**Week 3: Career Connection**

Nate Bachmeier

MKT 571: Marketing

University of Phoenix

November 14, 2016

Career Connection: Customer Relationships and Satisfaction

Uncle Sam Accounting and Tax Preparation needs to improve their customer relations and increase the satisfaction levels. To accomplish this they need to: examine the local market; develop a strategy for attracting audience; build long-term relationships and strong customer loyalties; define measurements of success; and build a message for attracting new clients.

# Explain How Each Type of Business Might Segment the Local Market

The company cannot solicit their services to everyone as that would be highly inefficient and too costly. Instead they need to look at the local market and segment it based on different characteristics (Keller, 2013). This will enable the company to focus a targeted message on a group of similar people, increasing the probability of success.

## Demographic Information

The first segmentation is by demographics such as age, gender, and nationality of origin. This can be helpful to identify strengths and weakness with different approaches (Cooper & Schindler, 2013). For instance, if the 1/3rd of the population speaks Spanish as their primary language, then posting ads in Spanish might be beneficial. Though at the same time if no one speaks French, then there is little value to have French advertising.

## Behaviors and Psychographics

Psychographics are clusters of people that share the same interests and lifestyles, as one another (Keller, 2013). Identifying these groups can allow the business to have one message which is applicable to the broader collective, while still feeling personal. For example, if the community has a large LGBT movement; there could be value in promoting support for their equal rights. This will lead to the group viewing Uncle Sam Taxes as people a member instead of an outsider. Once the business is blessed by the group, it will be easier to continue expanding into that market (Mintzberg, 2014).

However the opposite can also become true if the business takes a stance, which alienates a psychographic group. An example can be seen with Chik-a-Fil when they became publicly outspoken against the LGBT community. Their hope was to encourage more Christians into the restaurant, however they ultimately lost business.

## Geography

Another dimension of market segments is the geographic distance and availability of the customer (Keller, 2013). Imagine a local pizza delivery company, they would gain little value advertising across the state. Even if they could gain the business of those customers it would be not be cost efficient to deliver the pizza. The customer, business, and poor delivery person would have all have a poor experience. Instead the business needs to identify candidates that have a high probability of building positive relationships with.

## By Service Benefit

Uncle Sam’s Taxes needs to identify customers that will find value in their services and gain the most benefit. Through the clear benefits of having the service, the customer will seek to continue doing more business. This eases the burden on Uncle Sam, as they can invest more time into the product and less into customer retention.

The tax firm may decide to sell more of their premium services, which are of little use to households but useful to businesses. In this scenario the company would have a clear audience and could efficiently work to provide that message. For example, Uncle Sam might sponsor a professional group or advertise in business journals; knowing that these will be viewed by their specific demographic.

# Develop a Strategy for Attracting the Target Audience

After the target audience has been identified the next step is to create a strategy to attract and entice them. This requires successful demonstration of the 4-Ps: product, price, placement, and promotion (MediaGroup, 2009). Each of these features needs to be carefully implemented so that the customer will feel they are getting the best use of their money.

The first area to address is the product itself, which is tax preparation services. For many households, this is commoditized task which cheap software can solve. To differentiate themselves, the business needs to explain how their service is superior to the program (McConnell, 2014). They might focus on areas such as: depth of knowledge; comfort of confirming accuracy; or assistance across the broader financial life cycle.

Next is setting the price to the right level so that it’s still affordable, but not too cheap that it lowers expectations (Keller, 2013). As part of finding the right price level the business will need to survey its competition. This might also include talking with potential customers and finding their ideal price range.

Along with price comes promotion of the product and price to express the value of the service. The promotion needs to give additional value, encourage hast, or provide some incentive start the service. For example, HR Block offers to perform basic tax returns for free (Kimmel, 2016). When the customer accepts the deal, they are starting a relationship with that firm. Then at some point in the future they will need a premium service, and choose HR Block to do the work.

Finally placement of the service is important for attracting and confirming the legitimacy of the business. Imagine the difference between arriving at Uncle Sam Taxes and finding their location is: huge building on Wall Street, in a strip mall, someone’s basement, or someone’s car. Each resonates different ranges of expectations toward the price and quality of service.

# Develop a Strategy for Building Long-Term Relationships with Customers

The next step is to build a brand to cultivate the customer loyalty, and encourage customers to be lifelong subscribers. This increases the number of opportunities to win their business, which helps to grow our overall market share. To accomplish this the business needs to leverage CRM, direct marketing, social media, public events, and reward programs.

## Customer Relationship Management (CRM)

Customer’s love to walk into a company and have everyone know them by name, and be aware of their previous interactions. Similarly businesses want to know which customers generate the most revenue or have stopped shopping recently. To manage this lifecycle businesses often use Customer Relationship Management software (CRM).

Using CRM software allows the business to identify which customers need additional attention. It also helps sales and support teams know what existing product the customer has purchased in the past. That information can be used for upselling as they provide integrated product suites (Keller, 2013). All of these personalized details drive engagement and continue the relationship.

## Personal Communication/Direct Marketing

Another strategy to cultivate engagement is to send personalized messages and offers to existing customers. For instance, Uncle Sam Taxes might send out Christmas cards to each of their previous customers. Many of those cards will be go unread, but a portion of them will remind the customer of the positive experiences they had. This will hopefully lead to a subset of that audience deciding to offer more work to the company (Lind, Marchael, & Wathen, 2013).

## Social Media

Social Media services such as Twitter, Facebook, and Snapchat allow broad open communication between the customers and the brands directly. They vent their frustration with hopes of change, and grant their praise when things work out. Companies are forced to participate in the conversations and try to improve their image where possible.

