

BUSINESS INTELLIGENCE

Strategies and Trends for the Successful Business

e-REPORT

Provided for members of the



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IDEAwatch

Tips for Growing Your Business

■ **Sell more by turning your prospects into heroes.** Even in a business-to-business sale, you need to show your buyers what's in it for them personally. How do they personally gain? Will they look good to their boss? Save time and effort? Make their customers or employees happy? There's an important difference between "Your company will save over \$50,000 a year with our product" and "You will save your company over \$50,000 a year with our product." People want to be heroes. Make it so. www.sellingpower.com

■ **Can that job candidate really do the job?** To find out, present applicants with an actual assignment. It may be a coding exercise, a sample sales pitch or a full presentation. If the try-out requires the candidate to do research and preparation, pay him or her for the time or delivery as if you were hiring this person to do a small project. It's a small expense to pay to weed out someone who talks a good game but can't do the work. Source: www.entrepreneur.com

■ **Confused about how to rank well in search engine results?** Google search algorithms are notoriously complex and always changing. However, Google's own search engineers have conceded that there's one huge factor that overshadows all the rest — *relevance*. It's not just a buzzword. It's something that Google's algorithms actually measure, and it's what you should focus on when writing copy. But how? Ask yourself: Is the content useful? Does it provide helpful, clarifying and/or actionable insight? Is it related to the intentions of the searcher? Does it meaningfully address their query? Finally, avoid trying to trick the search engines — those approaches will no longer work. Source: www.business2community.com

MARKETING

Drive Buying Decisions with Social Psychology

by Marty Zwilling

MANY ENTREPRENEURS THINK that adapting to new technologies, like smart phones and Internet commerce, is the key to attracting new customers. In fact, businesses need to adapt even more completely to the changes in the buying and social behavior of consumers. High-technology product startups, without customers, don't make a business.

Today's customer buying dynamics are all about "user experience," according to Brian Solis, in his classic book *What's the Future of Business?* This thought leader in new media asserts that every business needs to understand social psychology and rethink their business models, approach and relationships in order to create unique and memorable experiences for both customers and employees.

Solis outlines the heuristics of social psychology that are key to building positive customer experiences today. These begin with the following Cialdini's Six Principles of Influence, which consumers use to make decisions, buttressed by results from various social media surveys that he references in the book:

1. Social proof — follow the crowd. During today's dynamic customer journey, consumers often find themselves at a point of indecision. When uncertain of what to do next, social proof kicks in to see what others are doing, or have done. Survey results show that more than 80% of consumers now receive advice through social networking sites prior to a product purchase.

2. Authority — the guiding light. Perceived authorities guide decision making, by investing time, resources and activity in earning a position of influence, leading to a community of loyalists who follow their recommendations. Most consumers now research online product reviews, blogs, YouTube, Twitter and Facebook, for authoritative guidance.

3. Scarcity — less is more. Greater value is assigned to the resources that are, or are perceived to be, less available. Driven by the fear of loss or the stature of self-expression, consumers are driven by the ability to participate

Discover the six elements that influence customers to take the next step with your company.

as members in exclusive deals. Three out of four people like getting exclusive offers that they can redeem via Facebook or other sites.

4. Liking — builds bonds and trust. There is one old saying in business that is still very true in this age of social media: People do business with people they like. We all have a natural inclination to emulate those we like and admire. Almost 50% of shoppers surveyed admitted to making at least one purchase based on a social media friend recommendation.

5. Consistency — builds security. When faced with uncertainty, consumers tend not to take risks. Rather, they prefer to stay consistent with beliefs or past behavior. When these do not line up in the decision-making cycle, consumers feel true psychological discomfort. The result is that more than 60% of online shoppers are brand loyal due to other online satisfaction data.

6. Reciprocity — pay it forward. Perhaps the greatest asset in social capital is that of benevolence. We have an innate desire to repay favors in order to maintain social fairness, whether those favors were invited or not. Every month, more than 25 billion pieces of content are shared on Facebook alone, with a major portion oriented toward reciprocity.

Social psychology in general deals with how individuals relate to one

continued on page 3

■ **Is your to-do list stopping you from reaching your goals?** The problem with to-do lists is that, in the race to the bottom of the list, many people realize there is no bottom. Even worse, to-do lists allow you to avoid the most important tasks because everything appears equally important. Instead, buy a stack of post-it notes. Each day, write down on the post-it note the one thing you can accomplish today that would have the greatest impact on your goals. Anytime you feel your mind start to wander, stop, look at your note and refocus. Once you're done, go back and work on the lower priority tasks.

