

PROFITABLE CUSTOMER HUNT VIA PROGRAMMING LANGUAGE

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Abstract:

Increase in population results in increase in consumption, and consumption increases the number of customers. Increase in potential customers causes more entrepreneurs taking place in the market and therefore intensifies competition. Increase in the number of potential customers leads to the differentiation of customer needs. At this point, businesses enter a period when they can be successful in competition only if they determine which needs of customers they can meet according to their know-how levels, instead of focusing on every need.

At this study, how developments in question put forth the need for profitable customer, how to determine profitable customers and how this can be managed through developing technology, are analyzed.

Keywords: Profitable Customer, Competition, Technology

Introduction:

Modern day fund of knowledge and technology, provide businesses with opportunity to meet the increasing consumption needs. However, information that is constantly developing and therefore sometimes causing pollution and technology that presents innovations that push the limits of imagination puts a strain on both customers and businesses on decision making.

At this point, competition gets harder because it gets harder to answer these following questions: In terms of customers; Which product of which company can meet my need?, What

is the criteria to make me have trust in the company at this point?, Does the company actually fulfill the criteria in question?, Or does it pretend to fulfill the criteria in order to make me buy the product/service?, in terms of businesses; Which of the many customers and needs should I focus on in order to gain the goal profit?, What is the know-how level of my business?, At what measure of values should I classify customers into profit categories?, How can I attract the determined profitable customers to my business and using what method can I make them regular customers?

Answering these vital questions, customers can determine the businesses that can meet their needs and businesses can maintain their business lives by reaching their ultimate goals:profit.

1. Why Profitable Customer?

In fact, the question itself involves the answer. Why profitable customer? Because it is profitable. The answer is simple however the content is complex. Numerous customers mean numerous alternatives. Numerous alternatives mean numerous markets. In that case, the following should be the vital questions:

Are all markets profitable?

Which markets, therefore which needs do I have the ability and desire to meet?

Are all purchases profitable, in real terms?

Businesses have to be alert and rational on the point of transforming their effort, capital and time into profit. All customers are no longer benefactors. Herein, businesses have to distinguish the customers that can increase profit and profitability from the low-profit or non-profit ones.

Stating this in the framework of well-known “Pareto Law - 80 – 20 law”; the 20% of customer group of the businesses provides the 80% business income. In that case, 20% of customer group providing the 80% business income is vitally important for the business.

Expressing that in a simpler and more substantial way; instead of meeting all the needs of 100 customers, it would be a more rational decision to meet the needs of 20 customers providing the 80% of the income of the business primarily. Ratios stated as 80 - 20, could vary according to the market, the business is in or to the sectoral features. Numbers mentioned are symbolic in order to explain the subjects.

However, that point should be kept in mind; there is no rule that every regular and loyal customer never ever leaves their business. The indispensables of customers should be determined well. This way, the tolerance limits of customers can be determined. In time, profitable customers can become non-profitable and as interrelations develop low profit customer can become profitable. Some customers develop in time and keep contributing to the businesses (Tek, 2006; 313).

Businesses have to analyze well, which customer features can they can meet. Otherwise, they can either focus on wrong customer group or the customer group can not be as profitable as predicted. Herewith, before satisfying the “customer”, you should understand and please people (Beckwith, 2007; 57).

Sorting the advantages that customer groups that can increase the profit and profitability to the businesses, makes the answer to the question “Why profitable customer?” more clear.

Profitable customers:

1.1. These are long-termed customers. They are not single purchase customers. They have following purchases. This means they keep bringing money in the business.

1.2. These customers are not so difficult against the business in bargaining stage, they don't want the businesses making all the concessions, they meet halfway.

1.3. They tolerate the mistakes of businesses. The tolerance limit of the customers is closely related to their own principles and the dimension and number of the mistakes.

1.4. They are secret and voluntary “sales representatives” attracting potential customers to the brand they embrace. Especially this situation bears more reliable results in the market. The recommendations of an individual using the product/service are taken more seriously than the sales representatives' promotion efforts. After all, sales representatives are partials.

1.5. These customers purchase the new products of the brand they embrace more easily than the new customers at trial stage.

