



Relationship Marketing

Improve the way you do business,
strengthen the bonds with your
customers and sell more
— with email!

by David McMahon

How much do you spend on advertising every year? Most stores that I visit spend around 5 percent or 6 percent of sales, at least. Wow — that means that if you do \$5 million top line you are putting \$250,000 to \$300,000 toward media costs. OK — that's fine if that produces increased or even a stable number of leads. Many businesses have experienced declining traffic and sales over the past two years while advertising dollars have remained constant. This has forced the ratio to go up over 7 percent of sales in many cases!

Old world marketing methods, traditionally embraced by home furnishings stores, are simply not producing the same results as when the economy was on the up swing. Like in Spencer Johnson's famous novel, *Who Moved My Cheese?*, the cheese — which could represent consumer behavior — has moved. In my opinion, it is time for the industry to try new marketing methods — methods that have proven successful in many other industries. It's time to adapt to the change that has occurred.

Your customers are very busy and have more choices than ever before. They don't need to open the junk mail, to look in the Yellow Pages, to listen to the local radio channel, to watch TV commercials or to read the local newspaper. They get the info that they want, when they want it, ON DEMAND. They go to their favorites on the Internet or use Google. They subscribe to e-newsletters from various businesses that interest them and that give them value.

It is the best time in human history to be a consumer!!! Choice

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So what if the ways of old world marketers have become less effective? What if the cheese has moved? Just how can retailers reach their customers?

Through permission based marketing — namely, email.

When I say permission based marketing, I really mean — permission to build relationships together. Trust, holding hands and demonstrating the value between you and your beloved customers are all vital to long-term and committed relationships. If you can do this, like the Meatloaf song goes, "Will you love me forever?" — this is a great way to have them love you forever. Compare this with the old methods of loud and boisterous CLEARANCE SALES or GOB SALE. Back then, who ever was the loudest got the most business! Not anymore!

Email: the modern medium for relationship marketing

Relationship marketing means: asking your customers if they would like to receive preferred customer communications. These communications or "campaigns" include:

- Email follow-ups to save their time
- E-newsletters on home style
- Traffic builders / insider specials

What does relationship marketing do?

It helps strengthen the link with your best customers through professional email campaigns. These include follow-ups such as,

4 best practices

1. Do it right, the first time.

This can apply to many of types of relationships, right? It's hard to say to someone, "Oh, I'm sorry. I did not mean to upset you. I was just stupid."

The proper way to develop any relationship is to commit to providing value. Think of your customers as people with families, jobs and homes. They are your brothers and sisters – not warm bodies with a wallet. This is where I think the independents can beat the big guys. Many of the larger operations have just converted old boy marketing to email marketing. They BATCH and BLAST. They are going to upset their customers. You can do better! You can do it right by not just jumping into bed with some emailer who wants to send blasts to as many email addresses as possible, with questionable permission. I believe this to be unethical. Find an agency partner who understands how a retail database works, understands furniture operations, and modern relationship marketing, so you can do it right, the first time.

2. Get your crew on board.

If you watched the Olympics this year and saw the 8s row, then you saw how teams work together. They are in unison. They have a clear understanding of the objective and how to get there. The team that wins the gold has everyone pulling. That can be you! You need to get all your people – salespeople, office people, distribution people and your managers – trained properly in executing relationship marketing. You need to show how it will improve their lives and make their customers happier.

- Your salespeople will get more be-backs, which will increase sales.
- Your delivery personnel will not need to play telephone tag as much because they can send emails when a customer's order is ready.
- Your advertising person will develop faster campaigns that are much cheaper because it is all electronic. They will see the results of their work.
- Your managers can be sure that salespeople are following up and keeping in touch with their customers because targeted mass emails will be sent from them automatically.

3. Build content with value in mind.

Spammers – don't be one. Period. Always think value and permission and you will avoid this trap. When sending any e-newsletter, follow up or marketing campaign, ask yourself, "Am I giving my customer value first?" Then ask, "Is the campaign easy to read and understand?" When people get an email this is what happens: They look at who it is from. If they know them and respect them they may open the email. If unsure, or do not need that service at this time, they delete the email. Then, they look at the subject line. If it grabs them, they may open; if not, they delete. If they do open it, they will scan it in about 6 to 10 seconds. If something grabs them, they will spend more time. If not, guess what? They delete.

Don't be surprised. The same thing happens with old-school marketing. The direct mail may get read or thrown away. The TV commercial may get fast forwarded. The radio station may get changed.

The beauty with relationship email marketing is that you can actually track your results. Try your best to provide value, watch your open and click-through rates and then improve.

4. Learn from successes and failures.

Marketing has always been hit or miss. What I love about relationship marketing, though, is that it treats consumers with more respect. You can more easily provide them with what they want because of the instant feedback. If you give customers what they want you will get what you want – sales. If you don't learn what your customers want, you will not get sales.

After each campaign, monitor your customer's response and ask: How many people opened the email? What did they click on? Who forwarded it to a friend? How many opted out? What did they like and dislike? Did it produce any in-store leads?

How can you improve next time? Whatever happens with your campaigns, if you seek to improve each time, you will develop better customer relationships. Your customers will stay with you and not go to your competition when they are in the market. That bond is your gold.

"Thank you for Shopping," "Thank You for Purchasing," quotes and open orders, delivery/service scheduling, surveys, and salesperson special occasion greetings. And you can use your data for the segmentation and targeting of your customers by demographics and purchasing patterns, such as next and past purchases.

Relationship marketing is non intrusive and non abusive, and not about a quick fix. It's about acknowledging your best customers (those that want to hear from you) and keeping them close by providing a tailored marketing approach.

And it's not a one size fits all. You can see what your customers like as far as promotions, products and newsletters. Then you can give them more of what they want. You can do this because, when you send them an email campaign, you know what they click on (the

click-through). For example if you sent a newsletter that included an article on several different new product styles that you saw at market and gave your readers an option to find out more on each style, you would see the most popular style. You would see what individuals are interested in. Information from your customers before you buy at market — priceless.

There is a ton more you can do with relationship marketing - more that I could ever write about in one article, so I'll list a few critical practices that I have implemented with retailers to help them improve their business.


The golden question: what about the bottom line?

Relationship marketing through permission-based and segmented email campaigns can produce big

results. The costs of the campaigns are miniscule in comparison to paper mailers sent to your existing customer base. Results will be better if you engage in true permission marketing as the audience is warm. They have opted in. They said yes — contact me!

Proof of results: A study by Direct Partners published in June 2008 surveyed 30,000 top U.S. executives. They found that email (35 percent) was the primary direct response method of marketing. Email was ahead of all other media types including direct mail (25 percent), print inserts (21 percent), search engines, interactive, radio, and TV. There have also been recent reports from furniture stores with significant results. For example, in July 2008 an Ashley Furniture operation reported that it had produced \$138,000 in sales from an email and text campaign alone.

My final opinion:

If you buy an email list, get one without permission or do not provide value — it will not work, in the long term. Nurture an email list with relationship marketing and get professional guidance — it will take your business to another level. 



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