

How To Mine The Fortune That Lies Hidden In Your Customer/Client/Patient Files!

The 'front end' is a client's initial purchase. The 'back end' is all subsequent purchases over the lifetime of their patronage.

Earlier when I talked about lifetime value, you were able to see first hand just how important a client is. You can dramatically boost the dollar value of each client (by double, triple and quadruple in many cases) with intelligent use of 'backend marketing'.

The problem is, most people in business only ever worry about the front end, and forget about the back end. It's this short sightedness that results in so many financial failures. You need to have a system in place that makes money from the back end.

If you have a lot of high priced products and services to sell on the back end, you can afford to spend more in attracting new clients into your business. In fact you may choose to forego any profit on the front (and even make a loss in many cases)...

Solely To Profit From All Subsequent Sales!

It's far easier and profitable to sell new products or services to your existing clients... than it is to sell a new product to a new market.

This is why I had you collect the personal details of your clients earlier... because now, we are going to profitably mine from them. And mine from them we will because it'll be the key to your success. As you know Fortune Magazine revealed it's 500% more expensive to win a new client... than it is to persuade an existing client to return.

And if that isn't enough, a U.K study showed businesses lose 68% of their clients because of...

Indifference!

Isn't that amazing? You can reduce this figure dramatically just by contacting your clients more regularly.

I don't take this concept of database marketing lightly... not in the least bit. How often should you contact your list? As often as the list responds.

In regards to offline marketing, you'll soon learn about the importance of a newsletter. Mailing your newsletter once a month is not excessive. In fact, you may wish to communicate more often...

If Your List Responds!

This is especially true of Internet marketing.

I will provide you with a number of ideas to ensure this happens. I'll also show you many examples of how business owners just like yourself have marketed to their database successfully.

Just before I do, I need to mention something quite important. If you're going to contact your client for any reason...

Include A Special Offer!

Don't waste your money on the stamp and envelope... and don't waste your money on the phone call – extend an offer.

However, keep in mind it's also nice to contact your clients just as a follow up... as a client service. It's a good idea to contact them just to strengthen the relationship and offer a free gift.

Do this also.

Bottom line: ensure any contact you have leaves a positive impression.

By now you have segmented your clients into categories... A, B, C and D. The As are your biggest spenders... the Cs and Ds are the smallest spenders, and often the most trouble.

Have you fired the Cs and Ds? If not, do that immediately. Simply decide to focus your attention away from them. Stop spending time, money and effort to get them to purchase again. Just ignore them.

If a C or D client complains, simply say...

"Your standard is too high and we cannot meet that level. From now on we ask you seek (name of product or service) elsewhere. Thank you".

And let them go. You're going to focus most of your time and effort on your As and Bs – the big spenders. They account for the majority of your income and you must take care of them. In fact, you must exceed their expectations.

This gets back to providing WOW service. Walt Disney used to ask...

How Can We Do What We Do So Well, Our Customers Cannot Help But Tell Their Friends About Us?

If you've ever been to Disneyland, you'll know it's one of the cleanest places on earth. In fact, they're fanatical about cleanliness. Why? Because Disney view cleanliness not as an expense... but as a...

Marketing Exercise!

They know you'll go back and tell your friends.

Also, Disney has a policy that every employee must adhere to. If an employee catches the eye of a customer, they must smile and say hello.

Simple isn't it?

These are the little graces that make all the difference in a business. There are two rules to customer service:

**The customer is always right!
If the customer is wrong, re-read rule number 1!**

I'd hasten to add, this rule only applies to A and B customers. If a C or D has a complaint, you know what to do!

So what do these rules mean? They mean you don't argue. They mean you solve their complaints... quickly and efficiently!!! No fuss, no passing the blame and no excuses.

Even if somebody else screwed up in your business, each team member accepts responsibility and solves the problem. Again, it doesn't mean the client is right. It just means you don't argue... especially if they're an A client.

How To Condition Your Clients To Buy More

I know this sounds ridiculous. After all, how can you condition your clients to buy more? Actually, it's quite easy. Have you ever delayed getting your hair cut because you are so busy with your life? Your hair keeps growing and growing... your spouse tells you it's time... and only when you start to get that scruffy look do you go ahead and get it done.

What about car servicing? Have you been known to postpone that? What about dentist check ups? Or eye examinations? Or financial planning?

Most people delay these. If the hairdresser reminded you that you need a haircut... and... if you wanted to get it done, do you think you'd return more often?

For the majority of people the answer is yes.

This strategy of conditioning your customers to purchase more can increase your profits by as much as 30%. Yet so few business owners do it.

