

# Stay In Touch



By Phil Sasso

**Keeping up with current customers is a great way to increase repeat visits to your shop.**

MY WIFE AND I recently went shopping for bicycles.

I haven't ridden a bike since I was a teenager. So, the young salesman suggested I consider a *comfort* bike and a gel seat to help me *ease in*. I appreciated his direction. He showed us a few bikes, then left Beth and me to talk.

"You'll really want the gel seat," my experienced cyclist wife consulted. "Or your back end will really hurt."

I laughed.

I was thinking about a different kind of *back end*. This shop must make a fortune in back-end sales. Cyclists don't just buy a bike, they need a helmet, water bottle, lock – and sometimes a gel seat. Later they'll want a bike carrier, odometer, gloves and more. Of course, every few months, they'll be in for a tune-up. Just listen to that cash register ring!

Your business has the same potential for repeat business.

But, back-end sales don't just happen. You need a systematic approach to keep customers thinking about you. A good customer retention marketing system can significantly impact the bottom line. For many businesses, back-end profits actually eclipse the initial sale!

Research shows that acquiring a new customer costs the average business five times more than keeping their old customers. In essence, every \$20 you spend bringing back existing customers will save you \$100 in advertising to new ones.

And if your pricing is right, they've already given you profits up-front to advertise to them down the road. So, keeping current customers as long as possible seems to be the smartest marketing you can do.

Let's start with an important premise: Some customers will never come back – it's an unfortunate fact of business. Some will move. Some will move on. But working hard to keep customer turnover low will feed your bottom line.

Reducing customer attrition by as little as 5 percent can boost profits by 25-80 percent, according to a classic article in *Harvard Business Review*.

The first thing you need to do to retain a customer is treat them right. Being friendly, helpful and doing a good job will build a positive impression of your shop. No amount of marketing can overcome poor customer service or shoddy workmanship.

Aside from excellent service, what can you do to win more repeat business? You probably already do occasional promotions when sales are slow to drum up more business. But a scheduled, on-going marketing system is a wiser approach.

Everyone's business is different, so I can't give you a one-size-fits-all answer. But here's a simple example you can modify to fit your own needs.



Studies have shown that it's much easier, and more profitable, to keep current customers coming back as opposed to attracting new ones.

**1. Maintain a good customer database**

This is the most important element to your repeat customer plan. Without a name and address, you have no way to get in touch with prior customers. Ask every customer for his name and address.

I suggest asking for their driver's license. It makes it easier to quickly get the information right and avoid anyone overhearing confidential information. Licenses from most states include a birthday. Jot it down. It will come in handy later.

Giving customers a form to fill out may seem easier, but if they have bad handwriting it might be unreadable and useless. It's also easier to enter the info directly into your computer system instead of leaving slips of paper lying around that may get lost.

You'll want to get a good computerized point-of-sale system or database program if you don't already have one. It will most likely pay for itself in repeat sales.

Then, assign someone to keep your database up-to-date. According to the U.S. Postal Service, every year 15 percent of the U.S. population changes their address. That means after as little as two years, about one-third of your mailing costs are wasted.

If your database has more than 200 names, do bulk mailings to keep postage costs down. But once a year, do a first-class mailing as well.

Bulk-rate items might not be returned if the addressee moves. First class will be – usually with a forwarding address. Update or delete names depending on if the new address is across town or across the country.

What about email addresses? They're great to have. But I wouldn't build my whole marketing system around them.

Many people, like me, filter out email from anyone not in their address book. They view email marketing as a nuisance. Sending these customers too many emails could create more bad will than good. Ask permission.



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**2. A Handwritten 'Thank You'**

I suggest having a stack of preprinted "Thank You" notes and coupons on-hand. Send a note and coupon to each new customer.

Or, better yet, send a note to every customer. Here's a sample:

*Thank you for visiting us today. We appreciate your business. I've enclosed a discount coupon good on your next purchase. We look forward to seeing you again, soon.*

— Mike Berns

*P.S. If you can't use the enclosed coupon, feel free to give it to a friend!*

Try to make the note sound warm and personal, not formal and phony. And sign it. A little personal attention makes a big difference.

The best coupon is for a fixed dollar amount off of a minimum purchase, like "\$10 off your next purchase of \$75 or more."

I suggest a discount of at least 10 percent, or it's not worth it to the customer. I used a "\$5 off \$20 purchase" coupon from Ace Hardware recently and ended up spending \$50!

The dollars-off coupon technique works well for two reasons – most people react better to dollar amounts than percentages, and the more they buy the less the discount ends up costing you. [Ace made \$30 in unplanned sales from me alone my last visit!]

Here's the catch: You need to put an expiration date on the coupon. It should expire in about 30-45 days from the time you mail it.

Having a deadline creates a sense of urgency. If the customer had planned to buy something in a couple of months, he may move the purchase up in his schedule.

When was the last time someone sent you a "Thank You" note? Imagine the impact this one simple act will have on your customers.

Even if they don't use the coupon or give it to a friend, you've made an impression. If you do nothing else, do this one thing. It can have a dramatic impact on your repeat business.

**3. Keep in Touch**

You should send a regular mailer to your customer list. Don't just send out an

ad flyer – make it a *newsletter*.

Although it's O.K. to sell in your newsletter, without something worth reading it's more likely to get tossed. Tell customers about new products or services, special events, fundraisers, new employees, or anything of interest.

Don't have time to write a newsletter? Few people do. If you get so bogged down that your newsletter never mails, you're not doing a very good job of keeping in touch.

The solution: start your newsletter as an oversized postcard. It'll be easier to fill a postcard than a huge newsletter, and you can always increase the size as you gain experience and confidence.

A quarterly newsletter is probably the most realistic to start with. Sending one monthly is optimum from a marketing point of view. Every time a customer sees your company name and logo, they're thinking of you. The more they think of you, the more likely they are to buy from you.

To reduce the cost of your newsletter, see if any vendors will give you co-op dollars for using their logo or promoting a specific product.

#### 4. Send a Birthday Card

Remember getting your customer's birthday from his driver's license? This is why. People love to be remembered on their birthday!

You can buy birthday cards in bulk, or create your own. I've developed a custom birthday card for one of my clients. It has a birthday greeting on the front, and their logo and a coupon on the mailing side. They're printing a year's supply for the next 12 months, and already have plans to create a new birthday card next year.

Mail out the cards the middle of the month before the birthdays. So, if a customer's birthday is Sept. 1 or Sept. 31, for example, you'll mail his card Aug. 15. This way, you're assured he'll get the card before his birthday.

Why do I keep using coupons? It makes a promotion measurable. After a few months, count your coupons. If you're getting a good response, you'll want to keep doing the promotion. If not, you may want to try a different offer or approach.

There are many other elements you can include in your customer retention marketing system. For simplicity, I've only listed a few to get you started.

If even this seems overwhelming, start with one. Once you're comfortable with that, add another and another. Before you know it, you'll find your sales increasing and your marketing costs decreasing.

Your back end will never be the same again!

*Phil Sasso is president of Sasso Marketing Inc., (www.sassomarketing.com) an automotive aftermarket advertising and promotion firm. He enjoys biking – and loves his gel seat! To subscribe to Phil's free weekly marketing tip, email tips@xmark.com.* ©

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