

12 QUESTIONS TO ASSESS YOUR MARKETING'S EFFICIENCY

**WITH ANSWERS THAT CAN
SUPERCHARGE YOUR MARKETING ROI**

A white paper for contractors from Tracy Paul, Principal

CORNERSTONE ADVERTISING & MARKETING

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TELL ME QUICK!

Do you believe the measure of a successful home services business is the number of customers included in the field management software (FMS, also called a customer relationship management or CRM system)?

Wondering whether your investment in marketing is proving to be as effective as it could be?

It's easier to make the most effective choices when you're using the right data and understand everything it's telling you.

Spending more money is rarely the right answer. Spending smarter is always the key.

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What your business does is remarkably easy to understand. You install and fix things that make people's homes and businesses work better. Whether your specialty is HVAC, plumbing, electricity, or something else, it's focused on clear steps using proven components.

Then there's marketing. To most home service business owners, it's a source of anxiety. Marketing seems vague, far too expensive, and there doesn't seem to be any obvious choices.

There's an art to more effective marketing – but more important, there's a science built around numbers. You need to measure every aspect of your company's performance at landing, serving, and retaining customers, but doing that in today's omnichannel marketplace involves a more thoughtful approach to the sources of leads.

If you're wondering whether your marketing is as effective as it should be, we invite you to consider a dozen questions that address today's best practices ... and offer insight into how Cornerstone uses them to help our clients dramatically increase leads, revenue, and profits.

1. CAN YOU IDENTIFY THE SOURCE OF EVERY LEAD?

Today's home service businesses invest in all sorts of channels designed to precisely identify and approach likely customers. Pay-per-click advertising is a great example. Unfortunately, few owners are as precise about the leads they get.

If you're not taking the extra couple of minutes to identify the source of every single lead, how can you know which marketing channels are worth your continued investment – and which you might want to walk away from?

It's not as easy as it sounds. Maybe you've been sending direct mail to homeowners six times a year. The recipients of those mailers probably don't keep them, so they aren't likely to access them when they have a need. Instead, they'll probably type

the service they need and the words "near me." When your local service ad (LSA) pops up in response to their query, they see and remember your name, so they're more likely to click on the link and arrive at your website – or simply get there organically.

So what's the true source of that lead? You might assume it's the phone call, but the website is what sealed the deal ... and the customer chose you because they recognized your name, thanks to those mailers. If you simply classify it as a web or phone lead, your mailer won't get the credit it deserves. **That's why whoever answers the phone needs to be trained in how to politely dig a little deeper, so you can gather more accurate data.**

2. IS YOUR BUDGET LARGE ENOUGH TO ACHIEVE YOUR GOALS?

Most marketing consultants respond to every client objective with the same answer: you need to spend more money. We think it's more important to put more thought into your marketing mix instead of simply throwing more money at it. When business owners ask us what their ideal budget should be, we can't give them a realistic answer until we delve into their data and objectives.

You can't determine whether you've budgeted enough unless you have a clear goal for sales and know how many service calls it will take to reach that goal. Once you pinpoint the number of service calls, you need to study your leads to identify how many leads it takes to achieve the desired number of service calls ... and then determine what it will cost you to generate those leads based on your history. If you have six techs who need three good leads a day to meet basic goals, that's a total of 18 leads per day or 90 a week. If the person answering your phone manages to set up appointments with only half the people who call in, you're up to 180 per week.

So, in simple terms, you need to invest enough in marketing to generate 180 leads per week. How can you determine the right number for your business?

3. DO YOU KNOW THE 4 MOST IMPORTANT KPIS?

Key performance indicators (KPIs) are statistics that provide useful information you can track and study. **For businesses like yours, the four most important marketing-related KPIs are the average cost of leads, the percentage you're able to convert into booked calls, the percentage of those calls customers cancel, and your average revenue per job.**

If you don't know the actual cost of leads you're receiving through each marketing channel, how can you compare the effectiveness of each? By dividing what you invested in a particular tactic by the number of leads it generated, you'll arrive at the cost per lead. Now, you have to keep in mind that some marketing channels with higher per-lead costs are still valuable, because they're part of your branding efforts that increase familiarity with your business.

