

# SMART IDEAS

Smart Ideas, Customer Service and Prospect Development Tips for Clients and Prospects of

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*Smart's Publishing Group*  
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## Trends

### E-Commerce Way Up



In the fall of 2005, the U.S. Census Bureau reported that nearly half (47 percent) of U.S. adults used the Internet to find information on products or services, while nearly one-third (32 percent) purchased a product or service online. In 1997, only 2 percent of adults shopped online.

During the same period, the use of the Internet for communications and information also grew exponentially. The percentage of adults who used e-mail or instant messaging jumped from 12 percent to 55 percent; the percentage of adults who used the Internet to find news, weather or sports information jumped to 40 percent from only 7 percent.

What does this mean for your business? You're likely dealing with clients and prospects who are more comfortable—and more likely—to research your products and services online before they buy. What image does your Web site present? Does it provide the information they need? Does it make that information easy to find? And does it reflect your firm's professionalism and customer service attitude?

If you answered “no” to any of these questions, an evaluation and redesign of your Web site might be in order. Hiring professionals to help can be a bit expensive, but it's money well spent. After all, a well-designed Web site can act as a sales rep who's on duty 24/7—and just imagine how much that would cost you in overtime!

### Homeownership Rates Stabilizing; Luxury Home Sales Still Strong



After growing gradually since 1994, the homeownership rate might be leveling off. According to recent data from the U.S. Census Bureau, the homeownership rate for the last quarter of 2005 (69.0 percent) did not differ significantly from the rate for the fourth quarter 2004 (69.2 percent).

Despite the slowdown, many people are still willing to shell out a million dollars or more for home sweet home. Coldwell Banker says it sold \$55.9 billion worth of homes valued in the million dollar-plus range last year, a 24 percent increase over the \$45.2 billion sold in 2004.

The company said the average sale in the seven-figure category was \$1.79 million. According to the company, 55 percent of all million-dollar-plus homes were sold in California, with Los Angeles leading the list of cities with the most million-dollar sales.

## Legal

### Beware “Blast Faxes”



In our last issue, we talked about changes to the Telephone Consumer Protection Act of 1991 and the Junk Fax Protection Act of 2005, which became law in June 2005. The Junk Fax Protection Act protects businesses from prosecution for sending faxes that could be interpreted as advertisements to existing clients and others with whom they have an “existing business relationship.” However, it

did not define “existing business relationship.” The Federal Communications Commission (FCC) has until April to finalize rules to implement the Junk Fax Protection Act and clarify this definition for marketers.

Early last year, the Hooters chain of restaurants paid \$9 million to settle an invasion of privacy claim for sending unsolicited advertising faxes, illustrating the potential fate of marketers who fail to heed these Acts. As you know, the advertising injury portion of a commercial liability policy would generally cover such claims; however, the new ISO exclusion for “violation of statutes that govern e-mails, fax, phone calls, or other methods of sending material or information” would eliminate coverage.

## Readers and Marketing Directors Find Custom Publications “Very Effective”



If you have ever wondered if the time and money you invest in sending a custom newsletter to your clients and prospects pays off, three surveys provide proof that they do.

Standard & Poor's commissioned a survey of 4,000 consumers of financial services to determine their attitudes on the newsletters they receive from financial services companies. The survey found the following:

- ✱ **Readership is high:**  
92 percent read at least some issues and 83 percent read most issues
- ✱ **Readers value newsletters:**  
84 percent found the information useful
- ✱ **Readers take action:**  
Approximately 75 percent have saved articles for future use  
74 percent have visited a company's Web site after receiving a newsletter  
25 percent said they had contacted the issuing company for more information
- ✱ **Readers pass along the information:**  
34 percent passed an entire issue on to a friend  
60 percent passed on an article
- ✱ **Readers prefer print over electronic newsletters:**  
33 percent favored print  
21 percent preferred e-mail  
41 percent want both.

