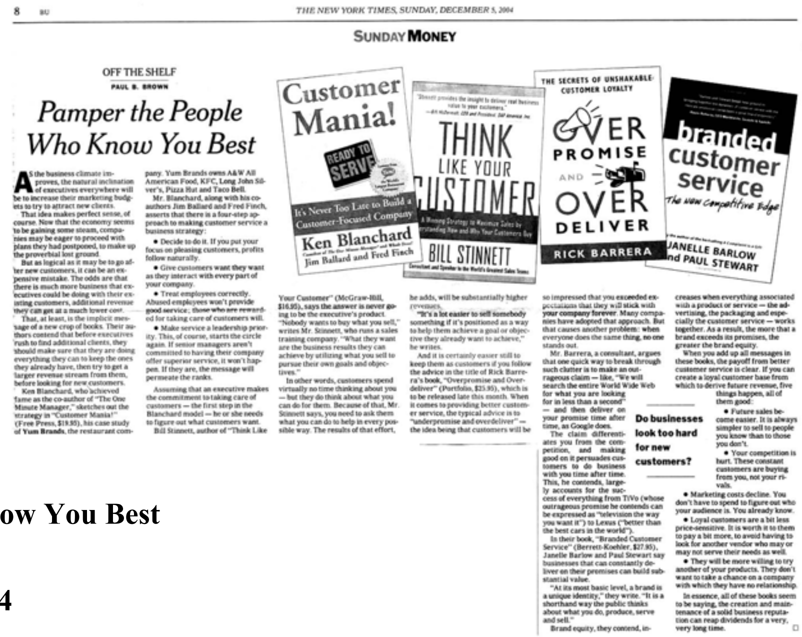

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Pamper the People Who Know You Best
By PAUL B. BROWN

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[Abridged]

As the business climate improves, the natural inclination of executives everywhere will be to increase their marketing budgets to try to attract new clients.

That idea makes perfect sense, of course. Now that the economy seems to be gaining some steam, companies may be eager to proceed with plans they had postponed, to make up the proverbial lost ground.

But as logical as it may be to go after new customers, it can be an expensive mistake. The odds are that there is much more business that executives could be doing with their existing customers, additional revenue they can get at a much lower cost.

That, at least, is the implicit message of a new crop of books. Their authors contend that before executives rush to find additional clients, they should make sure that they are doing everything they can to keep the ones they already have, then try to get a larger revenue stream from them, before looking for new customers.

In their book, "Branded Customer Service" (Berrett-Koehler, $27.95), Janelle Barlow and Paul Stewart say businesses that can constantly deliver on their promises can build substantial value.

"At its most basic level, a brand is a unique identity," they write. "It is a shorthand way the public thinks about what you do, produce, serve and sell."

Brand equity, they contend, increases when everything associated with a product or service - the advertising, the packaging and especially the customer service - works together. As a result, the more that a brand exceeds its promises, the greater the brand equity.

If you can create a loyal customer base from which to derive future revenue, five things happen, all of them good:

Future sales become easier. It is always simpler to sell to people you know than to those you don't.

Your competition is hurt. These constant customers are buying from you, not your rivals.

Marketing costs decline. You don't have to spend to figure out who your audience is. You already know.

Loyal customers are a bit less price-sensitive. It is worth it to them to pay a bit more, to avoid having to look for another vendor who may or may not serve their needs as well.

They will be more willing to try another of your products. They don't want to take a chance on a company with which they have no relationship.

In essence, all of these books seem to be saying, the creation and maintenance of a solid business reputation can reap dividends for a very, very long time.

Ends.

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