

Your Best Customers:
Look beyond sales to identify loyal advocates

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Your Best Customers....

When I worked as a marketer for banks and credit unions, we often discussed employee misconception about our “best customers”. If we asked tellers who our best customers or members were, they could quickly recite names. But the people they named were the ones they saw in the lobbies most often. When we examined the accounts of these perceived “best customers” they, many times carried low balances. Low balances plus high transaction volume equals not the most profitable.

Most marketers and business owners are familiar with the Pareto Principle or the 80/20 rule. From it we learn that 80% of your revenue comes from 20% of your customers. In fact I have heard the breakdown of 90/10 and even 110/10, some customers are making up for losses caused by others. No matter what the breakdown, this principle dictates that you know who falls into this most profitable segment of customers.

Even if you’re tracking sales, it may still be difficult to identify best customers. For example, you may have someone who does a high volume of business with you, but that volume consists of mainly low profit products. Tracking sales is a good starting point, but it still may not tell you everything you need to know.

So, we’re back to that original question. How do I identify my best customers? The answer is to combine sales tracking with a very simple approach—ask them. As part of the “asking” process, determine who your most loyal advocates are.

Many industries already measure customer loyalty. More are beginning to include customer advocacy. It isn’t enough for a customer to say he’s “satisfied” with your service. A customer may tell you he’s satisfied, and in his mind he is. But he’s also satisfied with your competitor, where he does an equal amount of business. And even through he’s satisfied, that does not mean he’ll stay with you even if given a better offer elsewhere.

If he's a satisfied **AND** loyal **advocate**, he is also the following:

- Willing to give you all future business
- Likely to recommend you to his friends and family
- Less likely to defect just because someone give him a 20% discount.

On your next customer survey include questions pertaining to these characteristics.

- Ask how many times the customer has purchased from your competitors in the past 12 months. As part of this question, you might list your competitors to leave no doubt who they are.
- Ask if he has referred friends or family to you in the past 12 months and if he will in the future.
- List the services you offer and have him check which he will be in the market for in the next 12 months. Will he come to your business for these purchases? If not, ask him why.

With the answers to these questions, you'll have a clearer picture of who your best customers are. Some may generate higher sales. Some may give you high customer satisfaction rankings. But those who send you referrals and give you all future business should rise to the top. These are your best customers. They're the ones to focus on—the ones who might just deserve free home delivery or a hand written birthday card—because they're loyal advocates helping you maintain and build you business.