Source: www.jotform.com

■ **When a prospect says they're not interested,** do you say "Can I give you a call in six months or so?" Out of guilt, most will say "yes" even though they have no intention of ever buying from you. Six months later, you uneasily skip past the contact's record along with all of the other names you regularly recycle. A better approach is to determine up front if these prospects will ever buy from you. Ask, "Under what circumstances would you ever see yourself considering another vendor?" Their answer may open the door for a potential opportunity down the road. If they won't answer your question, write them off, move on and feel good that you got a final decision.

Source: www.businessbyphone.com

■ **The top reason for a repeat purchase** is "it's worth the price," according to a survey reported in *AdWeek*. In other words, there was a decent match between cost and value. You might think this subjective calculation is beyond your control, but there are ways to influence it. 1) Low cost? Show how you stack up pricewise compared to the competition. 2) Choose what you compare your value to. For instance, compare your \$49 report to their cost of commissioning the research themselves or the cost of mistakes that the report prevents. 3) Offer enhanced products or service options that make your regular plan seem even more of a great deal. 4) Point out little extras you provide that you don't charge for.

Source: www.yudkin.com

The key to happy customers? Happy employees

As company leaders strive to put customers first, new research offers insights into how that might be achieved: through engaged and happy employees.

Economists at jobs site Glassdoor discovered a strong statistical link between employee well-being reported on their website and customer satisfaction taken from ratings from the American Customer Satisfaction Index (ACSI), which records the opinions of 300,000 U.S. customers on products and services. A happier workforce is clearly associated with companies' ability to deliver better customer satisfaction — particularly in industries with the closest contact between workers and customers.

They found that each one-star improvement in a company's Glassdoor rating corresponds to a 1.3-point out of 100 improvement in customer satisfaction scores — a statistically significant impact, which was more than twice as

large in those industries where employees interact closely and frequently with customers.

In retail, food service, health care and other industries where the two groups routinely interact, each one-star improvement in Glassdoor company rating predicted a 3.2-point increase in customer satisfaction. Sales associates, cashiers, baristas and bank tellers are prime examples of service workers whose personal experience with company culture (either good or bad) is transmitted daily to customers.

Becoming a customer-centric business is a worthwhile goal. But this research reminds business leaders that becoming more customer-oriented while allowing workplace morale to suffer is a poor and short-sighted strategy. Instead, customer and employee satisfaction should be seen as two sides of the same coin.

Source: *Harvard Business Review*, August 2019

Company e-newsletters: read or delete?

Your customers may be subscribing to your email newsletter, but don't assume they're reading it. That's the takeaway from a study by Blue Fountain Media. According to the survey, 55% scan the headlines before reading anything, and 20% read nothing at all.

What's more, 12% say email newsletters are a nuisance even though they subscribed. How can this be? It may be that 68% subscribe to newsletters just to get discounts and promotional offers — then they're through.

Only 21% subscribe for information about the company, and that may be

part of the problem. Of those polled, 52% say content is too commercial — all about selling products — while others say it's too long (21%), boring (19%) and too basic (8%).

Even worse, 32% say half-baked content leads them to question use of the product or service, and 10% say that bad content makes them want to "tear their hair out."

On the positive side, the respondents do like pictures and video — 75% say this type of content drives them to action.

Source: [Mediapost.com](http://mediapost.com), Aug. 14, 2019

New LinkedIn feature helps small businesses

LinkedIn recently announced a new feature specifically meant to help freelancers and small business owners to show their individual expertise by adding the services they provide to their LinkedIn profiles. These services will be highlighted in a new box that will appear in search results.

According to LinkedIn, "members looking for help will be able to filter their general LinkedIn searches for service providers. When you add services to your profile, you'll show up in these search results. For example, if you've noted that you provide account-

ing services, and a member searches for 'accountant,' they'll now be able to see you in their search results with a highlight about the services you provide. From there, we encourage members to message you directly to inquire about your services."

For now, the new feature is only for freelancers and small business leaders who have a Premium Business subscription, but the company anticipates making it available to all U.S.-based freelancers and small business leaders sometime this fall.

