Five New Rules for Marketing

by Jay Conrad Levinson

Marketing is part art, part science and part business. Because it's such a subjective thing, there are few hard and fast rules. But here are five new ones to guide you in your quest to boost your profits with a minimum investment and avoid nasty surprises along the way.

1) The 10/30/60 Rule
All guerrillas know they have three markets. The largest of those markets and the one that represents the least profits to you is called your universe -- everybody within your marketing area regardless of whether they match your customer profile. Guerrillas invest 10 percent of their marketing budget talking to their universe, attempting to move them into their second largest market, one that ranks in the middle for generating profits.

That market is called your prospects, those members of the universe who do fit your customer profile. Your job: invest 30 percent of your budget in an effort to nudge these people into your third market -- your customers, easily your most lucrative source of profits.

Guerrillas invest 60 percent of their budgets marketing to their customers, knowing it costs them one-sixth as much to make a sale to an existing customer compared with marketing to a non-customer. By investing the most in the market that produces the most profits, yet costs the least to reach, guerrillas maximize their total marketing investment.

2) The 1/10/100 Rule
Now that you know the value of customers, don't overestimate their importance even though it ranks very high. Other marketing investments are even more worthwhile. When guerrillas think of marketing, they know where the real power resides and invest accordingly.

A rule guides them to where they should be putting their time and money. It dictates to guerrillas that $1 spent communicating with their own staff is equivalent to $10 spent communicating with the trade and $100 spent talking to their customers. Customers are glorious and the trade very helpful, but never overlook the marketing power of your own people.

3) The Rule of Thirds
Almost every sane small business owner is now marketing online. Guerrillas have learned how to budget their online investment. They invest one-third of it in designing and posting their website, making it look attractive and be very simple to find.

They invest another third of that online budget to attract people to that site, knowing that marketing that site offline is a key to succeeding with it online. The final third of their online budget is used to improve and maintain their site, keeping it fresh and fascinating. By allocating their online budgets realistically, guerrillas make the most of the Internet.

4) The Rule of Twice
I hate to be the one to break the news to you, but even though the price of technology is
dropping and will continue to drop, you've still got to face up to the reality that it will end up costing you twice what you think it will cost to remain truly competitive online as technologies advance and evolve. And you've got to know that you're kidding yourself if you're not staying competitive in that arena.

5) The Rule of The Ruler
You may consider yourself just too busy to attend to run the marketing show. You may have followed in the footsteps of other guerrillas and delegated the marketing function to a designated guerrilla. Still, I think you should know that the very best CEOs in America are deeply involved in marketing and take full responsibility for it.

- While you can delegate the function, you can't really delegate the passion and the vision, making it necessary for you, as the ruler, to take command of the process and keep your eyes on it all along. Follow that rule and you'll never be lead down a garden path by well-meaning but misguided marketing types whose goals may not be quite the same as yours.