BUSINESS INTELLIGENCE REPORT

Strategies and Trends for the Successful Business

Provided for members of the Albany Area Chamber of Commerce

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IDEAwatch

Tips for Growing Your Business

■ **Reach your goals with the "paper clip strategy."** When a new stockbroker wanted to be successful in the business, he placed two jars on his desk. One jar was filled with 120 paper clips and the other was empty. Every day he'd start dialing the phone — each paper clip representing a call — until he moved all 120 paper clips from one jar to another. The result was a successful business in 18 months. This idea works because it uses a visual cue to keep you focused. The paper clip reminds you to start the behavior and visually displays your progress. The more paper clips you place in the jar, the more motivated you'll be to finish the task. Plus, you can use it for anything from sales calls to push-ups.
Source: www.jamesclear.com

■ **Improve e-commerce sales with video.** According to research from Liveclicker, the average order value (AOV) for customers that watch video on a product page is at least 50% higher than a site's overall AOV for more than half of the retailers surveyed. Furthermore, retailers with video on most of their product pages have a 68% higher AOV than retailers that have video on just a few of their product pages. The ideal video length was under 30 seconds.
Source: www.marketingland.com

■ **What to do when a prospect goes silent?** Imagine you've just presented results that are sure to match what the prospect just told you he needed — or so you think. The silence is deafening on the other end. Should you keep talking? No way! Instead, ask a question such as "How does this sound so far?" or "Am I on the right track with what you're looking for?" If they concur, continue on. If they're resisting, the worst thing you can do is pile on more of the same spiel. You'll just have to dig yourself out later.
Source: www.businessbyphone.com

STRATEGY

Avoid the Discounting Death Spiral

by Steve McKee

YOU GET WHAT you pay for. Don't be penny wise and pound foolish. A cynic is a man who knows the price of everything and the value of nothing. All truisms. And all too often ignored in business.

In his book, *Bargain Fever: How to Shop in a Discounted World,* Mark Ellwood reports that retailers sold 40 to 45% of their inventory at a discount in 2011, more than double the percentage of a decade earlier. Lingering economic anemia will do that to you. As much as Americans love to buy stuff, we simply don't have the confidence to toss cash around like we did 10 years ago. But statistics are funny things; as impressive as Ellwood's numbers are, I find their flip side equally compelling: More than half of all retail transactions are still made at full price.

Competing on price is a race to the bottom. Instead, explore how you might charge more to deliver more.

Why are we in business so often preoccupied with customers who want a deal? Simple — we fear losing sales to the other guy. Unfortunately, that can lead to self-inflicted (and sometimes deadly) wounds, because we misunderstand the nature of pricing in purchase decisions. Many small businesses consider pricing a game not to lose rather than a game to win. But prices are not something to be ashamed of or to whisper about; they're powerful tools that a smart business can use to achieve its goals. And higher prices may be more persuasive than lower ones.

In a recent study of more than 18,500 people in the United States and overseas, Ipsos, one of the world's largest market research firms, found that nearly half of respondents were willing to switch to a higher-priced brand if they perceived it to be of better quality. The numbers are even more heartening with respect to consumers whose influence is amplified by being active in social media — a majority of them will choose higher quality over lower price.

It clearly pays to demonstrate the quality of your product or service. Regardless of your business type, there are a variety of cues you can use to signal that your offering is better than those of your competitors. For a product, physical characteristics — weight, heft, materials, texture, workmanship, packaging — play a big role. Service levels make a difference, too, from faster delivery to more helpful associates. Reviews also play a role (especially in service industries where the experience can't be assessed in advance), whether formally through Consumer Reports or on Yelp or informally from friends and acquaintances. Branding also plays a part; we're more likely to value a product or service that's attached to a name we know and trust.

But price also sends a powerful signal; it's an indicator of value, not just a reflection of it. People pay more for branded milk than generic, even when it comes from the same cows, dairy and processing plant. A diamond will be valued more if it comes in a blue Tiffany box than from a run-of-the-mill jeweler. And a 2008 Caltech study demonstrated that the more expensive people believe a wine is (regardless of its actual price), the more they'll enjoy it.

Attempting to beat bigger competitors at the discount game can be a recipe for disaster; if you were a basketball coach facing a faster and more athletic team, rather than trying to run with them, you should slow the game down. Don't think that economies of scale are tied to quantity alone; margin-selling can lead to higher margins just as volume-selling enables higher volume. Unless you're in a dominant position in your industry, you're unlikely ever to be able to out-

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■ **Gain entry into your customer's emotional world** by building one of these themes into your marketing message. Step back from focusing on features and techno-speak, and consider what is near and dear to your prospect's heart. Here are seven concepts that can bring warmth and emotion to your message: family, friends, fun, food, fashion, fitness and fidos/felines. All of these tap into basic human desires, such as belonging, pleasure and feeling and looking good. For example, no matter what your product or service, depicting fun with friends can lighten the drudgery of daily life. And with the popularity of social media videos featuring cute animals, you can hardly go wrong when you include a lovable pet in your marketing message.

