

11 Strategies to Keep Customers Coming Back

The customers you need to grow your company may already be doing business with you

It's a simple fact of business: Most companies are obsessed with getting new customers. They advertise, plead, cajole, bribe, bend over backwards and sometimes beg to get a new customer.

And after all that, once they get them, they ignore them.

"Most companies spend a lion's share of resources to attract a new customer," said Theodore Kinni, co-owner of The Business Reader, a Williamsburg, Va., business-to-business bookseller. "At the same time, more valuable, already profitable existing customers are walking out the back door unnoticed and uncared for."

Kinni and partner Donna Greiner noticed this occurring in their own business, and they felt it was affecting the firm's bottom line. "We weren't spending enough time with our existing customers," he said.

Kinni and Greiner decided to research how other firms were retaining customers to help build retention levels in their own business. They were so impressed with the stories they uncovered that they put the information in a book, [1,001 Ways to Keep Customers Coming Back](#).

"For years, we've been listening to business gurus tell us that the customer is always right and that we need to keep customers for life," Kinni said. "Guess what? They're right. Existing customers are the best source of sales growth."

The authors collected the ideas over the last half of the 1990s. What emerged were the following 11 broad strategies for customer retention outlined in [1,001 Ways to Keep Customers Coming Back](#).

1. Build an unbeatable bundle of products and services. If you want to keep your customers, make sure they can get what they want without leaving your premises. Amazon.com, for example, may have started selling books, but today, surfers stay in its online store for greeting cards, music, videos and with the new zShops initiative, to shop as many, small, independently owned stores as the company can cram into cyberspace.

At the Cracker Barrel Old Country Store, one of the chain's best ideas for bringing travelers back into one of their locations involves audio books. Buy any one of the 200-plus audio books on display in one Cracker Barrel, listen to it on the road, and when you're done, simply drop it off at any other Cracker Barrel and collect a refund off the entire purchase price, minus a \$3 rental fee.

2. Give customers an incentive to come back. Be it a gift, a discount, special financing or a chance to win what's behind Curtain No. 1, customers come back for incentives. McDonald's cashed-in on the Beanie Babie craze by offering a series of specially designed Teenie Beanies with its Happy Meals for kids. The promotion generated so much business in 1998 that the company ran it again in 1999.
3. Tap into the power of communities of interest. Try thinking about your customers as a community and your company as the common connection they all share. To get a feel for how strong that bond can be, just drop in on the annual Harley-Davidson rally each summer and suggest that some other company builds a better bike. Purchase a new Harley-Davidson and it comes with a free, one-year HOG (Harley Owner's Group) membership. The loyalty of Harley-Davidson owners is legendary—with some riders even getting tattooed with the company logo.
4. Stand behind your work and reap the rewards of trust. If your customers don't trust you, they won't come back. Period. But, if they do, you can survive the roughest seas. There is only one maker of refillable lighters left in the United States, the Zippo Manufacturing Company. What makes Zippo so special? The simple, unequivocal lifetime warranty: "It works or we fix it free."
5. Support good works and your customers will support you. Doing well by doing good is a powerful loyalty builder. Just ask

children's clothing maker Hanna. Its "Hannadowns" program encourages customers to return their purchases when their kids have stopped wearing them. The returned clothes are cleaned and then donated to local charities. The customers get a 20% discount on their next order, Hanna keeps the customer buying, and the needy get 10,000 articles of returned clothing per month. Everybody wins.

6. Show your appreciation to every customer. Thoughtfulness counts. Industrial cleaning products maker New Pig Corporation provides its telephone reps with fast access to an assortment of greeting cards. Mention that your favorite football team won on Sunday and a day or two later, the postman delivers a congratulations card from the company.

7. Know your trophy customers and treat them the best of all. If the Pareto Principle runs true at your company, you will find that the top 20% of your customers contribute 80% of sales. Japan's Oura Oil turns its trophy customers into service station royalty. Customers who purchase more than 5,000 gallons of gas per year get a special club card entitling them to plenty of extra services, such as free windshield wiper fluid, whenever they gas up.

Some firms create a celebration for their best clients. New Jersey-based water and soil testing service Aqua-Protech Labs celebrates the holidays and its best customers at the same time at its annual party. A few years ago, customers and staff dined at the elegant Pegasus Restaurant high atop the well-known Meadowlands Racetrack. The year's biggest client was called to center stage to receive a case of fine wine as his company name went up in lights on the racetrack's big screen.

8. Make it easier to buy from you than your competitor. "Keep it simple" is especially important for today's high-speed world. Customers appreciate simplicity and convenience more than ever. UPS knows convenience is king in a busy world, so it created an elegant overnight package for customers, such as

mortgage lenders, who send lots of documents that require signatures and return shipping. The company made a reusable envelope, so the recipient can simply sign the papers and ship them back in the same package.

9. Go to your customers. Bring your goods and service to the customer. The Country Christmas Tree Farm in Sebastopol, Calif., knows that it's tough to earn the loyalty of customers who only come in once per year, so it sends a thank you note with a twist. Buy your Christmas tree from them and a thank you note arrives the following Thanksgiving—along with directions back for this year's tree.

At the Little Nell Hotel in Aspen, Colo., the owners don't wait for guests to arrive to begin making them comfortable. The hotel calls each visitor prior to arrival to answer questions about the area and the hotel, make plans for dinners and hotel transfers and to suggest and arrange recreational activities.

10. Find out what your customers want and give it to them. Maybe it's time to listen. In Worcester, Mass., Fallon Clinic began listening to its customers' complaints and found out that many of them centered on one department's doctors. Some fast interpersonal skills training for the staff, and patient complaint levels were reduced by almost two-thirds.
11. Become a customer service champion. Good customer service starts with the boss. What do Nordstrom, Southwest Airlines and Ritz-Carlton Hotels have in common? They are famous for building their businesses by putting customers first. Consumers flock to them because of it. These companies are led by CEOs who are customer service champs; they recognize and reward employees that cater to customers; and, they brag about their accomplishments.

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