

## Becoming More Customer Focused

Today, and increasingly in the new economy, customers are asserting their purchasing power in many industries. No longer so loyal or so easy to manipulate, they have become more fickle, more mobile and more educated. The spread of shopping alternatives via the Internet and other media will increase this tendency tremendously. Most businesses will need to pay much more attention to exactly who their customers are and how best to satisfy them. Growing your business will involve getting to know your customers as much as possible.

### Collect customer feedback

When you developed your first business plan, you spent time researching your target market. You may have explored how large that market was and where your potential sales would come from. You may also have segmented the market into different geographic and psychographic profiles.

But having been in business for a while, you already have a customer base. Examining this allows you to compare who you think you are targeting with who is actually buying. The results can help you see if re-targeting your efforts is needed.

Many different methods exist for collecting information about your customers. Some are easy for collecting information about your customers. Some are easy for the small business owner to do alone. Some require researcher expertise to obtain reliable results. Others need to be on-going methods of data collection.

What sort of information should you collect? That depends on what questions you need to answer. For example, here are some key things to track about customer satisfaction:

- *How satisfied are you with our product/service?*
- *How satisfied are you with our competitor's product/service?*
- *How would you assess our speed of service, friendliness of staff and consistency of service?*
- *What were your expectations? Did we meet those expectations?*
- *How likely are you to return to us as a customer?*
- *Would you recommend our product/service to a friend?*

### Identify your best customers

With the information you collect, focus on your best customers since these are the ones you are already doing a great job of satisfying. Your task is to find more people like these people, or turn others less satisfied into happy customers. Here are three ways of describing your best customers:

The ones who buy the most – Search through your data to find which sort of customers are high-ticket buyers. They spend lots of money on you. Their accounts are the largest. Their consumption is greatest. You need to put in extra time making sure these customers have a satisfying experience. Provide regular after sales follow-through to ensure they are happy. Make sure your employees know them by name.

## The ones who buy most frequently

Your research will show if these are the same as the group above or different. Some customers may not buy much at one time but make frequent buying visits. Their frequent contact with you means you are not likely to satisfy them 100% each time but you are not likely to lose them for one slip-up either. Treat these people as friends of the family. Perhaps get to know something about what is happening in their lives to make regular conversations possible. Sometimes, you will be able to give them special deals or help them out. They will like that extra attention but they do not need it every time.

## The ones who are most loyal

These people say they always buy from you and hardly ever from any competition. They have been with you the longest time. They pay their bills on time. They say they are the most satisfied with your services and the happiest with their buying experience. They may not buy much but they are loyal and will stick with you. Find out what is making them so satisfied and see if that experience could be replicated with others. Find some small or intangible way to reward their loyalty. For example, instead of sending them a calendar in the mail each year, why not give them a discount on their next purchase instead?

## Find out what customers value most

Being a customer-focused company means understanding what your clients and consumers value most in their experience of dealing with your business.

What they find valuable may surprise you. It may not be what you think they should value. It may not be what you think you are selling. This is where you should listen carefully to what your customers are saying in their feedback.

## Don't forget your lost customers

In addition to focusing on your best customers, also study those who used to buy from you and no longer do. Some of these may have moved away and are not easy to find but others can be found with a little effort. Some places to search are: old order books, copies of old invoices, old letters of complaints and memories of your staff.

Check against lists of current customers to discover names of people who no longer buy from you. Then play detective and have someone track them down by phone or by survey letter to find out what has happened to them, where they shop for their needs now and why they no longer consider you.

The main purpose is to find out information, not to try to win back their business. But this can be an excellent opportunity to persuade them to return if you sense they have not been lost for good and still have business that you could carry out for them. Perhaps suggest you are having a special Come Back Offer for previous customers – a kind of loyalty programme in reverse.

## Importance of customer retention

- Loyal customers are easier to sell more to. They are also less likely to be price-conscious.
- Regular customers cost less to serve than new ones. Retaining customers spreads out the initial costs of attracting them over a longer period.
- It's 5 times more expensive to attract a new customer than to keep an old one, and takes 9 times more effort.
- 96% of customers who are dissatisfied with the service they receive don't bother to complain and fully 99% of them are unlikely to return.
- 75% of customers will do business with you again if any problems they have are handled in a positive way. This rises to 95% if the problem is dealt with on the spot!
- Dissatisfied customers spread their woe. They tell on average 8-15 others about their bad experiences.