



Business Development Ideas to Help You:

- ◀ Make \$1,000,000 to \$5,000,000 Every Year
- ◀ Dominate a Market/Eliminate Competition
- ◀ Triple the Value of Your Business



Working The Back End: Turning One Shot Sales Into A Continuous Stream Of Income

For many business owners, marketing *only* means getting new customers. True, getting **new** customers is essential for every business, but it's only one facet of the OPTIMIZATION equation. To achieve geometric growth, facilitate the following three things:

1. Increase the customer base
2. Increase each customer's frequency of purchase
3. Increase each customer's average amount of purchase

Marketing must address all three of these areas to OPTIMIZE a business. Roughly 95% of marketing dollars are spent "trying" to gain new customers. But if you fail to increase your *current* customers' frequency and amount of purchase, there's a good chance valuable resources are wasted.

Here's a formula that can and should be applied to every business:

STEP ONE: *Capture the names and address of all your customers.*

STEP TWO: *Systematically contact all your customers and ask for more business.*

STEP THREE: *When you ask for more business - OFFER a reward.*

Sounds simple enough - and it is. But struggling businesses aren't executing this formula. If they were, their profitability would double. They need to contact customers either individually or by letter. Don't resort to those ugly printed coupons on the back of a "lost child postcard" either. Instead, try a personalized letter that's professionally done.

Restaurants are notorious for perpetual "one shot" selling. Typically, they ignore a proactive effort for enticing patrons to return. Here's an illustration of what I mean, using a simple restaurant example. Follow along and think about how you could adapt this strategy to your business.

So let's say you own a quaint but classy bistro in Palo Alto. You just opened your doors; however, a big name restaurant located in the same vicinity is capturing all the business. How could you make the formula work? First, print up 1,000 small cards with a space for each customer to print his/her name, address, phone, and e-mail. Print the words **Grand Prize Eligibility Card** at the top.

Have the waiter hand each dining guest a card to fill out and inform them of a "giveaway dinner for two" - including unlimited bar drinks, appetizers, and desserts. Encourage customers to fill out the card. Then tell them the winner will be notified by mail or e-mail (whichever applies). If most patrons fill out a card, you'll have a terrific customer base. But what do you do with it? Try this: pick a card every couple of weeks and notify the winner. That's the obvious part. Here's the important part:

Send a letter, fax or e-mail to everyone who entered your giveaway by saying something like this:

Dear (Name),

My name is Michael Francesco, owner of The French Connection Bistro on Emerson in Palo Alto.

I'd like to thank you for entering our drawing for a complete dinner for two. Jack Stevens won the prize and he and his wife said the food and service were terrific. I'm sorry you didn't win the first prize. But here's the good news: You've won a valuable second prize! If you bring this letter in the next time you come for dinner, I will present you with a bottle of fine wine.

Thank you again for entering our contest. We hope to see you soon.

*Sincerely,
Michael Francesco*

P.S. Your wine will be waiting for you any afternoon or evening this month. Please remember to bring this letter in with you. Thanks again.

Assuming the restaurant offers good food at a reasonable value, people will respond to the offer. Let's say that Michael Francesco collects 1,000 cards in a month and sends out 1,000 faxes/letters. If 10% respond, that means 100 people dining for a SECOND time! Since they must bring the letter to claim their prize, the host or waiter can greet them by name, which people love. A certain percentage of these repeat customers will eventually become customers who can be contacted on a regular basis.

This Method Beats Passing Out Coupons

Compare this method to coupons. Most people who use half-off coupons are searching for more than just a good restaurant. Think about what message the coupon sends: ***Our place is so bad that we've got to give it to you at half price to make it worth your while.*** Plus, your profit margins take a hit. If customers receive a letter saying they are a winner, your restaurant doesn't give people that "It's half price, so just put up with it if it's terrible" attitude.

What if your restaurant doesn't have enough customers yet? The 3-Step formula still works like

a charm:

- Get Names
- Ask for Business
- Offer a Reward

In this case, you would obtain a prospect list from an outside source. You could rent a mailing list, buy or trade a list from another restaurant, and/or get a list of certain types of people or professions.

How could you adapt this strategy in your business?

Proactively seek to work the back end. Most businesses allow their customers to dictate their own buying habits - how often they'll come back, how much they'll spend when they do buy, etc. Why not profit from customers forever? Start immediately to do everything in your power to gain repeat sales from your current customers. It may be something as simple as writing a letter or making a phone call. But one thing is certain - if you don't ask for their business, your competitors will.

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