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## Transaction vs. Relationship: Which Sells More?

Imagine this scenario:

*In your business or organization, you are the person responsible for sales and marketing activities. It's the time of year to formulate next year's plan and determine how much executing it will cost. Will investing in transactional marketing strategies or building relationships with customers yield the best results?*

On the one hand, transactional marketing—which focuses on single, point-of-purchase transactions—can be maximized for transaction efficiency. This means less overhead costs associated with each sale and, therefore, a higher potential net profit. Transactional sales are appealing to buyers in today's busy world because they take less time and can happen 24/7.

In contrast, relationship marketing focuses on generating sales based on first developing a relationship with the buyer. This means the business must gather and analyze information about each buyer's needs and wants in order to offer products and services that are useful and relevant. Such an approach takes business resources (time and money), which compromises efficiency. The tradeoff is that a relationship with the buyer can lead to customer loyalty and long-term purchasing habits.

### Transactional marketing

The aim of transactional marketing is to generate a high number of individual sales. If your product or service can be used "off-the-shelf" by a broad range of potential customers, transactional marketing may be the right approach.

The role of the customer in transactional marketing is limited. The customer has little interaction besides making the purchase decision. In transactional marketing, a customer's overall value is determined by the size and frequency of transactions—in other words, by individual sales volume.



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Successful transactional marketing is built on four **Ps**:

- **Product:** having a product that meets the buyer's needs and has the features and benefits he wants.
- **Pricing:** having a price point that is competitive and attractive to the buyer while maintaining a good profit margin. To accomplish this, the business must be a low-cost producer—that is, be able to produce the product or deliver the service at a cost below that of competitors.
- **Placement:** making the product or service readily available through an efficient supply chain or distribution channel.
- **Promotion:** using marketing techniques and advertising that makes the product or service readily visible to potential buyers and provides reasons for the buyer to act immediately.

It may seem that transactional marketing does nothing to encourage customer loyalty and repeat business. This isn't necessarily true. If the product or service fulfills a need the customer has and is value priced, the customer will make repeat purchases, and may recommend the product or service to others. Just because a seller has not emphasized establishing a relationship with the buy, doesn't mean that one doesn't exist in some form.

## Relationship marketing

Relationship marketing has a longer-term goal than transactional marketing. It sees customers as having *lifetime value*—the sum of current and future purchases. Viewing customers this way changes the business's focus from maximizing profit based on the immediate sale to establishing a long-term relationship that over the years will result in overall higher sales volume.

Customer retention is a cornerstone of relationship marketing. It is based on a much more in-depth understanding of customer needs and wants than is needed for transactional marketing. Whereas successful transactional marketing only needs to know whether the current product or service meets the customer's requirements, relationship marketing requires knowing what the customer may want or need in the future. This requires more frequent contact with the customer as well as gathering a broader range of information upon which predictions can be made.

It also gives the customer more control of the situation. Customers must participate in the more-frequent contacts, and can withhold necessary information. This makes relationship marketing a longer and more resource-intensive effort.

The long-term benefit of relationship marketing is increased customer satisfaction and better customer retention, leading to a net overall increase in the customer's lifetime value. In addition, since new customer acquisition costs are frequently much higher than the cost selling something new to an existing customer, greater overall profits may result.

## The role of the internet

Technology and the internet have dramatically changed the way customers interact with businesses. Email and social networking have significantly eroded the number of face-to-face interactions between businesses and their customers while simultaneously enabling businesses to communicate much more frequently. Businesses that once relied exclusively on relationship marketing are now offering transactional purchasing using online ordering at the company's website. Search engines and overnight shipping have eliminated geography as a barrier to buying. Manufacturers, who previously relied on their dealers to maintain the customer relationship, now actively participate with instructional and educational features on their websites, blog articles and posts on Facebook pages.

The internet can be a powerful force in supporting relationship marketing by helping businesses build a community of loyal customers, fans and followers. With search engines, a community becomes much easier for potential customers to find, join and be persuaded to buy.

Building an online community begins with understanding your audience—their wants, needs, and motivations to buy. Be specific in developing a profile of those your product or service will benefit most, and craft messages that will resonate with them.

