

Retaining and Gaining Customers in an Economic Downturn

Many of the Caribbean countries are spiraling from the effects of the global economic crisis and are no doubt experiencing recessions of their own. These territories including Grenada are continuing to experience negative economic growth and despite noted improvements since the start of the crisis, the outlook on the international end points to a weak recovery.

This has created a difficult and unyielding economic climate for new and growing small businesses and small business owners are finding themselves working harder and longer hours to offset the effects of the economic downturn in an attempt to survive.

And whereas in the past, customers may have rushed to your business before this downturn, you are now required to go the extra mile to keep existing customers happy and gain new ones.

Let's take a look at a few measures that all businesses can follow during a time of economic downturn.

Revisit, Review, Revise

If you have a business plan or proposal for your business now is the time to reexamine it. Remember this plan is the guide that you have for your business. Have you attained the level of sales indicated in the plan? Were you able to produce that other product or introduce that other service that you wanted to after being in business for two (2) years? Did you complete other activities/ventures that were not in the plan? Then now is a good time to revise the plan.

Cash is King

Manage your cash effectively. If you're running out of cash and out of credit, stay calm. There are small steps you can take to improve your situation. First, you will need a good 13 week cash forecast. Second, look for areas to reduce costs, encourage customers to pay cash, have a chat with your financial institution about restructuring your payments, follow up with people who owe you, try to determine which product and/or service is selling faster and those that are not. Try not to waste resources on products or services the market does not want.

Collect Monies owed with Passion

It is important that you follow up and collect any monies owed to the business as this affects your cash flow. Encourage your customers to pay on time. If you can, provide incentives for them to do so. Similarly, remember to pay your bills on time and take advantage of any discounts that may be available. If possible, DO NOT keep extending credit.

Keep a Close eye on Suppliers

Keep a close eye on your suppliers. Have they increased their price? Are they still reliable? Make a decision and seek out alternatives where possible. In a downturn, some of your suppliers may be experiencing difficulties as well; hence it is important that you identify other reliable suppliers to source your inputs or raw materials.

You Can Always Cut More

Look for areas in which you can cut expenses. Look at fixed and variable costs. What among the variable costs can you cut back on or put off for later? What among the fixed costs can you find a better deal on or negotiate more favorable terms for?

Focus Where it Matters

Keep focused on core markets and spend money only in those areas. Avoid putting cash and time into areas that have proven less profitable. Instead of cutting the budget you have for advertising or marketing, review the methods you are using. There may just be other simple and cost effective methods that you can use that will give you the results you are looking for.

Have a One on One Chat with your Financier

Keep in touch with your financial institution by informing them of any development in your business or problems that you are encountering in the business that affects your ability to pay back any outstanding loans. If you maintain a good relationship or constant communication with your financier, when faced with a difficult situation, they may be much more considerate and willing to helping you through difficult times. It helps, especially if you need to renegotiate payment terms. Do not wait until it's too late.

Offer Products that makes the Business Profitable

Make sure you understand what drives profitability in your business. To encourage demand, you may have to get creative with pricing and product offerings. However, avoid offering a product or service that is unprofitable.

Keep your Customers Happy

Your customers are your lifeblood. In a downturn they keep you in business. Treat them very well. Spend time listening to your customers to hear what they like and do not like about the products or services you offer. Make changes where you can. Take time to be innovative in meeting your customer needs. Be flexible and proactive and go out of your way to fulfill their demands.

Create a Website

If you haven't already got a business website, get one now. There are avenues which can allow you to market your products for free online. One of these is the **Grenada Online Mall** (www.ecomgrenada.com). This website is managed by the Business Development Centre of the GIDC. Remember when you have a website or web page you could have access to thousands of potential new customers.

Seek Advice and Assistance

Adjusting to an economic downturn can be a difficult process which may leave you feeling helpless. Tap into the expertise, knowledge and services of the Business Development Centre (BDC) of the Grenada Industrial Development Corporation (GIDC), to receive assistance in making good and sound decisions.

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Rekindle Past Customer Relationships

Your best prospects for new business are people who have already bought from you before. Dig out old customer's email and postal addresses and send them a mail or letter reminding them of why they chose to do business with you before. Offer them an 'existing customer' discount to say 'thank you' for their loyalty.

Promote Promote Promote

In a downturn one of the first places many businesses cut expenses is in advertising. However, this is not always wise. If you want to attract customers you need to advertise and sell more than ever, just ensure that you find cheap advertising methods that work. If you have established strong customer satisfaction, this is the time to get the message out. Ask several of your customers to do testimonials for your business.

Outdo your Competitor

Ensure that you outdo your competitor by offering something that he does not; example, excellent customer service, offering discounts or taking more creative steps to increasing customer loyalty without necessarily cutting prices.

Form Good Relationships and Alliances

Having good relationships and alliances with your vendors are always a good way to strengthen your customer base. With the right alliance you are reaching a broader spectrum of possible customers and you have more to offer each potential customer.

Try Creative Marketing

Even if you are forced to cut back on your marketing budget, there are dozens of ways to publicise your business for pennies - you just need to be inventive. All it takes is some thinking and perhaps research. In relation to television advertising you can research the various programs featured for example; Chit Chat, Good Morning Grenada, GIS just to name a few.

Keep Information on your Customers

Always keep information your customers for example their contact information. You can set up a simple system to do so.

Offer Additional Incentives

You are more likely to retain existing customers and attract new ones by offering incentives.

Persevere to Overcome

Spend extra energy to ensure you profit during the downturn. Above all, be inventive and flexible with the way you run your business, and go out of your way to keep your customers happy.