

# “Human Marketing®” ...

## How to Increase Market Share and Profitability in the Face of Ever-Stronger Competition...and Ever-Faster Change!

**Donald Cooper, MBA, CSP**

Donald Cooper started work at the age of six, sweeping the floor in the family business for 5 cents a day! He earned an MBA from the University of Western Ontario followed by 18 years as a manufacturer and 12 years as a retailer.



**“Human Marketing... How to Increase Market Share & Profitability in the Face of Ever-Stronger Competition!” and “Creating a Winning Culture!”.**

### THE #1 PROBLEM FACING EVERY BUSINESS ...INCLUDING YOURS:

The #1 problem facing every business in the world today, including yours, is simply this, “There are too many other people selling what you’re selling... too many competitors and not enough customers!” In this universal crisis of overcapacity, only “**Preferred Suppliers**”, the ones who get more than their “fair share” of the business, will thrive, or even survive, in the next millennium! The powerful insights of Human Marketing in this article will help you to become the Preferred Supplier of what you sell with **increased market share and profitability!**

### “HUMAN MARKETING” STARTS WITH THIS POWERFUL INSIGHT:

After 18 years as a manufacturer, 12 years as a retailer, I’ve come to this powerful conclusion...

1. It is the **stress** in people’s lives and their **assumptions** about what will make some of that stress go away that determine what and where they buy.
2. The only real value that we bring to any other human being on this planet is in our ability to **make some of their stress go away!**

3. To become the Preferred Supplier of what you sell you must first...

- A) **Understand** your customers’ stress, better than you competitors...
- B) Actually make some of their stress **go away**, better than your competitors...
- C) And then effectively **communicate** that powerful message, better than your competitors!

### Action to Take

Make a detailed list of the stresses in your customers’ lives in each of the three categories listed below...

1. Their stress about buying what you sell.
2. Their stress about buying it specifically from you.
3. Their stress about life in general.

**NOTE:** “Stress” is any physical or emotional factor that causes tension, pressure or pain.

Now that you understand that people buy only to make some of their stress go away and you have a detailed list of your customer’s stress, ask yourself whether what you sell and the way you sell it makes peoples stress go away better than your competitors or whether you are actually creating more stress for your customers. Are you a stress remover, or a stress creator?

### THE INCREDIBLE VALUE OF BEING THE “PREFERRED SUPPLIER”:

You must become the Preferred Supplier in your market. When there are too many other people selling what you’re selling, just getting your “fair share” of the business simply isn’t enough. You must get more than your fair share!

“Preferred Suppliers” are those who build long-term relationships with people. They “own” their customers by exceeding expectations and by making some of their customers’ stress go away better than their competitors. If you aren’t building relationships with people, you aren’t building anything! For example, most consumer surveys about hamburgers indicate that people actually prefer Wendy’s hamburgers to

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McDonald's by a wide margin... but when you look at their sales, market share and profitability, McDonald's is at the top and Wendy's is way down the list. McDonald's is not the best at building hamburgers, but they are the best at building relationships with customers and the community.

Building quality relationships does require extra understanding and effort on your part. Is it really worth it? Absolutely!

There are two ways to focus both you and your staff on the incredible value of being the Preferred Supplier. First, estimate the lifetime value of a loyal customer to your business. Share that important number with your staff. Train and condition them to picture each of your customers at being worth \$5,000, \$50,000, \$200,000 or \$10 million; whatever the number is in your business. Actually picture customers with this amount written across their foreheads. The revelation will profoundly affect the ways that you treat every one of your customers and how much effort you're prepared to make to build relationships with them. Remember that loyal customers not only buy more but they also recommend you to others. In these cynical times people don't believe most of what we say about ourselves in our expensive advertising but what others say about us in "gospel"! Advertising is most powerful when what we say about ourselves is congruent with what others say about us.

The second way to focus on the incredible value of being the Preferred Supplier is to understand **that a 5% increase in your sales can actually generate 30% to 40% more profit**, if you control your expenses and your gross margin percentage at current levels. As amazing as it sounds, it's true!... 5% more sales can bring you 30% to 40% more profit! Consider the possibility of understanding and serving the customers that you already have so well, by improving your selection, your presentation, your delivery, by adding more product value, more information value, after sales service, or just good warm feelings, so well that your existing customers give you just 5% more business. How big an effort would that really take? Then, think about making your customers' stress go away so wonderfully that they rave about you to just a few of their friends or business associates so that they also become loyal customers. How difficult would it actually be to increase sales by just 5% if you really understood and cared about your customers in a way that made some of their stress go away, better than your competitors?