As for the percentage of booked calls, that's a simple matter of looking at the total number of lead calls you receive in which your customer service reps (CSRs) are able to schedule an appointment. If you get 200 calls in a week and schedule 140 new appointments, that's a 70 percent rate. (ServiceTitan's standard for a "lead call" is one where someone is on the phone with your company for at least 60 seconds.)

Don't forget to consider your cancellation rate, too. Typically, booked customers cancel appointments when you're unable to get to them as quickly as they'd like. They call around and find a competitor who can get there more quickly. Say a quarter of your booked appointments end up canceling. That tells us two things. First, you don't have sufficient capacity to meet the demand in your market, so a quarter of what you're spending to get leads is being wasted. Second, consistent cancellations suggest you're booking for quantity instead of profitability (more on that in the next section).

When you know your cost per lead, the percentage of booked calls, and your average revenue per job, it's easy to calculate how many leads you'll need to obtain to reach your targeted sales level. Put another way, you'll be able to determine exactly how much more you need to spend on lead generation to achieve the desired level of sales.

4. IS YOUR AVERAGE TICKET WHAT IT SHOULD BE?

Many business owners believe the most effective way to increase sales is to simply increase the number of leads they buy. It seems logical that more leads equal more revenue, which is true. However, to achieve significant increases, you also need to consider your average ticket.

By booking more jobs and increasing your average ticket, you could dramatically increase your revenue without spending additional marketing dollars. In other words, you can mine more revenue from the same number of leads and the same booking rate. Today's average HVAC service call generates around \$500, while an equipment sale averages roughly \$15,000. That means HVAC contractors need to make at least 30 service calls to generate as much revenue as they earn from a single equipment sale.

Booking for profitability demands more effort from your customer service reps. During the initial conversation with a customer, your CSRs need to devote a little extra time to better understand the situation. A repair call on a two-year-old system that is still under warranty is likely to generate far less profitability than a call about a 20-year-old system; because the older system is a prime candidate for a replacement installation. By giving more profitable appointments priority service, your CSRs can ensure that their customers who cancel will have a smaller effect on the bottom line.



THE HOMEOWNER PLANNING MYTH

There's a big myth too many home service contractors believe. It's the idea that most homeowners put extensive preparation and thought into making big-dollar home projects like a new heat pump, a bigger electrical panel, or shiny new sewer line. Contrary to what some "experts" will tell you, few homeowners perform even minimal advance research into brands, products, and the local sources for both. Their calendars don't include reminders to replace old or obsolete home systems. Nobody wakes up and thinks, "This is a good day to replace my water heater."

They're not interested in establishing a long-term relationship with your company. They just want you to solve their problem right now. You're in a need-based business ... and you have zero control over generating that need. You're unable to manufacture opportunities that don't exist. So the key to success is positioning your business to be the one they call, and doing all the right things to turn that initial call into a home visit and a sale.

SMALL TRAINING EFFORTS GENERATE BIG DOLLARS

Want to spend some money that's guaranteed to boost your average ticket and total revenue? We can't think of a better way than investing in your people. Even small, incremental improvements in your team's skills will generate significant bottom-line increases.

Let's show you how, using real results we've documented with our clients. Take an HVAC contractor who receives 1,254 leads to service customer equipment and 345 for new equipment. Historically, the contractor's CSRs have been able to turn 65% of the service leads into booked calls, with a completed job rate of 95% and an average repair ticket of \$564. That gives us 774 service jobs for \$436,731 in revenue. The CSRs are less successful with equipment leads, booking just 55% with a 75% completion rate producing 142 completed jobs at an average of \$12,874. Total overall revenue is just about \$2.3 million. Not terrible.

(See "Small training efforts generate big dollars" above for an example of how a small increase in booking rates and average tickets can translate to a big jump in sales.)

5. DOES YOUR MARKETING REFLECT SEASONALITY?

The need for nearly everything you sell is seasonal. When do systems break down? Usually, it's when the weather is at extremes. In most parts of the country, heating season runs from late November to mid-March, and air conditioning from late May through mid-August. The rest of the year is what's often referred to as the shoulder seasons.

You can take advantage of this inherent seasonality by focusing on selling to new customers during the peak seasons ... and concentrating on maintenance or other existing customers during the shoulder seasons. Don't fill your techs' schedules up with lower-profitability maintenance calls if you want them available to handle calls that are more likely to turn into big-dollar equipment sales.

