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Great Clients!

Creating Referrals, Repeat Business & ‘Raving Fans’

When it comes to marketing and generating more income, most business owners are focused *outward*.

They’ve carefully established and segmented their target market, and created specific offers and messages for each market segment. They spend thousands of dollars in advertising and direct mail campaigns in hot pursuit of more leads, more customers, and more foot traffic.

While some may consider this to be an effective way to build a business, it is costly and time consuming. It requires constant and consistent effort, and while this approach does generate results, those results quickly disappear when the effort stops or becomes less intense.

Successful businesses have a double-edged marketing strategy. They focus their efforts *outward* – on new potential customers and marketing – as well as *inward* – on existing customers and referral business.

These successful businesses have leveraged their existing efforts to generate more revenue. Simply put, they have REPEAT customers.

For most businesses, this is the easiest way to increase their revenues. Simple customer loyalty strategies and outstanding customer service are often all you need to dramatically increase your sales – from the customers you already have.

The Acquisition Cost of Your Customers

Do you know how much it costs your business to buy new customers?

Each new customer that walks through your door – with the exception of referrals – has cost you money to acquire. You have spent money on advertising and promotions to generate leads and turn those leads into customers.

For example, if you have placed an ad in your local newspaper for \$1,000, and the ad brings in 10 customers, you have paid \$100 to acquire each customer. Depending on your margin, each of those customers would need to spend ‘x’ amount to break even or make a profit.

Alternately, if you spent two hours of your time and \$10 per month on an email marketing campaign to your existing customers, and you bring in 10 customers as a result – each customer has cost you \$1. Generating more repeat business means focusing on marketing strategies to keep your existing customers – effectively reducing the average cost of gaining new business.

These strategies are simple to implement, and don't require much time investment - just a solid understanding of how to make customers want to come back and buy more from you.

Keeping Your Customers

Marketing strategies that focus on keeping your current customer base are easy to implement. They allow you to build real relationships with the people you do business with, instead of dealing with a revolving door of people on the other end of your sales process.

Repeat customers create a community of people around your business that share common needs, desires and frustrations. The information you gain from these customers (market research) helps you strengthen your understanding of your target audience, and more accurately segment it.

Remember – 80% of your revenue comes from 20% of your customers. Always focus on these customers. They are ideal customers that you want to recruit, and hold on to.

Customer Service: Create 'Raving Fans' who love buying from you

Every business – even those with excellent service standards can improve the service they provide their customers. You may think that customer service is a dying concept in most businesses these days; more focus seems to be placed on the speed of the transaction. You can even go to the grocery store now and not speak to a single sales associate thanks to self-serve checkouts.

To improve your company's customer service standards, take a survey of your customers and your employees to brainstorm ways you can improve your customers' experience.

Successful customer service standards – those that make your customers *buy* – must be (above anything else) **consistent**. They are upheld by every person in your organization. Expectations are clear and followed through. Customers know what to expect, and choose your business because of those expectations. Consistency is more important than sporadic excellence.

These standards must be **convenient**. Make it effortless for the customer to spend money at your place of business. Convenience can take many forms – location, product selection, value-added services like delivery – and it is also consistent.

They must also be **Customer-driven**. Your customer service must be reflective of your target market, and appropriate to their lifestyle. Customers would probably not appreciate white linen tablecloths at a fast food restaurant, but they would appreciate a guarantee to receive their order in 2 minutes or less.

Newsletters: Keep in touch with your customers

A regular newsletter is an easy, time-effective, and inexpensive marketing strategy to implement. Unfortunately, many small businesses think these are too time consuming and too expensive to adopt as

part of their marketing strategy. The most popular type of newsletter distribution is email. It is cost effective and can be customized to your unique branding.

Here is an easy five-step process to starting a company newsletter:

- 1. Pick your audience.** New customers? Market segment? Existing customers?
- 2. Choose what you're going to say.** Company news? Feature product? New offer?
- 3. Determine how you're going to say it.** Articles? Bullet points? Pictures?
- 4. Decide how it's going to get to your audience.** Email? Mail? In-store?
- 5. Track your results.** How many people opened it? Read it? Took action?

Value Added Service: Give them happy surprises

Adding value to your business is an effective way of getting your customers back. Every person we know would choose a mattress store that offers free delivery over one that did not. It's that simple.

There are many ways to add value to your business, including:

- **Feature your expertise.** Use your knowledge to provide additional value to your customers. Offer a free consumer guide or report with every purchase.
- **Add convenience services.** Offer a service that makes their purchase easier, or more convenient. The best example of this is free shipping or delivery.
- **Package complementary services.** Packaging like items together creates an increase in perceived value.
- **Offer new products or services.** Feature top of the line or exclusive products, available only at your business. Offer a new service or profile a new staff member with niche expertise.

Value added services generate repeat customers in one of two ways:

Impress them on their first visit. Impress your customer with great service, a product that meets their needs, and then wow them with something extra that they weren't expecting. Get them to associate the experience of dealing with your business with happy surprises, and create a perception of higher value.

Entice them to come back. The introduction of a new value-added service can be enough to convince a customer to buy from you again. Their initial purchase established a trust and knowledge of your business and its processes. They will want to "be included" in anything new you have to offer – especially if there is exclusivity. It is easier to attract clients that have purchased from you than potential clients who have not.

Customer Loyalty Programs: Give them incentives

Another simple way to keep in touch with existing customers and keep them coming back to you is to create a customer loyalty program. These programs do not have to be complicated or costly, and are relatively easy to maintain once they have been implemented. They help you gain more information on your customers and their purchasing habits.

Here are some examples of effective loyalty programs:

Free product or service. Give them every 10th (or 6th) product or service free. Produce stamp cards with your logo and contact information.

Reward dollars. Give them a certain percentage of their purchase back in money that can only be spent in-store. Produce “funny money” with your logo and brand.

Rewards points. Give them a certain number of points for every dollar they spend. These points can be spent in-store, or on special items you bring in for points only.

Membership amenities. Give members access to VIP amenities that are not available to other customers. Produce member cards or give out member numbers. People love to ‘belong’.

Remember that in order for this strategy to work, you and your team have to understand and promote it. The program in itself becomes a product that you sell.