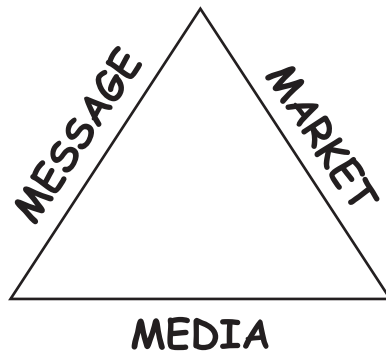


Picking the Right Targets



There is an old joke about a wife insisting on joining her husband for the first time on his annual deer hunting trip. He stations her at the bottom of the hill and instructs her to fire her gun in the air if she sees any deer, which is very unlikely at that location. He and his buddy then stomp off into the woods. Shortly thereafter, they hear shots and run back through the woods and down the hill to find the wife holding a gun on a very unhappy-looking fellow. “Okay lady,” he says, “it’s your deer. Can I at least get my saddle off of it?”

Obviously, no matter how well equipped you are with the best gun, bullets, and other hunting equipment, you still won't do very well aiming at the wrong targets.

ULTIMATE MARKETING SIN #2 Wasting Your Weaponry Aiming at the Wrong Targets

My friend and true marketing guru Gary Halbert poses this question: If you were going to open a new hamburger stand in town, what is the one thing you would want most? Many people say that it would be the best hamburgers in town, or a secret sauce, or a great cook, or a commanding name, logo, or character, like Ronald McDonald. But Gary's answer is: a starving crowd. I agree, and our job in Step 3 is to find or develop a starving crowd for your products, services, or business.

Learning the Lesson

My first introduction to the idea of targeted marketing was so strange that I've never forgotten it, and the more I've learned about the idea, the more I've appreciated that early lesson.

A man with zero training in marketing was running a direct-sales company, selling distributorships for his products at \$5,000.00 each. His system was to send out a fairly expensive direct-mail package, get inquiries in return, and then turn those over to staff salespeople called "recruiters," who phoned or visited the prospective distributors and tried to get them to attend a group meeting. As you can see, this process adds up to a sizable investment in each prospect. And, for a while, he was literally mailing to the white pages—to everybody and anybody. He knew this was incredibly inefficient but had no idea how to do it differently. One day, he had what Tom Peters calls "a blinding flash of the obvious": he noticed that a huge majority of his successful distributors had crewcuts. This was in the late 1960s, and crewcuts were supposedly "out." But *his* guys with

crewcuts were stubborn individualists, about forty years old, living in small towns, and working in blue-collar jobs—truck drivers, policemen, high-school coaches.

He sent his recruiters out to barbershops all over the state and bought the names, addresses, and telephone numbers of customers who had crewcuts! His success rate with these grade-A prospects was phenomenal.

When he first told me about this, about twenty years ago, I laughed at him. The whole thing sounded ridiculous to me. Maybe it just did to you, too. But now, with 20/20 hindsight, I can tell you that he had stumbled onto the essence of brilliant marketing. He had found one of the three means of picking the right targets: demographics.

This Is for You, Too

Every product, *every* service, *every* business either appeals, or has the potential to appeal, much more strongly to a certain definable group of people than it appeals to *all* people, yet most marketers get to their grade-A prospects only by lucky accident—by throwing out their message to everybody and letting the right people find it. This is like getting a message to your aunt in Pittsburgh by dropping 100,000 copies of your letter out of an airplane as you fly over Pennsylvania. I call this “blind archery.” Blindfolded, given an unlimited supply of arrows and some degree of luck, you’ll hit the target eventually. And you will hit it once out of every x times you shoot off an arrow. Of course you’ll also hit innocent bystanders, bushes, fence posts, stray animals, and everything else around.

Arrows are one thing; dollars are another. Nobody has an unlimited supply of dollars to play with.

You *must* make the commitment to market smarter by picking better targets. Don’t say “That’s okay for somebody else, but it won’t work for my business because. . . .” Don’t waste your energy figuring out why this can’t be done in your business. Any idiot can come up with that list. You need to find the way it *can* work for you.