Source: [Inc.com](http://inc.com), July 23, 2019

■ **Don't brag about being in the Top 9.** A time-tested marketing tactic is to note that your product is in the "Top 10." So wouldn't it be even better to publicize your place in the "top nine" or "top seven"? No, it turns out. Researchers at Northwestern University discovered that consumers distrust rankings that have unexpected numeric boundaries outside of the norms, such as top seven or top 16. The strangeness makes consumers pause and consider the marketer's intentions and brings doubt to the product.

Source: insight.kellogg.northwestern.edu

■ **Kill off low-performing blog pages** to increase traffic and revenue. When a science supplies e-commerce store pruned blog pages that had little or no organic traffic, total traffic, conversions or links pointing to them, they saw a 104% increase in organic sessions and a 64% increase in strategic content revenue. Why? Because pruning increased the "link equity" to the remaining pages. Link equity is a search engine ranking factor predicated on how links distribute value and authority to pages. The more pages you distribute equity to, the smaller the amount transferred to each page. That's fine if each page is of high quality, but low-quality pages can rob from this important ranking factor.

Source: www.goinflow.com

■ **To encourage productivity in your people** and reward them at the same time, try motivating them with time off. When you give employees a task and a deadline, let them know the quality you expect and turn them loose to complete the project as quickly as possible. If they finish before the deadline, let them take the remaining time off as a reward. One-time projects such as inventory or clean-up are ideal candidates for this tactic.

Source: www.ithinkbigger.com

Bank loan approvals up, interest rates down

Entrepreneurs who have a good credit history are having success in securing capital in 2019. Approval rates for small business loan applications rose to another post-recession record (27.7%) at big banks (\$10 billion+ in assets), while also climbing above 50% at small banks in July, according to the Biz2Credit Small Business Lending Index™.

This news comes on the heels of an announcement by the Federal Reserve last month that indicated interest rates would actually decline for the first time in years. If ever there was a time to apply for small business funding, now would be that time.

While the Labor Department's Jobs Report numbers, released August 2, slightly exceeded expectations, small business owners are expressing concerns about a tariff war with China, which could cause them to reconsider holiday season hiring and expansion plans.

Small business loan approval rates among alternative lenders dropped three-tenths of a percent to 56.8% from 57.1% in June. The renewed strength of bank lending to small businesses has negatively impacted alternative lenders. High-quality borrowers can get cheaper money at banks, but those with mediocre credit histories may still find that alternative lenders are the only ones who will fund them.

Credit unions fell below the 40% mark in July for the first time since Biz2Credit began analyzing small business loan approval percentages in 2011. Currently, credit unions are approving 39.9% of loan applications, which represents a record low point.

If you have decent credit scores and a solid business plan, capital for expansion and growth are accessible. It is a good time for small business borrowers.

Source: Forbes.com, Aug. 6, 2019

Social Psychology continued from page 1

another. In today's social networks, the social economy is defined by how people earn and spend social capital. Based on the commerce of actions, words and intentions (or actions, reactions and transactions), people build their own standing. Startups earn relationships and resulting stature the same way.

Another aspect of the social psychology of consumer buying today is the four stages where customers take actions that move them toward you or away from your startup. These are sometimes called the four moments of truth:

- **Zero Moment of Truth.** The few moments before people buy, where impressions are formed and the path to purchase begins. It is that moment when consumers grab their laptop or mobile phone, and start learning about a product or service.

- **First Moment of Truth.** This is what people think when they see your product and it's the impressions they form when they read the words describing your product.

- **Second Moment of Truth.** It's what people feel, think, see, hear, touch,

smell and (sometimes) taste as they experience your product over time. It's also how your company supports them in their efforts throughout the relationship.

- **Ultimate Moment of Truth.** It's that shared moment at every step of the experience that becomes the next person's Zero Moment of Truth. This one is required to generating word of mouth, advocacy and influence.

So for all you technologists who routinely focus their resources on a great product ("if we build it, they will come"), it's time to balance the business success equation. Learning how to craft and nurture great customer experiences around your product is critical. The future of your business these days depends on it.

Marty Zwilling is CEO and founder of Startup Professionals, Inc. He serves as an advisory board member for multiple startups, ATI Angels Selection Committee and as a venture mentor at Arizona State University. His writing has been published by *Inc.*, *Forbes*, *Entrepreneur* and *Huffington Post*. Follow him on Twitter @StartupPro.



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