Understand that being part of an online community means having a dialogue. For businesses, that means listening to customer feedback—good or bad—and responding to it appropriately. Today's customers expect to be part of the conversation and to be taken seriously. Don't disappoint them.

An online community provides the opportunity for you to share your expertise, providing advice and answering questions. A side benefit of this process is that you are generating content for blogs and Facebook posts.

## Use a combination

For most businesses and organizations, the best marketing approach is a combination of transactional and relationship. With its focus on the lifetime value of a customer, relationship marketing reminds businesses of the importance of offering a quality product or service accompanied by excellent customer service and responsiveness. It also gives customers a much more active role in the relationship, making it easy and convenient to conduct a conversation with the business.

On the other hand, transactional marketing based on internet purchases provides businesses with a much wider geographic reach and levels the playing field between competing businesses. The requirements of transactional marketing—offering a quality product at an attractive price point that maintains profit margin—and the faster pace of purchases allows businesses to grow sales while waiting for the customer relationship to develop.

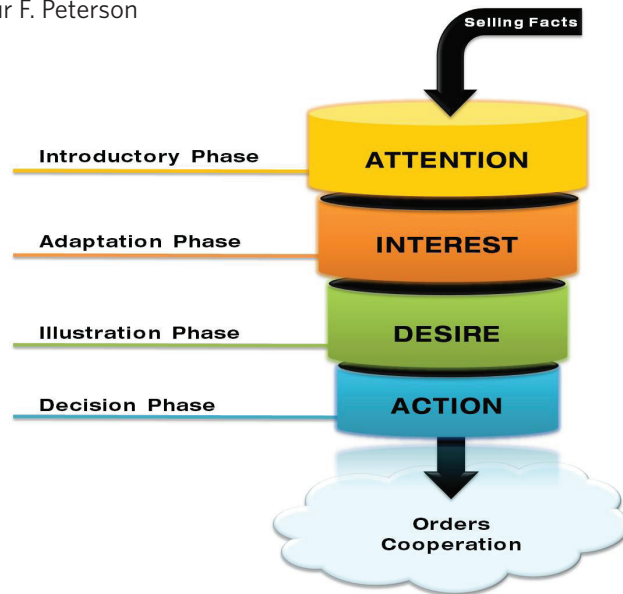
Tim Matthews, author of *The Professional Marketer* and blogger at [www.matthewsonmarketing.com](http://www.matthewsonmarketing.com), recently explained the history of the term funnel to describe the process of prospects becoming customers. Tim states the original image was a kitchen pot, formulated in 1904 by Frank Hutchinson Dukessmith, editor of *Salesmanship* magazine. Dukessmith wrote:

*A sale of any kind has four essential parts: Attention, Interest, Desire and Conviction. Take these in their proper order. Do not mistake polite attention for interest, and do not assume when a desire for possession is aroused that conviction has been reached.*

To help salesmen remember the four essential parts, Dukessmith created the mnemonic AIDC. Later he changed conviction to action resulting in the lasting mnemonic AIDA.

In 1949, pharmaceutical sales and marketing executive Arthur F. Peterson illustrated AIDA as a sales funnel.

AIDA and the sales funnel concept is still valid today, and can be used with digital marketing practices: social media to establish brand identity and awareness; engaging customers to request e-newsletters or other marketing material to establish interest; open and click rates to measure desire; and the buttons on a website to enable taking action.



## What does "The Age of the Customer" mean?



The Age of the Customer refers to the fact that with the internet, customers are able to play a much larger role in the sales transaction than ever before. Not only can customers find information about products and services on demand, they can also find reviews written by other customers and friend recommendations that help with the purchase decision.

The Age of the Customer is marked contrast to the previous situation where sellers controlled both access to information and how it was presented. Comparing one seller to another was often limited solely to pricing without knowing about product or service quality or after-sales support.

Even though businesses may have ceded some control of the sales process in the Age of the Customer, overall the greater access to information and the ability to compare potential vendor benefits customers and businesses alike. Customers can shop any time using any number of methods (telephone, email, online) and make wiser decisions with which they are more satisfied. Responsive businesses that offer good customer service and after-sales support find it easier to compete. In addition, businesses know more about their customers and how to use that information to encourage future sales.

