

# Small Business News & Notes

## In A Tough Economy, Small Businesses Need A Strategy For Retaining Customers

(NAPSA)—Keeping customers satisfied is always key for small businesses, but it could be a matter of survival in a recession like the one we're in now.

In fact, as anyone who has run the numbers can tell you, devoting precious operating capital to trying to attract new clients—tempting though it may be when you're worried about slowing sales—is like zigging when you should be zagging. That's because it can cost six to seven times more to get that new person's business than it does to retain that of an existing customer, as documented by Frederick Reichheld, a customer-retention expert at Bain & Company.

And retaining clients in this climate means one or both of two things: making their experience with you almost awe-inspiring or providing them with more for the money they're spending.

"Small-business owners don't have to invest in a big marketing budget to keep customers—a few basic techniques can make your business stand out from the rest," says Christine Martin, senior director for customer marketing and strategy at the mailstream technology company Pitney Bowes Inc.

Martin offers these tips for implementing a winning strategy:

- **Make a Good First Impression**—Consider sending a thank-you note to first-time customers. A handwritten note makes a powerful first impression. Even a preprinted letter with a handwritten signature will do the trick. If you go out of your way, customers will notice.

- **Get Customer Feedback**—Whether it's a phone call after a sale or a satisfaction survey included in a shipping box, ask how you're doing. Use the feedback to improve your product or service.



**Retaining customers can cost up to seven times less than attracting new ones.**

- **Admit Your Mistakes**—Don't just fix them—give customers a little something extra to make them feel they've "won." Offer some incentive to prevent them from fleeing and sharing their negative experience with others (including potentially new clients). Research shows that those satisfied with how their gripes are handled are up to 8 percent more loyal than those who never complain at all.

- **Get Personal**—Nothing says "I don't know you" more than a database that's riddled with errors. That includes everything from names to addresses. You should know who your best customers are and treat them as such.

And if you're thinking of not focusing on customer experience and simply holding out for better economic times, consider this: A City Business Journal's study found small-business executives think it will be more than two years before things start improving.

"Retaining customers today is key if you want your business around tomorrow," says Martin.