What To Offer Your Clients

How you define your business will determine what you sell on the back end.

Simply speaking, the broader the definition of your business, the more products and services you can sell. Contrarily, the more specific the definition of your business, the less products and services you have to sell.

For example:

A newsletter publisher on the stock market defines their business in this way: "To sell information that helps our clients make consistent gains in the stock market... and... to cut any losses swiftly."

With a definition such as this, the logical back end products all relate to success in the stock market – trading systems, books, videos, seminars etc.

If the definition was "to help our clients prosper financially", logical back end products relate to personal finance, real estate, small business marketing, tax minimization, financial planning... and so on.

If the definition was broadened yet again and became, "to help our clients prosper in their lives," this now becomes an entirely new business – self-development materials, information on health, happiness, spirituality and wealth can be offered.

Can you see how the definition affects which products you supply to your clients on the back end?

On the surface, it may seem like you're better off with a broad business definition.

Nothing Could Be Further From The Truth!

With a broad definition, clients identify with your business less specifically. In other words, when you're a one-stop shop, clients cease to associate unique advantages to doing business with you.

Personally...

I Prefer Niche Businesses!

In this way, clients clearly understand what you stand for, and know what to expect.

If you would like to broaden the definition, and especially if you begin to offer products and services that lie outside of your main thematic activities, set up a separate entity and refer clients from that entity. Create a separate division. (To learn more about this, study the wonderful book *Focus*, by Al Ries.)

This is a great way to leverage the goodwill you have with existing clients, without jeopardizing your market position.

To help you gain some insight as to the products or services you can sell on the back end, ask yourself "What are my client's ultimate outcomes? What problem are they really trying to solve?"

Another great way to offer products on the backend is to...

Endorse The Products Of Other Businesses!

This idea is going to make your head spin. When I first learnt about it some years ago it left me spellbound.

Before I explain it however, I need you to grab a pen and paper.

Now, I want you to write down everything you've purchased in the last two weeks. I want you to jot down items you purchased for yourself... personal care items, clothing... etc. I want you to jot anything you purchased for the house. And I also want you to make a note of your entertainment expenses.

Go ahead. Make a list. Come back when you've written everything down.

Okay, I'm going to take a rough guess of your list of items. Did you purchase any personal care items like toothpaste, deodorant or hair gel? What about household items like detergent and groceries? Petrol? Clothing? Shoes? Jewelry?

Perhaps you visited a restaurant or two... the movies... or... maybe went on a small holiday.

Ask yourself this question...

Would Other People Have A List Similar To My Own?

The odds are you've created a fairly conventional list. How does this relate to conducting joint ventures?

Most businesses don't have a broad view of their activities. For example, a restaurant owner sees himself in the business of serving food... a jeweler in the business of selling jewelry... an optometrist in the 'eye business'... and so on.

(Side note: they're not in any of those businesses. They're in the business of marketing the products or services they sell)

Yet, I submit to you... the clients of these businesses... along with purchasing food, jewelry and spectacles... also purchase...

Items Similar To You!

What's wrong with a clothing boutique owner sending the following letter to her customers.

Dear Mary,

I am always on the lookout for ways to express my appreciation for your loyalty. I contemplated sending you a thank you card... or something similar, but that doesn't communicate precisely how much I appreciate you as a customer. After all, it's people like you that have helped my husband and I raise two young boys and provide them with so many opportunities.

I want to give back to you... and in a big way. To do this, I'd like to introduce you to Peter Bisone – my accountant and very dear friend.

You may be thinking...

Why Is A Clothing Boutique Owner Writing To Me About An Accountant?

The reason is Peter has saved me tens of thousands of dollars in tax over years. He's found scores of deductions other accountants didn't think were possible... and... I'm sure he can do the same for anybody else.

I know how difficult it is to find reliable professional services, and that's why I'm writing to you today.

As a thank you for your loyalty, I've bought you an hour of Peter's time.

Peter will sit down with you and give you a minimum of 6 ways... and a maximum of 15 ways to reduce your tax burden and claim greater deductions. There's no obligation to continue with Peter, and it's an offer exclusive only to my friends.

So, please call Peter's office on XXXX-XXXX and mention this letter. There's a consultation waiting in your name.

Kindest regards,

Joanne Jones

P.S. Peter's schedule is regularly full. I suspect he'll be inundated with calls. Phone him now in order to avoid missing out. Who knows how much extra cash you'll end up with?

I can't think of a single business that cannot make more money properly utilizing their customer base through endorsements. In this example, the boutique either receives a referral fee per client... or... a cut of profits of the clients who hire Peter on a formalized basis.