A Few Examples of Targeted Marketing in Action

Example #1

A fellow in the carpet-cleaning business told me that direct mail never paid off for him. When we investigated the area he had mailed to, we found a very high percentage of renters. More than 70 percent were tenants, not homeowners. “How’d you pick this area, anyway?”

“It was the same Zip Code as my office,” he answered.

“Ever drive it, like you were shopping for a home?”

“Nope,” he admitted.

“Let’s go,” I said, and off we went, driving up and down about thirty streets in the area for a couple of hours. We saw many homes in desperate need of repair or paint, poorly maintained lawns, and cars in the driveways and carports five years old or older, some up on jacks being fixed.

“Based on what we’ve seen outside, who would you expect to see inside these houses?” I asked. ’Nuff said.

The antidote to this direct-mail failure was not fixing the literature; it was simply selecting a better target. The carpet-cleaning guy spent the next few days driving the neighborhoods in various Zip Codes surrounding his office until he found one where the homes shouted pride of ownership.

In the first area, his mailing had pulled less than one-fourth of 1 percent in response. Mailing to residents in the new area, the same mailing pulled more than 2.5 percent.

Example #2

Several of my clients in very different businesses have discovered the power and leverage of properly targeted marketing.

Larry McEntire’s Christian Singles Network helps frustrated American men meet and marry women from dozens of different foreign countries. Historically, he did all of his advertising in general publications,

such as *USA Today*. At one of our Gold/VIP coaching group meetings, I asked Larry who his clients were. He initially said “Just about everybody,” and named ministers, salespeople, business owners, truck drivers, and doctors. Pushed, he went home and closely examined his records and found that more than 50 percent of all his clients were twice-divorced long-haul truck drivers. More than half! This quickly led to a dramatic change in allocation of ad dollars, focusing on targeted media like truck drivers’ magazines; his own “magalog,” distributed in free take-one racks placed in truck stops; and other niche media. Profits soared!

In the mortgage business, Scott Tucker identified two different occupational groups that, combined, accounted for about one-third of all his clients. Just like Larry, Scott had been advertising in general media and sending direct mail simply by geographic area, to selected homeowners. And, just like Larry, Scott was able to redirect his ad dollars and better target his direct mail to reach homeowners in these two occupational groups. His return on investment from his ad dollars instantly improved by more than 400 percent.

Darin Garman works with experienced and novice real estate investors purchasing “heartland of America” apartment buildings and commercial properties in Iowa. Prior to some conversations with me, he did all of his advertising and marketing in Iowa, actually in and near his home city. At my urging, he began advertising in national media read by hyperactive investors, such as the *Investors Business Daily* newspaper and *Forbes Magazine*. Clients investing millions of dollars now come from California, New York, and everywhere in between.

Example #3

Where did Tom Monaghan open up his early Domino’s Pizza locations? In college towns, near college campuses. Why? Who do you know who eats more pizza, more often, than college kids? Also, at the time, smoking the funny weed was still immensely popular among college kids and,

in case you don't know it, this can make people very, very, very hungry. I have no idea whether or not Tom thought through that—and if he did, I doubt he'd admit it—but he's a bright guy, so you decide for yourself. The point is that, quite literally, he found a starving crowd.

Resource!

For help with direct mail, get the companion to this book, *The Ultimate Sales Letter*, and the free 12-Week Ultimate Sales Letter e-mail course at www.Ultimate-Sales-Letter.com.

The Three Best Ways to Target-Market

The first and most commonly used is **geographic targeting**, which is what my friend in the carpet-cleaning business did. Most businesses that need their customers to come to their store or office or that need to schedule appointments and send salespeople out obviously need to restrict the geography of their marketing. They advertise only in the local newspaper or shopper, use coupon decks mailed to their own or adjacent Zip Codes, and direct-mail to those same Zips.

There's nothing wrong and many things right with this. If you've never read Russell Conwell's classic book *Acres of Diamonds* or heard Earl Nightingale's great recorded message, "Greener Pastures," you should; you'll gain new appreciation for the "value" awaiting discovery right in your own backyard.

