BY KATIE NAVARRA

KEEPING WHAT YOU'VE GOT

CHRISTINE HAMILTON

Your best return on a marketing investment might come from paying more attention to the customers you already have.

CUSTOMERS DON'T OWE YOU THEIR LOYALTY. It's something you have to earn. It's not a one-time exchange, but a continual process that requires regular attention. And business experts across the country know it's less expensive to keep an existing customer than get a new one.

"It costs $3 to get a new customer to spend $1, whereas it costs 25 cents to get an existing customer to spend an additional dollar," says brand development, marketing and sales expert Rob Hendrickson of The Branding Architect in Fort Worth, Texas. His clients have ranged from Sony to Vetericyn and everything in between.

Other experts suggest that a 5 percent increase in customer retention can lead to a 75 percent increase in profit. Sustaining a profitable retail business is a delicate balance between customer retention and new customer acquisition. You can't ignore either, but increasing sales from existing customers can be more lucrative than chasing new ones.

Unless you're a brand-new business, you already have a customer base with which to work. The key is interacting with those customers in a manner that encourages a more meaningful relationship, which leads to more sales.

"Start by segmenting your customers, not just on amount spent but type of products purchased and how they are using the products," Hendrickson says. "Truly knowing your customers allows you to target them specifically."

CHRISTINE HAMILTON

Interacting with customers in a manner that encourages a more meaningful relationship ultimately leads to more sales.

EVALUATE YOUR CUSTOMER SERVICE

It goes without saying that good service is critical. Unfortunately, it's not uncommon for customers to receive poor service.

"Nearly 20 percent of the time, on average, customers are ignored, given poor service or receive no service at all," says Jerry W. Thomas, president and CEO of Decision Analyst, a marketing research and analytical consulting firm in Arlington, Texas.

In 2012, *Harvard Management Update* published a Bain & Company statistic stating that 80 percent of companies surveyed say that they offer superior customer service, but only 8 percent of their customers agree with them.

"As business owners we all have a blindness when it comes to the services we offer. We may think we're delivering good service when in reality the customer does not think so," Thomas says.

"Customers love to share with others when they've had a great experience," Hendrickson says, but aren't as likely to share when their experience is bad.

Vocal customers will tell you exactly what they are thinking or feeling, but the average person won't tell you if they've had a bad experience. Obtaining honest feedback can be challenging. Employing a "secret shopper" can provide insight on how your employees deal with customers.

"Ask someone you know who will give honest feedback to visit your store," Thomas suggests.

The secret shopper can observe how employees interact with customers and how quickly they are acknowledged.

Knowing how your employees pay attention to customers and then providing training for employees goes a long way toward ensuring that customers receive a great experience each and every time they shop.

CREATE A REASON TO RETURN

Delivering on the product or service promised is just the first step in creating a loyal customer. The next is developing a more meaningful relationship between your brand and your customer.

Experts suggest that a 5 percent increase in customer retention can lead to a 75 percent increase in profit.

Inviting customers to participate in unique after-hours events is one method Sandy Clement and Breanne Hoffschneider, co-owners of Cinderella Ranch Boutique in Parker, Colorado, use to transition customers from one-time shoppers into regular patrons.

When the store opened two years ago, they invited customers to join them for a private shopping experience they call Sip n' Shop. An official hostess reserves a date at Cinderella Ranch Boutique and invites friends and family to attend. The event is held at the boutique after regular business hours so the partygoers have the store to themselves. Appetizers, drinks and access to an Italian soda bar

JENNIFER DENISON

Customers want to know they have received value from the shopping experience.

are included in the evening. The attendees receive a special discount, and the hostess receives a percentage of the party sales in a gift certificate.

"We knew it would be a fun way for girls to get together to do one of their favorite things—shop," Clement says.

The personalized events offer Clement and Hoffschneider an opportunity to interact with customers, learn their names and their tastes, and find out where they're wearing Cinderella Ranch merchandise. At the end of the event participants receive a "Cinderella Ranch Junkie" T-shirt to commemorate the night out.

"When they walk out the door, we want them to know their business matters to us," Clement says. "We really have seen our customer base grow just from hosting a party for them. They appreciate the gesture and want to come back to where they know their friends are shopping."

Cinderella Ranch has even offered the owners an opportunity to support organizations within the community. Repeat customers appreciate that a portion of their purchases benefits the community in which they live.

