



Mining for Gold

One of the most frequent questions we are asked is, "What's the best way to grow my sales?" My answer is always the same, the best and fastest way to increase sales is to sell more to the customers you already have. I have long advocated that the best customers you can get are the ones you already have. Basically, there are three ways to increase sales from your customer base.

1. Get more customers.
2. Get current customers to buy more often.
3. Get customers to increase their order size.

When it comes to growing your sales, I will agree that adding new customers is important, however maximizing the sales potential from your existing customers is faster, more economical and often at better profit margins. So I believe that 2 and 3 are where you should start. Okay, let's say you agree for now. Your next question is probably, "Where do I start?" The answer is to start with the incredibly valuable, often untapped, database of customers already in your computer system. We call this "mining for gold". Effectively you are extracting selected customers from your list, looking for trends and possible fits for new products and services you could offer them. Essentially "mining" your customer database, looking for treasure in that magic box we call a computer.

It's Cheaper to Keep 'Em

Ben Franklin's age-old saying, "a bird in the hand is worth two in the bush" applies to comparing the cost of developing new customers to retaining and selling more to current ones. It is widely agreed

that it costs companies 5-7 times more to recruit new clients than finding new ways to hold onto those you already have. To add new customers your marketing costs rise quickly. Advertising, sales staff, administrative support, transportation and other expenses incurred to canvass for new customers can get pricey in a hurry. What does it cost you to maintain a customer that you've already paid to acquire? Very little, comparatively. "Forbe's" magazine recently reported that 80% of your company's future revenue will come from 20% of your existing customers.

CRM

The concept of selling more to the same customers is not new. It's been known as relationship selling, repeat business development, customer retention marketing and the like. Today it is called Customer Relationship Marketing or CRM. Google this term and you will find tons of information about how to do it, when to do it and who to do it with. CRM combines technology with marketing, sales, customer service and public relations. The idea is to build long-term relationships with your customers to keep them buying for life. By forming a more personal relationship supported by high quality products and service, you'll give them no reason to look elsewhere. The trick is to anticipate their needs before they know they need it. Top companies all do this. From tech giants like Apple and Comcast to beverage producers like Coca-Cola and Starbucks. They all want to make your experience more intimate, more personal while constantly proposing new products and services for you to purchase from them.



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Your Plan

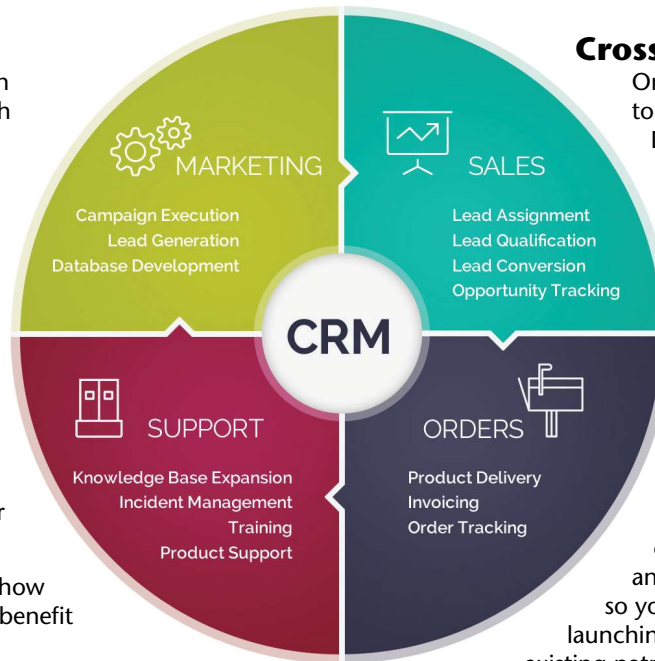
Before the mining process can begin you have to come up with a plan. To do this you'll need to answer a few questions.

- What new products or services will you offer?
- Who will you offer them to?
- Does it complement what you sold them previously?
- How will you contact them about it (phone, direct mail, email)?
- When is the right time of year to reach out to them?
- What's the call to action and how will this new product/service benefit them?
- What about pricing?