Another survey released by the Custom Publishing Council (CPC) and the Association of Publishing Agencies in 2003 found the vast majority of business professionals (94 percent) and consumers (91 percent) who read custom publications believe they are informative. The study, entitled *Effectiveness of Custom Publications: A Study on How Consumers Respond to Custom Publications*, proves custom newsletters help establish service-providers as valued providers of information.

The study also found that regular readers of a custom publication read it thoroughly and take action as a result:

- ✱ 67+ percent of business professionals and 64 percent of consumers regularly read it cover-to-cover or some pages in detail.
- ✱ 42 percent of business professionals and 39 percent of consumers keep part or all of a publication or pass it along to other readers.
- ✱ 74 percent of business professionals think custom publications are more effective than other forms of advertising to communicate about products and services; 78 percent of consumers agree.
- ✱ 30 percent of business professionals buy a product or service highlighted in a custom publication, as do 57 percent of consumers.

This demonstrates that readers of custom publications trust the content of custom publications!

### Marketing directors find custom publications build relationships

The two surveys discussed previously focused on readers' attitudes towards custom publications. The CPC and Association of Publishing Agencies also surveyed marketing directors for their opinions on custom publishing's effectiveness.

Of those marketing directors who had firsthand experience using a custom publication:

- ✱ 92 percent reported them very or fairly effective at relationship building,
- ✱ 88 percent said they are very or fairly effective at generating loyalty, and
- ✱ 83 percent said they are very or fairly effective at client retention.

So, if you're looking to build relationships with YOUR clients, take another look at using a custom publication. If you're already using one, make sure you're using it to its fullest potential. Do your sales and customer service people receive copies? Do you tie your newsletter in to your telesales and service programs? Do you post it to your company's Web site? Are you sending it to both existing clients and prospects? (You don't have a prospect list? Our next issue will tell you how to build one!)

### Smart's clients agree their custom publications are effective

Over the years, we have received many positive comments from clients who use Smart's Publishing Group's personalized client newsletters as a marketing tool. For example, Beach & Gentry, a full-service insurance brokerage in Murfreesboro, Tenn., uses Smart's *Employee Benefits News* to communicate with their prospects as well as clients. Elaine Winters of Beach & Gentry says, "We're quite pleased and find the newsletter to be a great marketing piece as well as a way to keep in touch with our current clients."

For assistance in selecting the Smart's custom publication that best fits your needs, please contact Lisa Merriman, sales associate, at 866-762-7879, or visit our Web site, [www.smartspublishing.com](http://www.smartspublishing.com)

### Building Your Business

## Good News Spreads, But Bad News Goes Farther



According to the new Word of Mouth Marketing Association (WOMMA), two-thirds of all economic activity in the US is influenced by shared opinions about a product, brand or service. Other surveys have reported that as many as 80 percent of all transactions involve or are influenced by word of mouth.

Most businesspeople would agree that the best kind of advertisement is word-of-mouth: not just because it's free (although that's a plus), but because of the credibility it conveys. Whenever a prospect calls because someone else provided a referral, it means someone liked your service enough to pass the word on to a friend or acquaintance. When that prospect calls you, he or she already has a positive impression of your business—and you didn't spend a dime for that impression!

But unlike most other forms of advertising and promotion, you can't get more exposure by spending more. So how can you build positive word-of-mouth?

