

# SURVIVING IN A TROUBLED ECONOMY II

by Rudd McGary, Ph.D., AGMA, Inc.

**P**erhaps the most important key to being a strong company in the coming years is marketing: standard practices of past years aren't going to take a company through the '90s. Much of what used to be standard will become old-fashioned and—worse—ineffective. Here are some ideas about the ways in which you need to market to survive in the '90s.

## Attract and retain

Most green industry companies have emphasized attracting customers. This is apparent by strong efforts in direct mail and—with larger companies—in television and radio advertising. The idea was to keep on finding new customers year after year, with the supposition that there was a never-ending supply of them.

Unfortunately for companies which thought this way, the supply is just about used up. By that I mean that there aren't likely to be many potential customers in major metro markets who are just now finding out about companies for lawn and landscape care, as well as construction and design. Particularly lawn care, since advertising for this service has been done for at least a decade. This customer base knows that the services are available and generally has an idea about their costs.

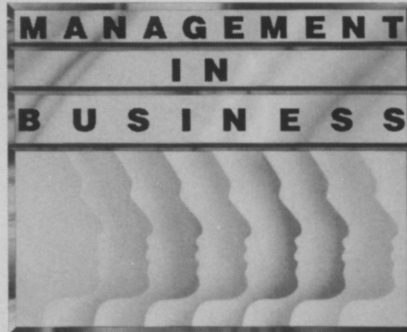
What does this mean for survival? Simply that you had better look at retaining your customers and making sure that your growth is predicated on a strong customer base rather than by trying to replace your customers (or at least a large part of them) each year.

## Retention vs. attraction

Retention is a good marketing strategy, not only for survival, but for any company looking for strong growth.

One reason is that it costs less than attraction. Depending on your budget for advertising, and on how much you budget for retention efforts, attracting a new customer generally will cost three to six times as much as retaining one. Reason enough here to focus on retention.

But the true survival part of this strategy is linked to the fact that if a satisfied customer tells a potential



customer about your services, you're likely to get the business. If you're focusing on retention—making sure that the customer is satisfied—then you're likely to have a strong base of referrals, and growth is likely. Trying the opposite, to attract and not retain, is a sure way to perish.

## The personal touch

A second major part of survival strategy deals with how you treat the customer. If you're interested in keeping customers, you need to make sure that you work on keeping in personal touch. That means several things from a marketing standpoint:

Advertising can be useful, but if you focus on retention and the personal touch, you should shift your emphasis to more personal sales. (This doesn't mean you should go more toward telephone sales. That's not a personal sale, it's a phone call.) You should go more toward a trained sales staff that knows how to explain your services to a consumer in a way that will help that consumer make a decision to buy your company's offerings.

There is a place for advertising, but relying on advertising to bring you new business is not a way to survive. Advertising can raise awareness, but it's not going to help retain your customers and it's not a personal touch.

Instead of mass advertising, you might consider using some of your budget to get people who work on customer retention. If you're in lawn care, you could have people call after the first and last rounds to make sure that the customer is satisfied, with both the results of the service and the way in which he or she was treated. If

you're in landscaping, you should call after your jobs to make sure that the client was serviced in such a way that he or she is likely to refer you to a new customer.

In addition, you might take some money out of your advertising budget and spend it on the office staff. They're the people who will make the first impression on the public, and also the ones who will deal with problems first as incoming calls occur. By finding ways to compensate the office staff for helping to retain your customers, you can help the entire company focus on retention.

At the same time, making sure that you look for a personal touch rather than mass advertising is likely to give you a group of customers who will help you grow through referral and word of mouth—the two most important ways to grow any type of green industry company.

## In short, to survive:

**1) Stop thinking about attracting new customers.** Simply going after new customers each year isn't a good strategy, particularly in times when the word "survival" is being used. By worrying about how you're going to keep customers (and this includes work quality), consumers become the focus of everything the company does.

In a survival mode, the retaining customers becomes more and more important.

**2) Use less mass media and more personal touch.** The days of mailing out large amounts of direct mail pieces and getting a decent return are becoming history. You need to have a good sales force and a good retention force, people that can work with the consumers, in order to survive.

For most companies, taking care of the customer was the way to start and grow. In a survival mode, you should look at what the customer wants and make sure to deliver the service so that customers will want to come back or at the very least, give us a good recommendation. People can choose a lot of different companies for their green services. Those companies that give the personal touch are the ones that will survive and prosper. **LM**