

# The more focused the marketing, the higher return on investment



## FOCUSED MARKETING

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Marketing is the lifeline of any business, but many companies are marketing to people who most likely never will be their clients. The single most common marketing mistake in both

small and large businesses is a lack of focus.

Finding those prospects who are the most likely to become clients is the essence of local or focused marketing. To focus its marketing efforts a business should:

- **Define its geographic trade area.** This is especially important to retail businesses and family restaurants. To gather personalized demographic information inexpensively, business owners or managers can simply ask some of their regular customers where they live or come from when dining or shopping. This can be done verbally or in a written survey with a special offer for those who complete and return the form.

The trade area of most retail stores has only about a five-

mile radius, as most people will drive no further than five miles to eat at a quick-service restaurant or make a minor purchase. Special occasions or special offers often cause people to drive a little further but will rarely make them long-term customers.

Knowing that the majority of a business's customers will come from within a five miles radius, marketing efforts should be directed into that area. Marketing and advertising should be measured against weather it will reach those in the trade area. For example, consider a radio campaign.

Many small businesses consider radio to be the brass ring of advertising. The cost of a standard three-week radio campaign in Houston starts at about \$30,000. A radio campaign certainly will reach the trade area, but it will also reach the other 98 percent of Houston. The money used to reach the 98 percent of Houston that will never provide customers could have saturated the more limited trade area for an entire year with local paper advertising, direct mail or event marketing.

- **Know the customer.** Future clients are likely to be much like current clients. It stands to reason that market-

ing efforts should be aimed towards those people with similar wants and needs. All customers, however, are not created equal.

Many times business owners and managers say, "If only I had 100 customers like 'Mr. Smith' my business would be so much better." That being the case, the same people who want 100 Mr. Smiths market to every "Tom, Dick and Harry."

Since a certain customer type is best for a business, build a profile of the top 20 percent of the client base, and market to those who fit the profile. The cost will be greater per new customer, but each new customer will be more profitable, because each is a Mr. Smith.

In addition to demographic information, consider where future clients live, work and play. A business owner or manager who knows what interests his firm's prospective customers and where they are can place his message there. By focusing on probable customers, the expense of getting the message out is greatly reduced.

A business that caters to working families may use fliers at day care centers. A health food store might buy space on an ad board at a health club. Each business will reach its

target market for a fraction of the cost of traditional media and will not waste money marketing to people who are unlikely to be customers.

- **Consider cross promotions.** One simple and effective way to put knowledge of a trade area and customer profile to use is to arrange a cross promotion. One business chooses another non-competing business with a similar customer type within both businesses, trade area.

On the most basic level, a cross promotion has both participants handing out an offer or information for the other. A more creative partnership might include signage in both locations, sampling and demonstration of products. Anything that will generate interest or drive traffic to a cross promotional partner should be considered.

A cross promotion is inexpensive and effective and made more so by creativity.

The ability to focus on a probable customer and trade area will help any business maximize its profit at minimum expense. ■

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