

Raker

Appliance Repair Professionals, Inc.

Master Marketing Guide

Manual 17

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Master Marketing Guide

Foreword

The ideas presented in this manual have been used and refined by successful and aggressive business men and women. They are not limited to appliance repair or even servicing; the ideas work in all fields. Many of the methods have been used and perfected for decades by my business associates or by me personally.

Over a period of thirty years, I have carefully watched the entrepreneurs around me and tried to learn from their successes and failures. My personal experiences and those of my family and friends have all gone into this manual. Those compiled experiences have come from following businesses:

Appliance sales and service, heating and air-conditioning, electrical contracting and plumbing.

Dry-cleaning and coin laundry stores.

Life and casualty insurance sales.

Lawyers and accountants.

Environmental companies including lead paint removal, asbestos removal, air quality testing and ground water remediation.

Consulting in quality and time management.

Restaurant management.

Engineering, patent and product development.

Remodeling and home construction.

Real estate sales.

Banking and Brokerage.

Software design and marketing.

And, of course, correspondence course sales, mail order design and marketing.

All of these personal observations have been complemented by reading books and articles and talking to many professional advisers and other business experts over a 30 year period. Many experts quoted here have attained national stature in their particular field.

This manual builds on the ideas developed in Manuals 6, 8, 10, 12, and 14. If you have not reviewed them for some time, it is worthwhile to reread the highlights from those manuals.

This manual is intended to be a companion to Manual 14, Marketing Your Company. It goes much further and includes concepts that are more general and can be used in all types of businesses rather than just service businesses. If you are primarily interested in a service business, Manual 14 should be reviewed first, because it covers many basic service business marketing ideas (see appendix).

At first glance it may seem that some of the ideas discussed in this book contradict those in "Marketing Your Company". However, on closer inspection, this is not true. Manual 14 is not really intended to provide marketing information for a major attack on your local market. Rather, it describes what is more of a "skirmish" and the methods described are very effective on a smaller scale. Many new businessmen have more modest goals and are very satisfied with two or three leads a day or even two or three a week. This level of activity is certainly enough to provide for a fine supplementary income.

In contrast, the methods described in this book can be used to generate hundreds or even thousands of leads and are used by national businesses on a very large scale. Manual 14 is limited; although all the techniques described work very effectively, they do not create calls rapidly and patience is required. Not so in this manual. This book is not intended for the timid, only the serious contenders.

There is both good and bad news. The good news is that these marketing methods will result in an immediate volume increase; the bad news is they require a considerable commitment in both time and money. Any serious marketing program will require weeks or months of work and eventually thousands of dollars. However, if carefully planned the financial investment can be spread out and financed by increasing sales.

Caution!

Following these techniques can easily overload an unprepared company with more volume than it can handle. Careful estimates and preparation for increases in volume must be made before following any of these aggressive marketing systems.

Harry D. Raker

Introduction

A new graduate is handed a diploma proclaiming that he or she now holds a Masters Degree in Marketing. Would the knowledge gained obtaining that degree help them design a marketing plan for our small business start-up venture? Probably not. A recent graduate would fumble around for months spending your scarce hard earned dollars **experimenting**. New businesses can't afford to waste any time or money. They must do it right the first time or risk collapse. How is this possible?

First what is Marketing?

Marketing is really the core element of any businesses. It is the cornerstone that must be laid before anything else happens. It provides the blueprint that must be followed.

Uncle Harry's
Trick of the Trade

A business should never be opened without a preliminary market study.

A product or service can't be properly designed, priced or sold without market study.

Is marketing really all that important?

Oh, yes, let's look at a few examples:

First, is it wise to spend money on a product that is destined for failure? Remember the huge blunder Coca-Cola made when they retired the old Coke formula. After wasting many, many millions or dollars pushing the "New Coke", they retreated and resurrected the old taste, "Classic Coke". Now they sell both. Incredible, that an international company could make such a mistake. Obviously someone in the marketing department wasn't doing their homework. Such a massive blunder would have closed up all but a well-financed company.

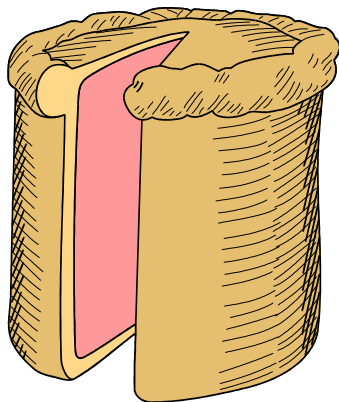
A competent job of marketing considers all aspects of a product or service to prevent such costly mistakes.



