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Elizabeth Rush Kruger

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Elizabeth Rush Kruger : Top Market Strategy: Applying the 80/20 Rule (The Marketing Strategy Collection) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Top Market Strategy: Applying the 80/20 Rule (The Marketing Strategy Collection):

0 of 0 people found the following review helpful. **** AMAZING BOOK *** LOVE THE 80/20 PRINCIPLE *** BUY IT *****By Jovy (Customer Service Of Happiness)Thanks Dr Kruger for an AWESOME book....i've listened to the Audio interview (summary) version of this book and it makes perfect sense to maximise your profit and grow your

business. I'm an online internet marketer and certainly will apply this concept to my business. I stumbled on the 80/20 rule few year ago after accidentally discovering Mr Koch audible version of his book "The 80/20 rule". The guy who give this book 1 star rating, he's probably got no BLOODY clue how this universal law works - it is so bloody sad with with petite mind that he completely misunderstood the power of this simply but amazing universal Law. The application of 80/20 isn't limited to business, it apply to practically all aspect of life. If you fit in the following category, I highly recommend this Amazing Book! Online entrepreneur Small business owner Sales Marketers CEO Accountant Lawyer Doctor Student Whatever!!! Cheers, - Leonard

0 of 0 people found the following review helpful. Ridiculous Premise By Jordan Betsy's premise here is that 20% of your customers generate 80% of your returns. According to her, this is a "mathematically proven law of physics". She goes on to say that quadrupling your profits is as simple as dropping the bottom 80% of your customers, and replacing them with customers like your top 20%. Rarely have I heard such a poor understanding of both math and business fundamentals. Let's look at an example to figure out why. Suppose a company generates \$1000 from 1000 customers. Betsy would assume, based on no knowledge of your specific company, that you have 800 customers generating \$200 in aggregate (\$0.25/customer), and 200 customers generating \$800 in aggregate (\$4/customer). If you simply replace your bottom 80% with "top 20% quality" customers, then you'd have 1000 customers generating \$4 apiece, netting you \$4000 profit. Easy, right? But why stop there? Just reapply the 80/20 rule on your new set of customers. As a "mathematically proven law of physics", 200 of your customers must now be generating \$3200 in aggregate, or \$16 apiece. Drop the remaining 800, \$1 apiece customers, and replace them with your primo, top-20% customers, and now you're netting \$16000. You've multiplied your money 16-fold at no additional cost to yourself! Thanks, math and physics! Why don't we see companies regularly sexdecupling their profits by applying a century-old principle? Because Betsy's theory makes the following assumptions:- Your potential market size is infinite, and you can always find 4 times more "top 20%" customers than you already have. Obviously this is not the case.- The cost of acquiring these primo customers is negligible. In reality, you will experience diminishing returns as each "customer acquisition" dollar delivers fewer customers. The second assumption isn't too bad, though - all you have to do is identify the 20% of your acquisition spending which delivers 80% of your primo customers, and spend 5 times as much on it -- it's science!

Virtually every business seeks to increase its profit from customers, but few business executives realize that a universal principle governs their customer profitability. They may be applying the 80/20 rule to sales, quality control, investing, production, or other business functions without realizing that the 80:20 ratio actually summarizes the Pareto distribution of inputs to outputs. According to his equilibrium theory of relationships, stability is reached when inputs in the top 20% generate 80% of the outputs while inputs in the bottom 80% generate 20% of the outputs. Recently mathematicians confirmed that the Pareto distribution is as universal as the normal "bell-shaped" distribution, but is log linear and predicts results, rather than probabilities. Applying this universal principle to customer profitability, a typical business can predict that customers in the top 20% generate 80% of customer profitability (four times more profit than expected), whereas customers in the bottom 80% generate only 20% (one-fourth as much as expected). This means the 20% most profitable customers tend to be 16 times more profitable than the 80% least profitable customers. In order to capitalize on the Pareto principle, a business should 1. segment its customers by their profitability, 2. distinguish the top 20% of its customers in top market segment from the bottom 80% of the customers in the bottom market segment, and 3. target the top market segment with its marketing strategies. The purpose of this book is to show business students and executives how to implement this process and thereby achieve the predicted results.

About the Author Elizabeth Kruger has taught at the Thunderbird School of Global Management and several other colleges, as well as developed and sold MapWise(R) perceptual mapping software for correspondence analysis to marketing researchers around the world. Kruger also worked with business students to establish collegiate chapters of the American Marketing Association and Rotary International and used worldwide data to substantiate Maslow's Hierarchy of Needs and Ricardo's Comparative Advantage Theory.