

## Talking Technology Nurturing your customer

By Steve Burns, Capital News contributor

This week we continue with our series on the Four Ways To Grow Your Business.

Last week we looked more closely at the second of the four ways to grow your business—increasing the number of times customers come back.



If it costs six times more to acquire a new customer than to increase your sales to your existing customers, why are so many entrepreneur's hungry to acquire new customers when their most profitable segment, their existing customer base, is largely ignored?

Remember that a staggering 68 per cent of customers leave your business because of perceived indifference—that is, when customers feel that you just don't care!

In order to successfully minimize or eliminate perceived indifference, you desperately need a Customer Nurturing Strategy in place in your business to increase the number of times customers come back.

A Customer Nurturing Strategy, in its simplest form, involves implementing specific techniques in your business that will significantly increase the likelihood of customers returning to your business.

That is, assuming that the customer is the type of customer that you want to have in the first place.

In order to increase the number of times customers come back, you must know where you are now.

The problem is that most businesses don't measure the "real" numbers.

Instead, they attempt to grow their business in a haphazard way—how can you improve upon something that you are guessing at?

Take for instance the past year. For each customer you should know how many times in the past year they did business with you, what the dollar value of each purchase was, and how much "profit" you made from them.

In my opinion, these are some of the most critical set of "measures" in a business that are never tracked and, therefore, never improved upon.

If you do not know this information or you never bother to take the time to gather the information, how can you increase the number of times customers come back in a measurable, systematic manner?

You must find out these “numbers” – typically they are not the traditional financial numbers that most businesses measure.

Let's use an example. If you determine that a particular customer purchased from you twice last year and you know the purchase details, what can you do with this information?

Well, you now have a key piece of customer behaviour information that may help you target sales programs to their specific buying patterns. Perhaps you notice that they continue to purchase the same product every time. What about letting them know about complimentary products that they might not be aware of?

Also, what if they view your business as the “exception supplier” where they only purchase things that can't obtain from their main supplier?

Perhaps you are only receiving 20 per cent of their business when, by taking the time to understand their buying patterns, you could increase their purchasing frequency substantially.

If you understand what their total needs are you are in a much better position to meet most, if not all, of their requirements.

In a recent example, a business was able to increase sales by 30 per cent simply by understanding the buying patterns of their top 10 customers.

In fact, to the business owner it was rather shocking to find out that with a little bit of effort, customers handed them the additional business that they were giving to other suppliers.

Comments from their customers such as “we didn't know that you offered all of these products” or “we have wanted to give you all of our business for some time – you just didn't ask!”

Remember that a Customer Nurturing Strategy is not just designed for the specific moment in time when they do business with you.

Rather, you must be nurturing the customer relationship at all times. For instance, do you have a systematic way of contacting your customers throughout the year? When is the last time you wrote to a customer just to tell them how much you appreciate their business?

Not to sell them anything but rather to express your appreciation. Making contact with your customer, even if it is simply expressing your appreciation, is a key part of any nurturing program.

Are you too busy working in your business to work on your business by implementing a Customer Nurturing Strategy?

If you are too busy, then you may be missing a critical element in increasing the number of times customers come back.

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