

IN THE NEWS**GRAND RAPIDS**
Business Journal

December 22, 2022
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Guest Column: Checklist for owners looking to maintain their customer base

As a prior owner of a national uniform business with a huge customer base, the end of the year was always a very busy time for our sales and marketing team. Besides trying to finish out the year strong, we always made a checklist of things to do regarding our customer base.

This is important for several reasons, mainly for retention — to get the reorder. It has been said that it's not the initial order that counts, it's the reorder, and that is so true. It also is a good time to get a better understanding of customers' buying behavior during the past year, which hopefully leads to a better understanding of how to target them with future promotions going into next year.

The end-of-year checklist should include the following:

Do some sort of marketing analysis that segments your company's database

We had a smart data management consultant on staff that could create interesting data on our huge customer base from many demographics and different categories of buyers. We basically used marketing analysis that segments our customers' database by their purchasing patterns or habits. This is called recency, frequency, monetary value (RFM). This is useful as it evaluates customers' recency (how long ago they made a purchase), frequency (how often they make purchases), and monetary value (how much money they spend). RFM is then used to identify a company's best customers by measuring and analyzing spending habits and helped us figure out who and what to target with our many promotional tools.

The data points we get from RFM can be interesting if you dig further, especially recency, which tells you how long ago a customer made its last purchase. I want to know how recent their last order was with us. If they are more than 6 months old and haven't placed a reorder with us, then they need our attention. Six months was our average reorder time, so if your cycle is shorter then adjust the data points. With frequency — how often they bought from us — we get data regarding whether they are a one-time buyer or recurring buyer. The monetary portion tells us how much a customer spent with us for the year and gives us better insight into our customers' buying behavior and how to project our marketing strategies and budgets to target specific customers in our database going into the next year.

For example, with our direct-mail campaign, we would typically do promotional pieces throughout the year. However, if we have a customer who has a low frequency, such as a school that only orders uniforms in bulk once a year, then we target them one or two times per year and use fewer advertising dollars for this customer segment. For customers with an aging recency that have not placed an order with us in the last six months or more, we place emphasis on them and find out if they plan to reorder with us again by making a courtesy call. For those with the highest monetary value, we categorized them at a higher level and sent a more expensive appreciation gift and thanked them for their business. We always sent our valued customers an end-of-year card and different levels of gifts based on how much they spent with us, which leads us to the next thing on the checklist.

Figure out what end-of-year cards and gifts to order and how many

Starting in early November or sooner, figure out what end-of-year cards and gifts to order and how many, and what price levels based on monetary value. Be careful with perishable items such as fruits. One year we ordered a beautiful tower of fruits from a popular catalog only to have the pears turn to mush before we even sent them out. And make sure everyone on your team personally signs the cards. I would also write a personal note to my favorite customers ... small details make a big impact!

Prepare a customer list and win-back retention plan for customers with an aging recency

For those customers who have not placed a reorder with us in over six months, we need to find out why. Did they have issues with their last order with us? If yes, what were their specific issues and how can we win them back? Did they switch to a competitor, if so ... why? Or do they lack the funds to order again? If so, postpone marketing spend on them. And most importantly, do they plan to reorder with us in the future?

Determine your sales and marketing goals, budgets and objectives for the coming year

Depending on the data points you gather from your customer base, you can gain valuable insight into your customers' buying behavior and plan your marketing goals for next year. Hopefully, this will help ensure your customer base will continue to reorder with your company and grow your business.

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