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**The Top Seven Marketing Mistakes**

By Ted Nicholas

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In my view, nearly all government statistics about reasons for business failures are nonsense.

Undercapitalization, inexperience, or poor management are usually blamed for all business disasters.

Of course, there can be one or several more causes that result in a business going "belly up."

However, from what I've seen, marketing mistakes are by far the primary reason businesses do not survive. This includes companies which consider themselves direct marketers as well as those who do not.

Here are the seven most common marketing mistakes:

1. Management treats marketing as a business expense or simply a department rather than a necessary business investment.

Solution: Marketing should be treated as the driving force of any company. It is the only function that brings in cash. The other major functions in a company are necessary. But they all spend cash. This includes the primary business departments of finance, production and research.

To market any product or service successfully, the company must do two things:

A. Provide marketing with sufficient resources

B. Put marketing at the heart of its business strategy

The whole company should be focused on the needs and wants of customers and be prepared to satisfy their demands.

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Marketing must be part of the philosophy of all entrepreneurs and managers.

2. Management does not know specifically what it costs to recruit a new customer. Plus, there are no accurate statistics on the average customer lifetime value.

Without this knowledge, it is impossible to make sound decisions. You cannot determine how much to invest in marketing. If you spend more to gain a customer than their lifetime value, ultimately you will go broke. In the absence of this information, many businesses can and often do fail. To make matters worse, few of the casualties understand why they failed.

Solution: Before you invest large sums on marketing, determine the average lifetime value of a customer. An excellent book that I highly recommend on this topic is *The Loyalty Factor* by Frederick Reicheld.

3. Management makes no attempt to build a customer database. This is especially so with most retailers, restaurateurs and department store owners. However, I've seen this in many other businesses.

Solution: A company's database of customers is potentially its biggest asset. It's much more valuable than equipment, inventory, etc. This is not only true of companies that utilize mail order or Internet marketing. Every single company that wants to survive and prosper needs to build a database.

4. The company does not communicate often enough with its customers. The result is lower sales and profits than are otherwise possible.

Solution: Contact your customers a minimum of once a month. When I started my first business at age 21, I too made many mistakes. The business somehow survived and became a chain of retail confectionery stores called Peterson's House of Fudge. At first I sent my customers an offer every six months. So I tried sending a sales letter every three months. My business doubled. I then began mailing every other month. My business again increased proportionately.

I wound up with the ideal and most profitable interval— once a month.

At first I thought contacting customers every 30 days might be too often and that customers would get turned off.

But that didn't happen. I got great feedback as well as higher sales. Providing your customers like, or even love, your product or service, as they should, they want to hear from you frequently.

This, of course, is in the context of your sending excellent offers, excellent copy and excellent information.

Indeed, if you are not in frequent contact, your customers will quickly begin to forget about you. Many will start buying from your competitors.

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I urge you to contact your customers at least every 30 days (occasionally with special offers a week apart is perfectly fine too).

Your form of contact can be an e-mail, postcard, catalog, telephone call or personal visit. I've found the most effective method of regular contact is with a well-written sales letter.

Rarely do I find a company of any kind which systematically mines the real gold in any business—the customer database. Make sure you do not make this mistake.

Making offers to your customer database is often referred to as the "back end" in direct marketing jargon. But every business should cash in on the huge potential of existing customers by simply making frequent offers to them and giving them more opportunities to do business with you.

5. Management has no method of accurately measuring the results from its advertising investments. This is especially so with so-called image advertising.

Solution: The way this is done is to seek a direct response in each promotion. This can be a coupon, telephone call or store visit. Code each promotion. Then when an order is received or a customer visits

your establishment, you can appropriately trace it to the particular promotion.

The coding system can be numbers or letters. If you use the telephone you can utilize separate telephone numbers for each advertisement. Or you can simply ask the caller which ad or letter they are responding to.

6. As many companies begin to enjoy some early success, many develop a disease that I call "Big-Company-Itis." They start having endless, non-productive meetings. They become bureaucratic. They move as slow as molasses.

