

More Customers Please!

Maybe you are a successful business operating in a highly skilled or niche market, attracting plenty of customers and enjoying good profits. If not, chances are you'll be constantly looking for ways to grow your business. But how?

Ideally you want a steady stream of customers through your door but that's a struggle if you operate in a competitive market. You need to instigate strategies to grow your business - either increasing the total number of customers or increasing the number of sales from your existing customers. A winning marketing plan would include both strategies.



Remember though that solid market research must be the foundation for any marketing plan. At the very least you need to know:

- What people want - do people want your product and who are they?
- How much will they pay for it?
- Where will they go to buy it?
- How will you tell them about it?

These are the 4 Ps of marketing - selling the right *product*, at the right *price*, in the right *place* with the right *promotion*. The challenge now is bringing the customers to your door.

Increasing the total number of customers

Turning that trickle of customers into a steady stream needs action on several fronts, especially if there's little to differentiate you from the business next door. Areas to action include:

- Finding your competitive edge
- Targeting your marketing
- Developing a customer database
- Getting customer referrals
- Adding value to your products or service
- Educating staff
- Becoming passionate about what you sell

The Competitive Edge

What makes your business stand out above the rest? To bring more customers to your door, you have to be doing something better or different than everyone else. That 'something' is your competitive edge.

Analyse your competitors and work out your point of difference. Look at all aspects of your business - what could you capitalise on? For example, a particular manufacturing expertise, back-up or after-hours service, consistently fantastic service, knowledge of individual customers, community involvement, and so on.

Targeted marketing

Once you've worked out why you stand out above the rest, tell your customers and your potential customers about it. Tell them about what you can offer and how this will benefit them.

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As a small business you have to be proactive in marketing, but because you don't have huge sums of money to throw at it, you have to be selective in how you market. Good market analysis will tell you the type of customer you are targeting - most likely a similar profile to your existing customer base; and how best to reach that person - often by one-to-one communication. The challenge is keeping track of everyone and that's why a customer database is a must for small businesses.

Customer Database

If you're serious about expanding your customer base, you need to use competitions, coupons, invoices and so on to get the names and addresses, telephone and fax numbers of anyone who has dealings with your business, whether they buy or not. Use your customer database to record the information and then communicate directly with the person, telling them about the products or services you sell and the customer support systems you have in place.

Customer Referrals

Your existing customer base is one of the key assets you have. Make it easy for your customers to refer friends and family by sending out invitations to a seminar, a fashion parade or an information evening, for example. Always send out extra copies of brochures and ask customers to hand on the spare copies. Use the customer database to record referrals and those customers who have referred someone to you. Make sure you acknowledge everyone who makes a referral.

Adding Value

A basic product or service will not stand out among the others unless it is "packaged" differently. Always be on the look out for ways of adding value to whatever you are selling. For example, one-off special offers with purchases; providing a relaxed atmosphere, eg, coffee and Christmas cake during the festive season; providing membership cards to customers and then communicating regularly to members regarding advance notice of sales, new products etc; or offering an incentive card where the customer is rewarded with a discount after a certain number of purchases.

You are there to solve a customer's problem and they will reward you with their continual custom if they perceive they are receiving excellent service and add-on value.

Build a great team

Your competitive edge, the value you add and the expertise you offer will all come unstuck unless you recruit, motivate, train and retain excellent employees.

It is essential staff are trained in all aspects of the business, including:

- Product/service knowledge
- Technical aspects of the products or services
- After-sales service
- Greeting of customers
- Telephone manners
- Face-to-face interviews with customers
- Dress and personal appearance skills
- Communication skills

You need to demonstrate your commitment to staff by offering ongoing provision for education and personal development.

Training your team on how to up-sell, cross-sell and add-on sell as part of the sales transaction is also important. To do this properly they will need to know what goes on in other sections of the organisation and what other products and services are available for sale.

Believe in your business

Your employees will only be motivated to give great service if they see how passionate you are about the business. You have to believe wholeheartedly in your business. Successful businesses promote and sell their product with great enthusiasm and then embrace their customers with outstanding customer service.

Be sure to read each article with the mindset "How this could apply to our business". Thinking of it that way will guarantee that you get value. Also make copies for each team member. To really make sure something positive happens, work with your business development specialists to talk your team through ideas.