Detailing these advantages and increasing them in number by sub-categorizing them is possible. However, what is stated above is enough to raise interest on preferring profitable customers. But, the question here is, what to do next? The critical issues to create the competitive advantages start from this point. How to determine profitable customers? Requirements of which market is the know-how level adequate to meet? How can long-termed customer relations can be maintained with the profitable customers determined? The answers to these questions are dealt in section 2.

2. Who is Profitable Customer? How to Determine and Manage?

The questions dealt in the previous section, on who profitable customer group is and what advantages they contribute to their businesses and what management style should be carried in order to determine and maintain their continuity, are vitally important in terms of businesses.

The basic goal of businesses is undoubtedly, profitability. Attaining profitability and maintaining business life is only possible through customer profitability. However, numerous customers have numerous needs and demands all different from each other. Moreover, there are many businesses ready to meet needs of customers they demand. Each business has different technological and managerial levels of information (know-how), which means; not all businesses can fulfill the requirements of markets. Even they could fulfill the requirements of different markets, is that necessary? Or efficient?

Under these circumstances, if the businesses canalize to markets according to needs and demands of target customer group in line with their know-how levels, they can obtain a more rational more profitable results. Creating regular and loyal customer groups and maintaining these within these markets mean, managing correct customer relations strategies.

Businesses should also determine what kind of “customer experience” they can offer, according to their know-how levels. The first step of this should be; clearly defining the customer experience desired to be offered within the business. Second step is; appointing what kind of emotions they would like to arouse in the customers. And the last is step is, making a conscious presentation (Gorgulu, 2010; 116). Without a conscious presentation, there won't be correct positioning.

Customers with what kind of features are involved in the profitable and formative customer group? These features are specified in order to answer the primary question; how to determine profitable customers? The customer group in question is:

- 2.1. Regular and loyal. They embrace the brand and they are the most frequent customers.
- 2.2. The purchase amount and worth of this more frequent group is also higher.
- 2.3. They bring potential customers from the rival businesses in the existing market of the business. They redound customers to their businesses.
- 2.4. They make customers who are not involves in any market at all, who do not buy any product of any business purchase and use the products of the related business. (E.g.: They make customers who do not drink milk, drink milk first, then lead them to the brand they embrace.)
- 2.5. They are more tolerant to the mistakes caused by the business.

2.6. Their commitment to the business comes to a state of sports fan like.

2.7. In the case of being a respected and accepted person, the products are automatically accepted by the people around them.

2.8. They provide their businesses with correct, rational (not emotional) feedbacks and even warnings when necessary. Providing these critics and feedbacks, they compare the rival businesses and their products with the business they embrace and they make inferences.

2.9. They don't ignore important details.

2.10. They are careful on many subjects from security, to service, and packing. They are not easy to serve or satisfy. Therefore, the businesses have to prepare themselves to high service standards and have to enhance their current situation.

2.11. Considering their saturation on many points such as business's products, service and shopping atmosphere, they want their businesses to adapt themselves to changing conditions.

The business having more customers having the features stated above, have the competition and therefore profitable advantage over the other businesses. So, getting this kind of customers within the market or creating those should be the most important strategic function of marketing. What should be done after the detection of these customers? Primary goal is ensuring the continuity of the customers with high profitability features via “associational marketing” strategies. Following this, policies that would increase these customer features should be applied in order to detect the customers that has the closest features to this vitally important customer group.

Customer needs can change or disappear in time. So, marketers should follow these changes and constantly keep up with them (Blythe, 2001; 27). Directing customers with little or none profitability effect to the rivals would be a rational decision. But, how can this diverting can be realized?

The answer is simple again. No customer can be directly told to “go to rival, not to purchase our products” or diverted to other businesses through providing no service. However, businesses meet the needs of customers who can increase their profits or profitability and if they can manage to sell to this group constantly, then the customer group that is not profitable for the business has to seek for businesses that can meet their needs.

The step following gaining the customer groups that can increase profitability is also vitally important. Because most of the time, getting some succeeds is much more easier than developing and maintaining these. Essential study and strategic marketing techniques are required in order not to loose the customer groups that became current regular customers.

On the point of importance of ensuring the continuity of gained profitable customers, managerial board of Teknosa, which is market leader of electronics retail sector, states that “they pursue a customer-satisfaction-oriented growth strategy, and take the today and future needs of consumers into consideration”(Capital, 2011; 208). similarly, İzzet KARACA, CEO of Unilever, Turkey indicates that “they make their decisions on what to do in the sector by conducting consumer analyses and they offer products/service following the consumer behaviors (Capital, 2012; 128).

