

Cut The Catalogs

By T. Scott Gross

Buns dragged in the mail from Saturday's delivery to our post office box and set half of it in the re-cycle bin. Heavy, four-color catalogues arrive at our house by the dozen. Cabela's announced it was spring; Craftsman reminded me that Father's Day was approaching; Galls showed up in time to make Christmas bright for your favorite firefighter-paramedic; and Levenson was dropped on my desk in case there might be an idea for my birthday.

Farmers who used to plant or harvest by the phase of the moon could easily substitute the ebb and flow of catalogues to mark the seasons. Yet the retailers are losing their backsides! Why? Because they over-estimate the value of a customer.

In the time it has taken to write the last few paragraphs, a new load of catalogues has arrived, Monday's delivery! On top of my pile is an aviation catalogue from which I had purchased a \$1,500 back-up GPS unit six years ago but nothing since. I love the products and their service is swell, but I own everything I need or expect to need for our little airplane. How will the company know when to remove me from the list?

Next in the pile is a mini-catalogue from a Seattle photo-processing lab that offers great quality and convenient service. I used to be what must be considered a heavy user. Since Buns bought me a digital camera, the old SLR 35mm hasn't left the shelf. When will the company realize I am no longer a hot prospect?

Thinking Point

Previous profitability is no guarantee of future profitability nor is it a reliable predictor.

Chasing a non-loyal customer who was initially profitable, perhaps very profitable, is a fool's errand. In fact chasing too hard can cost you a customer.

We just received a Victoria's Secret catalogue—again! Even I am getting that 'ho-hum, just another seminaked model in the mailbox feeling'. Chasing too hard can easily cause numbness to set in and your marketing loses the impact we like to associate with multiple impressions.

It's obvious that treating all customers alike is going to cost you profits so here's what to do for these category shoppers:

- Price shoppers. They need your product but only at a price. Make a healthy profit on every sale or wave good-bye.

- Regular Shoppers. They like you and your products, so keep in touch and keep them as profitable customers. Deep discounting is a waste, and you risk training them to buy only 'on deal.'

- Occasional Shoppers. This is not a great customer-product fit. Don't call them; they'll call you. And offer them no special deals.

- Dealers. They need you and you need them. Work on up-selling and don't overdiscount for volume.