- ✓ First, you need to determine what kinds of clients you want. What kinds of clients do you serve the best? Which of these are the most profitable for your firm? Then determine what characteristics they share.
- ✓ Next, let your "centers of influence" know what kinds of clients you're looking for. Centers of influence are people who are in positions of authority and come into contact with the people you want to serve. If your ideal clients are businesspeople, then a center of influence might be a CPA, an attorney or a consultant of some kind, or even a vendor or supplier who also specializes in your niche market.
- ✓ Tell your centers of influence how you help your clients. Provide examples of how you've solved a client's problem, saved a client money or provided outstanding service in some way. Keep them informed of any upgrades to your services, products or capabilities and stay in touch on a regular basis. Ask them to refer you to their clients where appropriate, and return the favor.
- ✓ Be involved in your community. How you define "community" could depend on who your target audience is. If you serve local businesses, get involved in local organizations. If you specialize in servicing widget manufacturers nationwide, get involved in widget manufacturing associations. Just being involved and giving back to your community will give those who come into contact with you a positive impression and could make your name come to their mind first when the topic of business services comes up.
- ✓ When you meet with your clients, be sure to provide them with something of value at every meeting. It could be information on a new type of coverage, an article of interest to them, a suggestion for saving money...anything of value. If your client feels you've given them value, they will be open to giving you referrals when you ask.
- ✓ Keep communications open with clients. Whenever you meet with a client or have an opportunity to provide service, ask them to how you're doing. Even if you think the feedback is a little too honest, thank them—you have learned something valuable.
- ✓ Finally, don't forget to ask for referrals! Doing all of these things—while providing good service—will help you build positive word of mouth.

## Dealing with the bad

Word of mouth can work for you...but it can also work against you. Wharton Business School and The Verde Group, a Toronto consulting firm, conducted a study of retail customer dissatisfaction in the weeks before and after Christmas 2005. Although the study focused on retail customers, companies that market services to businesses can learn something from its results.

The study confirmed what others have learned in the past—that people are more likely to talk about a bad experience with a business than a positive one. Specifically, the survey found that, among people who had a problem with a retailer:

- ✓ 6 percent contacted the retailer directly
- ✓ 31 percent told friends, family or colleagues
- ✓ 6 percent of the 31 percent who told others told six or more people.
- ✓ 32 to 36 percent of a retailer's current or potential customers could go elsewhere, the survey extrapolated, if 100 people had a bad experience and reported it to others.

## What can you do to prevent the damage due to negative word of mouth?

- 1 Negative word of mouth comes from dissatisfied clients. Have your customer service and salespeople log complaints. Check them for patterns. Do problems stem from a particular service, product or dealings with a particular employee? Take steps to correct any problems.
- 2 Ask your clients what they think of your service. Make it easy for them to respond by offering a variety of ways to provide input—surveys, "how are we doing?" cards, telemarketing follow-up. You might not get a lot of input, but what you get will be valuable. Former clients can provide particularly valuable information, if you can get them to talk about why they decided to take their business elsewhere.
- 3 Be quick to apologize. When something goes wrong, apologize—do it quickly and do it sincerely. Then figure out how you can make it right. This can smooth over many problems.

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### *Getting the Most From Your Newsletter Program*

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## The Three Words That Save You Money (and boost your marketing effectiveness!)



If we told you that adding three words to your mailings could save you money AND boost your marketing effectiveness, would you believe us? Well, it's true.

Every year, more than 44 million Americans change their addresses. That's more than 14 percent of the population. If you rely on direct mail to build your business or to stay in touch with existing clients, you could be missing a significant portion of your target audience if you don't update your client and prospect lists regularly. Further, mailing lists you purchase or rent from other sources might not be accurate, wasting more of your money and time.

One of the easiest ways to make sure your lists are up-to-date and accurate is to request address correction service from the U.S. Postal Service by adding an “ancillary service endorsement” to the front of your first-class mailpiece. Endorsements include:

- ✘ **Return Service Requested.** The Postal Service returns these undeliverable mailpieces with a new address or reason for nondelivery at no charge.
- ✘ **Temp-Return Service Requested.** The Postal Service forwards the mailpiece at no charge. No separate notice of new temporary change-of-address provided.
- ✘ **Address Service Requested.** The type of service the Postal Service provides depends on how long the address change has been in effect:
  - Months 1–12:** The Postal Service forwards the mailpiece at no charge, provides a separate hardcopy notice of the new address and charges an address correction fee of \$0.70 per piece.
  - Months 13–18:** The Postal Service returns the mailpiece with new address attached at no charge.
  - After month 18 or if undeliverable:** The Postal Service returns the mailpiece with reason for nondelivery attached at no charge.