Recently; Domino’s Pizza heard loud and clear that they were the number 1 pizza delivery company, despite being the worst quality (Keller, 2013). The brand audit showed significant changes were required across the board. Dominos turned to social media with series of commercials pledging to hear the complaints and working to resolve them. Then offered discount codes to entice customers back.

Uncle Sam Taxes could have a successful social media presence by sending out links to helpful financial posts. They could encourage people to save more and reduce dependency on debt. In turn the customers will start to see the business as being an expert with their best interests at play. This drives engagement toward the brand and inspires additional business with the firm.

## Events and Publicity

Businesses are often concerned with long term supportability concerns (Keller, 2013). These stem from the idea that the service provider is dyeing, or won’t be there to honor the warranty. To mitigate these risks businesses will often sponsor events or participate in public displays. This keeps the idea that the brand still exists and is continuing onward.

Another benefit of continuing to be in the spot light is the brand reinforcement which encourages people to continue using it. Consider TiVo, which was the first successful digital video record product for home use. They sold millions of units then failed to keep the brand in publicity, eventually fading into the background.

## Reward Programs

Another method for retaining customers is to give them a reason to keep coming back. Hair salons and fast food diners have enjoyed a long history of promoting buy 10 units get the 11th free. This encourages the person to continue frequenting the same location; while neglecting the competitors as it does not align with their goal. When the customer finally gets their free cheeseburger, they will still purchase fries and a coke to go with it. Everyone is happy with the arrangement, as no one really loses out.

# Discuss Three Methods for Measuring Customer Loyalty

The next challenge that needs to be addressed is measuring the success of the customer loyalty program. Simply having 1,000,000 people signup does not produce value, instead the focus needs to be around engagement. The measurements need to articulate: what is the engagement growth; how much revenue is that growth generating; and is that growth sustainable?

For engagement growth, the business could measure how many customers are returning customers. Based these rates, the company can tell if they are continuing to expand into new markets or are becoming stagnate (Lind, Marchael, & Wathen, 2013).

Next they need to identify how much revenue is generated by loyalty customers, as they return back for more. Based on the purchasing trends the business should be able to tell the successfulness of the loyalty program. For example, the business might have a promotional 10% off for loyal customers in Seattle. If the revenue from those customers increases higher than the cost of the promotion, the business knows to roll it out more broadly (Kimmel, 2016).

The final point to measure is the sustainability of the loyalty program. At the far extreme, all repeat customers would receive 100% off their order. This would increase engagement and sales, but not create any value for the company. The program needs to create value for the company and be net profitable. To measure this the business needs to understand how much the promotional will cost, then compare that against the expected gains. If the costs start to exceed the gains, then the program needs to be canceled (Kimmel, 2016).

## Questions to Explore

The easiest loyalty program to start would simply ask the customer for their phone number at time of purchase. Customers do not hesitate to give out this information and it functions as a unique tracking number. When they give you that same number later, their anonymous history can be stitched back together.

## Creating a Survey

A common method to find out what customers think involves asking them to fill out a survey. This can ask questions around their experiences with the brand and what they loved and hated. To standardize the results answers can be scored from 1 to 3 or with “agree/disagree” responses (Lind, Marchael, & Wathen, 2013).

The survey could specifically target on the persons demographics and which social groups the person associates. These facts will help to paint the broader picture of who is visiting the stores. Encouraging the staff to converse with the customers to help tease this information out. Another benefit of listening process is that customers feel appreciated and it encourages additional

# Develop one or More Messages

The final phase is to develop a message to the customer which tells them who the business is and what they stand for. This message should convey quality products which beneficial to the customer.

## Attracting the Target Audience

The first activity in the process is to attract the target audience by clearly communicating the brand’s promise. Uncle Sam’s taxes could run commercials with the slogan: “Done right the first time.” This expresses the desire to be accurate and provide the correct solution for the customer.

## Maintaining a Strong Relationship

The second activity in the process is to retain those relationships, which requires making the customer feel remembered and important. The business can do this by sending periodic offers and personalized greetings. A common example is coupon during the person’s birthday month.

The customer needs to feel as though they are valued, as they are valued. Without the customer the business would have no revenue and would go bankrupt. The two need each other in order to be successful.

# Conclusions

In order for our products to be successful they need to have a targeted audience. To discover that audience one needs to look at demographics and other dimensions of the market segments. These facts will help drive the conversation on who will be the focal point of the attraction.

Next a strategy needs to be designed to get the customers in the front door, then retain them through long term relationships. These relationships are cultivated through social media, rewards programs, and direct marketing campaigns.

The quality and strength of these long term relationships needs to be measured. This requires mechanisms to measure engagement, quantify revenue growth, and ensure the offerings are sustainable. Finally a consistent message needs to be provided to the customers to let them know that quality and long term commitment can be found here.

# References

Cooper, D., & Schindler, P. (2013). *Business Research Methods.*

Keller, K. (2013). *Marketing Management.*

Kimmel, P. (2016). *Accounting: Tools for Business Decision Making.* McGraw-Hill Education.

Lind, D., Marchael, W., & Wathen, S. (2013). *Statistical Techniques in Business and Economics.* McGraw-Hill Publishing.

McConnell, B. F. (2014). *Economics.* McGraw-Hill.

MediaGroup (Director). (2009). *The Four P's: Marketing Strategies* [Motion Picture].

Mintzberg, L. O. (2014). *The Strategy Process: Concepts, Contexts, and Cases.*