## Idea CORNER

Whether your company selects a marketing approach based on transactions, relationship or both, there is still a need for printed sales material to enhance the buyer's experience.

- If using transactional marketing, during product fulfillment, enclose new product flyers, catalogs, customer-focused newsletters, discount coupons or other material that will inform the buyer and spark interest in another purchase.
- For transactional marketing, you'll need printed brochures, product sheets, other sales collateral material, and professionally printed business cards.

To build credibility with prospects, it is important that your printed sales material match your website. The color palette, choice of fonts, writing style and use of graphics should be appropriate to the medium, but visually coordinated.

If you would like a graphics-related analysis of your web site and printed materials, contact your sales representative at 763.425.4251 for an appointment. We will be happy to assist you.

# VOCAB OF THE Graphic ARTS

**4Ps:** a way of defining marketing mix (the choices a business must make to bring a product or service to market). The four Ps are product, place, price, and promotion.

**Age of the Customer:** a marketing concept that describes the power of customers who are able to access information about products or services over the internet on demand.

**AIDA:** an acronym for Awareness, Interest, Desire, Action. Describes the four parts of the sales process. First developed by Frank Hutchinson Dukessmith in 1904.

**Customer relationship management:** a comprehensive approach to managing a business's interactions with current and future customers. Often uses technology to organize, automate, and synchronize sales, marketing, customer service and technical support.

**Demand generation:** the focus of targeted marketing programs. Drives awareness and interest in a company's products or services.

**Lifetime value of customer:** a prediction of the net profit that can be attributed to the future relationship with a customer.

**Online community:** a viral community whose members interact with each other primarily via the internet.

**Marketing automation:** software and technology designed for marketing organizations to more effectively market on multiple channels online and to automate repetitive tasks.

**Point of Purchase (POP):** the place where sales are made. In retail, the area surrounding a counter where customers pay. Also known as point of sale.

**Purchase funnel:** a customer-focused marketing model illustrating the theoretical journey a customer must travel prior to purchasing a product or service.

**Relationship marketing:** a facet of customer relationship management focused on customer loyalty and long-term customer management.

**Responsive website design (RWD):** an approach to web design that adapts the layout to the viewing environment (desktop computer, tablet or smart phone) using fluid, proportion-based grids, flexible images and CSS style rules.

**Transactional marketing:** a business strategy focused on single point-of-purchase transactions. Emphasizes efficiency and volume of individual sales.

# The Single Most Important Feature of a Landing Page

A landing page is the online web page you direct a customer to via a direct marketing campaign, whether it be printed and mailed, or sent via a broadcast email effort.

