Demand Generation

EMAIL MARKETING, NEWSLETTERS, & REFERRALS

CHILD CARE
Netflix knows it generates demand (i.e., users watching movies) by providing solid recommendations.

Netflix awards $1 million to the team to improve its recommendations by 10%.

- *The Wall Street Journal*

Netflix awards prize to researchers, 9/22/2009

---

The $1M prize is unnecessary. Provide useful information to families and businesses in your area.
Despite the hype surrounding the social media revolution, people still want to receive some information by email

Q: How would you like to receive information from us?

- Email: 90%
- Facebook: 10%

Source: emailisnotdead.com; accessed 6/2012
Q: How did you research childcare and learn about childcare? Summer 2012
N = 61
“I have four groups of people I email: enrolled families, prospective families, staff, and former families”

- Owner/Director
  Portland, OR
  4/2012
1. Vacation/Out-of-office notifications

Advice on subject lines from MemberHub.com: http://blog.memberhub.com/3-tips-to-get-people-to-reply-to-your-emails/
Email Newsletter using BCC

Using BCC: http://bumblebeehq.com/blog
Email suggestions: Send emails to local companies HR benefits staff. Send a “Favorites list” to families (e.g., 30 minute recipes, educational toys & books, hygiene tips. Ask all staff for one new thing.
Extra credit

3
Hand written thank you notes

4
Happy Birthday Notes or emails
Advanced

Use online mailing tool (Mailchimp, ConstantContact, MemberHub)

MemberHub (much more than just email): memberhub.com
Mailchimp (large, free account): http://mailchimp.com
Constant Contact (strong reputation, more expensive)
Here’s what you will take with you when we finish today

- Marketing to the stages of a family  
  “THE SALES FUNNEL”
- Know your families  
  “SEGMENTATION”
- The telephone is critical  
  “INSIDE SALES”
- Email and newsletters are not dead  
  “DEMAND GENERATION”
- Pricing is tricky, but there’s help  
  “PRICE ELASTICITY”
Price Elasticity

PRICING IDEAS
Chipotle raised the price of their free-range *carnitas* pork burritos and sold 2.5 times as many and made more profit.

We used a higher end product, had to raise prices, and ended up selling more of the product and sales continue to rise.

-Steve Ells, Chairman, Co-CEO Chipotle

Raising prices and lowering prices does not always have the expected result.

Source: Steve Ells, Interview in Nation’s Restaurant News, July 2001
Your center most likely set your prices based on one or more of the following factors:

1. **Competition**
   - Off-Kilter Care down the street charges $X and you always set your rates 100 dollars above them.

2. **Cost Based**
   - You have fixed costs and variable costs and you shoot for a X% profit margin on top of that.

3. **Contractual or Regulatory**
   - You lease with an outside organization that restricts pricing – or grant providers / government agencies my restrict your fees.

4. **Value Based**
   - Based on substitutes like Grandparents or staying home. A useful thing to think about in terms of additional services you could provide *(Atypical in early childhood education)*.
“We have different prices among our centers depending on where they are. Some are more rural and others are downtown.”

-Assistant Director

Multi-site Child-care Centers in Maryland
Beginner

1. Make a Competitive Pricing Table
   (Nearby, parents homes, and offices)

<table>
<thead>
<tr>
<th>Portland, OR</th>
<th>36-48, full day</th>
<th>Drop-off/Pick-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Center 1</td>
<td>1200</td>
<td></td>
</tr>
<tr>
<td>Center 2</td>
<td>650</td>
<td>6-6:30</td>
</tr>
<tr>
<td>Center 3</td>
<td>1150</td>
<td>7-6:00</td>
</tr>
<tr>
<td>Center 4</td>
<td>1015</td>
<td>7:30-5:45</td>
</tr>
<tr>
<td>Center 5</td>
<td>770</td>
<td>7-6:00</td>
</tr>
<tr>
<td>Center 6</td>
<td>1000</td>
<td>7-6:00</td>
</tr>
<tr>
<td>Center 7</td>
<td>1015</td>
<td>7-6:00</td>
</tr>
<tr>
<td>Center 8</td>
<td>999</td>
<td>7-6:00</td>
</tr>
</tbody>
</table>

Competitive Pricing: No need to call and ask, simply look at their posted website rates
Library Databases: Ask your librarian they are a helpful group. D&B Million Dollar Database, RefernceUSA, others, See competitors from the inside (SIC codes 835101, 835102, etc.)