However, I suggest keeping two things in mind when you are going to select your target markets via geographical considerations:

First, make sure that the apparent nature of the people living there works for you. This is a cheap (in fact, free) and very simplistic look at demographics, but it is nonetheless effective. Do what my carpet-cleaning entrepreneur and I did: drive the neighborhoods. Look around and get a "feel" for the people who live there. You can tell a lot just by driving

around. What does the condition of the homes and yards tell you? What kinds of cars predominate? If compacts and sporty cars, young marrieds. If big, bulky sedans and luxury cars, middle-aged. If you see BMWs and the like, upscale professionals. Do you see a lot of tricycles and skateboards, a lot of basketball backboards on the garages?

You may very well be able to choose preferable neighborhoods or Zip Code areas this way. You may also discover things that will cause you to modify your themes, ad copy, and offers.

My second tip is, once you find a geographic target market that works for you, work it to death. Dominate it. People in the real estate business use the term “farming.” When a real estate agent farms an area, he strives to become its best-known and loved agent. He mails to every homeowner in the area, goes around door-to-door and introduces himself, distributes a monthly newsletter, sends holiday greeting cards, even gets creatively involved with the community: driving through and giving away free pumpkins at Halloween, sponsoring a neighborhood block party and swap meet, and so on. It’s a lot of work, but it’s smart work. If you get adept at using media, particularly direct mail, you can replace much or even all of the manual labor stuff.

There’s no reason why any retail or service business can’t follow this example. If I had a florist shop, a restaurant, or a car wash, I could do exactly the same thing in a targeted residential or business neighborhood. I could frequently mail to everybody. I could take an hour each day and go out and personally introduce myself to the neighbors. I could send holiday greetings. I could throw a party. I could lead a charitable effort in the area for the Muscular Dystrophy Association or some other worthwhile group.

A second selection method has to do with **demographics**. Demographics are the statistical, behavioral, and even psychological things given groups of people have in common. Demographic selection can be as simple as targeting a preferred age group or as complex as targeting women age 35 to 45 who have careers, read both *Working Woman* and

Cosmopolitan, carry the American Express card, travel by air at least three times a year, and buy clothes by mail order.

Every medium has, and can provide, detailed demographic information about its readers, listeners, viewers, or customers. While some media's data is more reliable than others, most are pretty accurate—the media need this same data to make good editorial, programming, or product selections. You can and should take this information very seriously when making media decisions.

If you're renting mailing lists, the same kind of data is available for most lists. More significantly, you can “merge-purge” two or more lists together to get exactly the prospective customers you want. A good list broker can help. It can be quite costly to do sophisticated merge-purges, but even so it's usually a bargain compared to the costly waste of playing “blind archery” with direct mail.

Think again about my friend in the carpet-cleaning business. After choosing one or several Zip Code areas based on his drive-by observations, he could get even pickier. He might make the logical assumption that people in certain income brackets are better prospects than are others. Folks with household incomes of, say, less than \$30,000.00 a year might find money tight and choose to go through the agony of shampooing their own carpets to save money.

Because he accepts VISA and MasterCard, he might prefer to mail only to people who have those credit cards, and because families get their carpets dirtier more often, he might want to skip mailing to single people.

So he sits down with his list broker and says: “In these Zips, I want married homeowners with kids, with a household income of \$30,000.00 and up, who have MasterCards or VISA cards.” Using lists derived from the census, credit card holder lists, property ownership records, and other readily available sources, the broker can deliver that exact list.

Incidentally, it can be helpful to collect demographic data about your present customers. If you find certain biases or commonalities in

your present customers, you may be able to use them in your criteria for future targeting.

The third way to target market is by affinity or association. I like this approach and use it a great deal for myself and my clients.

Let me give you a personal example: I've been a member of the National Speakers Association, one of two trade associations for lecturers and seminar leaders, since 1978. I have gone out of my way to be visible in the association, through a variety of means, and I'd guess my "name recognition" hits about 70 to 80 percent of the total membership, about 4,000 people. These 4,000 people and I have much in common: first, obviously, I know them and, more importantly, they know me. I can call attention to our affinity by addressing them as "colleagues" and "fellow members." We share the same business activities, experiences, concerns, and problems. Because I am a known, respected success in this business, the members are interested in what I have to say and in whatever I recommend.