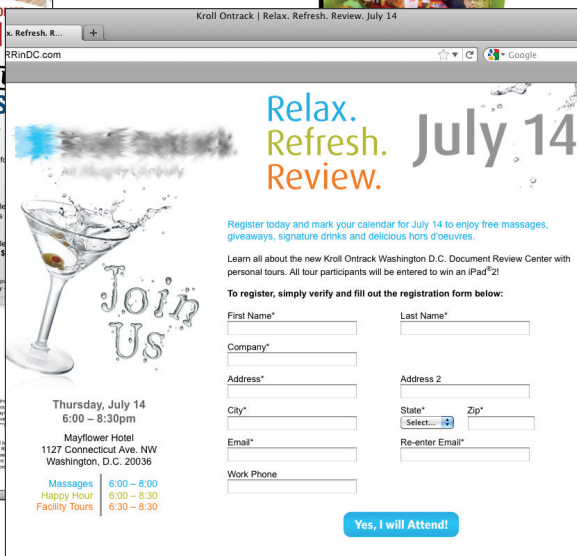
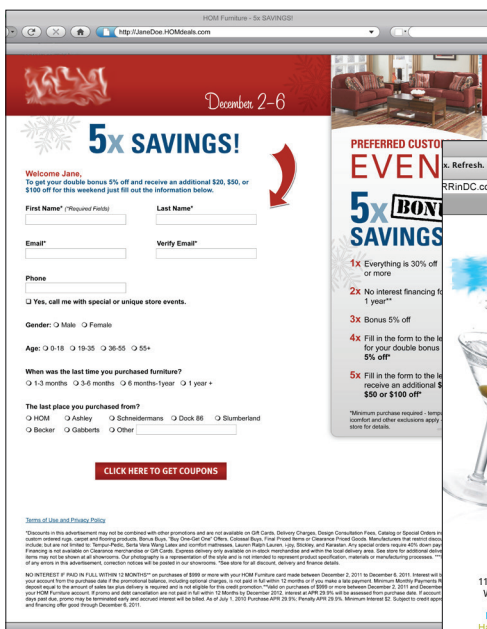
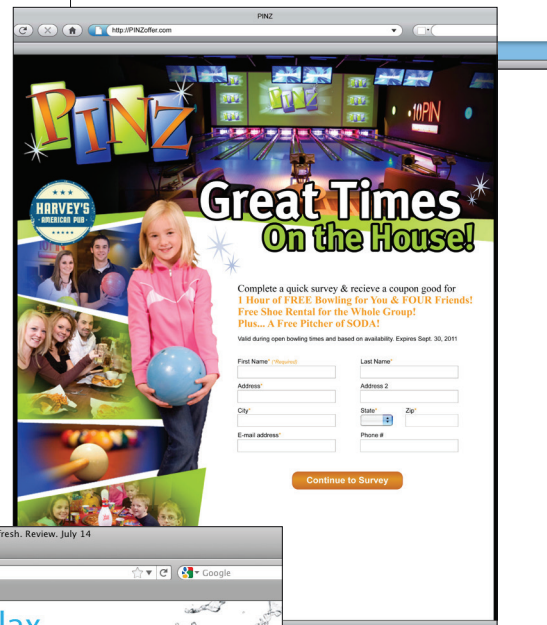
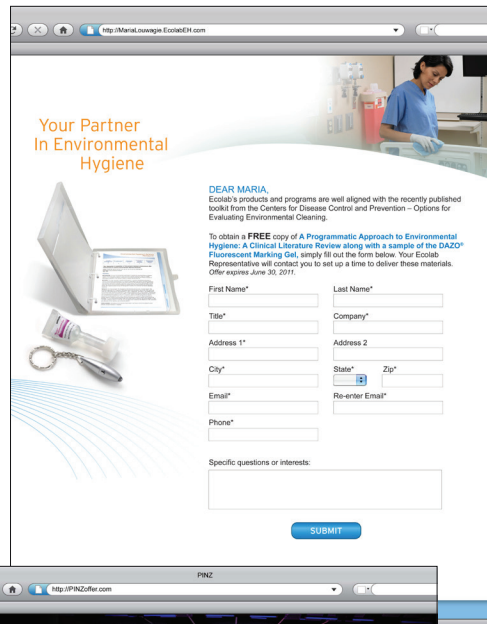
In that way, a landing page is not so different than a call center script or a business reply postcard: it should focus the reader on taking the one action you want them to take as the next step in your marketing effort.

This is known in direct marketing parlance as the 'call to action.'

Put another way, your landing page must motivate the customer to take one action—whether it is to fill out a form to learn more, purchase an item via a product page/shopping cart, or whatever other action you wish to elicit.

That's why it's important your landing pages do not include extraneous links to your default website, to other product links, or to anything else that might motivate the reader to abandon the call to action. For this reason, you shouldn't embed your landing pages in your normal web page structural template, with its variety of links to the content you offer online. These links will just distract the reader from your call to action, and result in a lower conversion rate for your direct mail effort.

We specialize in creating great direct marketing campaigns. That includes creating landing pages that close the deal for you, whatever the deal may be. Let us know if you'd like more information on our services. Contact your sales representative at 763.425.4251 to setup a free consultation.



# Press Releases that Grab Attention

Suppose that your business or organization has just purchased a new piece of equipment or has just launched a new service, and it's time to get the word out. A multi-faceted approach usually works best. This might include taking out ads in newspapers or trade journals, sending out a direct mail package or postcard, or utilizing social media. But one of the most effective methods is sending out a news release. Traditional printed press releases remain one of the best ways to get the news to the right audience, at the right time, very inexpensively.

## When to write a press release

Press releases are meant to help news services do their job . . . getting relevant news and information to their subscribers in a timely manner. Before sending a press release to a news outlet, determine whether or not the news is truly relevant to its recipients—and make sure the news is still current. If it took place quite a while ago, or will not be happening in the near future, the release will be ignored.