"We have used the party credit for fundraisers, as well as to raise donations to private organizations in our community," she adds.

Clement estimates nearly 70 percent of their business is related to repeat customers, making them an integral part of the relatively young shop's success.

"It just keeps growing and they just keep bringing their friends in to check it out," she says.

HAVE A CONVERSATION

Regular and relevant communication is fundamental in any personal relationship. The same is true for business-customer relationships.

"Consumers are bombarded by hundreds of ads and thousands of messages every day," Thomas says. "Unless you communicate with your customers they might not know you're still in business."

Businesses today have a variety of tools available to communicate with customers. From traditional advertising and marketing tactics to emerging online platforms, businesses must strategically choose the mediums to best reach their customers.

For Lorinda Graham-Van Newkirk and Amy Lee Moorhouse, co-founders of Gypsy Soule, Inc., that's on social media. Though inexpensive and easily accessible, using social media to connect with customers cannot be a one-size-fits-all approach. Understanding the target audience and what they're looking for is crucial.

"People feel like they can reach out and touch you through social media," says Graham-Van Newkirk. "We know people on Facebook prefer a short, cute story or video clip, a feel-good story," she says, but "people on SnapChat want deeper engagement. They want more behind-the-scenes information."

While each social media platform caters to a specific demographic, multiple platforms can be used simultaneously to enhance the efforts of one another.

Gypsy Soule's social media posts contain the same basic information, but customers looking for additional information might be directed from one platform to another. A post on Facebook or Instagram offers a teaser and directs followers to SnapChat for additional details.

Graham-Van Newkirk considers social media a new form of customer service.

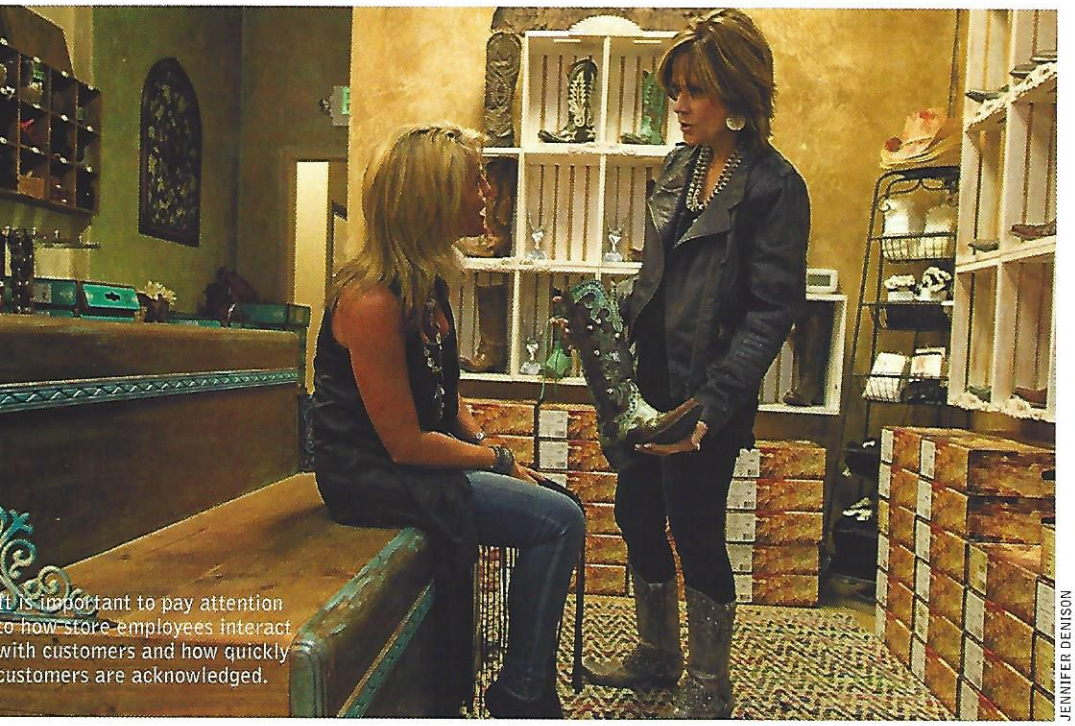
"I check and respond to every post that comes in," she explains. "Sometimes they are looking for advice, and other times they will send a picture of an outfit they're wearing or ask for help on what items to pair with something specific."