The clients learn how to reduce their tax burden... without paying for the advice. The accountant attracts loads of leads... of which a percentage will remain as full paying clients... and the clothing boutique is able to expand the all important lifetime value of her clients... plus... deepen the credibility she has with them... for hardly any additional work (writing a letter and sending it... which... she can leverage to her staff or a mail house)

Clients will appreciate the extra time and effort. They'll appreciate her negotiating the deal and looking out for them... and... in turn, they'll reciprocate by referring friends to her business.

Wins all around!

And there's no reason why the boutique can't take this further and offer additional products and services such as dry cleaning, DVDs, mechanics, hairdressing, massages, groceries, dentists, chiropractors, gym memberships... almost any business you can imagine.

Virtually anything, and everything her clients have to purchase on a routine basis.

After all is said and done, she turns around and negotiates agreements with all these businesses to sell her clothing to their clients! (Side note: please remember your ethical constraints with joint ventures. If you're not allowed to receive a payment in return for an endorsement... example Doctors... ask your partner to donate the same value of her time/products to you. Ask your partner to help you grow your business by 'gifting' you tickets to seminars, and books. Ask your partner to donate money to your favorite charity)

Tie In With Calendar Events

At times you may find you don't have anything to contact your clients about (unlikely with the ideas I've shared with you in this chapter). You've sold them products... you've offered your services and you don't know what else to do.

Here's a hint: what's the first question that comes out of your mouth when you bump into somebody you haven't seen in a long time?

The question probably is...

What's New?

You ask what's been recently happening in their life. The same applies to your business. To keep the communications between yourself and your clients fresh, you must continually go to them with NEW products, services and offers.

Don't ever allow them to be bored. McDonalds's are forever offering new products to their customers. Dell is forever putting together new and interesting computer packages for their customers.

Why do you think that is? So they don't get bored. The pizza chains are the same. Recently here in Australia, one of the chains offered a Burger Pizza! How's that for an innovation?

You should continually go to your database... and your market... with new offers. A really, really easy way to do this is to...

Tie In With Calendar Events!

One of the most powerful advertising 'laws' is to give people a reason 'why'. If you have a special sale, tell the market why you're having the sale. Don't just drop your prices because it creates suspicion.

Throughout the year there are dozens of events we celebrate – Father's Day, Mother's Day, April Fools Day, Easter, Christmas, St Patrick's Day, New Years Day and so on.

On each of these days you should extend a special offer... to your database... and to the market. This is your 'reason why.'

It's a great way to keep communications fresh... and... new! Organize yourself with a contact management program and have it all mapped out. Here are two sample letters that illustrate my point:

Special "Invitation Only" Sale

Dear Friend,

I'm writing to invite you to a special "closed door" sale on Thursday 22nd of November between 7pm and 9pm. This invitation is only available to a selected handful of my best clients and friends.

Let me explain. We just received a brand new shipment of top quality widgets, and I wanted to let you to get the 'pick of the crop' before anybody else.

Here are some of the extraordinary savings you can make:

Widget 1

Widget 2

Widget 3

Widget 4

In addition to these great savings... and as a thank you for your loyalty, if you're within the first 35 clients, you'll also receive a free (lost cost bonus, with high perceived value).

Why don't you come in for a visit?

You could find some great deals on widgets... plus... you'll receive a (name of gift), absolutely free. This free gift is wonderful for (explain the benefit).

Look forward to seeing you there,

Kind regards

Claire Smith

P.S. You'll need to bring this letter in with you to take advantage of these great discounts.

P.P.S Remember, this is a one-day only event. You don't want to miss out!

Why Does Our Major Problem Represent A Golden Opportunity For You?

Dear Friend,

Would you do me a favor?

If you do, I promise I'll make it worth your while. How? I'd like to offer you exclusive, designer labeled shirts at a drastic 72% discount.

Let me explain.

Three and half months ago on a buying trip to Italy, I spotted the most beautiful shirts that I've ever seen in my 32 years of retailing. I was enamored. So I placed a substantial order with the expectation they'd move like hotcakes as soon as I placed them on my shelves.

I was wrong.

I overestimated the demand for these shirts... and quite frankly... have cost myself \$8,745. In my existing inventory I have precisely 127 shirts remaining in a whole range of sizes and colors. In order to move them and make way for my new winter stock, I've decided to do something bold and daring. I'll give you the details about my offer in a moment.

But first, let me tell you about these garments.

Each shirt is made from the finest cotton available anywhere in the world. They're triple stitched, hand embroidered... and... utilize 3.5 times more cotton than the average shirt. Why? It's all about quality and craftsmanship. You see the manufacturer is very particular. Each individual shirt is thoroughly probed and examined... and... if they don't meet the strictest quality standards and guidelines...