A press release is an effective way to communicate a wide range of topics, including:

- Launching a new product or service
- Recognizing key employee achievements
- Announcing the attainment of a goal
- Redesigning a website
- Creating a new app
- Participating in an event
- Establishing a new partnership
- Sharing results of research
- Receiving an award

A press release can also be used to generate a feature story. Reports are more likely to consider a story idea if they first receive a press release. However, because journalists receive so many requests for coverage, to be successful the release needs to:

- Have an eye-catching headline
- Contain the who, what, when, where and why of the story
- And be error free and attractive

## Write an eye-catching headline

The headline, or title, should be an abbreviated version of the press release's key point. Just as newspaper headlines are meant to grab readers, the title or headline of a press release also needs to be attention getting.

The headline is typically in bold type and uses a larger font size than the body copy. Conventional press release headlines use the present tense and exclude articles such as "a" and "the."

A common way to create the headline is to use several of the keywords from the body copy to create a relevant and interesting title. Likewise, use the same process if you plan to have a tagline that clarifies the purpose of the release. Plan on writing the headline several times before you create a satisfactory one.

## The body copy and the 5 "Ws"

The press release should be written just like you want it to appear in the news story. Reporters are very busy; they don't have time to research your company's information. What you write is typically what will be in the journalist's version of your event.

Start with the date and city in which the press release originates. The first sentence should grab the reader's attention and say precisely what the release is about. The body copy should be brief. The first paragraph should summarize the press release; following paragraphs should support it.

Communicate the 5 "Ws" very clearly. The who, what, when, where and why should tell the reader everything they need to know:

- Who is this about?
- What is the actual news?
- When does this event happen?
- Where does this take place?
- Why is this news?

Once you have written the basic information, go back and fill in with more detail. The more newsworthy you make the press release copy, the better its chances are to be used.

## Make it error free and attractive

Because press releases are so inexpensive and effective, your submission will most likely be one of many that will be received by the news service. To make sure yours stands out, it needs to be error free and have a very professional appearance.

Traditional hard copy press releases that are mailed or personally delivered must be on nice paper similar to your letterhead. Using letterhead is not recommended, but if you have second sheets that only have your logo on them, they can be used. Or, if you plan on sending out quite a few releases, it would be desirable to have printed press release blanks that complement your letterhead.

When an editor looks at your story, they are first considering if it is appropriate for their audience and, secondly, if it appears professional. Make sure you have: correct spelling; good grammar; it's printed on nice paper; and all the major points are clearly covered. Reporters and editors will appreciate the fact that you've helped make them look better, and will be watching for more releases from you in the future.

## The basic structure

Finally, it's important to make sure everything in the release is organized correctly.

- **FOR IMMEDIATE RELEASE:** should go at the top of the page at the left margin. If it is not for immediate release, the date you would like it to be published should be clearly stated in the same location.
- **The headline:** usually in bold, should be centered below that. If you plan to use a subhead or tagline, put it in italics right below the headline.
- **First paragraph:** this is where the most important information must be located. Make sure to include all key points here.
- **Second and third paragraphs:** this additional information should include the 5 "Ws." This is also a good place to include quotes.
- **Boilerplate:** place the information about your company underneath the body of your release. Describe your company or organization with five or six lines. Typically this would be the same type of introductory information that can be found in your company's brochure or website.
- **Contact information:** if your press release is newsworthy, reporters will like to contact some of the key individuals in your organization for more information or for quotes. This is where you include that appropriate contact information. This section should also contain the company's official name and address; phone, fax and mobile numbers; and email and website addresses.