These and other questions need to be answered as you are forming your sales strategy. An example might be something as simple as selling more premium model garage door openers. Your data search could be customers that purchased doors and reused existing GDO's. Or it might be service customers that had GDO repair work or customers with GDO's 10 years or older. How about sales to builders where no GDO was purchased? Consider customers with no activity in the past 5 years. You set your parameters and let the computer software do the work. If your software has reporting capability, chances are you can sort your customer database almost any way you like and generate a report that you can use for your sales efforts.

The New News

Develop your campaign around "the new news". Customers are nearly always curious about the latest products or services from those they have purchased from previously. Look at your own email and the scores of offers you receive daily. Most are deleted immediately, but those that are from companies that you've purchased from at least get a quick glance. You have a tie to that business, so the message might have some interest to you. So before you hit the delete button you give it a look. It could be a new product, a new and improved product or a new service. It could also be an event. For instance, a "spring sale", "our 25th anniversary celebration" or "showroom grand re-opening". Whatever the new news is, it should be compelling enough to grab their attention.



Cross Promotion

One of the most powerful ways to sell more is to sell different. Different yet related products to customers that have made previous purchases. This is called cross-promotion. Let's face it, if you've been in the garage door business for any length of time, your company's market identity is myopic. The public knows you for one trick pony, garage doors. The best way to expand into new product categories is to first introduce them to your current customers. They already know and trust you for their garage door so you have a huge advantage. By launching new products or services with existing patrons you can also get valuable feedback. These people are already fans of your company and most likely will give you honest feedback that you may not get from a new customer.

As I have mentioned in previous articles, I am a big fan of the dealer being a "door store" rather than just a garage door dealer. When I owned dealerships, and when customers asked what kind of doors we sold, we used to say, "if it swings, slides or goes over your head we sell it." Over time we added entry, patio and storm doors for our residential customers and hollow metal doors and storefront systems for our commercial clients. As we added products, we had to cross-promote them to our current customers through advertising or direct sales contact. We had some "new news" to share and made sure they knew how it could benefit them.

Cross-promotion takes time and effort. Matching potential customers with the product you want to promote requires much thought. I remember when we introduced hollow metal doors to our commercial product line. Rather than do a big advertising campaign to all of our commercial customers, we targeted industrial plants that had the highest repair sales. Our assumption was if their overhead doors got damaged frequently, chances were their pedestrian doors did also. It also gave us a friendlier audience that was more patient as we learned the nuances of the product. In one instance the campaign was so successful our sales to that customer tripled, and as time went on we sold more hollow metal doors, frames and hardware than we did overhead

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doors. Eventually we moved into other products with this and other clients such as freezer doors, high speed doors, impact doors and automatic storefront doors. We were a hit with the customer because when it came to getting his doors repaired or replaced, no matter what kind of door, he had only one phone call to make.

Another example was when we launched residential entry doors. We all know that homeowners don't purchase garage doors and openers frequently. Once the garage door is replaced, except for service, there's not much chance for repeat business from that customer. The typical lifespan is 15 or more years. So we needed another reason to be in their home. Entry doors, storm doors, patio doors, interior doors and even pet doors gave us that opportunity. At first there was resistance from our employees to the very notion of offering anything other than garage doors, mostly driven by fear of the unknown. However, once they saw that customers were willing to pay much more (and at better profit margins) for entry doors and that we could install them with our own workforce, a new product line was born! The best part was our customers' acceptance of the idea that we now offered entry doors. In fact we were only responding to customer demand, as we were often asked, while we were replacing a garage door, if we could also install a new storm or entry door. In this instance I'd say that cross-promotion was good for business and a hit with our customers. Home Depot and Lowe's never saw what hit them!

PM Programs

Offering planned maintenance programs to both residential and commercial customers is not very sexy. But it is low hanging fruit that is often ignored by the dealer. Selling more and more new doors and operators seems to be an all consuming focus. However, PM programs can even out the workload, add incremental sales revenue and provide outstanding customer service. They also allow the door dealer to take ownership of the customer's maintenance problem and put himself in the catbird seat when new equipment sales are needed.

I may have been too harsh about homeowners being infrequent customers after they replace their garage door.

One of the best and most effective after-the-sale products to market is maintenance. Yes, I said maintenance not service.

