

# BUSINESS INTELLIGENCE

## REPORT

Strategies and Trends for the Successful Business

February 2010

### IDEAwatch

Tips for Growing Your Business

■ **Steal this tip from e-commerce sites** and apply it to your business. E-tailers that offer product reviews have discovered that items with few or no customer reviews are less likely to be purchased. Similarly, with business review sites like Yelp and reviews on Google's Place Pages, why would anyone consider a business with few or no reviews when there are competing businesses that customers are raving about? Look up your business on the Web and do the same for your competitors. Does your business look like a popular place with happy clients, or does it look like a place that no one bothered to say anything nice about? E-tailers encourage new reviews by holding contests, promoting reviews through email marketing and sending follow-up emails after purchases. Consider if these ideas could work for you.

Source: [www.internetretailer.com](http://www.internetretailer.com)

■ **If your prospect says that he has already been talking** to your competition, you might want to ask three questions: Who have you seen? Who have you seen that you really liked? And why didn't you buy through them? This will reveal his true objection.

Source: [www.creativeselling.com](http://www.creativeselling.com)

■ **It's crunch time, your team is underperforming** and everyone is stressed. Will you get better results by coming down hard on your employees or by cheering them on and trying to foster cooperation? Researchers at the University of Amsterdam found that cheerleaders will generate better performance than despots. That's because mental fatigue and time pressure during stressful periods make team members more apt to simply react to a leader's mood rather than think carefully about his or her message.

Source: *Harvard Business Review*, 60 Harvard Way, Boston, MA 02163

### MARKETING

## Steve Jobs: Lessons from a Marketing Genius

APPLE CEO STEVE JOBS is considered one of the greatest marketers in corporate history. For more than three decades, he has delivered legendary keynote presentations, raised product launches to an art form and successfully communicated the benefits of Apple products to millions of customers. No matter what type of business you're in, Steve Jobs has something to teach you about telling your brand story.

**1. Plan in analog.** Steve Jobs may have made a name for himself in the digital world, but he prepares presentations in the old world of pen and paper. He brainstorms, sketches and draws on whiteboards. Before a new iPhone, iPod or MacBook is introduced, the Apple team decides on the exact messages (i.e., benefits) to communicate. Those messages are consistent across all marketing platforms: presentations, websites, advertisements, press releases and even the banners that are unfurled after Jobs' keynotes.

**2. Create Twitter-friendly headlines.** Can you describe your product or service in 140 characters? Steve Jobs offers a headline, or description, for every product. Each headline can easily fit in a Twitter post. For example, when he introduced the MacBook Air in January 2008, he said that it is simply, "The world's thinnest notebook." You could visit the Apple website for more information, but if that's all you knew, it would tell you a lot. If your product description cannot fit in a Twitter post, keep refining.

**3. Introduce the antagonist.** In every classic story, the hero fights the villain. The same holds true for a Steve Jobs' presentation. In 1984, the villain was IBM or "Big Blue." Before he introduced the famous 1984 ad to a group of Apple salespeople, he created a dramatic story around it. "IBM wants it all," he said. Apple would be the only company to stand in its way. It was very dramatic and the crowd went nuts. Branding expert Martin

Lindstrom has said that great brands and religions have something in common: the idea of vanquishing a shared enemy. Creating a villain allows the audience to rally around the hero — you, your ideas and your product.

**4. Stick to the rule of three.** The human brain can only absorb three or four "chunks" of information at any one

### The CEO of Apple employs powerful marketing ideas that any company can use to tell its brand story.

time. Neuroscientists are finding that if you give your listeners too many pieces of information to retain, they won't remember a thing. It's uncanny, but every Steve Jobs' presentation is divided into three parts. On September 9, 2009, when Jobs returned to the world stage after a medical leave of absence, he told the audience that he had three things to discuss: iPhone, iTunes and iPods. Jobs even has fun with the rule of three. In January 2007, he told the audience he had "three revolutionary" products to introduce — an iPod, a phone and an Internet communicator. After repeating the list several times he said, "Are you getting it? These are not three separate devices. They are one device and we are calling it iPhone!"

**5. Strive for simplicity.** Apple chief design architect Jonathan Ive said Apple's products are easy to use because of the elimination of clutter. The same philosophy applies to Apple's marketing and sales material. For example, there are 40 words on the average PowerPoint slide. It's difficult to find 10 words in one dozen Apple slides. Most of Jobs' slides are visuals — photographs or images. When there are words, they are astonishingly sparse. In January 2008, Jobs was delivering his Macworld keynote and began the presentation by thanking his customers for making 2007 a successful year for Apple. The slide behind Jobs simply read "Thank you." Steve Jobs tells the Apple story. The

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■ **Boost the impact of your email newsletter** by making it easy for recipients to share the information on social networks. First, rather than cluttering your message with lots of “sharing” icons from Facebook, MySpace, Twitter and so on, determine which networks are most likely used by your demographic. One way to do this is to survey your list. Next, share specific articles and not the entire newsletter. Test different layouts to determine which one engages the bulk of your subscriber list. Finally, as consumers engage and share, track how they are sharing and where. This will offer insight for expanding your subscriber base and providing even better content.

