



“Leveraging Credibility and Customer Loyalty To Grow Your Business”

André Larabie

Why do your current customers buy from you?

There may be several reasons for this, including convenience and other things, but it is highly likely that you have established a fair amount of credibility with them. It is not easy to establish this because it takes time and money, the main resources of any business.

Since you have already established that credibility, it makes sense to leverage it by marketing to those customers. This credibility establishes a certain amount of customer loyalty.

If you advertise a new marketing promotion in the newspaper, on TV, or on the Internet, you will gain a few prospects and possibly add a few customers to your customer base if it is a good offer and you convert some sales. This will add to your revenues, but what most businesses fail to do is offer the promotion directly to their existing customer base.

Sure, their customers read the paper, and many of them will see the ad, but this is not enough. An explicit effort is required to direct the promotion to the existing customer base. Specifically, get the names and addresses of current customers and print mailing labels and send them the offer directly.

To illustrate the hidden power of this marketing strategy, suppose that you sell boat propellers, and one of your vendors has created a new propeller made of titanium, and it is specifically designed for riverboats. The propeller blades are so hard that instead of breaking a prop on a rock every 2 years, the mean time between failures (MTBF) is every ten years.



Since you are the only distributor for this vendor in your geographic region, you are the only reseller of this product and you stand to sell a lot of them.

Wow! This is quite an advance in technology. You can run an advertisement in the newspaper and you are sure to realize some sales. This is because possibly 10,000 people will see the ad and of those, 100 are riverboat owners, and of those, 10 will come down to purchase the new prop so they can replace their own (or carry it on board to replace the current prop when it breaks).

So you have spent maybe \$1,000 on advertising and you have reached 100 riverboat owners. Suppose that 40 of these owners are already in your customer database and 60 are not. Let us call this Scenario 1.

Now let us consider another scenario. Suppose that instead of placing the \$1,000 newspaper ad, you direct this promotion to your current customer base. Your database contains roughly 500 boat owners. You have mailing addresses for each of these owners and you send a mailing to them.

Since you get a bulk mail rate of .20 per item, the cost to communicate the promotion is \$100. This is already a significant savings in dollar terms alone.

The other big factor is that you have reached 500 boat owners instead of 100, and if the conversion rate is 10%, you will sell 50 titanium props instead of 10. This is a dramatic difference and it goes to show the hidden power of this relatively unknown marketing approach.



The other thing to consider is the conversion rate. It will likely be much higher than 10% because of trust and credibility. In practice, sales from scenario 2 will probably exceed sales from scenario 1 by 20% or even 30%, and these results are truly amazing.

In effect, what you are really doing is targeting your marketing efforts and resources to a more particular group. The amazing fact is that many businesses do not have an explicit plan to do this; most of their marketing campaigns are directed generally, and. In fact most traditional advertising methods (newspaper, TV, Magazine etc.) can only offer to direct your advertising generally.

You may believe that many businesses are doing this, but if you check your own mail of a three to six month time period, you will discover that you receive very few such directed promotions. For some reason, not many businesses take advantage of this marketing strategy.

So rather than spend thousands of dollars on the shotgun-like method of advertising to the masses hoping for a few sales conversions, you are directing your resources to a “target-rich” environment.

You can compare this scenario to mining for gold. Why would you want to just start digging around, creating hundreds or thousands of holes in the ground, when you already know where the vein of gold is?

Your current customer base (as emphasized so many times in this book) is your own guaranteed vein of revenue gold and it makes sense to take advantage of this knowledge.

The bottom line is that it’s far cheaper to sell to your current customers



ANDRELARABIE.COM

ARTICLES

than to sell to customers that do not yet exist. You should have a well-defined program to do this.