

HOW TO CAPTURE (AND PROFIT FROM) CUSTOMER DATA

by Jay Siff

Most gift retailers don't realize the incredible goldmine hidden right under their noses, in the names and email addresses of customers who walk in the door each day. That information represents thousands, perhaps tens of thousands, of dollars in unrealized revenue each year. And all they have to do to get it, is ask.

But that's the quandary, isn't it? How do you go about asking for such "personal" information from your customers? And what do you do with it once you get it?

To begin with, you must believe that there are only two valid business reasons for a store to gather data from its customers: one, to get them to come back (or come back more often); and two, to get them to increase their average purchase. For each of these, you must offer a *quid pro quo* that deals in the customer's own interest.

You do not gather data to sell to others; you do not exploit the information for any reasons other than those listed above. That's because today's customer realizes that his or her personal data has value. By sharing it with you, they are making an investment in your store. Your reputation, in their eyes, depends on how well you make their investment pay off. (More on that later.)

Make It Painless

So how do you gather personal information? The best way is to make it simple, and make it fast. Have a means for them to supply the information quickly and privately, such as a response card at the cash register. As for the customer's contact information, don't request more than his or her first name and email address. That's all you need. Why not ask for last names? Because a first name all that's necessary to communicate effectively—and you'll get more response cards filled out this way.

When you make your verbal request to participate, be sure to tie it to an attractive offer or promise. "Would you like some email coupons for a future visit?" is a good enticement. So is, "Would you like to receive a free gift certificate near your birthday?"

You're probably thinking at this point, "But aren't people afraid of receiving junk email?" Actually, it's remarkable how many customers appreciate offers from the businesses they frequent. Gift stores have actually doubled their average sale per customer, just by offering a few dollars off a minimum purchase. These kinds of deals can work for you, too!

You'll be surprised at how your loyal customers—and even your casual customers—will enjoy hearing from you, if you send them attractive offers. Last-minute holiday promotions, gift offers around birthdays and anniversaries, invitations to craft classes (paired with a coupon) and more, all have their appeal when you combine them with a sales-inducing deal.

Of course, some promotions require additional information about birthdays, personal hobbies, or interest in collectibles. Again, keep it simple. The less you ask for, the more customers will respond. For example, if you ask for the types of merchandise (e.g., candles, jewel boxes, etc.) a person is interested in, use check boxes. Limit your write-ins to their birthday or anniversary date.

Once you have this additional info, you can leverage it using creative promotions. One of the most powerful promotional techniques involves a social phenomenon called the “reciprocity norm”. It states that when a person receives an unexpected personal gift or favor, he or she is often compelled to give something in return. It has been proven in all kinds of situations—even among strangers on the street.

You can use the reciprocity norm to great advantage in your email offers. Suppose you send a no-strings-attached giveaway, such as a half dozen long-stemmed, *free* roses, to your female customers on their birthday. You’ll be amazed, when they come in to receive their free gift, how many will buy items at least as valuable as the cost of those roses. You’ll have generated a ton of goodwill for your store—and boosted your sales at the same time.

Other Considerations

As you grow your email program, you’ll find that success depends as much on *mechanics* and *deliverability* as it does on content. As a rule, research shows the best days to send promotional email are Saturdays through Tuesdays; personal subject lines under 35 characters in length will also boost your “open” rates.

Frequency of email is just as important. Once every three to four weeks is best; more often and you’ll become a nuisance, while less often will cause people to forget they ever signed up.

Mailer Mailer, in its semi-annual study on email marketing effectiveness, reports that open rates for email from small retail establishments are in the 19-22% range—among the highest of all industries. “Click” rates—those emails that successfully prompt the recipient to print out a coupon or visit a Web site—hover around 6%. (It’s interesting to note that most people open their email within the first few hours, so even same-day offers are likely to generate a good response.)

To further boost your response rate, take the time to create graphical gift certificates or birthday cards that you then paste into your email. Text-based messages are good...but emails that catch the eye are far better. They also encourage printouts that customers can then bring into the store, and that you can collect for later analysis.

Tracking is Critical

Actually, tracking is one of the most important ways to ensure your customer information is working hard for you. As you try different offers and promotions, keep track of the number of responses you get, and what kinds of add-on purchases are generated. Run the same promotions on different days, or adjust the dollar amount of the coupon to see what

works best. You can also do split runs, i.e., send one offer to half your list, and a slightly different offer to the other half, to gauge which is more effective.

If you have one, two, or even more offers that are working for you, don't be afraid to run them multiple times. Keep running them until the response on one or more starts to fall off. When it does, make whatever adjustments are needed to keep customers engaged.

More sophisticated retail operations may want to investigate other practices as well. Contact management software like ACT! and Goldmine allows you to cross-reference names against historic sales records, to see which customers are likely to respond to a specific promotion. Manufacturers of specific product lines or collectibles (e.g., Hummel figurines) may also work with you on a limited-availability promotion.

Finally, you can consider an email service to increase your effectiveness. Professional emailers have proprietary systems designed specifically to deliver legitimate commercial email. By minimizing the effect of firewalls and spam filters, such firms can double the open rates for your offers.

Return On Investment

Remember, the data you receive is an investment on the part of your customer. It's a matter of trust. Establish a formal privacy policy, and tell your customers you don't sell or share personal information. Don't abuse the data...don't bury your customers with trivial offers...and do try to reflect your customer's interests. If you treat your email list as the gold that it is, and invest in it well, both you *and* your customer will experience excellent returns.

About the Author

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