



KnightLine

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“Businesses of all sizes should look no further than their existing customers as the first focus of their marketing efforts.”

Marketing- Reward Your Customers First!

by Ray Knight

Companies that produce, distribute or deliver products and services in various industries are striving to cope with the challenges of an increasingly difficult economy. Many had already seen growth levels decline over the past year, revenues recede and profits erode. While bigger companies may oftentimes draw on considerable retained earnings and capital, what can small and medium-sized businesses who are striving to be profitable, let alone survive, do with less resources available? They can implement marketing basics themselves at **no cost or low cost** and gradually develop and implement a marketing plan.

Businesses of all sizes should look no further than their existing customers as the first focus of their marketing efforts. All too often, businesses make the mistake of looking externally, rather than internally for new business and waste valuable resources of money and time seeking new clients. This is the most immediate source of new business directly from them and their referrals to neighbors, friends, associates and clients.

In various industries, we find clients that are reluctant to invest time or effort on their existing customers. This is often short sighted as numerous studies have proven that it is always less expensive to keep an existing customer than in trying to find a new one. Here is a simple exercise to do yourself to understand the value of your ‘average’ customer.

Let's estimate what your ‘average customer's’ visitation and spending pattern is. Then you can look at your infrequent and frequent customer to understand their real value to you in revenues.

Your average customer purchase per visit/sale is \$_____

Multiply that by the number of times that customer buys from you in a week/month or year
\$_____

Multiply that by the number of years that customer remains as a client of yours
\$_____.

Many businesses learn through this exercise that a customer is worth hundreds, thousands or tens of thousands of dollars depending on their industry. If you were ever going to make a special promotion, offer a time-sensitive deal or discount, or give away something for free, who better to shower with that attention.

Here's two local business examples that demonstrate the value of focusing on your customers first to gain repeat, referral and recapture lost business.

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1. Rewarding Loyal Customers

A local restaurant completed a customer research, identified their customer profiles—the lunch bunch and the dinner/drinks crowd and launched a birthday/anniversary club offering a two for one coupon along with a frequent diner’s program.

This involved building a mailing list, writing and mailing a monthly newsletter, and mailing birthday and anniversary cards. Targeted, low cost and a personal touch!

2. The Personal Touch

One local service business that has prospered in this town for twenty years sends thank you cards to **every** new customer and monthly sends “Missing You” cards to lost customers. These two programs have generated hundreds of new customers and return lost customers, thousands of dollars and hundreds of sources of new referral business. Lessons learned :Everyone likes to be remembered and appreciated, especially loyal customers.

There are two fundamental choices for each business to make:

1. Decide whether you need to improve your marketing to help your business, and;
2. Decide to focus on your best source of new low cost, no cost business-your existing clients

In our next article, we will focus on understanding your customer profile and how to apply that marketing research to build your marketing plan and business.

Ray Knight, President & CEO of Knight Consulting, has over 20 years of in marketing research, marketing, business development and sales experience gained internationally and domestically as both a corporate executive and an entrepreneur in a variety of industries. Much of the content included in KnightLine incorporates strategies and tactics he has personally applied to growing his and clients’ businesses. Ray lives and works in Miami Springs and can be reached at 305-888-1905 or by email at knytlyfe@hotmail.com. Read past articles and learn more techniques at www.shadow.net/~rayknight/
