

Grow Your Business by Increasing the Number of Times Customers Come Back

It's a simple fact of business – most companies are obsessed with getting new customers. They advertise, plead, bribe, bend over backwards and sometimes beg to get a new customer. And after all that, once they get them, they ignore them.

Think about this. It can cost up to **6 times more to win a new customer** than it does to have an existing customer purchase again. Why? Because you invested time and money to acquire that customer for the first sale, but every additional sale after that doesn't involve any extra acquisition cost. So for every sale you make to an existing customer you actually keep more as profit. In other words, it 's a well recognised fact that retaining and having **customers come back for more – and more – is the most profitable way to sell.**

So how can you encourage repeat business?

Know your best customers and treat them well

One of the first ways to ensure repeat business is to **classify your customer base into tiers** according to how profitable they are. This can be as simple as categorising them as A, B, C and D customers. This classification process means that your ongoing communication and marketing approach will be more appropriate for each group. For example, your A customers are the ones you most want to keep working with, so you might invite just them to join a preferred customer club, or As and Bs would get special mailings and offers, etc. You could even go so far as to ask your D customers to go elsewhere, freeing up more time and energy for your preferred customers.

Provide awesome service

Creating a team commitment to service can **impress your customers** enough to keep them returning and referring others. The commitment could make certain promises of performance standards and could explain your business ethics and mission. These can make great unique core differentiators as well.

Awesome service, like good telephone technique and selling technique, can actually be systemised so all the team knows what they are expected to do for a customer and just how far their authority extends in bending the rules. You can't stop at saying you want your customers to be given awesome service – you need to **train the team** so they can deliver it consistently and effectively.

Nurture your customers

It's important to nurture your relationships with your customer in the same way you would any other important relationship. Nurturing is the most **cost effective way to make customers feel valued and motivated** to keep purchasing from you. The more you stay in touch with them the more likely they are to remember you. Some effective nurturing strategies are:

- Regular mailings to build on the relationship such as newsletters, offers, calendars, service reminders, thank you notes, special articles of interest, holiday cards
- Establish a loyalty programme that rewards frequent purchasers

Use customer comment

Asking for feedback lets customers know that you are truly **interested in them and their opinion** – something other businesses just may not bother with. And the feedback you get can be extremely valuable for your strategic planning.

Follow-up calls just to make sure they are happy with their purchase or to get in with some damage control if they are not; satisfaction surveys; customer advisory boards – all can be very useful in encouraging repeat business.

When you do make the effort to gather feedback, and the customer has made the effort to give it to you, don't waste it. Use the information to continually improve the way you do business, and let customers know that their suggestions are being used.

*If you would like further help on how you can increase the times your customers come back, or to simply discuss issues you have about your business, please call **Philip Barnes**, Director, CFO Insight on **0405 800 767**.*