Using these endorsements gives you notification when an addressee has moved; whether you receive an updated address depends on the service you select and whether the addressee has filed a change of address. Of course, unless you actually enter any changes into your list, using these services won't help you. You will need to assign someone the responsibility of entering any changes and maintaining your list.

As a bonus, using one of these ancillary service endorsements qualifies a mailing for discounted rates for first-class mail service.

*Please note that these services are available for first-class mailings only. If you are using standard (or “bulk mail”) postage, you will need to use another address correction method to clean your list before mailing.*

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## Marketing

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# Building Your Brand

As the Internet puts more information and power in the hands of consumers, many financial services are becoming mere commodities. Jeffrey Swystun, who has the rather grandiose title of Global Director of Knowledge and Innovation at Interbrand, a branding/advertising consultancy, says strong brands can help companies respond to price and margin pressures. He says strong branding can be an “effective way to differentiate a product or service that is currently or rapidly becoming a commodity.”

Businesses facing price and margin pressures need strong brands to “communicate a premium offering with associated benefits,” said Swystun. “This investment in brand returns as it elevates a product or service above the pack, taking the focus off issues like pricing, and tells the market to purchase on differential value,” said Swystun.

What exactly is a brand? David Ogilvy, one of the pioneers of branding, defined a brand as, “The intangible sum of a product’s attributes: its name, packaging, and price, its history, its reputation, and the way it’s advertised.” If that sounds a little abstruse, a walk down the aisles of your local super-

market might give you a better idea of the value of a strong brand.

The packaged good manufacturer Procter & Gamble is a recognized leader in brand-building. It creates strong brands—think Crest toothpaste and Tide laundry detergent—then builds on those brands. No longer is the Crest name limited to toothpaste (and Crest offers options there, from whitening to tartar control to special flavors for kids)—it now appears on whitening strips, mouthwashes and other oral care products.

How strong is your brand? The following quiz can help you determine the strengths of your brand, and where it can use work. Give yourself one point for each “yes” answer.

- 1 Does your brand have a clearly articulated mission? For example, the Crest brand is all about helping its customers have clean, healthy teeth and mouths. What do you want to help your clients achieve?
- 2 What do you do that’s different or better than your competitors? How does your service or product stand out? In other words, what’s your premium brand proposition?
- 3 Have you, or can you, reduce that “unique selling proposition” to one simple sentence?
- 4 Do you have a company logo?
- 5 Is your logo distinctive from those of your main competitors?
- 6 Does your firm name or logo tell people anything about what kind of business you’re in and the services you provide? Does it reflect the premium positioning you have (or want)?
- 7 If you answered “no” to Number 6, do your communications regularly include tagline that helps communicate your company’s mission? (See Question 3 if you don’t have a tagline!)
- 8 Do you have an “official” typeface, color and graphic theme that you incorporate into communications (print and electronic) where possible?
- 9 Do clients and prospects recognize your branding when they see it?
- 10 Do clients and prospects have a positive impression of your brand?

### Scoring:

**8-10 points.** Congratulations! You’re a branding superstar. Keep your brand strong by continuing to provide superior service and monitoring customer feedback. Periodic reviews of your positioning and branding can keep your marketing on track, prevent your branding from getting tired and generate new interest.

**6-8 points.** Good work! Take a look at your “no” responses to find out where you might need to tweak your branding.

**5-7 points.** You’re on your way. If you’ve focused more on the externals (logo design, graphics, etc.), make sure that they reflect the essentials: a strong mission and service. If you have a strong mission statement and service philosophy in place already, congratulations! A graphic designer can help you develop a logo and graphic standards that reflect your professionalism and commitment.

**1-4 points.** A marketing consultant could help you by taking a dispassionate, outsider’s look at your mission and branding and helping you take positive steps to build them.

As you evaluate your branding, don’t overlook the growing importance of online communications. Your Web site is an important tool to help you build brand awareness. A clean look and quality content that’s relevant to your services can help you build your brand online. For more information on Web content, please contact us.

