

Investing in Customers

When considering the profitability of your business

Would it be helpful

To be able to identify the value of return customers?

When considering customer service

Would it be helpful

To be able to target the customers who will give you the best return and make targeted offers to them?

When dealing with your business

Would it be helpful

To know if an investment in customers was money well spent?

Management 2000 measures the value of your customers and points to marketing opportunities

Many retailers are sceptical of the return that is generated from investment in customer loyalty schemes. In many cases it is simply viewed as a wasted data collection exercise and one that collects the people who are prepared to enter their names and/or are prepared to take the offered incentive.

This is not the case as shown by a statistical analysis of the Management 2000 Databases that have built up in businesses that identify and record customer data and shows the value of knowing your customer.

- Known customers purchase more goods
 - On average known customers purchase 15 – 100% more per sale
 - The difference is greater in stores which carry high value items
- You may think that your staff are identifying a customer for each sale
 - Even in the most customer focused businesses up to 50% of sales do not have customers identified
 - The best stores had a 15% incidence of unidentified customers
 - The worst stores had up to 65% incidence of unidentified customers
- Second and subsequent sales to the same customer are consistently higher than the first sale
 - The difference ranges between 20% and 500%
 - The difference was greater in stores that carried high value items
- **Management 2000 supports unreasonably profitable Fashion Retailing by**
 - Facilitating the best possible stocking of the store based on actual performance of styles and sizes in that store
 - Immediate restock response where sales exceed expectations, including relocation of the goods into a smaller set of stores
 - Facilitating promotions directed at specific customers who have or are most likely to respond to an offer

- **Management 2000 supports targeted email campaigns that cost almost nothing and can offer huge returns**

- One customer in December 2003 sent 150,000 emails during late December
- The boxing day sale was 60% higher than the previous year

A recently published US survey (Oct/Nov 2004) indicates that only 8% of specialty retailers are making targeted offers to their customers.

The data above indicates that if you can identify your customers you will win in terms of sales and profits. The promise is that if you can talk effectively to your customers you can make *"retailing unreasonably profitable"*.