They Are Immediately Discarded!

That's the honest truth. I was going to run a large display advertisement in my local paper to sell these shirts, and then somebody in my office suggested we send a letter to a handful of my most loyal clients.

*And that's exactly what I'm doing. Instead of advertising these shirts at \$95 (I was selling them at \$190!), I'd like to offer them to you at the low price of just **\$63 each**. Frankly, I'm losing \$4 a shirt but I'm willing to do this because I'll gain your goodwill and future business.*

But you'll need to come into my store as soon as you can. At prices so low, I don't expect to hold onto these shirts for very long. In fact, I fully expect to be sold out within a few days.

These shirts are still marked at their full price on my shelves. So in order to qualify for this offer, you'll need to bring this letter in with you.

Hope to see you soon.

Kind regards,

Joe Smith

P.S. Wait until you see the supreme quality of these shirts. Don't be surprised if you purchase more than a few! But you'll need to hurry so you don't miss out.

P.P.S. You're entitled to bring in one other person with you as part of this offer.

A VIP Loyalty Program

If your business enjoys repeat purchases from clients, you must implement a loyalty program. You know what this is. You probably belong to a few of them already.

It could be as formalized as the frequent flyer points we build up with our credit cards... or it could be a simple loyalty card which is stamped whenever a purchase is made.

Fast food outlets use these all the time with their buy five... get one free promotions. Virtually all businesses can employ a loyalty program – even purveyors of high-end luxury goods.

These programs have a specific purpose...

To Keep People Coming Back!

Businesses use these cards for one simple reason: they work! We all love to belong to something, don't we? You should recreate this feeling of belonging, in your business.

You can offer to club members:

- Discounts on future purchases
- Entitlements to free bonuses and surprise gifts throughout their membership
- Special, and exclusive VIP offers
- Advanced notice of new products and services... before the general market is notified

You should also consider charging for membership to your VIP loyalty program. If you sell a product or service which is redeemable on a regular basis e.g. groceries, this may work well. Or if you sell an exclusive product line... and wish to maintain that exclusivity.

This will help create... and maintain this perception. American Express does this with their Gold card members. All in all, it's a similar product to the other less prestigious cards.

At any rate, it's something that should be tested. So you need to decide to either use a simple preferred-customer card, where each transaction is stamped... and your customer receives a freebie on their 8th purchase... or... make it a formalized program, with a membership card and all.

Here's a tip: If it's a free membership, do not ask customers to be a part of it. Simply include them. Say, "we treat you to ongoing discounts at our shoe store".

Newsletters

Offer your better clients a newsletter... related to your product or service. Newsletters are a great way to constantly communicate without applying excessive sales pressure on them.

This is especially true if the newsletter is well written. What can you write about? 'How to' information is always the best.

In this way you're educating your clients. For example a pool cleaner can offer tips on how to keep a pool clean. A chiropractor can offer tips on how to prevent back pain. A clothier can offer tips on dress sense and color combinations.

Am I being clear? Your newsletter can be anywhere from one page long... all the way to 8 or even 12 pages. Anything more is unnecessary... even if it's a paid newsletter.

Alternatively, you may wish to keep things really simple. In this case, write a one page 'new products and offers' newsletter. Personally, I shy against these newsletters. If you're going to offer new products, it's always best to write a sales letter as it results in better sales.

But that's my preference. You can choose to do it your way.

Should you charge for the newsletter? Yes, if the information you're offering is very useful. No if it's just to maintain credibility with your clients. Perhaps you can have two newsletters... a freebie and a paid service. This happens often on the Internet because mass distribution of email is very, very cost effective.

Writing a paid newsletter is a great way to guarantee your clients open... and read every letter you send to them. Why? Because they've paid you money to contact them! They're hot clients. Take advantage of a paid newsletter and bundle sales letters and special offers with it. It's the best time to do it, and the sales material gets a free ride with the newsletter.

What if you're stuck for content?

Use the Internet! There's loads of information on the web. Simply go to Yahoo! or Google and do a search on your subject topic.

If I was a manufacturer of plastics and needed content for my newsletter, I'd type in plastics manufacturing in the subject field... and variations of this.

Within a few minutes I'd have articles and useful information on this topic, sitting on my screen. This is information I can now use in my newsletter. Mind you, I'm not saying to plagiarize. If you're going to use the information word for word, seek permission from the author.

But there's no reason why you can't surf a few sites and use the collective information available between them as the basis for your own newsletter.