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Next Steps - Building Your Customer Base

- Find your competitive edge - what are you doing or what can you offer that is different or better than your competitors?
- Target your marketing - what is the best way to reach those potential customers who are similar to your existing customer base?
- Develop a customer database - use it to track and record profiles of existing and potential customers and to zero-in on your top customers
- Get customer referrals - use your existing customer base to market your business to prospective customers; give them an incentive to refer
- Add value to your products or service - how can you “re-package” the product by offering add-ons, special offers, a unique buying environment and so on?
- Educate staff - do they know enough to run the business in your absence?
- Be passionate about what you sell!

Getting More Sales From Existing Customers

One of the easiest ways to increase the profitability of your business is to sell more product to existing customers. It is recognised that 20% of your customers probably produce around 80% of your income, a statistic commonly referred to as the “20/80 Rule” or the “Pareto Principle”.

Action...

- Set up a customer database (if you haven't already) and record details of all customers and the purchases they make
- Work out which 20% of customers are your biggest purchasers - they could be producing up to 80% of your profits
- Learn about who they are and what they need - what extra products could you sell to them?

Target your marketing to them directly through personal communication - do not assume a customer will not want to make further purchases from you; they might not even be aware of the other products or services available.



“The game has to be real. You have to mean it. The game is a measure of you. How you act in the game establishes how you will be regarded by the other players.”

The E-Myth Revisited. Michael E. Gerber

Look at the Alternatives Before Discounting

Many small businesses experience difficult periods where they need to generate additional sales in the short term, and many small businesses believe discounting their stock is the best way to move it.

But if you're going through a rough patch, consider the alternatives before resorting to discounting.

Discounting is a very costly form of promotion and comes straight off the bottom line of your business. And, there are no long-term benefits.

Instead consider adding a free product or service, free consultations or vouchers to the sale. This way you are introducing the customer to something they may not have tried before and, if they like it, they may buy it from you in the future.

Ideally your business wants a reputation for having much more going for it than just being a discount barn.

Sit down and think laterally before merely discounting your sale price. Working together with other businesses, for instance, can be beneficial for both parties, especially if they want an inroad into your customer base and will sponsor giveaways. For example, a movie theatre wanting to increase its numbers might give you free tickets to hand out as part of your sales promotions.

Perhaps you can do a deal with other businesses if you operate in a shopping centre. For example, if a customer buys a particular product from you, they will be eligible to receive another product from a different business within the complex. When your customer goes to collect their product they might purchase something else as well. Obviously these deals need to work for both parties and in this case, you would want the other businesses to reciprocate with their customers to your business.

Giving people an incentive to buy doesn't always mean having to drop the price. People do have other reasons to buy from you. Think carefully about all your options and talk to other businesses about deals in which you can both win. Successful business owners need to consider the long-term benefits for any short-term solutions.

Create Excellent Systems for Business Excellence

Well-run businesses have excellent systems that produce key information about the business' status. Regular monitoring is important to ensure the business owner or chief executive always has a finger on the pulse of business activity and can be quick to make changes where necessary.

Small businesses are fortunate in being able to respond quickly to fluctuations in the market place. In fact, to be successful, it is imperative they do move without delay to improve a bad situation. It is vital therefore to monitor the following information:

- Daily bank balances
- Daily sales information giving, total sales, sales of individual products and sales made to new customers
- Daily, weekly or monthly gross profit figure achieved (normally only available via a computer system)
- Weekly debtors' aged analysis, showing the amount owing to the firm and the age of those debts
- Labour productivity reports daily or weekly showing the actual time charged to clients or work on productive tasks - how does this compare to budget?
- A weekly statement of financial performance report
- Weekly creditors' aged analysis, showing the amount the business owes and the age of that debt
- Detailed monthly financial statements on all aspects of the business operations including statement of financial performance and statement of financial position, with comparisons to budget and cash flow forecasts
- Annual budgets and annual cash flow forecasts (updated monthly)
- Details of any lost customers showing details of what their annual sales had been and reason (if known) for them leaving the business
- Specific details on sales over a specified amount - who the sale was made to and what was it for.



An important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

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