6. DO YOU KNOW THE BEST STRATEGIES FOR LANDING NEW CUSTOMERS?

Your business will struggle with growth if you aren't constantly bringing in new customers. Why? Nearly two-thirds of all the revenue you'll earn from a customer will show up within the first year. If you're one of those business owners who believes the key to your continued viability is being able to say "we have thousands of customers," expect to see your revenues – and your share of the market – shrink year after year. You consider Mr. Smith to be a great customer because he was so pleased with that system you sold him a decade ago, but he hasn't spent a penny with you since.

If you want to stay in business, you absolutely must invest in marketing that attracts new customers. Today, one of the most effective strategies is the right kind of pay-per-click advertising. After all, today's customers don't reach for the phone book or look for a sticker

What happens if the CSRs receive training that bumps their service booking rate up to 70% and equipment up to 65%? Keeping all other variables the same, total revenue jumps to \$2.6 million. In other words, a slight performance increase added \$366,709 to the bottom line. Suppose the techs also receive training that allows them to increase the average service job to \$764 and equipment sales to a slightly higher \$13,500. Now total revenue is \$2.9 million, a gain of \$638,777 over the original scenario.



you placed on what you installed. They go to Google or another search engine and look for help in their community. If you're one of the first names they see, you have a chance at being their choice. (We'll talk more about optimizing your PPC investment later.)

Direct mail can be a surprisingly effective tool for customer acquisition, assuming it carries memorable and effective branding. Make sure you use your customer data to ensure you're not sending offers to existing customers. **What should you promote in direct mail? A low-cost service that opens the door to big-dollar opportunities is the good old-fashioned tune-up – especially if your CSRs have been trained to spot the best opportunities.**

7. HOW MUCH BUSINESS DO YOUR TECHS GENERATE?

Getting customers to spend more money with you doesn't require some sort of unethical high-pressure sales approach or misleading marketing gimmicks. It's really all about paying attention.

Your tech did a great job of fixing that minor issue with the customer's heat pump. But did he notice that the customer's thermostat is the original dial model from when the home was built in 1971? The customer's son has asthma, and his parents would appreciate anything that would make it easier for him to breathe. There's a brand-new air cleaner sitting 50 feet away in the service van.

The better you understand the homeowner and their challenges, the more you'll be able to do business with them. Let the parents know that not only do you have an air cleaner on your van, but if you install it while you're there, you can waive the regular service fee, and you'll make a sale while convincing them you put their family's well-being ahead of business. That creates real loyalty.

Good techs do more than just show up on time and address the customer's issue. They're trained to look around and use small talk to spot potential pain points. You can help them by providing a leave-behind document that identifies products and services the customer may find useful. At the very least, they should suggest signing up for your maintenance plan as a way to save money and reduce the potential for breakdowns.

8. ARE YOU BUYING THE RIGHT PAY-PER-CLICK?

Ask your fellow business owners how much they're spending on PPC, and they'll nearly always answer "too much." PPC and similar strategies have become increasingly expensive. Here again, it's not about how much you spend – it's about how you spend it. If you don't know the main keyword search terms your customers are using and what's happening in the PPC market as far as cost, you can't make the most cost-effective choices.

For example, a plumber using PPC might choose to bid on "plumber near me" or "Springfield plumber," both of which are likely to be extremely costly because of the demand. A phrase like "sewer repair near me" will likely be cheaper because it may not produce as many leads – but more of those leads are likely to become appointments, with a bigger ticket. Raw numbers of leads are less important than high conversion numbers.

9. ARE YOU SPENDING ENOUGH ON SOCIAL MEDIA?

Home service business owners tend to be practical folks. Many of them brush aside social media, chuckling as they say, "I don't waste time on that nonsense." But it doesn't matter whether you personally spend hours scrolling through Facebook or Instagram. The simple fact is that your customers do – and it's up to you to meet them where they are.

You need to advertise on social sites as a way to increase the number of people who become friends or followers. Otherwise, you're constantly sending information to the same group of people, and the only way outsiders will see it is if one of them reposts it. How often does that happen? Becoming an advertiser exposes your message to non-customers, and if they find what you post useful, they may join your list of friends.