### **5% MORE SALES CAN DELIVER 30% TO 40% MORE PROFIT**

Sales	\$1,000,000 + 5%	= 1,050,000
Gross Margin (40%)	400,000 (40%)	420,000
Expenses	350,000	→ 350,000
Pre-Tax Profit	\$50,000 + 40%	= \$ 70,000

And now the bad news...

It works the other way around too! A 5% decrease in sales will reduce profit by 30% to 40% unless you slash costs or increase margins. This is the reason for most of the downsizing and reengineering in companies today. A very small downturn in sales requires a huge reduction in costs to maintain profitability. Companies that implement the powerful insights of Human Marketing will increase market share and profitability without having to cut the heart and soul out of their business!

### **Action to Take:**

First, calculate the lifetime value of a loyal customer to your business. You'll have to make some assumptions and generalizations and the result will only be approximate... but it will amaze you! For example, at Taco Bell the lifetime value of a loyal customer has been calculated at \$11,000. To a luxury car dealership it's \$350,000 and at our own fashion and gift store for women we calculated the lifetime value of a loyal customer at \$50,000... unless she told just six of her friends about us, in which case that one lady could be worth \$350,000. We simply trained our staff to picture each woman walking through our front door with \$350,000 written across her forehead. Imagine how we greeted, served and thanked her! Estimate the lifetime value of a loyal customer to your business.

Second, calculate the impact of just 5% more sales on your bottom line when you control your expenses and your gross margin percentage at current levels. Having made these two calculations you now understand the incredible power of being the Preferred Supplier of what you sell. You are now ready for the first step of Human Marketing... understanding your customers better than your competitors!

### **UNDERSTANDING YOUR CUSTOMERS... YOU DON'T HAVE TO BE A GENIUS! JUST THINK AND FEEL LIKE A CUSTOMER:**

You don't have to be a genius to understand the stress in your customers' lives and to make some of that stress go away, better than your competitors. You just have to take the time to think and feel like a customer

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and to take “ownership” of their stress. You will never “own” your customers for life until you first take “ownership” of their stress.

For example, while recently checking out of a major, up market hotel, I asked to see the manager. When he appeared I gave him a list of eight things seriously wrong with his hotel, from \$24.00 for overnight parking to a two-hour wait at the check-in desk. He read my list, looked me square in the eyes and said, “But what you have to understand is...” and I stopped him right there! “No”, I said, “I’m the customer. It is not my job to understand you. It is your job to understand your customers. There are seven other hotels within three blocks of here. Exactly how much do I have to understand about your problems in running this hotel properly?” He actually wanted me to take “ownership” of his stress in running his hotel rather than taking “ownership” of my stress which could lead to (A) rescuing me as a customer and (B) fixing the eight things wrong with his hotel. He simply didn’t know how to think and feel like a customer. I gave him a free ticket to the presentation I was giving just across the road. He showed up and then called two weeks later to thank me for the most valuable three hours he had ever spent. He reported that he had fixed seven of the problems and was working on number eight! He then asked if I would be available to speak to his company’s next manager’s conference.

Trust me, you don’t have to be a genius to understand your customers. There’s a parking lot in downtown Toronto operated by a man who I guarantee you is not a genius, or a Ph.D. in psychology... but he does think and feel like a customer. He understands people’s stress about parking and he makes that stress go away using just eight words on a \$30.00 sign... “We don’t block in... We don’t take keys”... and his lot fills up first every day, and stays full all day. Just think and feel like a customer. If he can do it, you can do it!!

### **Action to Take:**

To help you think and feel like a customer, first, refer to your list of stresses in your customers’ lives. Look at every part of your business through your customers’ eyes and ask yourself whether you are creating stress or removing stress. Remember, your job is to be a “stress remover”. Second, use your life as free research. Use every service, product and advertising experience that you have, good or bad, to trigger great marketing and service insights that you can apply to your business. Crank up your awareness! When you’re truly focused on adding more value to your customers’ lives you can train yourself and your staff to

use everyday experiences as free research on how to improve your business every day!