In approximately twenty years, I have sold millions of dollars of goods and services to this very small market. In some years, as much as one-third of my income has been derived from this very small market. I am occasionally able to reap pure passive income simply from licensing my endorsement of someone else's product or service, which is being offered to this very small market.

Geographically, these people are scattered all over the United States, Canada, and several foreign countries. Demographically, they have few, if any, dominant commonalities. They are men, women, young, old, fat, thin, conservative, liberal, rich, poor, married, single, with families, without families. But they are still a perfect target market for me purely because of our mutual association. Because of affinity.

Here is evidence of how well affinity works for me with this target market: Just as I was doing revisions and updating the second edition of this book, I was in the midst of a direct-mail campaign to this list for a new product and had brought in \$226,400.00. Just a year ago, I conducted a simple

direct-mail campaign for another, new information product to this group and did nearly \$600,000.00 in sales. All from only about 4,000 people.

Many other businesspeople can apply this same principle to the trade or professional associations they belong to or to the local chamber of commerce, Toastmasters, Jaycees, other business and civic groups, church groups, PTAs—whatever they belong to. I encourage chiropractors and dentists I consult with, for example, to get out of their offices at least eight hours a week to join and actively participate in a number of these associative target markets. Then, instead of advertising to a neighborhood, they can advertise to their fellow members. Instead of farming a community, they can farm a fraternity.

ULTIMATE MARKETING SECRET WEAPON #5 **Tailoring and Delivering Your Message to the Right Target**

I find the pizza wars endlessly interesting. Domino's took the industry by storm by focusing on delivery. Another company has taken a very different tack and is enjoying great success by targeting a very specific demographic group. Pistol Pete's Pizza, with stores in several states here in the Southwest, very clearly aims its products, prices, restaurant environments, and advertising at families.

Each location features a working merry-go-round and lots of other games for the kids. The TV commercials use a happy cowboy character who urges families to c'mon in and have fun. Their pricing is low-end, so the family can be fed without breaking the piggy bank. It's worth noting that Pistol Pete's does *not* bother trying to convince anybody it has the best pizza. If you see the chain's commercials and are taking a date to a movie, Pistol Pete's is *not* the place you'll stop at afterward. This chain has locked its sights on a very specific, identifiable, identified starving crowd. Those people that the chain is after know it's for them.

In Las Vegas, for many years, most casino-hotels aggressively pursued the business of the "high rollers." An acquaintance of mine has the

title “Casino Host” at one of the biggest hotels on the Strip; he’s actually a recruiter who goes to other hotels, to parties in Beverly Hills and New York where the rich gather, even to Japan, to invite and inveigle high rollers to come to the hotel he represents. Then, when they do, they are his honored and privileged guests, with complimentary rooms, meals, shows, airfare, and limousines. Every big casino operation has such people. One high roller I know described Las Vegas as “the home of the \$10,000.00 free drink.”

Bob Stupak, the successful entrepreneur I mentioned earlier, ignored this market almost entirely. Nothing he did was targeted at the high roller. To the contrary, his market was middle-income, middle-America, mom ’n’ pop, everyday folks, many of them first-time visitors to “Glitter City.” While the others chased the Saks customer, Bob preferred Sears. If the other hotels got people with Cadillacs, Mercedes, and even Rolls-Royces in their garages, Bob attracted the people with three-year-old station wagons. While the other hotels pursued the country-club crowd, Bob recruited at the bowling alleys. For a handful of recent years, Las Vegas refocused its sights on families, with many casino resorts creating Disneyesque, family-friendly environments, and the city briefly surpassed Orlando as the #1 vacation destination. However, in recent years, the realization set in that adult customers were more reliable and valuable, so Vegas has shifted back more to its old image as “Sin City,” with nightclubs featuring scantily clad dancers, more “skin” shows, and the suggestive ad slogan: “What happens in Vegas, stays in Vegas.”

This city’s business leaders are constantly, closely analyzing their different markets and constituencies, and tailoring and delivering different marketing messages to different target markets. You can gain a great deal from emulating their examples.