Plus, while the social media companies may not admit it, most give paying advertisers greater visibility on their non-paid posts. You may have a thousand friends or followers, but if you're lucky, only 50 or 60 may see your new post about that special offer. If you're also buying advertising, the site's algorithm may show that post to 150 or 200 of them.

Social media companies have steadily decreased organic reach. In practical terms, suppose



ABOUT SHARE OF VOICE

Buying advertising for your business seems simple enough, but it's pretty complex. Sales reps show up with what look like great deals, and far too many business owners jump at the cheapest option.

Smart business owners focus instead on what's known as share of voice. That's a measure of how much of a marketplace your branding "owns" as compared to your competitors. If you're one of four local HVAC businesses

your company's social media page has thousands of followers. Your organic (non-advertised) post will reach only a tiny percentage of them. Paid social media advertising increases direct visibility through ads. More importantly, it can also generate greater overall page discovery and engagement. People who see your ads are more likely to visit your page, become followers, and interact with future posts.

10. DOES YOUR WEBSITE MAKE IT EASY FOR CUSTOMERS TO CHOOSE YOU?

Despite what vendors tell you, it's really not about how pretty or fancy your website is. **What matters most is that potential customers can find what they want to know right away ... and that you make it easy for them to take the next step and choose to do business with you.** Make sure visitors to your site see the right message on the first screen. Elements such as online scheduling and phone numbers customers can click on can significantly boost your percentage of booked appointments.

If you have a maintenance plan, make sure it's prominent, with links from other pages. Why? Customers who are afraid that their current issue may require an expensive repair will often opt for a maintenance plan or a tune-up as an inexpensive way to have their system checked.

11. HOW OFTEN DO YOU REACH OUT TO EXISTING CUSTOMERS?

We know business owners who regard anyone who ever used their services as a customer – even if they only had a tune-up three decades ago. You'd be dismayed to know how many of those "longtime" customers no longer remember your business or switched to a competitor years ago.

That's why some kind of gentle reminder system is such an effective tool. We recommend establishing a quarterly cadence of direct mail postcards to everyone in your field management system (FMS). One might talk about your HVAC services, the next about plumbing, and another about electrical. They not only remind the customer of their satisfaction with your previous work, but they also inform them about additional services they might be interested in. This helps you tap into any unmet needs that you may not have been aware of.

that's using TV and the other three are outspending you, you have a comparatively tiny share of voice. When your prospective customers watch TV, they'll see far more of your competitors' brands than yours. That's important, because experts contend each of us sees as many as 10,000 marketing messages each day, and our brain filters the vast majority of them out.

When your customers are overwhelmed by marketing messages of all sorts, understanding and leveraging your

share of voice allows you to make strategic choices that magnify the power of your budget. If everyone else is battling for TV viewers, maybe your brand belongs on the radio or in digital channels. And if your marketing partner isn't thinking this way, maybe it's time to look for a new one.

WHAT CAN OUR MARKETING TEAM DO FOR YOUR BUSINESS?

The Cornerstone outsourced marketing team handles all the traditional and digital marketing and promotional services you need, from SEO to direct mail to truck design, all delivered through one marketing manager who treats your business as though it's theirs. Even better, we have a lot of practice with all of them. We know what works and what doesn't. We'll provide all this and more:

MARKETING SERVICES

- ▶ Strategy
- ▶ Research
- ▶ Planning
- ▶ List Acquisition
- ▶ Direct Mail Purchasing
- ▶ Budgeting
- ▶ Analytics
- ▶ Resource Management & Execution