### **BE A SERIOUS STUDENT OF YOUR CUSTOMERS, YOUR BUSINESS AND OF LIFE IN GENERAL:**

With everything changing so quickly we must keep learning every day to develop a better understanding of our customers and our industry. In the past, there were two quite separate phases in our lives. First we learned... and then we worked. Today, we must be students throughout our lives. We must be ongoing, serious students of our customers, our competitors, our suppliers, and our financial numbers, of technology and of life in general. If we’re not learning every day, we’re falling behind every day!

Health professionals tell us that “we are what we eat” but it is equally true, for the rest of our lives, that “we are what we learn”... every day!

### **Action to Take:**

Make a list of what you will read, listen to and do, on an ongoing basis, to be on the leading edge of what’s happening to your business, your industry and your customers’ lives. Your list should include trade magazines, trade shows and conferences, customer research, working more closely with suppliers, listening to sales and marketing tapes, reading the magazines that your customers read, knowing when to use outside creative people and taking time to think like a customer.

### **CONFIDENCE IS #1**

It is important to understand why people buy... and why they don’t buy. Every five years a leading advertising trade magazine asks thousands of people to rank, in order of importance, various factors affecting their buying decisions. In their most recent survey “**Confidence**” was rated #1, Quality was #2, Service #3, Selection #4 and Price was #5. Personally, I think they missed the real point by not asking the all-important follow-up question... “*Exactly what is it that you want to be confident about?*” I think that when people rank “Confidence” #1 what they’re really telling us is that they want Quality, Service, Selection and Price! They want it all and they want to be confident that they’re getting it all... and that’s why they put “Confidence “ #1!! Does that sound like your customers? They want to be confident that you understand them, that you care about them, that you know what you’re talking about and that you will make some of their stress go away! To be your customers’

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Preferred Supplier you must create Confidence. You must become the **Trusted and Respected Authority** on what you sell. Think about the amazing stress-reducing power of these three words... Trusted and Respected Authority!! Isn't that what we all want in every part of our business and personal lives?... A Trusted and Respected Authority with the knowledge, the skill, the integrity and the caring to help us "get it done" and who won't let us down!

You can't be an expert on everyone's stress and you can't make everyone's stress go away. Don't even try! Select a specific target customer group, a niche market. Become an expert on their stress. Become their Trusted and Respected Authority!

### **Action to Take:**

Remember, "Confidence" is #1! Create a small team of your best people to look at every part of your business with you. Remember to think and feel like a customer. Make a list of everything you see and feel in your business that destroys customer confidence... everything that creates confusion, resentment or doubt, or causes stress... and then create a list of the specific things that you will change or do to create more confidence, so that you will become the Trusted and Respected Authority in your market. Assign responsibility for each improvement to be made, along with dates for progress reports and completion.

### **THERE ARE 4 "CURRENCIES" IN PEOPLES LIVES...NOT JUST ONE:**

Another important thing to understand about your customers is that people have four "Currencies" in their lives, not just one. A "currency" is anything of value to people that they don't have enough of. Because it is so easy to think that there is only one currency in people's lives... "Money"... it is also easy to think that you have only one way to compete, which is to cut your price! But when you understand that there are actually four currencies in people's lives...

- **Money**
- **Time**
- **Feeling Safe**, and
- **Feeling Special**

There are hundreds of ways to compete that are not cutting your price! Some purchasers (fewer than you think) are motivated only by price. Donate them to your competitors! You'll never make money on them anyway, unless you're confident that you will always be the lowest cost provider in the market. For many of us "Time" is the currency of the 90's... and we all want to feel more Safe and more Special in this stressful world!

It is important to realize that people will give up some of one currency to get more of another. For example, people frequently pay more Money to save Time, feel more Safe or more Special. Others give up time to feel more Special by waiting three months for a "made to order" car when there are 50 on the dealer's lot that could be driven away today. And some people are prepared to pay a lot of Money and give up feeling Safe in order to feel Special... how else can you explain bungee jumping?