Sure you want the service work, and you'll probably get it, when eight years after installing Harry Homeowner's garage door the spring breaks. But eight years is a long time and we'd like more sales from him before the door breaks. Selling Harry a maintenance plan is just the ticket. As professionals we all agree that the garage door needs annual service and frequent safety testing. We also know that the homeowner will not likely do this himself. Bingo! You can anticipate the need and promote it.

When the Great Recession hit in 2008, we were faced with a decision about what to do with our field personnel since there wasn't enough work to keep them busy. We could send them home or find something else for them to do. You can imagine after weeks of scavenging for work that our warehouse had been cleaned repeatedly and there was no more "shop work" to do. Rather than send the troops home with no promise of a weekly paycheck we did something else. We decided to launch a campaign to our residential customer base, which was considerable after being in business for more than 30 years at the time, to market a planned maintenance program. We set up our training room with a bank of telephones and turned our techs into sales people. We generated a list of customers and split it up among them. They followed a script and asked for the order. The program was designed to be for a three year commitment at a significant savings over a regular service call. The customer was also guaranteed discounts on any parts or new equipment purchased during the contract period. Yes, we were not getting a lot of money for each annual maintenance check, but it all but welded the customer to us when unplanned repairs and replacements were needed. During the first month our new tech-salesmen sold 50 plans simply by calling our customers and reminding them that garage doors need periodic maintenance to protect their investment. Part of the script compared the garage doors to their HVAC system, which they often had under contract to be serviced twice a year. We also compared it to their car, which we all know requires much needed service. Basically we said that the garage door system was just like any other mechanical equipment and needed maintaining. Without it they were headed for premature failure and costly repair bills. The program was easily accepted and an instant hit. Besides adding much needed sales it also created work that put our techs back in the field. After the first year our customer service reps, who had picked the ball up from our techs to take the program forward, had sold over 300 plans. Within three years that number had grown to nearly 1,000. Oh, I forgot the best part. While servicing the garage door, our tech would mention the other door products we sold, especially when he saw entry or storm doors in bad shape. The impact of this program grew even beyond our expectations.

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Commercial PM programs are very lucrative. In addition to overhead door maintenance, there is also mandated testing and certification for fire doors. This is often unknown or ignored by plant managers and building owners. High use applications such as fire stations, car dealerships and industrial loading docks are just a few of the areas that need periodic maintenance. So often the door dealer's only emphasis is on getting the doors on that new construction project. That's just where the process should start. It is almost criminal not to get the service after the sale. One of the best ways to do that is by offering a planned maintenance program. Just like the homeowner, the plant or building manager expects the doors to work but most likely will do nothing to keep them mechanically tuned up. As I see it that's the door dealer's job. Mostly it is about educating the customer as to what needs to be done, when and why. That process should begin as soon as the building is turned over from the general contractor to the owner. If the dealer is properly mining the customer database, the customers should be flagged and a PM program quoted within 90 days of the project's completion. Better still a salesperson should make an appointment and present the plan in person, once again anticipating the customer's needs before he does.

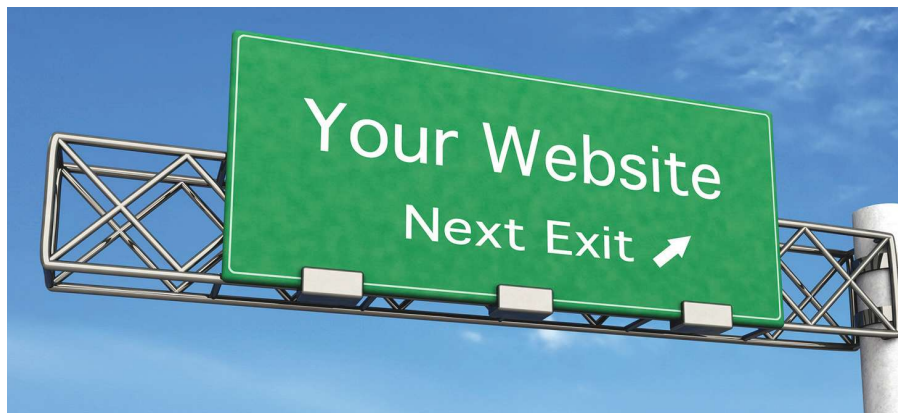
Crisscross

Here's another way to sell more to your existing customers. Crisscross the promotion of your services between residential and commercial. What I mean is cross-promote between the market segments. Offer repair and maintenance of residential doors to your commercial customers. These people have houses with garages that need service or replacement. While they may know your company for repairing their dock doors, they may not know that you also do residential work. Perhaps even offer a discount to all of the employees at XYZ Industrial Plant and have them promote it internally as a vendor added value service.

