

**By: Sally McKenzie**

## **Why CRM Matters More Than Ever in Tough Economic Times**

Everywhere I go, someone is trying to save me money. The grocery store. The department store. Restaurants. And of course e-commerce sites. It's everywhere: coupons, signs screaming "sale", huge percentages off. It's like every retailer in the world is doling out virtual dollar bills.

No question, we're in a nasty economic situation and no question, it's taking more incentive than ever to get the register to ring. As a retailer and as someone who has spent the better part of her life trying to crack the code on getting customers to buy, it pains me to no end to see these genuinely well-intentioned efforts by retailers executed in a way that is costly and ineffective in achieving the desired result. Here's my latest example:

There's a spa/salon not far from my house. It's fantastic and I've been going there for years. Actually, as I've aged, I find that I go there more frequently as there's a lot more work that needs to be done. Brows, nails, toes, hair, the occasional facial when the wrinkles get too hard to hide. You get the point.

I am a regular, to say the least. Every 3-4 weeks for haircuts and brow waxing. Typically every 4-6 weeks for pedicures and periodically, a manicure for an important meeting or occasion (too much typing to get them on a more regular basis). While the economy is tough, and I, like everyone else have found things to trim back on, my hair and nails will not stop growing. So it's doubtful that my spending habits at this salon will change much in the months or years ahead.

This salon has my appointment and purchase history for the last however many years. A lot of years. They can probably predict when I need an appointment better than I can. The technicians all know me by name and are always pleasant to deal with. We have a nice relationship.

So, here's the kicker. I have right now, sitting in front of me on my desk, the following:

- A letter from my hairdresser offering me \$10 off my next haircut
- A gift card from a nail technician offering me \$15 off my next service combo of \$65 or more
- 5 (count them) \$5 off coupons good on my next service or retail purchase now thru April.

So, what's going to happen? I'll use all of them. But, as you've probably figured out, I would have made appointments and paid for services whether or not I had this pile of discounts. I have no doubt that business for this salon is probably not what it was a year ago (hardly anyone's is, after all). But, they are now making their business worse by spraying discounts far and wide, giving many of them to customers like me, who show no slowdown in their purchase activity. They'll be making less money on me without the benefit of any extra business.

I know, implementing and executing well on CRM is not an easy task, but if this one anecdotal example is any indication, the payoff would certainly be there. What if the salon

only mailed coupons to those customers that they hadn't seen in 6 months? Or those customers whose spend over a certain period of time had slowed by a certain amount? The really painful thing here is that they HAVE the data. I know. Every time I call for an appointment, the service rep diligently types the info into a computer and verifies my contact and credit card information that they have on file.

Managing customers is about more than having a nice relationship, it's about having a smart and profitable relationship. In these times, can we afford any less?

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