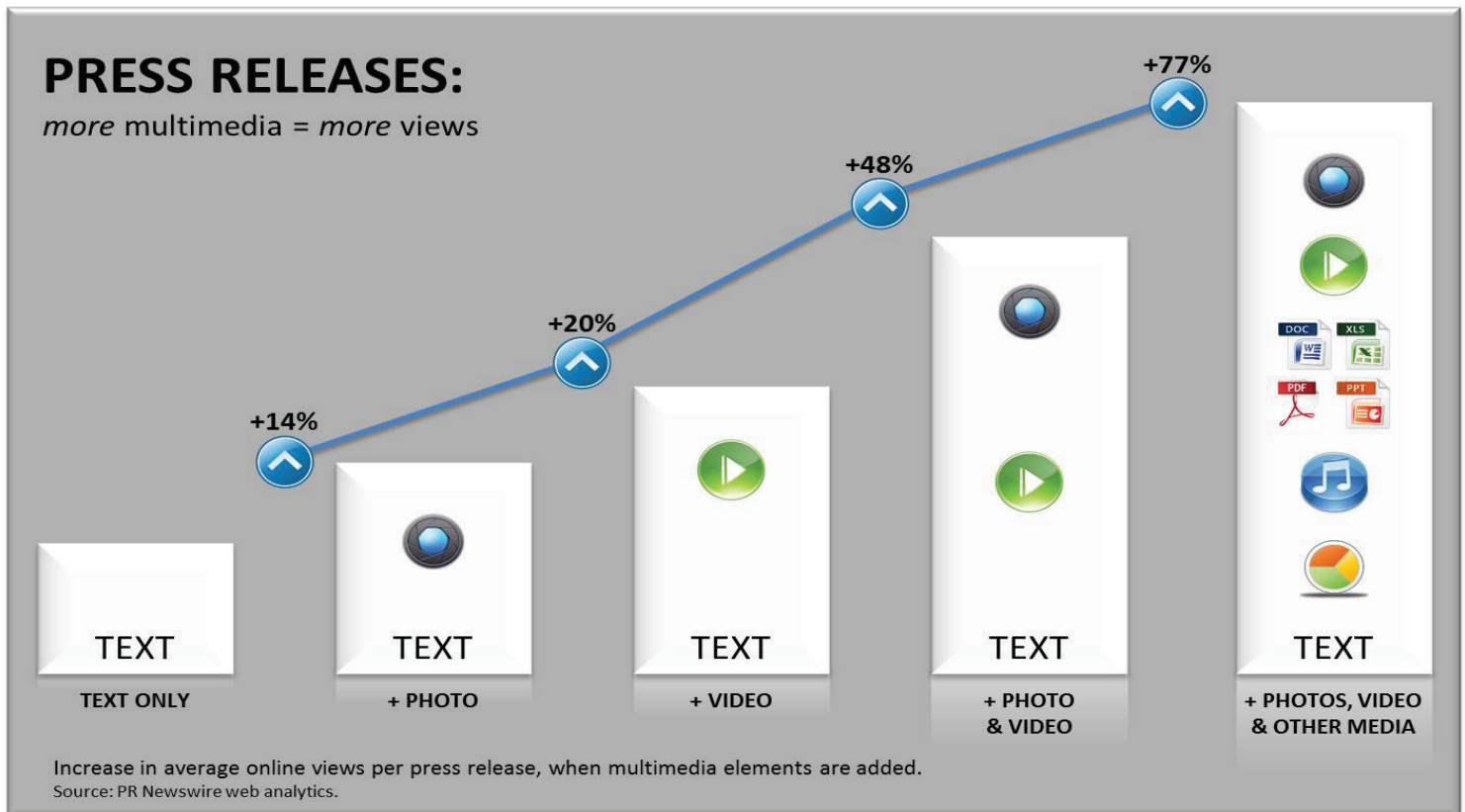
- **Other media:** mention other ways to receive more information such as requesting a brochure or links to websites. Facebook pages, LinkedIn, blogs, Twitter, etc.

## Tie it together

Once you have completed the actual press release, think about what else you can provide that will be helpful to the journalist. Consider including a general brochure about the company, as well as a brochure that is specifically about the new product or service. A personal note is always a good idea, along with your business card. Provide internet links that support your press release. If you have additional information online that readers may find useful, make sure you include the exact address to the location on your website.

Remember, traditional printed press releases remain one of the best ways to get the news to the right audience, at the right time, very inexpensively. Let us know if you'd like us to help you make your next news release stand out, grab attention, and be more effective. To set an appointment, call your sales representative at 763.425.4251.

## Post your press releases online for more views





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*With Gratitude!*

As 2015 comes to a close, everyone at Visions, Inc. would like to extend a sincere THANK YOU for your patronage this past year. We wish you and yours all the best in the new year, and look forward to serving you in 2016.



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