*Uncle Harry's
Story Time*

Back in the 1964, my first job as a fresh engineering graduate was as a development engineer for Proctor and Gamble in Cincinnati Ohio. For three years, I helped and watched as new products were designed, developed and tested marketed. In case you are not aware P & G is one of the largest international producers of household products. A tiny sample of its products are Crest toothpaste, Bounty towels, Ivory soaps, Tide detergent, and Duncan Hines cake mixes.

P & G sets an industry standard for checking out a product before it reaches the consumer. For instance at their Winton Hill Development Center they developed new cake mix products. Finding a new cake mix is a whole lot tougher than discovering a new recipe for Grandma's Favorite Pound Cake. Finding a great recipe is just a small part of the task. Even the tasks of packaging, distribution, advertising and pricing is still only another small part.



A company of P & G's sophistication considers marketing factors that you and I would never even dream of. Take for instance the translation of a new product name into dozens of different languages. Translation checking is done to prevent an embarrassing choice that might appear after millions of dollars are spent promoting a new name.

Or another example is exhaustive testing of the recipe as it appears on the cake mix box. P & G wanted to make sure the recipe would still work even if the directions were not followed. By careful market study, they knew in advance that some homemakers insist on adding an extra egg or adding milk instead of water. (After all it couldn't hurt, could it?) The Duncan Hine's cooks tried to make their mixes indestructible and delicious in spite of inventive cooks.

Countless other tests had to be passed before the smallest test market was run. Months and even years would pass as many double blind tests were run and all the data analyzed. Then and only then would a product be seriously considered for the national market.

Is it any wonder that P & G rarely, if ever, has a new product failure like that of Coca-Cola?

To a lesser degree, the same steps must be followed in appliance repair or any other new business, service or product.

Uncle Harry's
Trick of the Trade

Avoid tactical errors. Spend as much time as possible gathering data before you commit your money. Even a few hours on the phone asking questions will help. It is too easy to get excited about a new idea and go off half-cocked. Don't be sorry later, after your money has been wasted.

A professional marketing plan must have the following key elements:

1. Search the existing market for a need.
2. Design and develop and perfect your new product or service to fit that need.
3. Carefully test the new idea.
4. Gradually expand the new product or service into the marketplace.
5. Pay attention to market feedback and constantly improve your product or service.

A comprehensive marketing program doesn't just help sell your product or service. It prevents failure, helps in original design and provides continuing feedback. A good marketing plan provides data for continuing improvements of existing products and as the market place changes, generates ideas for new products.

Applying marketing concepts to a small business start-up.

Chances are you are not considering a new national product; more realistically you are hoping for a new or improved businesses venture to provide a comfortable living for you and your family. An income of millions of dollars would be nice, but let's be honest.

You probably don't have thousands of dollars to spend on marketing, nor do you have a marketing agency to guide you. You can't hire an expert with a Master's Degree in Marketing. You don't have the time to study college texts and figure out for yourself how to apply them to your specific needs.

Instead you need to quickly find ways to market your business for little money. Ways that work and bring quick returns.

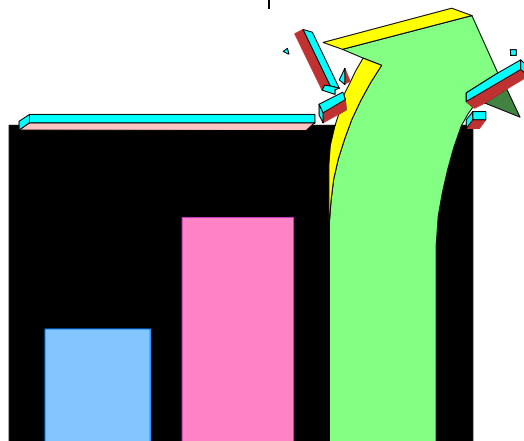
This manual assumes that you have already a business in mind and want to promote it. At least, you want to generate some feed back to determine if your new business idea is going to get off the ground.

Uncle Harry's Trick of the Trade

Listen to Those that have Already Tried!

It is far easier to listen to those who have already tried and succeeded or even tried and failed. Listening and learning will save a tremendous amount of wasted effort.

Learn from their successes and avoid their failures.



A Marketing Overview

Overall, certain marketing methods will work better in one field than in another. For instance display advertising is a cornerstone in the retail business such as a food or department store. (Display ads are those that appear in print, in newspapers, mailers, etc.) In contrast, multi-level marketing businesses like Amway or Bestline depend totally on contacts and referrals. Professionals like doctors and lawyers also heavily rely on referrals. These businesses do little on no display advertising. Most businesses fit in between these two extremes. New business is usually gained by a combination of both methods.

The first type of marketing is directed at large numbers of people through various types of mass advertising. The Amway style is more one-on-one. We will refer to these two methods as "Direct Marketing" and "Networking."

