

Title:

How to Keep Customers For Life

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Summary:

How can you make sure that your customers stay customers for life? A customer retention programme is something every established small business should have in place but what is a retention plan and what should it include?

Keywords:

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Article Body:

Being in business isn't just about getting a customer, selling him something and moving onto the next one. It's all about making sure that your customers keep coming back to you ... and spend more money!

But how can you make sure that your customers stay customers for life? What strategies can you put into practice to keep bringing them back for more? A planned customer retention programme is something every established small business should have in place. That sounds great, but what is a retention plan and what should it include?

Do the Groundwork

Before starting a retention programme, you need to understand where your business stands now as regards its retention track record. Ask yourself these 3 questions:

1. Do you know how many customers you have lost in the last 12 months?
2. If you do know how many, do you know why they stopped dealing with you?
3. Have you ever quantified the impact these losses have had on your bottom line?

Before you can put an effective retention plan in place, you have to answer these questions. They are the key to understanding and implementing an effective retention strategy. Let's look at each of them in turn.

How Many Have You Lost?

It's essential you know how many people stop doing business with you at any one time. Keep a database of all your frequent customers; how often they buy; what they buy and in what quantity. Every month review the information and see if you can spot any worrying trends. Has the average order value been declining over the last 3 months? Has one customer's regular order dried up altogether? If someone orders a large range of items each month but suddenly stops purchasing one particular range, why?

If you can't track the customers you are losing, how can you keep them or tempt them back?

Why Have They Turned Their Back On You?

Armed with the information on who's deserting you, the fight back can start in earnest! There are sometimes very good reasons why business can dry up - the owner could have died, moved away, or closed down. Not a lot you can do about that! But what about more worrying reasons? Your product quality has gone down hill; the customer feels he is no longer getting value for money; your general service levels have declined. These are areas you have to know about, so you can get the business back on track.

If you see a slippage in business and you can identify who is contributing to it, then pick up the phone and get talking! Find out what the problem is. If you can bring them back into the fold, then great but if it's genuinely too late, then at least you have gathered some important knowledge about where the business is going wrong.

What Has It Cost You?

You may be thinking that the odd customer here and there is not going to have a major impact on your lifestyle. Think again! Remember, it's not just one sale, it's a lifetime of sales that you are losing. Supposing a customer spends \$1,000 per month with you. He walks away into the sunset and you never see him again. Imagine that he could have been doing business with you for the next 20 years - that's \$240,000!

Interested now? Well you should be! Working out the financial impact of losing just one customer can really bring home the impact on the business. This should galvanise you into action and get you working on a retention plan.

Your Retention Plan

Having now convinced you that you need a Customer Retention Plan, what exactly should it include?

1. Have a system in place which allows you to answer all the questions we have just reviewed. Understand what is going on in the business, so you can identify and put matters right. Make sure you know who you lost, why you lost them and how much it has and will cost you
2. Get your staff together on a regular basis and remind them of the importance of retaining your customers. If you don't get them on board then you have no hope
3. During your staff meetings hold brainstorming sessions so everyone can come up with ideas on how to hold onto your customers
4. Implement the good ideas and measure the results so you know what is working and what is not

A good retention plan can be just as effective as a good marketing plan; they achieve the same results - a contribution to profit. So, sit down and have a think about the steps you can put in place to keep your customers.

I saw a sign in shop one day, it said, "It's not how many come in, it's how many come back that's important." Doesn't that say it all!