic Market

This describes who the person is.

For example, a demographic would be a single white female - between the ages of 35–45.

Education, income or employment status.

## 2. Geographic Market

This describes a specific location.

For example, you're market might be all people that live within 5 miles of your business.

Average store front business get 80% of clients from 5 miles of their business. Work or Live.

# 3. Psychographic Market

This describes what people's interests are.

For example, this might be people who love the Packers, go out to eat or left handed golfers.

# 4. Occupational Market

This describes what people do professionally.

For example, real estate agents, CPA's, sales people, managers or Technology specialists.

# 5. Business to Business

- Employee count
- Revenue level
- Location
- Industry

# First Step

- Setting up systems (Like McDonald's) make it turn key  
Systems run a business and people run the systems  
Sales – Follow up – staying in contact with clients
- Optimization (Best ways to operate)
- Testing (Information style marketing) using numbers.
- Planning with action steps
- Phone scripts, advertising, marketing materials,  
and what you're saying
- Sales Process
- Marketing Plan
- Advertising Plan

# Marketing Questions

- Are you using Scripts?

For answering the phone, your answering machine message, sales calls, etc...

- What marketing tools and systems are you using?

Are they designed to educate future customers without having to rely strictly on your sales personnel?

# Future Buyers

- Only 3-5% of people are buying what you are selling right now!
- What are you doing to get your share of the other 95-97% that will buy in the future?
- How can you generate this type of lead?
- Use reports or tips.
- Stay in contact with them, w/Face Book, email, postcards, newsletters, etc...

# Marketing Questions

- What are the steps used along the sales process?  
Are they written down?
- What are your follow up procedures/system?  
If they want information, a quote, say no, say maybe, say yes.  
I do a 2 day follow up for the 1<sup>st</sup> follow up.

Using a tickler system or computer program.

# Questions

- Do you have a new customer/welcome program?  
Sample: Car dealership sends a free car wash coupon and thank you letter after the sale.
- Do you test your ads, scripts, headlines, etc.?  
Headlines are also the 1<sup>st</sup> thing you say when doing a cold call or the subject line of an e-mail.
- Can you use risk reversal?
- Do you have a referral program (System) in place?  
How many? Do you reward for a referral?

This is one of the most over looked ways to grow your business.

# REFERRAL BENEFITS

- Referrals buy the most
- Referrals negotiate the least
- Referrals are more loyal
- Referrals buy more often
- Referrals refer more business
- Referrals cost the least to acquire
- Referrals are more enjoyable to work with

# Marketing Questions

- Do you have a cover letter to send with your brochure or information?

Increases response 80%

- What can you do to make it easier for your customers to do business with you?
- What do your competitors do better than you, and you can improve on?

# Learn Innovation

Look at other industries,  
how do they do what you do?

Promotions, client generation, sales conversions,  
reselling, staying in contact with clients, etc...

What Systems do they use? Marketing and  
sale practices

# Examples:

- Fed Ex borrowed the Federal Reserves banking system to send a package over night.
- Fast food industry got the idea for drive-thru from banks.
- Roll on deodorant, inventor used his ball point pen.
- Direct mail promotion using X-ray as sales letter.
- Microwaves from restaurant to home appliance stores.
- Fractional jet ownership (Warren Buffet) and storage condo's from the time-share industry.
- WBAY listener of the day; (Chamber business of the week)
- IBM business computer, Bill Gates computer to homes

# Only Three Ways to Grow a Business

- More clients
- Increase transaction value
- Increase transaction frequency

(Easiest way to grow an existing business)

(Increase each 10% x 3 ways = 33%)

# More Customers Tip

(#1 way)

Re-activate old customers

## **5 top ways to re-activate:**

1. Loyalty programs
2. Follow up calls
3. Rewards for referrals
4. Coupons
5. Free give-a-ways

# 1. More Customers

- Advertising
- Internet/Website
- Referral systems
- Using risk reversal
- In house sales, videos & signs
- Joint ventures
- Direct mail
- Hand outs to friends and family

# More Customers

- Social Networking

Facebook, LinkedIn, Twitter, Flickr, 4 Square, Google places, You-Tube, My Space, Blogging, QR Codes, Pay per click, NFC (Near Field Communications)

Coca-Cola testing now, text programs

- Direct sales - Saying the right things :  
Employees – Phone – Ads - Internet  
(What ad brought you into the store today?)
- Using call to action & headlines
- Follow up process
- Networking groups (relationships)
- Cross-selling

# More Customers

- 60 second
  - Free samples
  - Easy payment terms
- 60 days same as cash  
1 year free financing  
Credited cards, PayPal, etc...
- Telemarketing
  - Public relations
  - Host beneficiary relationships
  - Endorsement / Testimonial letters
  - Tradeshows and trade publications
  - Local events
  - Business or client of the week

# More Customers

Knowing what to say:

What ad brought you into the store today?

Have you been in the store before?

Overcoming objections

Knowing what objections you will hear so you  
have the answers

Feel, felt, found

## 2. Larger Transactions

- Point of sale promotions
- Back end products
- Education & Signs
- Warranty/Risk reversal
- Raise your price
- Packaging complementary products or services together/Bundling
- Up-selling

## 2. Larger Transactions

- Sell memberships –  
Book, CD, Cheese, Wine Club, Tanning
- What you and your employees say  
“Would you like dessert, our special is...”  
“Would you like fries with that?”  
“Would you like to super size that?”

