

## Video: Customer Relationships

Subject	Notes
Customer relationships	<p>There is no build it they will come.            You can have the greatest product in the world and still fail.            Understanding your customers, what they want, and how to sell to them is the only way to sell your product.</p>
How to understand customers	<p>What are their goals and objectives            What are they working on            What is their future direction            How are they evaluated            The only way to provide your customers with a product or service that they value and want is to make sure you are listening to them and hear what they really want.</p>
How to make a customer feel valued	<p>A customer that feels that you value them will be a return customer. They feel that they are getting more for their money as they are getting the product but also an added benefit of a company that cares about them and their needs. Some easy ways to make your customer feel valued:</p> <ul style="list-style-type: none"> <li>• Excellent Customer Service</li> <li>• Return calls and emails immediately</li> <li>• Ask for feedback on products and services</li> <li>• Customer rewards programs</li> <li>• Special offers and discounts for return customers</li> <li>• Warranty service</li> <li>• Ship on time or provide service according scheduled time</li> </ul>
Stats	<p>75% of customers will leave a brand if they have a bad experience            95% of customers will share a bad experience with others            Customer will tell twice as many people about a bad experience            6-7 times more expensive to acquire a new customer            60% try a new company for better service            Customers are worth 10 times their 1<sup>st</sup> purchase            60% will pay more for great customer service            65% of consumers read reviews</p>
How to take care of a customer	<p>Respond to calls or emails immediately            Deliver on your commitments            Establish expected timelines for solutions            Ask them for ideas or input</p>
How to reward customers	<p>Great Customer Service            Loyalty program            Special Discounts</p>

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	<p>Exclusive offers</p> <p>Immediate Warranty response</p> <p>Turn negatives into positive experiences</p>
Example of a company who didn't listen to customers	<p>2006 Cell phone manufacturer</p> <p>22% Market share</p> <p>Customers loved the company.</p> <p>Customers want more features</p> <p>Company stuck to their plan and didn't provide features</p> <p>Competitors listened and released phones with features</p> <p>The arrogant company lost most of the market share.</p>
Jet Ski	Ability to change directions quickly
Battleship	Long time to change its course
Brand importance	Your brand tells your unique story. It's critical that company's identity what their customers want and provide the products they are looking for. The company must brand themselves in a way that makes it easy for customers to identify their unique value.
Does Brand need to evolve?	The world evolves and so to should your brand and unique value. Just because your marketing works today doesn't mean that it will work in ten years or even next year. If you are continuously listening to your customer's you will have the opportunity to evolve your unique value and brand as they evolve.
Competition	Don't ever underestimate your competitors. Remember, this is a competition and they are trying to win. If you don't focus on what they are doing or can do, then you may be blindsided by what they do to win. Competitors are always capable of trying to do things better, faster, cheaper, higher-quality and providing more value.
Sell against yourself	Try to sell your competitors product to your staff or friends and family. It's the best way to understand your competitor's products and strategies.
Price	When competing with competitors the price of your product or service is always a major point. Many businesses fail because they don't understand pricing strategies.
Pricing Strategies	<p>(1) Greed invites competition: There are times when you may be in a situation where you have a unique product, service, or relationship. Getting greedy with your pricing will usually result in customers looking for alternatives or competitors fighting to get in. Always be fair with your pricing.</p> <p>(2) Premium: Used for new products or services. If a clear and unique value for a product or service is understood by the customer then a premium can be added to the price for short period of time.</p>

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	<p>(3) Penetration: This strategy is used when you are trying to break into a market or draw interest away from competitors. This technique will result in low profit margins and is not a long-term strategy. It is used to penetrate the market at a lower price and introduce your customers to your unique value. Once established you will need to change your pricing strategy and increase your price.</p> <p>(4) Anchoring (Tier pricing): Establish a high priced option as an Anchor for your customers to compare your other products or services to. When comparing the items to the anchor they perceive the lower price as best value.</p> <p>(5) End prices with a 9: Studies show that prices that end with an 9 outperform other prices. Even if the other price is lower.</p> <p>(6) Test your pricing levels: Test pricing increases and decreases in pilot groups (small customer segments) to understand the impacts. There is no sense in lowering prices (profit margin) if there is no impact on sales to make it beneficial.</p>
Customer Satisfaction with shipments	<p>Deliver on time            Notify them of late shipments</p>
Inventory	<p>Too much – Impacts cash flow            Too little – Unable to deliver on time</p>
Inventory tips	<p>(1) Analyze usage and lead times: Understanding how often you sell your product and how long the lead time is to replace the product will help you to plan when you need to purchase inventory and how much to purchase. You need to find the optimum levels that minimize on-hand inventory without causing you to run out of inventory.</p> <p>(2) Reduce Safety Stock: Safety stock is how much extra inventory you keep on hand to prevent from running out. Track your inventory to see if your safety stock number is too high and reduce if possible.</p> <p>(3) Provide forecast and schedules to vendors: Another way to reduce lead times with vendors is to provide forecasts and schedules. If you have accurate forecasts and schedules, vendors are willing to plan around your needs and reduce lead times.</p> <p>(4) Lean on suppliers to carry inventory: Having your suppliers carry inventory allows you to reduce the amount of inventory you keep on hand. The less money you must invest in on-hand inventory improves your cash flow.</p> <p>(5) Reduce lead times from vendors: The longer the lead times from vendors the more safety stock you will need to carry. Try to reduce you lead times by finding vendors with shorter lead times or ask vendor to carry inventory.</p>
Users Additional Notes:	