



## Your 50c marketing plan

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You know the feeling. A new customer has just purchased from you. This means your marketing activity has paid off. Pat yourself on the back! You've done a good job.

It's even better when these customers come back for a second or third visit. Then, how good is it when they refer new customers to you? You can't stop! If you have customers working as advocates [ie: that is a group of customers who refer new customers to you] then you must be doing something right. Don't take this group for granted. You need to hold on and encourage your advocates.

Here's where the first phase of my 50c marketing plan comes into play. Pick up the phone and call them. Thank them for referring [name the referrals] to your business. A phone call shows that you appreciate them, have time for them and it will help build your relationship with them. The 50c plan will help keep you advocates.

There's not many of us that like to admit a mistake. We're human, mistakes happen. The point of difference your business may offer is that it admits to mistakes and then corrects them. If an order is delayed, there's a problem with parts, you've made an administrative error or a supplier has let you down, take the front foot. Use the 50c plan. Get on the phone call your customer, admit the mistake and propose a solution. By nipping the mistake in the bud and talking to your customer to rectify it should help strengthen your relationship and keep their business. How would you react if an organisation you dealt with actually rang you, gave you warning of a delay or problem then worked out how to fix it. You'd be slightly annoyed at the mistake but majority impressed with the service, honesty and commitment shown to you. The trust in the relationship is strengthened. It will only cost you 50c, but calling should save the relationship and lead to additional sales.

It costs five times more to obtain new customers than it does to retain existing ones. We see it all the time, big organisations attracting new business by spending millions of dollars advertising. They'll spend more on incentives and offers including "first month free". The spending frenzy doesn't end there. New customers need to be processed, this means administrative costs.



A lot of money, effort and time is spent attracting new customers. Important, yes, but why is it these same organisations let long term loyal customers slip through their fingers? These existing customers cost a lot less to administer than new customers. To understand the true value of existing customers, organisations should be looking at the lifetime value of each customer. It's easy to calculate the lifetime value of a customer. Simply take the average yearly revenue received from a customer [eg \$750], multiply this by the average length of customer relationship, in years [say 15] subtract costs for servicing these customers [say \$50], and your result is the lifetime customer value. This example shows the life time value of each customer is \$10,500.

When customers leave or stop purchasing [and they will] it's time to implement the 50c plan. Pick up the phone and call them. I think outlaying 50c to return \$10,495.50 is a good investment that anyone should take.

I advised a client to implement the 50c plan and call customers who have not used her service during the last six months. She called them and was amazed at the results. Many came back. Their reasons for leaving were varied and included, I've been too busy to call, I didn't think you were operating anymore, etc. Many thanked her for calling. The 50c plan returned a number of customers and she advised this was an easier, less stressful and expensive process than advertising for new clients.

I recently changed insurance companies after 25 year's loyal service. I've estimated I pumped over \$25,000 into this organisation, and would continue to for another 25 years, if they didn't keep putting my premium up every year! I searched around, found a better deal [with the same cover] and sent an email to advise I'm switching. All I received was an auto reply email advising that they have cancelled my policy. That's it. No call. No questions. Each night I see they still advertise for new customers. Wouldn't it have been better for them to spend 50c on me for a return of over \$25,000?

A colleague cancelled her cable TV subscription. The organisation called her back and asked why she cancelled. She told them she didn't want all the channels and had previously been told she could not change her package. This time, the customer service operator told her they could change the package. This meant her subscription rates halved. She stayed. The 50c plan worked a treat.

\* Ends\*

Dean Parker combines 15 years of marketing experience with a Masters of Marketing degree to help small/medium business owners maximise their profit.

Four P's Marketing Solutions assists small business with easy and cost effective marketing activities including website text that converts to sales, PR activities, powerful promotions, plus logical and easy to implement marketing advice.

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