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**RETAILING**

**TONY GATTARI**

# Build a database; build a business

**THERE IS A SPORTING** goods retailer that has been in operation for almost 30 years. It started from humble beginnings in a small shop on a main road, in a suburb that had a large amount of families, who were keen on their sport.

As time went on, the store started to attract a loyal following, and the owner had to expand the store, by taking more space next door, as well as using the space above the shops, and across the road. As word got out about this retailer, people started to travel far and wide to shop there and because, during this time, a lot of prominent sportspeople were not given sponsorships in terms of equipment and money, they came to purchase their sporting goods from this suburban retailer.

The business had one simple system that started from its inception. Every time a customer came to the register to purchase their goods, they were asked if they would like to be on the mailing list to receive a catalogue.

This retailer would normally send out two catalogues each year, and people young and old would wait anxiously for it, as it would show the latest range of sporting goods for the start of each season. Once it arrived at the person's house, the customer would remove the protective plastic covering, and start to circle all of the products that they wished to buy. Then they would make the pilgrimage to the store, to not only purchase the new sporting equipment, but also to marvel at the extensive range of products.

During the recession, while most businesses closed down, this retailer went to the bank for a loan, and moved to larger premises. Now this retailer could really make a statement to the consumer, by showing off an even larger range of products.

This retailer, who started from humble beginnings, was now an institution whose following could not be wavered. The mail order department would ship goods to the USA, Pacific region, South-East Asia, Africa, UK, and Europe. The mailing list for the catalogue became a subscription of 80,000 people. This retailer spent most of its advertising budget on this catalogue, opened five more stores, and became the largest in its category in the world. All because the owner built a database, and taught his register operators to ask customers to sign up to the database.

While searching for new customers is important, when they are in the store, and have purchased from you, why not work on keeping them for life. In a highly competitive market place, being consistent and treating people like family may need extra support, through developing a mechanism, whereby you can continuously inform and keep in touch with your customers on a regular basis.

Collecting your customer names, and measuring their transactions on a database, is a great tool to start the process of communicating with your customer, and testing the effectiveness of this communication, by measuring:

- The amount of times the customer purchases from you
- The average transactions of your loyal customers, versus your other transactions; and
- What your loyal customers buy from you, so that you can focus your energies on these areas of the business that produce the most fruit.

Also by keeping a database, and effectively communicating to your loyal

customers, you can reduce your cost of customer acquisition over time, as you can move your more costly spending on blanketed marketing efforts, to a more refined campaign that is targeted at people who you know will buy from you.

## Not another loyalty card

While many retailers have used loyalty cards to increase the frequency of purchase, studies are now showing that many people forget to use their loyalty cards at the point of purchase, and also that many of the programs are expensive and at times a loss making exercise. Just have a look inside your wallet or purse, are there loyalty cards that you don't use?

The large retailer of children's gear Pumpkin Patch was asked why they did not have a loyalty program, and their reply was that they would have to increase their prices to justify it, so they just collect names and direct mail their catalogue to their customers. The database has grown their business extensively, as they have a large mail order division, and use the data from the database to determine where their customers reside and purchase heavily from, so that they can plan where they will place their next stores. Again another success story of the simple system of collecting your customers' names! ●

**The Marketing Success book by Tony Gattari and Shaun Mooney is out soon. For more information go to [www.achieversgroup.com.au](http://www.achieversgroup.com.au)**

■ The author, Tony Gattari, is the Managing Director of the Achievers Group. He built Harvey Norman's computer business from \$12 million to \$565 million in nine years.

Website: [www.achieversgroup.com.au](http://www.achieversgroup.com.au)  
Email: [tony@achieversgroup.com.au](mailto:tony@achieversgroup.com.au)  
Phone: (02) 9440 7373