Instead of continuing to insist upon a high level of employee performance and keeping a close watch and control over costs, management takes its foot off the brake. Costs can spiral out of control. Employee morale can suffer. Soon the company is in deep trouble.

Solution: The secret is to think big but operate much like a small business. Well-managed, large organizations that are highly successful are run more like a small entrepreneurial business. Managers have profit center responsibility. Their job is to help increase revenue or reduce costs, or both. They are held accountable. They maintain the financial controls and quick response of a lean and mean small business.

7. Management has no systemized upselling procedure in place to upgrade both new and existing customers to a larger sale. Result? Lower sales volume and lower profits than otherwise could be obtained.

Surprisingly, companies I've observed that market direct to consumers, such as mail-order businesses, tend to be incredibly poor at telephone communications and upselling.

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Well-managed and properly trained customer service people can add 30%–60% in added sales volume without any increase in marketing or administrative costs. Your only cost is the cost of goods sold. Best of all, your customers are the beneficiaries of more value and variety for their money. Everyone wins.

But here is where it becomes really interesting. Your gross sales will be much higher. But your net profit will increase by a huge multiple. I've helped companies achieve huge increases in their net profit just by learning effective and professional telephone techniques. It's not unusual to increase profits as much as 5 or even 10 times!

Effective telephone communications and upselling are the main reasons for the huge success of my own companies. My clients for whom I conduct training of their customer service representatives have experienced similar results.

Solution: Develop a strategy which includes the following:

A. Create an incentive compensation plan for your customer service representatives (CSR's) based on added sales. Depending on your profit margins, this can be for example 5% to 10% of additional sales.

B. Run a daily special offered as an "add on" that provides great value for the customer. For example, you can offer a new product at half price.

C. Prepare a verbatim script on how to present the special.

Tip: The selling price. Your special offer should not exceed 30% of your average order. This makes the decision to accept the special an easy one.

D. Provide your CSR's with some basic telephone training. This should include the principles of active listening, voice pitch, pacing, learning to present things in a hearable way, and some gentle closing-the-sale techniques. A big factor is learning the secrets of boosting the sales without any pressure whatsoever.

Regards,

Ted Nicholas

Ted Nicholas is one of the highest paid speakers and copywriters in the world. He has sold over 4 billion dollars worth of products and services. Go to

to subscribe to his free

e-zine, "The Success Margin."

**MISTAKES**

## The Top Seven Marketing Mistakes

**By R J Farey**

Don't worry about making mistakes.

Everyone makes mistakes.

Why should you be different.

The person who never made a mistake, never made anything.

Mistakes can be costly. They can also be educational.

Look upon your mistakes as an asset.

Life is a learning process. Learn from your mistakes.

Profit from them and you will not only make more money, you will also become a better person.

You must face the fact that from time to time make the odd mistake.

As long as they are not life threatening, pick yourself up, dust yourself down and get on with your life.

Just remember to not make the same mistake twice.

As I said before, "Learn from your mistakes."

Better still, learn from other people's mistakes.

There are people out there who have become millionaires working on the internet. Do you think they never made mistakes? They are only too willing to admit to their mistakes and to explain how they resolved them.

If you want to get to the top, and I presume that you do, study those who have already made it to the top. Study the way that they did it. Copy the methods of successful people. They will not be too proud to explain the problems they encountered on the way. Problems that you will surely meet as you progress and gain experience.

Disregard the 'overnight gurus' trying to sell you the latest get rich scheme. If you listen to them you will be making the biggest mistake of all.

The old adage 'Learn to walk before you try to run.' Holds good in any type of business venture.

The main difference when setting up a business on the internet, as against setting up a conventional business, is that on the internet there is no shortage of genuine advice for the newcomer to take advantage of.

Good advice is there for the taking. Don't disregard it just because it is free. Some of the very best things in life are free.

Just make sure that you take full advantage of them.

Relax, nothing is so bad that it can't be fixed.

Here's to your great success. Bob....

R J Farey

Bob has been on line for over five years. He loves affiliate programs because all of the technical stuff is

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done by the owners of the programs. Leaving him free to concentrate on the promotion side of the business. If this article has set you thinking. Take a look at:

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