Source: www.targetmarketingmag.com

■ **Avoid sending emails and texts to employees after hours**. This common "always on" practice can lead to anger and interfere with personal lives, according to a new study from the University of Texas at Arlington. Not surprisingly, anger was reported more frequently if the communication was worded negatively or required a lot of the person's time. The study identified two categories of workers: segmentors and integrators. Segmentors strive to keep their personal and work life separate, and were more negatively impacted by after-hours emails. Integrators want to know what is going on at the office, even after hours; yet they still reacted in anger when they received an email, although there wasn't a lingering effect. Respect your employees' personal time and set appropriate boundaries.

Source: www.psychcentral.com

■ **Use your head to help win a negotiation.** Body language matters. A head nod means different things depending on whether you're in agreement with the other party or if the conversation is getting tense. When negotiations are going smoothly, a head nod signals that you're on the same page. But when the conversation gets slightly or even very contentious, a head nod diffuses the tension. Use it while holding eye contact to show that you're listening, but you're still confident in your own position.

Source: www.inc.com

NEWSwatch
News and Developments Affecting Today's Business

CEO personality shapes company culture

A company's culture tends to reflect the personality of its CEO and has a significant impact on employee performance and a firm's prosperity, according to a new study from Stanford University.

Many of the findings were predictable but powerful. For example, CEOs who displayed more openness — meaning they were curious, accepting of new ideas and eager to think outside the box — engendered a corporate culture of being more adaptable to fast-moving events, willing to take risks and inclined to experiment with the status quo. Likewise, conscientious CEOs who were disciplined and hardworking presided over an analytical culture that prized attention to detail and efficiency. Less-agreeable CEOs, prone to competitiveness and reluctant to compromise, were associated with a results-driven culture putting a premium on profitability.

There were also some unexpected results. For example, one might expect to see a neurotic CEO presiding over a divisive workplace. But instead, employees of such chief executives reported high levels of collaboration, perhaps in an attempt to collectively offset their leader's propensity for anxiety, defensiveness and mood swings.

Source: Strategy-Business.com, Mar. 19, 2015

Amazon and Google enter home services market

There was a time when you had to ask friends to refer a good plumber. Then came Angie's List, Thumbtack and many other local contractor referral services. Now it looks like you can add Amazon and Google to that list.

Amazon is launching a new section of its website called "Home Services" that offers everything from yoga instructors to electricians. The service is starting in major cities of 41 states. Amazon says it conducts background checks and that only about 3% of service professionals qualify. The company makes its money by taking a cut of each service fee.

Google announced it will offer a similar service but has been vague on the details. The product will be integrated into Google's core search offering and turns queries about home improvement tasks into engagement with home service providers.

The new platforms will transform small businesses, but local advertisers are at a greater risk of losing profit because Amazon and Google would likely give free, broad attention to businesses that use the home service platforms, says Lindsey Piegza, chief economist for Sterne Agee financial services.

Sources: USnews.com, Apr. 9, 2015; Buzzfeed.com, Apr. 7, 2015; TheVerge.com; Mar. 30, 2015

Discounting... continued from page 1

volume the big guys. But you may very well out-margin them.

In fact, you may have to. Companies that continually discount can be forced to make up for lost margin by cutting corners. That means they risk entering a death spiral of offering less for less. But those that charge more can focus on enhancing their product or service experience, creating a virtuous cycle of reinvestment and profitability. It's more challenging to find ways to enhance value than to cut a quick deal, but it's the path to sustainability.

Find some quiet time to get with your team and work on this blue-sky exercise: How could our products or services be of greater value if we charged 5% more? What if we charged 25% more? How about 100% more? Don't be afraid to explore the possibilities — the simple act of envisioning your options won't drive any customers away. But by thinking about pricing creatively — giving yourself more options and greater flexibility rather than fewer and less — you might unlock an entirely new way to differentiate your offering.

Only a handful of companies (Wal-Mart, Priceline) can consistently win the low price game; in their cases, cheap isn't *a* strategy, it's *the* strategy. Quit playing by their rules, or you'll follow in the footsteps of such dying brands as Sears and JCPenney. Instead, explore how you might charge more so you can deliver more. Research shows that a majority of potential customers will be willing to give you a shot.

