

## How to profit in a questionable economy.



YOU CAN NOT PICK UP A newspaper or listen to the news without projections of "doom and gloom" for the economy. Retailers are watching their sales go down and consumers are watching their disposable income, for after all, there is a recession coming. Whether this is true or not, is irrelevant. The perception of an impending recession is enough to regulate the actions of retailers and consumers.

As retailers, you can panic, put on "sales", discount your wares, try new promotional tactics, all in an effort to bring in new customers or you can relax, refocus on your core vision and service your existing repeat customers. Research has shown that it costs twenty times more to get one, new repeat customer than it does to keep one repeat customer. Think about it. You have an existing repeat customer base. Whether your impending disaster is imminent or not, depends on your actions. You can be reactive or proactive. You can panic or relax.

You can tell the panic stricken. The signs are all there — some have stopped or curbed their advertising; others are continually running sales or giving discounts; some are trying to recreate themselves; and some are trying various combinations. Today's consumers are very bright and their perception of these retailers is that they are in trouble. This does not encourage customer loyalty, but rather an attitude of "How can I benefit from the retailer's misfortune?".

The key word is perception and unfortunately here, perception can become reality. Panic usually costs more and brings in lower returns.

Now let us look at the proactive or relaxed approach. Relaxed does not mean sitting back and doing nothing. It means doing more of what you have been doing right, and this means looking at your existing repeat customer base. This means communicating with your customers and learning more about them; addressing your customers' concerns with joint promotions, or specially targeted product buying; empathizing with your customers' needs and rewarding their loyalty; encouraging your customers to bring in their friends; reinforcing your corporate branding; and increasing your advertising. The consumer's perception is of a profitable, confident, consistent and caring retailer. The retailer is rewarded with increased loyalty and greater spending. The proactive approach solidifies the repeat customer base, as well as increases it. It does not necessarily cost more and it does bring in higher returns.

When times are tough, continue to do more of what have been doing successfully, but do it more creatively. Tough times are not the time to experiment with new approaches or images. Know your customer's perception of you and most importantly, know your customer. Your actions will create the perception — good or bad.

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*"...The RAC meetings provide a tremendous opportunity for members of the media industry to network with the key retail advertisers in Canada. Thanks RAC. Keep up the great program."*

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