

# Top 10 MOST IGNORED Rules of Marketing

## #1 - Loyal Customers Don't Want Sales

It's the #1 deadly sin of most marketing campaigns.

Take a look at your daily newspaper (if your town still has one) or maybe your mailbox. See all of those coupons?

- *10% off!*
- *SALE!*
- *Low Price Guarantee*
- *Save 20%, 30%, up to 45% - and more!*

Here's the problem with these offers... you'll only get two (2) types of people responding to them:

**Type 1** - People who aren't your customers and are just **price shopping**

**Type 2** - Existing customers who would have purchased from you anyway but will **take advantage of these discounted prices.**

Now, there's nothing wrong with price shoppers – especially in today's tough economy. But if the customers are only buying price – THEY ARE NOT LOYAL CUSTOMERS. The only thing a price-shopping customer sees in your business is what your product or service will cost.

Now, there are a few businesses that thrive on the low-price business model – WalMart may be the best known. But, if I'm any indicator of what's happening to WalMart's market then they're spiraling towards their own destruction (remember, you read it first here!). I shop discount stores regularly; but I'll shop at WalMart ONLY when I need something cheap – something that I don't expect to last, that I know I'll only use once or twice, and therefore something I don't want to spend much money on. Anytime I'm looking for a real item – something that I expect to keep, use, and cherish for sometime – WalMart is nowhere on my list.

When it comes to WalMart – I'm a price shopper – not a LOYAL CUSTOMER.

Then, there are your existing customers who'll jump on the low prices. This isn't necessarily a bad thing – your customers will have purchased goods or services from you at a really good price. But, it's not entirely a good thing either, since – in my experience – most businesses use sales and discount offers to **increase revenue and net profit** and not primarily to make happy customers.

A large, retail company recently ran a huge promotion with discounted prices. During the promotion, things seemed to be going swimmingly. Customers were redeeming the discount coupons at a spectacular rate. But, when the promotion ended and the sales data analyzed, the company executives were surprised to find that sales revenues were almost unaffected – the increase was insignificant – even with the huge number of redemptions. Why? Because **most of the redemptions came from existing customers** who saw an opportunity to save a few dollars. The bottom line? The

company's **revenue didn't increase**, their **margins decreased**, so they ended up with a **smaller net profit** during the time of the promotion.

"But," you ask, "doesn't this prove that good customers want sales?"

No, it proves that good, smart customers will take advantage of a sale – but that's **not what they're looking for** from you.

Loyal customers look for one AND only one thing: **COMFORT**.

- They want to feel **comfortable** with **you and your business**.
- They want to feel **comfortable** that they're **making the right decision** while they're spending their hard earned money
- They want to feel **comfortable** once they've **actually shelled out** for your product or service.
- They want to feel **comfortable talking to their friends** about their purchase.
- They want to feel **comfortable** that – should they ever need your product/service in the future – **they know where to go**.
- Then, once they feel comfortable – they want **something new**

Now, here's the concept most business owners either don't know, don't understand, or entirely ignore:

**When suspects and prospects, customer and clients don't already have a relationship with a business that provides comfort, they'll shop price to make up for what's lacking.**

So, when you're creating offers to send out to suspects and prospects remember:

1. Suspects and prospects don't really know you and feel comfortable with you or your business, so **most will ignore your offer**.
2. The only way suspects or prospects will consider your offer is if the **price is so low that it makes up for their lack of comfort**.
3. If your offer is made to existing customers, find something to offer other than price. For example, instead of a restaurant offering a 15% discount on a meal, offer a free, rich, to-die-for desert to every loyal customer that returns to the restaurant within a specified promotional period and orders the latest, delicious new entree. These customers
  - already know the restaurant
  - feel comfortable that the new entree will be every bit as delicious as advertised
  - may already have tasted (or lusted after) the to-die-for desert so this offer is for something NEW they can feel comfortable about.

Sales and discount offers are **short term tricks** to increase traffic to your establishment. They may work for a while but, like most short term fixes, there's the problem of diminishing returns – the more you use them, the less effective they'll be.

On the other hand, promotions and **offers that focus on building COMFORTABLE relationships** with prospects and loyal customers will put your business on sure footing for years to come.