## 3. More Frequent Purchases

- Newsletters (E-mail & mail)
- Internet – email – auto-responder
- Social Networking
- Mailings - reminders or education
  - Postcard or letters
- Special events or information nights
- In house signs or videos
- Find out what your customers want & then giving it to them
  - Blue Jet (Travelers bored, gave them TV's in every seat)

# More Frequent Purchases

- Public relations
- Back end products
- Follow up process
- Endorsements of new products
- Punch cards; Loyalty programs
- Education
- Promotional products
- Sell memberships
- Knowing what to say:

Would you like to join our VIP club?

# Advertising Message

Writing guidelines:

- **Interrupt** – Headlines with hot buttons.
- **Engage** – Sub headlines.
- **Educate** – Give enough information so the prospect wants to go to the next step.
- **Offer** – something to get the prospect take action. Coupon or report.

# Advertising Message

- Use effective ads  
(Headlines are 20 times more important than anything else)

Example Headline:

**Old ad:**

2/3 bank financing on silver and gold

**New ad:**

If gold is selling for \$300 per oz., send us \$100 per oz. and we will send you all the gold you want!

This increased response 500%

# What is the best way to reach your target market?

- Guess
- Test
- Ask

Past and present customer surveys

Competition surveys (surveymonkey.com)

Client surveys (Acudata)

Example: LA Boxing

**Thought:** client was tuff sweaty men, fighters, low to mid income, and close to club

**Found:** 61% woman, professional or homemakers, bored w/regular clubs and looking for something new, had health club memberships, high income, and 90% within 10 miles (Only thing they had right.)

# Advertising Plan

What is the best way to reach your target market?

- Radio or TV Commercials
- Direct Mail
- Newspaper
- Social Networking
- Referral Programs
- Trade publications

How do people find you: 67% have used online search engines and 62% have use the yellow pages.

Source: [www.LocalSearchAssociation.org](http://www.LocalSearchAssociation.org)

Caution: Have used in the past and use now can be different with generations. Example: Phone book.

# Be Strategic

- Marketing Plan with deadlines.
- Have a plan of action, broke down in steps, have it in writing and review it to keep on track.
- Having action steps are critical to your success; this is where you make your map to get you to where you want to be.

Think of Action Steps as the rungs on a ladder you climb that leads toward your goals.

Quote Bill Glazer “The biggest difference between average income and financial freedom is ...  
**IMPLEMENTATION.”**

# Summarize

- Set up the plan
- Systematize your business including sales and follow up.
- Say the right things
- Say it in the right place and time
- Track everything
- Optimize everything you do

Plan, do, review, learn.

# Last thoughts

- Why don't we set up systems?
  - Deep down we want to be important.
- Know customer service, what is acceptable and what is not.

# Top 10 mistakes businesses make

1. Not having and using a Unique Selling Proposition (USP)  
Plummer – “A flush beats a full house”  
Time Warner Cable – “Now anything’s possible”
2. Not testing your marketing and advertising (Institutional vs. Direct Response)  
Coupons, tracking systems, testing headlines, and what you say first.

# Top 10 mistakes businesses make

3. Using the wrong kind of advertising.
  - What is your target market?
  - Where is your market?
  - Using features and not the benefits
  - Not using hot buttons

# Top 10 mistakes businesses make

4. Not having a follow-up item to sell

Examples: Dessert at a restaurant, or carpet cleaning and then a contact for future cleanings.

McDonalds “Would you like fries with that”

5. Failing to find out and fill your customers needs.

What are their hot buttons?

Use surveys and ask them questions to find out what they want.

# Top 10 mistakes businesses make

6. Not educating your customers on the reasons your doing what your doing.

- Price doesn't matter if you bring value to the market place.
- Donut Connection (dough frozen vs. fresh)
- Quality Auto (Quaker state vs. Generic)
- Cleaning services (bid low and in a couple months raise the price)
- Fencing Co. (better materials and an extra hinge)

# Top 10 mistakes businesses make

7. Not finding faster and easier ways for customers to do business with you.

- Track sales and keep points on your computer (buy 9 and 10<sup>th</sup> is free)
- Ordering online – taking credit cards

8. Not sticking with marketing and advertising that is still working.

- Owners get bored and change to something else, even if it is still working

# Top 10 mistakes businesses make

9. Advertising only once.

- Trying something once then go to the next media
- They must see you more than once

10. Not knowing what a customer is worth to you.

- One time sale, yearly, and lifetime sales
- Companies fail to know what to spend to get a new customer

# Goals

- The Power of Written Goals
- Fact: 3% of people in the U.S. have written goals.
- How important are written goals? A study of the 1954 Harvard University graduating class was tracked over several decades. Now you would think anyone who graduated from a prestigious university like Harvard would automatically be successful. But the studies found that those who had written specific goals before graduation (3%) were more successful than all others (97%) who did not have written goals.
- A study done on salespeople had the same results; those with written goals earn three times the income, had more free time and were happier than those without goals.

# Steps to take:

- Decide what you want. Take a notebook and write down everything you would like to have or do in your lifetime. Pick one to three that you want the most, and write them on a 3" x 5" card that you read in the morning when you get up and at night before you go to bed. If you miss a day don't get down on yourself just start over the next day.

Short – Intermediate – Long Term

- What are your why's?
- Pictures to help you see your goal.
- Make your goals realistic, but still a challenge.
- Set a timetable to accomplish the goal.

# Steps to Take

- Write the goal down and put it someplace where you will read them everyday. Bruce Lee had 3' x 5' cards that he carried with him all the time.
- Write down obstacles you may encounter. Identify skills you will need, and the people and/or organizations that can help you.
- Writing down your plan of action at the end of each day. 1 minute of planning saves 10 minutes the next day. Sub-conscious mind works while you sleep



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