BRANDING & MARKETING MATERIALS

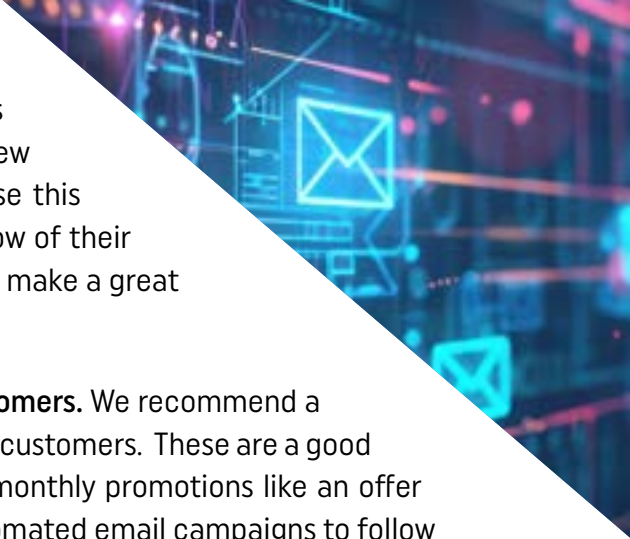
- ▶ Logos
- ▶ Brand Style Guides
- ▶ Business Cards
- ▶ Brochures
- ▶ Sales Collateral
- ▶ Forms
- ▶ Vehicle Wraps
- ▶ Banners
- ▶ Packaging
- ▶ Posters & Illustrations

DIGITAL PROMOTION

- ▶ PPC Advertising/Google LSA
- ▶ Website Design & Hosting
- ▶ SEO
- ▶ Blogs
- ▶ Email & Text Marketing
- ▶ Social Media Content & Advertising
- ▶ Online Reputation Management
- ▶ Online Directories
- ▶ Online Publications

TRADITIONAL ADVERTISING

- ▶ TV
- ▶ OTT
- ▶ Cable
- ▶ Radio
- ▶ Direct Mail
- ▶ Magazines
- ▶ Newspaper
- ▶ Billboards
- ▶ Printed Directories
- ▶ Video
- ▶ Media Planning & Buying



We deliberately choose not to pay extra to have the postcards forwarded when a customer moves. That gives a home's new owner a gentle introduction to your company. Clients who use this strategy often receive calls from new owners letting them know of their purchase so they can update their records – an opportunity to make a great impression.

Email is the other powerful tool for staying in touch with customers. We recommend a monthly cadence of one or two emails a month to your current customers. These are a good way to get your blogs in front of your customers along with monthly promotions like an offer for a tune-up or a new water heater. We also recommend automated email campaigns to follow up with customers based on what you've done for them. For example, new maintenance plan members receive a welcome message, perhaps with a special offer and a reminder to schedule their next maintenance visit.

12. HOW MANY ONLINE REVIEWS DO YOU HAVE?

Think online reviews aren't worth your effort? They're critically important to growing your business. As we've noted, when today's homeowners are looking for someone who does what you do, they start with their favorite search engine. When they visit the companies the search engine suggests, one of the first things they look for is online reviews. Your company has been around for 40 years, but you only have 100 Google reviews with an average score of 4.6. That new competitor has been in your market for a year, but he has 700 Google reviews at an average of 4.9. Who would you pick?

You need to have a mechanism in place to generate reviews. We equip clients with an automated text system that makes it easy for customers to post a review from their phone within seconds. Unless your tech has really screwed up (in which case you have a bigger issue), the customer will provide a positive review.

An excellent way to boost reviews is to have your techs ask for them. "One last thing: if I gave you five-star service today, I would really appreciate a good review. If I didn't give you five-star service, we want to know that, too." Some owners give monthly rewards to the techs whose earn the most five-star reviews.

WE CAN HELP YOU

If what you've read here has you looking at your business and your customers in a new way, we'd be happy to show you how to turn that new knowledge into more profitable growth.

The Cornerstone Advertising team does one thing ... and we do it well: market home HVAC, plumbing, and electrical services to consumers. We have decades of experience helping companies like yours fine-tune their structure and operations while making their marketing efforts much more effective. A brief conversation with us might be the first step to transforming your business into the envy of your competition.

CORNERSTONE ADVERTISING

PROVEN DIRECTION • PROVEN EXECUTION • PROVEN LEAD FLOW

YOUR OUTSOURCED MARKETING & ADVERTISING TEAM FOR
GROWING YOUR BUSINESS

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ABOUT THE AUTHOR

Tracy Paul is principal owner and founder of Cornerstone Advertising Inc., where he has helped HVAC, plumbing, and electrical contractors of all sizes grow and become market-dominant companies in cities throughout North America for more than 25 years. Cornerstone is a full-service marketing firm that includes both traditional and digital advertising for the home service industry and gives contractors access to a complete marketing department for less than it costs to hire a full-time marketing director, using proven strategies delivered through a marketing manager who treats your business like it was their own.

Learn more at:

www.cornerstonead.com