

Keep Customers Coming Back By Keeping In Touch

The secret to growing your business is building customer loyalty

By Phil Sasso

If you're like many shop owners and managers, you may think the best way to grow your business is to spend the lion's share of your marketing budget on bringing in as many new customers as possible. Usually, that means spending a lot of money on advertising and offering big discounts in the hopes of enticing droves of new faces to your shop bays. Unfortunately, you have likely found that many of those customers will only do business with you a few times before moving on to the next shop hunting for the next good set of deals.

If that sounds like your shop's experience, I think I may have a solution. Current research indicates that you may be more profitable if you rethink your marketing strategy.

While pushing for new customers is important to growing your business, research by DME Automotive of automotive repair shops seems to indicate that you might be better off to shift some of your marketing spending to building customer loyalty.

DME Automotive researchers have labeled three groups of automotive service customers: Loyalists, Swing Loyalists and Dis-loyalists. As the names suggest, the segmentation has to do with customer faithfulness to your shop. Loyalists (23 per cent of the market) tend to frequent one shop where

they spend most, if not all of their vehicle maintenance dollars. Swing Loyalists (50 per cent of the market) may have certain loyalties but don't tend to favor any one shop. And Disloyalists (27 per cent of the market) seem not to have any real spending pattern or preference.

The most interesting finding however is that, although Loyalists seem to be in the customer minority, they represent a whopping 59 per cent of a shop's revenue. Conversely, Swing Loyalists only put 21 per cent of the dollars in a shop's coffers and Dis-loyalists represent a mere 10 per cent of revenue. To me, that says that keeping Loyalists loyal (and converting Swing Loyalists to Loyalists) can yield the highest return on investment.

So it makes sense to keep in touch with customers to keep them coming back.

Generating Customer Loyalty

So, how do you build customer loyalty? Obviously, to retain a customer is to treat them right. Being friendly, helpful and doing a good job will build a positive impression and create trust in your shop. No amount of marketing can overcome poor customer service or shoddy workmanship.

Aside from excellent service, what can you do to win



more repeat business? You probably already do some occasional promotions to drum up business when sales are slow. But a scheduled, on-going marketing system to your customers is much more productive than a fly-by-the-seat-of-your-pants marketing approach.

Everyone's business is different, so I can't give you a one-size-fits-all answer. But here's a simple concept you can modify to fit your shop:

Build a Customer List

If you want to build customer loyalty, you need to know who your customers are. Without names and contact information, you have no way to keep in touch.

I suggest you connect with customers by using an email marketing service like ReachMail or Constant Contact. For as little as \$15/month you can get an email sign-up page, professional templates, and results tracking. (Get a free 60-day trial of Constant Contact at <http://conta.cc/tryemail>). Email marketing is much cheaper and more measurable than using Canadian Post. But nothing stops you from mixing it up by using both. Constant Contact allows you to keep booth email and mailing addresses in your online database.

Ask every first time customer for his name and contact information. You can type this right into your point-of-sale program and export it later, or you may find it easier to give your customer a short form and ask him or her to give you their contact information when they drop off their vehicle. In return for their information, give them an incentive like a coupon good for 15 per cent of on their next visit -- which also starts them on the path to Loyalty.

I suggest you get the customer's name, address and mailing address. You may also want to ask for a phone number, but keep in mind the more information you ask for, the less likely a customer is to complete it. You might also ask for the customer's birthday (but not year), this will come in handy later.

As soon as your customer leaves, enter their information into your email marketing service so you don't forget and they begin getting your marketing

emails as soon as possible.

Keep In Touch

Don't just email ads to your customers -- make it a newsletter.

Although it's O.K. to sell in your newsletter, without something worth reading, it's more likely to get tossed. Tell customers about new products or services, special events, seasonal specials, fundraisers, new employees, or anything of interest.

Don't think you have time to write a newsletter? Few shop owners and managers do. If you get so bogged down that your email newsletter never mails, you're not doing a very good job of keeping in touch. The solution: start your newsletter as simple as possible. It'll be easier to fill one screen of information so start small. You can always increase the size as you gain experience and confidence.

A monthly newsletter may seem overwhelming, but after your first year, you can begin to recycle your content. For instance, you can use the same basic "Winterization" promotion email every Fall. One email a month is optimum from a marketing point of view. Less is too infrequent. More can be a nuisance. Every time a customer sees your shop's name they're thinking of you. The more often they think of you, the more likely they are to buy from you.

To reduce the time and effort it takes to produce your newsletter, see if any parts suppliers or vendors have content you can copy and paste into your newsletter. You might also find it useful to hire a professional to help you run your newsletter. The resulting sales produced by a professional marketer should more than offset the cost.

Make 'em Feel Special

Consider including a few special coupons in your newsletter like exclusive "VIP" deals customers can't get anywhere else. The more important you make a customer feel, the more likely they are to feel a sense for loyalty to you. You'll want to keep the actual printed coupons that your customers redeem. At the end of the month, you can count them up and determine which deals were popular and worth

re-running and which ones didn't work so you can replace them with different offers in the future.

Remember, getting your customer's birthday on that form earlier? Here's why: People love to be remembered on their birthday. You can either buy birthday cards in bulk, or send a birthday email. I've developed some successful custom birthday postcards for clients. They had a birthday greeting on the front along with a humorous greeting, company name, and a coupon on the mailing side. They printed a year's supply and saved money on printing and mailing by using a postcard.

The system is simple: Mail or email the cards the middle of the month before the birthday. So, for customers with birthdays between July 1 and July 31, for example, mail their cards around June 15th. This way, you're assured they'll get their cards before their birthdays.

Evaluate and Redirect

Why do I keep suggesting you use coupons? It makes a promotion measurable. Every month you can count your coupons. If you're getting a good response, you know it is working. If not, you may want to take a look at what you're doing and try a different offer or approach.

This is just one way to create customer loyalty. There are other good ways to build loyalty like rewards programs and selling prepaid service packages (like four prepaid oil changes for the price of three). But a direct mail/email program is the most likely to yield the biggest impact.

Remember, it's almost always cheaper to keep an existing customer than to acquire a new one.

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