Uncle Harry's Story Time

In 1984, my uncle and I started up an asbestos removal company. We expanded it to 50 employees and grossed between 1-2 million per year. Eventually when my uncle retired in 1990, we sold the business for \$1,200,000. Our early marketing plan included five key components:

1. Display ads in both the Baltimore and Washington, DC yellow pages.

2. Letters to all local general and mechanical contractors that subcontracted asbestos removal work.

3. Purchase and frequent review of various publications that listed all Federal, State, County and private asbestos projects that were out for bids.

4. Hiring of a full time marketing person, Fritz Beale.

5. Making personal visits to local general and mechanical contractors.

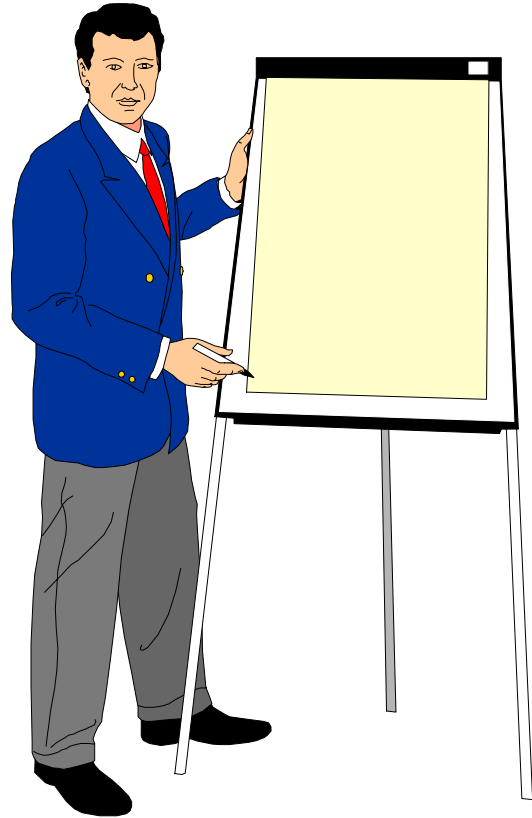
Components 1-3 were a variation on direct marketing, 4 and 5 were efforts to encourage referrals by networking.

Our marketing expert was really a networking expert. We hired Fritz because she was socially well connected; she knew every influential person in Baltimore. She gave speeches, attended meetings and business seminars, and joined several organizations. She generated wonderful visibility for our new company. Before too long, everyone who remotely influenced asbestos contracts knew about our company. We were invited to bid on quiet unpublicized private contracts. Fritz eventually outgrew our little company and went on to become a marketing manager for a rapidly expanding national environmental firm, EMG.

The combination of these five points got our new company off to a bang-up start.

In this manual we will study both styles of marketing and learn how they to apply them to service businesses and other businesses. We will cover the following topics:

1. Measuring the Success of a Marketing Campaign.
2. Long Term Indirect Marketing - "Networking".
3. Focused Direct Marketing.
4. Beating Up the Competition.
5. Maintaining Your Market Share.
6. Conclusion.



Measuring the Success of a Marketing Campaign.

Few marketing campaigns bring instant success. Success comes gradually over time. Without careful records, it is difficult to measure and evaluate whether your marketing dollar is being wisely spent. Sometimes it is simply hard to tell if you are making any progress at all.

Uncle Harry's Story Time

The Value of Patience in Business

Many years ago I rented spare office space to Bill Bergeron, a technical sales representative. Bill sold complex printed circuit boards for ITE, a national company. He made a comfortable living selling to other national firms.

Bill was a skilled, knowledgeable salesman and was always aiming to improve his sales. I watched him try to crack IBM, the biggest hitter in his business. For years he made phone calls, arranged meetings, submitted proposals, and designed and shipped prototypes to IBM; all without a single purchase. He managed to continue his IBM sales effort while making his usual sales calls to other companies. After work we would sit and talk and I would get updates on how he was doing. It took him over two years to finally get his first IBM sale.

Nearly everybody knows Peter Angelos, the wealthy owner of the Baltimore Orioles. My father knew him when he was a struggling attorney working with local union employees. Few are aware that Angelos worked on his asbestos cases for 10-15 years before they finally went to trial and he made any big money. He showed tremendous staying power waiting for the big hit.

It takes a lot of effort and time and sometimes a few failures to succeed in business.

Some service companies encourage low profit warrant work in hopes that eventually that warranty customer will eventually call back with profitable "out of warranty work". Doing the warranty work is viewed as planting long-term seeds of goodwill that will pay off in the future.

In retail this is called a "loss leader". A retailer will often sell a product at cost or even at a loss, just to get a new customer in the store. The retailer hopes that getting a new customer into the store will result in a sale at a later date. Both the service company and the retailer are looking toward the future. They both realize just how valuable a new customer is. Both are making a determined effort to build onto their existing customer base.