Source: [www.bizreport.com](http://www.bizreport.com)

■ **How can you hold on to good employees** when you can't pay them more? Beyond developing loyalty through ongoing trust and respect, begin by being candid about the company's financial situation and why raises are not being offered. Should you discuss when raises are expected? Experts are split. Knowing that a pay raise is coming in six months (or whenever) could be an inducement for people to stay; however, you put yourself in a bind if you miss that goal — it could be the last straw that makes someone leave. Now is the time to make employees more valuable in anticipation of the economic recovery. Let them follow their interests and help them develop skills. Allowing employees to work in different areas of the company will keep them challenged, plus it can boost company performance.

Source: [www.nytimes.com](http://www.nytimes.com)

■ **Keep cybercrooks out of your bank account.** Cybergangs are targeting small firms and have inundated the Internet with “banking Trojans” — malicious programs that enable them to access online accounts. The American Bankers Association and the FBI are advising small and midsize businesses that conduct financial transactions over the Internet to dedicate a separate PC used exclusively for online banking. A dedicated PC that's never used for email or Web browsing is much less likely to encounter a banking Trojan.

Source: [www.usatoday.com](http://www.usatoday.com)

## New pricing tactic entices frugal customers

As customers have become more frugal during the economic downturn, marketers are in hot pursuit of savvy pricing methods that prod wary customers into buying. Here's a tactic that some researchers say is worth a try: “steadily decreasing discounting” or SDD.

In a recent study published in *Journal of Marketing*, researchers worked with a kitchen store to offer promotions of wine-bottle stoppers. They employed both SDD and a hi-lo pricing scheme, a much-used tactic in which sellers set relatively higher everyday prices but offer frequent price promotions.

In one test, the hi-lo tactic offered the

stoppers (regularly \$24.95) at 20% off (\$19.95) for three days and then returned them to full price. In a separate test, the SDD promotion offered the stoppers at 30% off the first day (\$17.45), 20% off the second day and 10% off the third day (\$22.45). Results: The hi-lo tactic increased sales by 75%; SDD increased sales (averaged to \$19.95) by 200%.

Why does SDD encourage consumers to buy? The expectation of higher future prices and the anticipation of regret due to inaction creates a sense of urgency that may encourage customers to buy more immediately.

Source: [Marketingpros.com](http://Marketingpros.com), January 20, 2010

## Click fraud gets even more insidious

A Harvard Business School professor has identified a new breed of click fraud that not only simulates clicks on a Google ad — but also seemingly generates a “real” customer purchase on the advertiser's website.

This is how the fraud works, according to Professor Ben Edelman: Spyware on a user's PC monitors the user's browsing to determine purchase intent. Then the spyware fakes a click on a Google PPC ad promoting the exact merchant the user was already visiting. If the user proceeds to make a purchase, the merchant will naturally credit Google for the sale, but

Google and its partners are merely taking credit for customers the merchant had already reached by other methods.

Normally, the retailer may think it can detect click fraud by a low sales conversion rate, but here the traffic converts. Based on that high conversion rate, the victims might even decide to raise their ad bids — not realizing that it's all a ruse.

Much of the culpability for this fraud, Edelman says, can be attributed to a search engine that Google uses to broker ads, and he is urging Google to cut its ties with this search engine.

Source: [MarketingVox.com](http://MarketingVox.com), January 21, 2010

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slides complement the story.

**6. Reveal a “Holy Smokes” moment.** People will forget what you said and what you did, but they will never forget how you made them feel. There's always one moment in a Steve Jobs' presentation that is the watercooler moment, the one part of the presentation that everyone will be talking about. These show stoppers are completely scripted ahead of time. When Jobs unveiled the MacBook Air, what do people remember? They recall that he removed the computer from an interoffice envelope. It's the one moment from Macworld 2008 that everyone who watched it — and those who read about — seem to recall. The image of a computer sliding out of an envelope was immediately unveiled in Apple ads and on the Apple website. The watercooler moment had run according to plan.

**7. Sell dreams, not products.** Great leaders cultivate a sense of mission among their employees and customers.

Steve Jobs' mission is to change the world, to put a “dent in the universe.” According to Jobs, “Your work is going to fill a large part of your life and the only way to do great work is to love what you do.” True evangelists are driven by a messianic zeal to create new experiences. When he launched the iPod in 2001, Jobs said, “In our own small way we're going to make the world a better place.” Where most people see the iPod as a music player, Jobs sees it as tool to enrich people's lives. It's important to have great products, of course, but passion, enthusiasm and emotion will set you apart.