Have you ever paid more than \$40.00 for a watch? A \$40.00 watch will get you everywhere you want to go, on time, for the rest of your life, guaranteed. So, if you've paid \$1,000.00 for a watch, for example, you paid \$40.00 to get places on time, which would seem to be the purpose of a watch... and \$960.00 to feel Special! Money is important, but clearly there is huge bottom line potential in helping customers get more of the other three currencies.

### **Action to Take:**

Used in combination with the other insights of Human Marketing described in this article, the idea that your customers have four Currencies in their lives will be a powerful marketing tool for you whether you sell products or services to corporations or to consumers.

Start a "Four Currencies Idea File" today. Thinking and feeling like a customer, crank up your creativity and start listing all the ways that you can save Time for your customers and make them feel more Safe and more Special! Use your life experience when you're a customer to help trigger your creativity. Remember, life is free research!

Also, focus on the many ways that you can save your customers Money without actually cutting your price and destroying margins. For example, a service station that regularly checks and maintains your fluid levels, fan belts and tire pressure can help you save thousand of dollars over the extended life of your car and can "own" you for life without cutting the price of their gas.

Get your staff involved in finding ways to make all four Currencies work for you. Use a team approach, create a contest, make it fund and you will be amazed at their creativity!

### **REDEFINE YOUR BUSINESS BY HOW YOU ADD VALUE TO PEOPLE'S LIVES:**

Now that you have a better understanding of your customers, how do you make some of their stress go

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away? First, you **Redefine** your business. Most companies define their business by (A) **what** they make or sell or (B) the **process** by which they do it today and since what they do and how they do it must change constantly, they fight and resist change as their ongoing enemy... and they could be out of business before they know it! Do not define yourself by what you do or the process by which you do it. **Define yourself by how to add value to people's lives** and you will prosper forever! You will welcome change and use change to add more value. Instead of being your enemy, change will be your ongoing, competitive advantage.

My favorite example is ice boxes. The companies that made ice boxes in the 1800's made a lot of money... everyone needed an ice box! But if they defined themselves as being in "the ice box business" they were put out of business in 1917... by refrigerators. If, however, they had defined themselves by how they really added value to people's lives... "*We're in the business of making food last longer*", they would constantly have been researching and designing better ways to make food last longer... they would have been the first on the market with refrigerators... and they were not! Carrying on with their definition of "*making food last longer*", today they would be pioneering irradiation technology as the next logical step because over 75% of the world lives in hot, poor, emerging nations that cannot afford the expensive infrastructure of refrigeration from farm to table. "*My grandfather made ice boxes, my father made refrigerators and I'm developing irradiation technology*"! it never ends. You just keep adding more value to more people's lives while creating an extraordinary life for your self and the people you love in the process!

The steel industry in North America has struggled terribly in the past 15 or 20 years because they defined themselves as being in "the steel business" while their biggest customers, the auto makers, were doing everything possible to reduce the amount of steel in every car. It's heavy and it rests! If the steel companies had defined themselves as being in the "autoparts business" (it's auto parts that add value to a car) they would have been searching for better ways to produce auto parts and they would have switched some of their resources to plastic moldings and aluminum fabrication.

Years ago Motorola introduced their Quasar line of TV's. They advertised and promoted their "value added" idea of "works in a drawer" that made TV's much easier to repair. The only problem was that at that very same time Japanese manufacturers introduced TV's that were so well made that they never

needed repair at all. When you **Redefine** yourself by how you add value to people's lives make sure that you set your sights high enough!

### **To Action Take:**

**Redefine** your business by how you will add more value to your customers' lives in a way that will make some of their stress go away, better than your competitors. Do this by completing this sentence, "*We are in the business of helping people...*" When you define yourself by how you help people, you will then ask the magic, golden question, "*What kind of help do they need?*"...and because people need so much help, you'll never run out of great marketing and service ideas.

For example, when I recently spoke to a large mortgage company, I asked them what business they were in? They replied, "*We sell mortgages*". "*No!*", I said, "*You're in the business of helping people buy homes and helping builders sell homes!*" This simple shift in thinking is so powerful!

### **CREATE A SERVICE MISSION:**

Now that you have redefined your business by how you add value to people's lives, use this new definition to create a Service Mission that states specifically what you will do, every day, without fail, to add more of that value. This is not one of those cosmetic seven line mission statements that some companies put up in their lobbies. This is a complete action plan stating, in detail, what you will do to help make some of your customer's stress go away, better than your competitors.