Steve McKee is president of McKee Wallwork & Company and author of *Power Branding* and *When Growth Stalls.* Find him on Twitter and LinkedIn.



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■ **In-bound calls from your website are gold.** BIA Kelsey analyzed call data across dozens of industries, revealing that 29% of all inbound phone calls led to a sale, appointment or reservation. In comparison, data from web form leads only converted at around 2%. In other words, a user who downloads one of your white papers or attends your webinar is a lot less likely to want to buy into your product than someone who makes a phone call to your business. That said, is your company set up with enough properly trained salespeople to adequately handle the calls you receive? Do you make it easy for web visitors to find your phone number?

Source: www.marketingprofs.com

■ **If you've switched your website from HTTP** to the more secure HTTPS, hoping to get a boost in search engine rank, do not forget to tell the search engines. When Google did a small scale analysis, they discovered that more than 80% of HTTPS URLs are not showing up in Google search results. Tell your webmaster to set up "301 redirects" and make sure your sitemaps and code are pointing to the new URLs.

Source: www.searchenginewatch.com

■ **Is efficiency an important trait for your next employee?** Because efficiency is hard to determine in an interview, ask what keyboard shortcuts they use. It's not really about the keyboard shortcuts — it's about finding someone who is constantly making little adjustments and finding small ways to work more efficiently. Great employees will have analyzed these small inefficiencies and done something about them. You also could ask candidates their organization system for computer files or how they squeeze every ounce of productivity out of their day. These are the employees who are going to be improving your workplace at every opportunity and encouraging those around them to do the same.

Source: www.ere.net

TRENDwatch
Forecasting the Changing Business Environment

Millennials now hold the B-to-B purse strings

Avoid understanding the millennial market at your own peril. Millennials' influence on purchase decisions continues to grow, and the B-to-B space is no exception. According to a recent study by market research firm Millward Brown, Inc. and Google, millennials — those between the ages of 18 and 34 — now account for 46% of all B-to-B purchase decision makers. That is a jump from only 27% in 2012 when a similar survey was fielded.

"We saw that 81% of non-C-suite employees have a say in purchase decisions and 24% of [final] decisions are made by non-C-suite employees," says Mike Miller, director of business and industrial markets at Google. That's important to note, he says, because many B-to-B marketing campaigns are targeted at the C-suite.

As millennials make more purchase decisions, video and mobile content usage along the B-to-B path to purchase also is on the rise, according to the survey. Thirty-four percent reported using mobile content across each stage of the buying process, compared with 18% in 2012. Millennials are twice as likely as 45- to 55-year-olds to use a mobile phone to research B-to-B purchase decisions, and they're three times more likely than those over age 55, according to the study.

Source: AMA.org, Mar. 24, 2015

'Do it for me' services lift biz owner's burdens

Software and web services were supposed to help business owners gain control over the many hats they wear. But in the end, they became just one more task to do — one more skill to master.

According to venture capitalist Anthony P. Lee, Silicon Valley recognizes this problem and is working on the next big thing in software. They call it the Do-It-For-Me Revolution (DIFM). DIFM combines technology automation with specialized labor to deliver a complete solution to a business problem.

Dozens of DIFM startups have already emerged, each tackling one slice of the small business pie. For example, Bench offers a less expensive alternative to traditional bookkeepers by leveraging automation and in-house bookkeeping experts. OutboundEngine combines an in-house creative team with mass personalization technology to deliver customized online marketing on behalf of independent realtors. UpCounsel operates a marketplace for selecting and managing corporate legal talent delivered by small firms and independent attorneys. WhiteHat Security monitors live web applications for security vulnerabilities and filters machine-generated issues through a crack team of threat research consultants.

Instead of selling "software-as-a-service," these DIFM companies are delivering "software-with-a-service." Big business has been relying on this type of outsourcing for decades, but it's the small business market that could really benefit from these services.

Source: Techcrunch.com, Apr. 19, 2015

Dining out surpasses grocery sales

Americans are spending more money dining out than in grocery stores for the first time since 1992. The trend is being fueled by millennials while baby boomers try to save money by eating in.

"They undersaved for retirement. They're eating in more. But there are more millennials than there are boomers," says FTN Financial chief economist Chris Low. Millennials "tend to be frugal, but they also tend to live in cities and they like to eat out. They like to customize their food." They use apps like GrubHub and Seamless to have meals delivered.

Millennials tend to eat fast food and Low thinks there will be spending growth. However, "you're going to have to see some changes in the industry," he said, because millennials like customization, which Chipotle does well and McDonald's does not offer.

Source: CNBC.com, Apr. 15, 2015

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