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EXCLUSIVE

WHY KOCHIE LOVES BUSINESS

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WHY YOUR EXISTING CUSTOMERS ARE YOUR BEST FRIENDS

Even though it's important to pursue new customers and new markets, it's absolutely crucial not to neglect the valued supporters you already enjoy.

BY RHONADLYNN KOROLAK



Everyone knows that it's cheaper and easier to garner incremental business from existing customers. Some even argue that it is six times cheaper and 75 percent easier to convert a sale from someone who already knows and trusts you. So, why are most businesses not focusing the majority of their marketing attention and budget on their existing customer base?

The answer is unclear. But what is clear is that there are five simple things that every business owner *can* and *must* do immediately, in order to boost sales from existing customers.

1. HAVE LOYALTY

REWARD BEST CUSTOMERS AND TEAM MEMBERS

One of the easiest ways to keep a customer coming back is to reward them for doing what you want them to do. This does not

necessarily mean you must have a traditional loyalty program. In my opinion, far too many businesses get bogged down in the semantics of the program and miss the importance and priority of putting the customer and team members at the centre of the business.

You first need to understand what your customers want and what a profitable sale and valuable long-term customer relationship actually look like to your business. Spend the time to ask customers (and your team) what you are doing right and what you could do better. Why do they shop with you? More importantly, what can you do to make sure they don't shop with your competitors?

The rewards need to drive profitable behaviours in your business and be clear, transparent and easy to communicate. Avoid spending too much money in above the line advertising to the masses. Every \$1 spent on engaging your team to take ownership of and evangelise the program is worth at least \$50 in above the line advertising. Simply put, your team can make or break your program. They

speak to your customers every day and have the greatest impact on their decision to connect with your business.

2. HAVE FOCUS

SPEND 80 PERCENT OF MARKETING BUDGET ON EXISTING CUSTOMERS

Existing customers have already purchased from you and there is a basic foundation of trust and permission. From this vantage point, you now have a platform to build upon that relationship and introduce other products and services. It has been proven empirically that the top 20 percent of your customers account for 80 percent of your revenues.

Yet why do so many insist on spending the majority of their budget on yellow pages, mailbox drops and newspaper advertising? Primarily, it is because we have been taught to chase new customers when common sense and leading businesses have shown that we should merely focus on our

existing customer base – retaining them, up-selling and keeping them happy.

Spend some time today going through your top 20 percent of customers. Send them each a personalised card thanking them for their business and welcoming them back. Studies have shown that this one simple act can increase your sales by as much as 12-to-18 percent.

Next, compile a list of everything they've purchased and devise a strategy for introducing them to complementary (and profitable) products and services. Dedicate a sizeable portion of your budget on marketing these directly to your best customers.

Finally, identify other good customers who have the potential to become better, or even top 20 percent customers. Dedicate resources to directly marketing yourself to this up and coming segment.

You must test and measure the result of all campaigns. Do not spend another dime unless you first have determined you will make a positive return on your investment.

3. HAVE LEVERAGE

BECOME A SOCIAL MEDIA MARKETER

To publicise your product, sign up to relevant social networking sites and forums. This is where people go to connect to one another. Promoting your products on these sites will probably generate more sales since people are here to chat and talk about what is in. Write articles for the local newspaper get on public TV/radio or do a regular show for the community.

4. HAVE FLEXIBILITY

REPURPOSE WHAT YOU DO

Just because you've presented your business in one format before doesn't mean you have to do the same thing now. Instead of sending

print newsletters, try audio and/or video. Instead of handing out business cards and brochures, offer to do a demonstration to give instant information.

Be the first to be different by taking what you have and using it in a new way to attract attention. Look for ways to partner with other professionals and develop new package offerings of products and services. For example, maybe you have a skincare line and she has a stress reduction program. Together you could offer a "look better and live longer" package at special pricing.

5. HAVE A POINT

MAKE WHAT YOU DO IRRESISTIBLE!

Pay attention to the local news, business and announcements sections. Look for the people who get promoted, have babies, buy and sell homes and start up new businesses. There may be leads here for your product or service.

If your product is really "the best" or "world famous", you shouldn't have to tell us... we've already heard of it. Pretending to be something that you are not is the quickest way to have your ad, flyer or press release end up in the deleted box or the bin. Next time, have a point!



The best sales pitch is about how what you do or sell relates to something newsworthy or will help the customer fix an annoying or costly problem once and for all.

If you don't have a point, put your pen down now or stop typing and go back to square one.

Remember to make it easy for people to get in contact with you: an email and telephone number work best.

If you are not currently writing press releases and sending regular direct mail pieces to your existing customers, you are literally leaving thousands of dollars on the table

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(or worse, in your competitor's pockets). The most important elements are a good strong headline (that identifies pain) and a compelling call to action.

Spend 75 percent of your time and 75 percent of the real estate on the page for these two very important elements.

“Why are most businesses not focusing the majority of their marketing on their existing customer base?”

Remember, it is always cheaper, easier and more profitable to focus the majority of your marketing efforts and budget on existing customers. In a tough economy, you can save yourself valuable time and money by redirecting the bulk of your budget to direct communications with existing customers.

If you have loyalty, focus, leverage, flexibility and a point, you will find that you have significantly more profit and free time to show for your efforts. **DB**

—Rhondalynn Koroluk is the managing director of Imagineering Unlimited in Melbourne.

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