**Carmine Gallo**, author of *The Presentation Secrets of Steve Jobs: How to Be Insanely Great in Front of Any Audience*, is a presentation, media-training and communication-skills coach for the world's most admired brands. He is an author and columnist for *Businessweek.com* and a popular keynote speaker and seminar leader. Gallo lives in the San Francisco Bay area and is a former vice president for a global, top-ten public relations firm. For more information, visit [www.carminegallo.com](http://www.carminegallo.com).

■ **Write better marketing copy** by imagining that there is a prospective customer sitting in front of you. What would you say to him as one person to another? Don't use unnecessary puffery. Use the same type of language that you would be comfortable using in a one-to-one conversation.

Source: [www.ithinkbigger.com](http://www.ithinkbigger.com)

■ **Could offering royalties be the best way to finance your business?** People often think that royalty agreements are only for book authors or inventors of tangible products. However, this finance method is a great way to attract amateur investors and can be used for almost any kind of business. For example, an investor could put money into a new restaurant. The owner would give, say, 4% on every check paid. It could even run on a sliding scale, with early royalties to the investor being lower, or with a buyout once a certain amount was earned back. What makes this attractive to investors is, not only do they have the potential to make much more than they put in, they start making money back from your very first sale.

Source: [sethgodin.typepad.com](http://sethgodin.typepad.com)

■ **Become newsworthy to journalists** by developing an intriguing story angle and then essentially pre-writing the story for them. But first you have to have a great idea. Try these: 1) Sharing research from case studies, data and surveys. 2) Create a story around a list, such as, "The three mistakes most small business owners make" or "Five ways to wear leggings this winter." 3) Publicize your involvement in a good cause, such as your team taking the day off to serve homeless youth. 4) Give a major news story your spin — act fast when you can provide an expert point of view — perhaps even attaching your own video footage to the release. 5) Highlight the strange and bizarre — try [Trendhunter.com](http://Trendhunter.com) for ideas. Whichever angle you choose, make it about the story, not about you.

Source: [www.smallbiztrends.com](http://www.smallbiztrends.com)

## Getting more out of social networks

If you haven't created that Facebook page for your business, this may be the year to do it. While a recent Citibank survey indicated that social networks do little to expand small businesses, a new survey from Ad-ology shows that lead generation is the biggest benefit of social networking for U.S. small businesses, cited by one-half of respondents. Social networks also were considered a good way to keep up with the industry and monitor online chatter about the business. Facebook was rated the most beneficial social networking site, followed by LinkedIn and Twitter.

The key to making these sites work for you is to give your customers what they're looking for. Unfortunately, a Marketing-Pros survey of B2B and B2C marketers found that the marketing tactics most

often used on social sites are not necessarily the best ones.

For example, the most common marketing tactic used on Facebook was attempting to drive traffic to corporate materials through status updates, followed by friending customers. But the most effective tactic for consumer-oriented companies was creating a Facebook application, which was done by less than one-quarter of total respondents. Both B2B and B2C companies also reported surveys of their fans as effective; fan surveys were the third most-common tactic attempted. However, buying ads — even targeted ones — was the least effective type of social media marketing overall.

Source: [eMarketer.com](http://eMarketer.com), December 24, 2009, and January 5, 2010

## Top small business legal pitfalls of 2010

Small business owners often don't think about legal issues until they get hit with a lawsuit. Here are the most prevalent legal risks in the current small business landscape and how to avoid them.

First, employee lawsuits are skyrocketing. Plaintiffs' lawyers are increasing the filings of employee discrimination and wrongful termination suits, and juries are expected to find fault with the businesses.

To help protect your company, look into whether you need employment practices liability insurance. Also, do a preventative audit of your employee payroll practices. Common mistakes to look for are

minimum-wage violations, working-off-the-clock violations and failure to compensate properly for overtime hours.

Immigration audits are up, as well. The U.S. Immigration and Customs Enforcement (ICE) has launched an aggressive initiative to increase business audits. If your company hires workers whose legal right to employment in the United States might be questioned, do a comprehensive review of your Form I-9s. Have a knowledgeable immigration attorney look over your documents to make sure each appears to be genuine.

Source: *BusinessWeek*, January 10, 2010

## Women becoming nation's job-creation engine

Women-owned businesses are becoming the nation's job-creation engine. A newly published report by The Guardian Life Small Business Research Institute projects that female-owned small businesses, now just 16% of total U.S. employment, will be responsible for creating one-third of the 15.3 million new jobs anticipated by the Bureau of Labor Statistics by 2018.

This projection is based on an analysis of converging factors, including the faster growth rate of female-owned vs. male-owned businesses; higher college graduation rates by women than men; the predicted growth of industry sectors and

occupations traditionally dominated by women; and the timely fact that female-owned businesses are more often self-funded and less reliant on bank funding.

Findings indicate that female small business owners are focused on creating a positive working environment for employees, including better pay and health care benefits. They are more open to taking advice from others, including employees and financial advisors, and they have a greater focus on having a succession plan in place and planning for retirement.

Source: [Forbes.com](http://Forbes.com), January 12, 2010