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Increasing business from existing customers

Perhaps the simplest and most cost effective way to grow a business is via those who are currently buying from you. But why are they buying from you, do they buy from your competition, who actually are your customers? Until quite recently, huge assumptions were made by some well known companies that they knew what their customers wanted, and they received a shock.

For example, Walmart thought the Germans would embrace their American style low cost operation and came a cropper. They learned quickly and didn't make the same mistake when they took over Asda in the UK – which is thriving.

The sure way of understanding your customers is to listen to them. The trick is knowing which questions to ask and how to interpret the findings. Many hard facts should be gathered first, as a primary research exercise. This will segment your customers by things such as gender, age, demographics, usage, price sensitivity.

The real crux is understanding their inner motivations or desires – why your product / service in particular, what need other than the obviously functional one is it meeting? Research at this level can provide a valuable insight into buying behaviour that an organisation can turn into genuine unique selling points (USPs).

This data will help a business to appreciate the true worth of both individual and collective customer groupings and to create tailored plans to increase their value to the firm, through increased expenditure, increased usage or by purchasing different products / services you offer.

Knowing how loyal or fickle your customers are is vital. It is no use carrying out expensive loyalty programmes if the majority of your users only buy when prices are slashed. Customers are more likely to remain loyal to you if you fulfil their motivational needs, hence the necessity to delve deep into this area, especially these days as consumers are more assertive and demanding and competition can be fierce.



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Increasing business - new customers / clients

Data gathered on existing customers is the key starting point. People with similar profiles to current users are probably more likely to use your product / service so the first objective is to find out who they are, how many there are and what is their potential value to you.

Following research on their current buying habits, campaigns can be created to switch them from a competitor or to introduce them to purchase your offer for the first time.

There may be a whole new customer base that your organisation has failed to attract for a number of reasons; inappropriate advertising / promotional slant, branding and or packaging, price, availability. The challenge now is to adapt the offer to appeal to wider audiences.

Increasing business – existing products / services

Current and future value and fit to the business: each product / service should be assessed to evaluate its current net financial contribution to the business and to the firm's reputation. How each product /service or group of services fit with the corporate strategy is equally important. Trend and market analysis may well have shown changes that have taken place, are happening now or are forecast to occur over the next three years, that might positively or adversely impact some services. Decisions will need to be made as how to manage those services / products to maximise opportunities and minimise threats.

Stars V. Dogs: simply put, many years ago, and still topical today, products / services can be categorised into four headings; cash cow, rising star, problem child and dog (otherwise known as The Boston Matrix).

All the organisation's current products / services should be placed under one of these headings. Forecasts based on data collected earlier is likely to highlight where those products / services are leading; ie is your bread and butter service (currently a cash cow funding development) going to continue or will it drop off and become a "dog". Dogs have no value to the business and should be sold off, written off or discontinued.



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“Problem” children can go either way and thus there is an element of risk attached to keeping such products / services. The organisation needs to keep a tight rein on such “children” to ensure they become “rising stars” and not dogs.

“Rising stars” rise but the organisation needs to understand the life cycle of each of their rising stars as at some stage they will stop rising and some will even fall. There is also risk here as large amounts of money is often pumped into rising stars, long after the star is actually waning.

This is a fun but very strategic exercise that often clarifies what the firm should be offering and how to market its offers.