



EXPERTS TONY GATTARI

FIRE YOUR WORST CUSTOMERS

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As retailers and managers most of us have grown up with the concept that the customer is always right. That is garbage.

The right customer is always right for your business. But unfortunately most of us don't know who the right customers for our business are. So we take anyone on board who has a heartbeat, without ever identifying the right customer profile for our individual enterprise.

Identify your perfect customer

One of the best ways to identify your niche in business is to paint a picture of your perfect customer. Which customers do you love to deal with? Which customers are the most profitable? Which customers never complain about price? Which customers do you want to get referrals from?

An easy way to do this is to look at the top 20 per cent of your customers and identify what they all have in common. It could be a common need or amount of money that they spend with you each month, how often they buy from you, where they live or why they came to use your products or services in the first place.

This is one of the most important steps in the process, because the more clearly you can identify your perfect customers, the more profitable your business will become.

Once you have done this, you can start to develop a strategy for how you are going to get more customers like these. It will make a HUGE difference to how you market to these people and how cost effective your advertising and marketing will be.

Your customers' buying influences

Your current and potential customers are influenced by a number of different buying triggers. These triggers can be used to help determine how you identify your top 20 per cent of customers.

People buy your product or service because:

- It costs less;
- It is easy to use or obtain;
- Someone has referred them to you or your product;
- It is a recognised brand name;
- They gain additional value from it;
- It will solve a particular challenge or meet a particular need;
- They trust and respect the person selling it to them;
- They want the same results they have received previously;
- They get more for their money;
- It is a low-risk purchase;
- Out of habit; or
- They want to impress their peers.

People buy for their own reasons, not for yours. Your goal as a retailer is to find out those reasons and make your product or service more appealing for those reasons. Once you understand your customer base and start to target like-minded customers, you will see some buying trends begin to appear. Monitor these trends and design special product offers and your marketing campaigns around them and your business will become more profitable.

Design a customer classification system

Time is our most valued asset, so we need to make sure that we spend each hour wisely. One of the best ways to do this is to make sure that we are spending our time with the right customers. Here are some easy-to-follow steps you should take in order to classify your customer database. It will not only maximise your business' potential, but also increase your profits.

The first step is to decide on your classification system. There are a number of ways to classify your customers. The system I prefer to use for current customers is A, B, C and D.

- A** Awesome... I want more of these 'Raving Fans'.
- B** Basic... they are clients but we have no relationship.
- C** Can't deal with... they may buy once but have no reason to come back.
- D** Don't want... price shoppers, bad payers, constant complainers.

The other classifications you could use are for prospects and your general database. You could use a colour coding system — red, blue, black and white — or it could be arranged by metals — bronze, silver, gold and platinum.

As mentioned before, your first step is to identify the top 20 per cent of your customers. I think we are all familiar with the 80/20 rule where 80 per cent of your profits will come from 20 per cent of your customers.

Remember, we are interested in profit... not turnover!

To see if this is true for your business, look at your top 20 per cent of customers and work out how much profit they generate for you. If you have not done this before it is a great exercise to do for your business.

- Who are your top 20 per cent?
- What do they look like?
- What types of products do they buy?
- How often do they buy from you?
- What types of businesses are they in?
- What is their demographic make-up?
- Why do they buy from you and not your competition?

Once you have identified the right customer for your business, you know exactly who to target. ■■■