### **Action to Take:**

Create a small task force of the best minds and hearts in your business to help you develop your specific, detailed Service Mission complete with an analysis of the financial resources, human skills and documented procedures required to make it happen wonderfully and consistently. Invite a few of your brightest customers to meet with you for a few hours to tell you what stresses they face in their business and how you can help. Give them two weeks advanced notice and ask them to come with a list. Afterwards, reward this Customer Advisory Group with dinner at a wonderful restaurant and they'll love you! Make this advisory meeting a semi-annual event to keep yourself in touch.

With the help of customers and staff you will create dozens of ideas to improve what you sell and how you sell it.

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For each element of your Service Mission, document standards of performance, procedures and expected outcomes that are measurable in some way. For example, one element of your new Service Mission might deal with delivery problems. *"Our customers complain that slow deliver is costing them sales and profits"*. To correct this, set a new standard that 100% of all orders will be shipped within 24 hours. To achieve this, involve your staff in upgrading your inventory control systems, reconfiguring the warehouse and shipping areas, training all order processing staff, redesigning the order entry system and creating close partnerships with the best parcel delivery companies. As part of your systems redesign, each order is clocked in and out resulting in a daily exception report listing all orders not shipped within 24 hours. You then notify your customers about your new and improved service, backed up with a confidence-inspiring guarantee. Announce to customers and prospects that you are now in the best position to reduce their inventory, increase their sales and profitability... and then give them three or four great ideas as to how they can use your fast service to build stronger relationships with their customers and add more dollars to their bottom line! The *"expected outcomes"* are that all orders will go out within 24 hours, that deliver complaints will be reduced from 90 per month to 10 and that sales will increase by 4%.

For each element of your Service Mission work through a similar process. Communicate your new mission to each of your staff, tell them why it's important and make it a part of every employee's everyday life!

**NOTE:** Many clients find that our Complete Audio and Video Seminars and Implementation Workbooks are an excellent way to get all their staff involved in creating, understanding and supporting their Service Mission. See the note at the end of this article on how to order.

### **STAND OUT... STOP FITTING IN!!**

The objective of Human Marketing is to be the Preferred Supplier of what you sell... but being "Preferred" is a four step process.

1. First you must be **Noticed**,
2. Then you must be **Remembered**,
3. Then you must become **Trusted**,
4. And then, and only then, will you be **Preferred**.

### **Action to Take:**

Stand out...stop fitting in! Have your team of "best people" analyze how you look, sound and perform in every part of your business... your People, Products

(or services), your Premises, Packaging, Pricing, Presentation, Promotion, Printed Material and your total corporate Personality. Think about how you can improve each of these "9 P's" to create more Confidence, deliver more of the four Currencies and to be Noticed, Remembered, Trusted and Preferred. For each part of our business, dare to ask yourself, *"How can we do this so wonderfully that it will make us 'Famous'?"*

### **EMPOWER YOUR STAFF:**

Only a talented, trained, empowered and committed staff can deliver your Service Mission and build Preferred Relationships with your customers. To receive a complimentary copy of our insightful article on "The 8 Essential Steps to Finding and Keeping the Best Staff" fax your request, including your name, address, phone and fax numbers to us at (416) 252-3705.

### **MOST ADVERTISING PROBLEMS ARE ACTUALLY FUNDAMENTAL MARKETING PROBLEMS:**

Effective advertising is the process of creatively promising people that you will make some of their stress go away better than your competitors.

Many companies think that they have an advertising problem when actually they have a fundamental marketing problem... they simply aren't doing anything important enough or wonderfully enough to brag about!

Human Marketing is a powerful new approach to understanding your customers' stress and making some of that stress go away so wonderfully that you will be able to create more great advertising ideas than you could ever use! You will be congruent in what you say and what you actually do. You will add more value to your customers' lives and to your bottom line... **and you will become the Preferred Supplier of what you sell... I guarantee it!!!**

### **NOTE: For information on...**

- Making use of this copyrighted article,
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- Ordering our Audio or Video Seminars, or Implementation Workbooks.

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