You can also do this cross-promotion with residential customers. As with commercial, the homeowner may know that you replaced and maintain his garage door but may now know that your company can also do the receiving doors at his place of employment. So tell him about it. Include a commercial products and services brochure when you leave the invoice on the job. Perhaps offer him a cash rebate if his employer signs up for a maintenance contract. There are many ways to let your residential customers know that you also do commercial sales. I'll bet you can think of a dozen without trying hard.

Resurrect Dead Accounts

One and done. Would you say that a good majority of accounts fit this description? Especially residential homeowners that had you replace the garage door and opener sometime back. Wouldn't it be nice to hear from them again? What about commercial service accounts that were calling you regularly and suddenly nothing. Where did they go? Another great use of mining your customer database is to resurrect dormant accounts. Don't wait for them to call. Be proactive and let them know your company is still ready to serve them. Send them a post card that says "we've missed you" and offer a discount on their next service call. If you pull together a list of 200 customers that have done no business with you in the past three years and you offer a service special, how many would call back? You might be surprised. In our case the return was often as much as 20%. So in this case if the average commercial/residential service call is \$150, your simple little campaign would yield \$6,000 in additional sales (40 X \$150). Imagine if you did one of these every week to a different list of customers, offering various reasons to come back and buy from you. Take your "new news" message to them rather than waiting for them to call you.



Drive them to the website

In all of the suggestions I've made, I would urge you to design the campaign so that the customer is driven to your website. Talk about cross promotion! Sure, he'll see more details about your campaign and the products or service you are promoting, but if properly designed your website will offer the best possible view of your company's total line up and create interest for more than what your are highlighting. Whether it is an email marketing campaign, social media promotion, television ad, direct mail piece or telephone call, your goal is to get them to your website. It's the next best thing to coming to your store personally and its open 24 hours a day!

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Mining for Gold


So now you have developed the criteria to match customers to your promotion. Now it's time to go on your mining mission – a trip into the deep, darkest part of your database to mine for customers that match your criteria. The goal of mining is extraction, extracting a list of customers that will be a ripe target for marketing your next new product or service. Ultimately you hope to turn the mined data list into gold.

Most business application software packages offer a reporting feature for marketing purposes. If yours is one of those, great! However, if yours is an older software that does not offer this option, do not despair. Often a good computer programmer can export your data into a searchable format using something like Excel or other database management software. This does not have to be an expensive process. Even if you need to pay for an IT professional to perform this task, it is well worth the cost.


You've invested a lot over the years to create and maintain a customer database. Why not use it? If it just sits there in the dark bowels of your computer you might as well scrap the computer system and just do everything manually. No, putting this data to work is how to maximize your investment. It already contains a lot of information about your customers. What they bought. When they bought it. How much it cost. How often they've purchased from you. The list goes on and on. Using this data to detect trends and possible matches to your next sales campaign is the most targeted approach you can use. It costs little or nothing to produce in most cases and takes very little time and effort to pull together. The best part is the customers already know who you are, so half the battle is won before you start! **So don't wait. Start mining for gold today.**



Dan Apple is president of The Apple Group LLC, a consulting firm located in Bonita Springs, Florida. His focus is assisting garage door dealers with profitability and marketing. Dan served as president of Apple Door Systems in Richmond, Virginia for 33 years which grew to a statewide dealership with eight locations. He was the first president of the Institute of Door Dealer Education and Accreditation where he was responsible for creating the industry's first national accreditation program in 1998. Dan also served as a director of the Door & Operator Dealers Association and the International Door Association from 1994-1998. For more information, contact him at 804.640.4253 or email: danielapple@me.com or visit the website at www.AppleLLC.net.



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