Engaging in conversation allows Gypsy Soule to embody its mission of "sisterhood." The efforts also build brand awareness, which is especially critical since the company sells products through retailers and word-of-mouth via people wearing their items rather than operating a storefront of its own.

OFFER RELEVANT PROMOTIONS

Promotions, when chosen correctly, can be an effective method for retaining customers and keeping them engaged with your brand. Most importantly, the promotions must reward customers, make them feel good about doing business with your company and encourage them to continue purchasing.

Customers want to feel they have



It is important to pay attention to how store employees interact with customers and how quickly customers are acknowledged.

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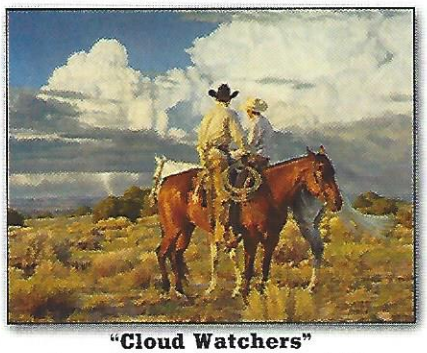

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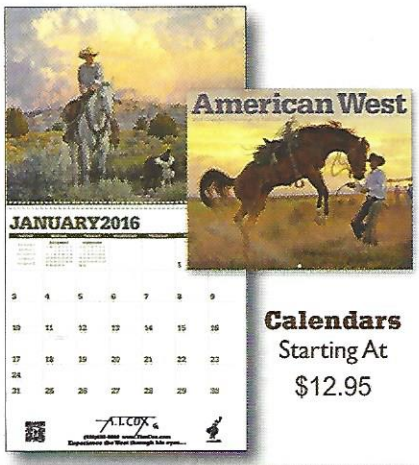

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Look outside your particular industry for marketing ideas and promotions that are working for other companies, and consider if they have a place in your business.

received value from the shopping experience along with a good product, and to know that the business will stand behind the product if there is an issue.

"You don't have to be the cheapest store in town," Thomas says. "People just want to know they are getting good value."

Automated, computer-based software is available to help gather, track and follow up with customers, but Hendrickson recommends following up the old-fashioned way first.

Personalized, hands-on interaction with customers teaches you more about their preferences and will be well worth the effort. Meaningful and unique thank-you notes, holiday cards and birthday promotions offer a personal touch, and are all ways to express appreciation and deepen the relationship between your business and your customers.

As an example, Hendrickson says his company uses postcards and gift boxes to thank its customers.

Once you have tried traditional methods of customer follow-up, consider using specialty software. Software programs developed to maintain loyalty data can compile important information about customers' buying habits and spending patterns. Loyalty data, when managed correctly, provides a clear picture of what and how online or in-store customers are purchasing.

The programs are not designed to offer random specials or discounted merchandise. Instead, they open the doors to more meaningful interactions with customers.

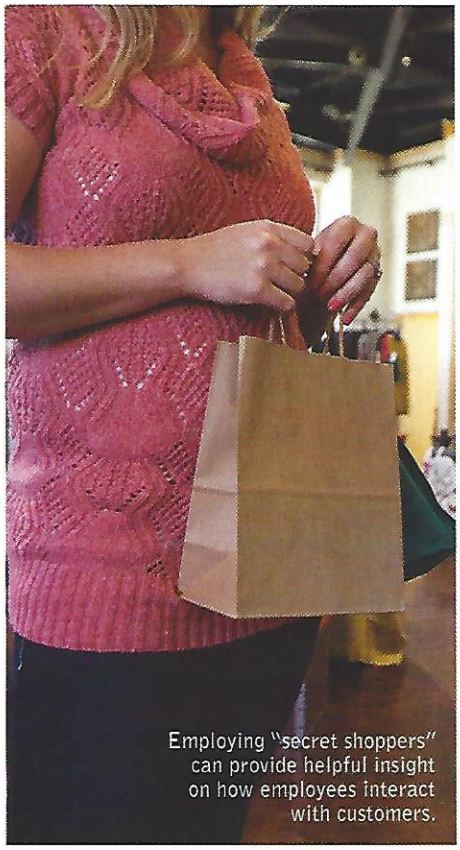
"We use a software program for our email touch points, our newsletter and new product communication," Hendrickson says.

