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In the last issue of the Camborne Crier, I talked about the fact that, broadly speaking, 80% of your sales come from 20% of your customers. This month I would like to expand on that a little and ask the question – *how do you manage and reward your most loyal customers?*

“Manage” is important, because the first step is in knowing who these customers are. Any business can, and should, keep a record of its customers, and in fact, money spent on marketing to these people is often more cost-effective than blanket advertising, whether you rely on repeat custom or one-off sales.

To illustrate this, I’ll use the example of Sky. Apart from the monthly magazine it sends out to all its customers, Sky puts a huge effort into getting its existing customers to spend more money with them – upgrade to Sports or Movies...already got those, why not get your broadband with us? Already got that, why not use it to download movies..? And so on, and so on.

And it goes further in that it uses its existing customers to attract new ones – offering £50 M&S vouchers when you “recommend a friend” being one such example.

So, to put this into a local context, “if you already get your hair cut with us, why not buy your hair products here? Already doing that, why not stay for a manicure next time you’re in...? Or perhaps if you sell kitchens, or ovens, or houses (!), you could offer £50 vouchers if an existing or previous customer recommends you to a friend.

And as for rewarding customer loyalty, there are ways of doing this too. One of the most high profile examples of this would be the Tesco clubcard, where you get to save a pound for every million points accrued (or something!), and theirs is clearly a highly sophisticated loyalty scheme. But I am also aware of some businesses in town that offer similar incentives, stamping a card every time a customer spends a certain amount and then offering a reward when the card is full. Even the car-parking refund scheme that the chamber offers is a way of rewarding customer loyalty.

BUT, loyalty is a two-way street. You should be loyal to your customers if you expect them to be loyal to you (for me, the mobile networks have been guilty in the past of overlooking this – offering great incentives to join their network and totally ignoring their existing customers) ...and actually, any business needs to build its customer base in the first instance anyway (perhaps a topic for another day).

In summing up, I’ll go back to the example of Sky. Not only does it engender loyalty by offering a great product backed up by great service (personal opinion!), but it uses its customers to spread the word, making them a part in its success. What does your business do to make your customers care about your success, and can you boast having great products and offering great service?