Launching new products or services tailored to your customers, including rewards programs for multiple buys, makes them feel important and appreciated. Before launching a loyalty or rewards program, consider the promotion from a customer's point of view.

"Include them in brainstorming. I've found that including them in the brainstorming of new ideas for products or store experiences gets their buy-in automatically," Hendrickson says.

DEVELOP AN ACTIVE STRATEGY

The bottom line is a successful business can't be passive about customer retention and loyalty. Businesses that actively



Employing "secret shoppers" can provide helpful insight on how employees interact with customers.

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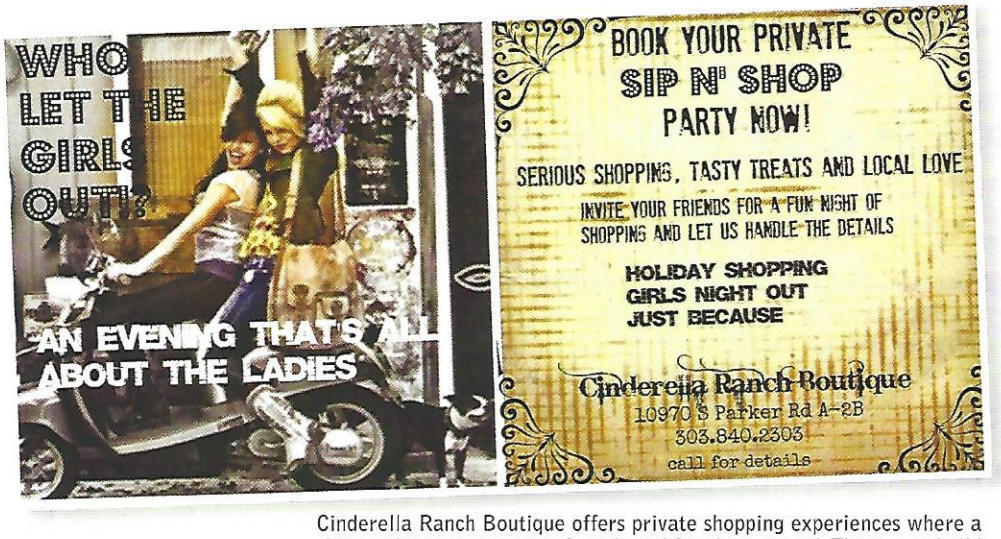

Cinderella Ranch Boutique offers private shopping experiences where a host or hostess can invite friends and family to attend. The events build community and turn one-time shoppers into return customers.

communicate with customers and keep them engaged are better able to meet consumers' needs and expectations, and ultimately are on their way to achieving the fundamental goal of customer retention: loyalty.

Look outside your particular industry for marketing ideas and promotions that are working for other companies and consider if they have a place in your business. Take what you notice as being successful and try it with your customers.

"I study mainstream companies and look for those who are 'killing it' from a marketing standpoint," Graham-Van Newkirk says. "I watch what type of pictures they're posting on social media, how they are taking pictures, what types of articles they're sharing and which activities are getting the most attention from followers."

Companies that focus on gaining new customers without regard for the customers they already have end up working twice as hard in the long run.

"Successful military leaders know a war is not won by the new ground you conquer, but by how successfully you hold the ground you already have," Hendrickson says.●

Companies that always focus on gaining new customers with no regard for current customers end up working twice as hard in the long run.

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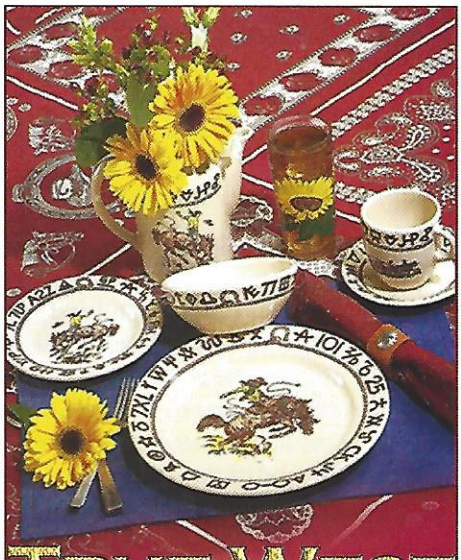

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