The point of view to be paid attention in order not to loose what is gained is that; to prevent customers having many options and used to constant renewed and varied product/service to reach “saturation point” and following them carefully whether they reach this point or not. Otherwise, the businesses may experience value emigration towards rival businesses. Hence, if the businesses carry their studies with the care, desire and attention like new business in the market, they can prevent their current customers to reach the saturation point. Thus, the business can position itself at a different point on many aspects than the rival businesses.

A business that could prevent its customers to reach saturation point, that can change or keep up fast with competition and market conditions, that has customers that rely on them on any aspect, has nothing to worry about competition.

3. A Sample Software for Profitable Customer Management and Usage

The definition and features of profitable customer can differ according to each business. However, being aware of these features is not enough. Hunting the customers having those features and providing their loyalty as long as they are profitable is compulsory for the continuity of business life.

A software was developed that can assist businesses with their decision making and strategy developing on their compelling profitability detection and controlling processes. Operating principles and the results for the business it was conducted are as follows:

The software was developed on FileMakerPro which is a database application. It was designed to cover information required to detect and follow profitable customer intended for the application to be conducted. Store cards were used to transfer data required to follow. Store cards are a strategic tool businesses use in order to form customer commitment. However, this strategy is widely used today and those cards offered by almost every business are no longer sufficient for customer commitment. By means of store cards used to form

customer commitment, businesses gather some information on the customer and they produce various strategies to create customer loyalty by analyzing it.

Due to these cards customer get in order to use special advantages of businesses, storing customer information is possible. The software constitutes of 5 tables which are presented below.

Customer Table:

This table is designed to input data on customer identity, contact information etc. A listing layout for each customer was created that enables data input on the table and displays customer summary info.

Product Table:

This table is designed for product code number, name and price data input. Product information on sales to the customers can be obtained from this table. A listing layout for each product that enables data input and displays product summary info.

Sales Table:

The sales table displaying how much sale is done when and to which customer is linked to customer, sales items and products (indirectly from sales items) tables. This table includes general information (date, time, customer code, salesman) on sales. Other information on sales is linked to this table and designed to enable gather data from other tables.

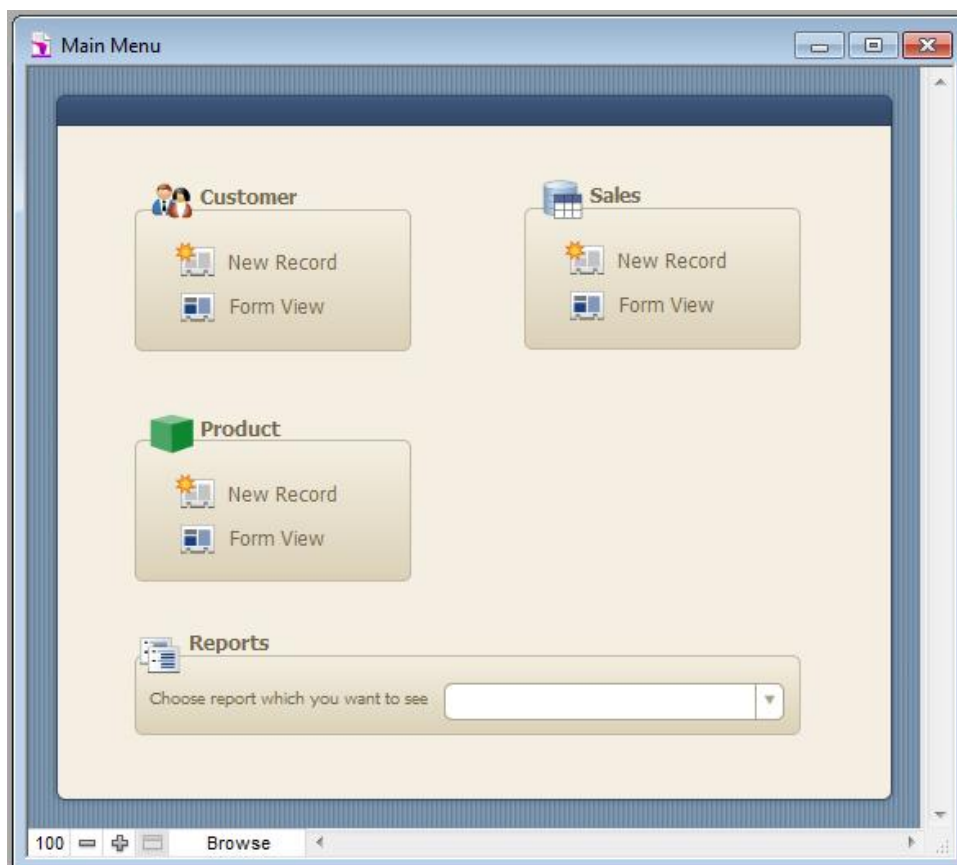
Sales Items Table:

Sales items table includes details of total sales done. The table presents product code and other information on the product for each item, sales amount, price and extension information.

Social Media Table:

In order to follow profitable customer features, social media was used. Users of social media can announce their ideas on the businesses to a wide audience here. Businesses adapt rapidly to this huge communication network which is accessible to everyone. This table is designed to follow the shares of customers in social media.

3.1. Main Parts of the Software and Data Input



The software consists of 3 main parts; Customer, Sales and Social Media. Via data input to the 3 parts of the software, shopping frequency, what kind of products they purchase (discount, campaign, on season, new products, etc.), the financial amount of their purchase, whose reference the customer preferred the business and their impression about the business in social media, can be followed. In the light of this information, the business can get various reports from the software and can determine currently or potentially profitable customers.

Customer Data Input Form:

Customer data input form is constituted from customer table designed to input information on the customer. All information on the customer is transferred to the software via this form. This form operates associated to the sales and social media parts.

Social Media Data Input:

The data input to social media table created to follow the customer comments and shares about the business on social media, is done through customer data input form

associated to this table. Data input about this part can be done on Social Data Tab created on the customer card of the related customer who made comments or shares on social media.

Sales Data Input Form:

Sales data input form is designed for data input related to sales and constituted of sales item tables. Data input on general information about sales is done on the upper section of the form. This part can also be used for data input about the customer to who the sales is done due to the customer table linked to sales table. Lower section of the form can be used for tabular data input on sales items.

Product Data Input Form:

Product data input form is created from the product table designed to gather data about the product during the sales, besides three main parts. This form includes information on product code, name and price.

In the light of these information, the reports provided by the software and explanations:

Shopping Frequency Report:

This report displays the number of purchases and total expenditure amount for each customer. Due to this report, more frequent and higher expenditure customers can be detected. The report is created by categorizing according to dates. This detailed report, presents the customers in order of expenditure, from most to least. This report enables monitoring the customer monthly purchase and also presents the amount of the purchase and method of payment.

Product Type Report:

This report groups the purchases according to product type. This report is important for the detection of profitable customers as it presents the approaches of customers to new products. The report also reveals whether tendency of customer is to discount or campaign products or season or new products. This way, customers fitting to one feature stated above can be detected: “These customers purchase the new products of the brand they embrace more easily than the new customers at trial stage.”

Method of Payment Report:

Method of payment report is created to monitor the customers according to their methods of payment. Customers preferring to pay in cash should have priority over the ones paying with credit cards or gift cheques. This report enables monitoring which method of payment customers prefer at what rate.

Reference Report:

A “recommendations” section is involved in the customer information form in order to monitor whether the customers prefer the business with recommendation of a previous customer. Reference report is designed in accordance with the information put in this section. By means of this report, customers who are secret and volunteering sales representatives who try to attract the potential customers to the business can be viewed.

Social Media Report:

Today social media is very important for the evaluation of customers perspectives about the business. Social Media Report is designed to detect the “embracing business” feature of customer stated in the profitable customer definition by monitoring and following the evaluations which are made by customers on social media. This report created using customer data input form which includes the social media shares and comments of customers, enables examining the positive and negative views of customers on the business in detail.

Conclusion:

Becoming a preferred business among many rivals in a global dimensional competitive environment, meeting unlimited needs and expectations of customers, finding markets with potential and offering products and service are all getting harder and harder everyday. While searching for profit opportunities, businesses neglect to constitute some conditions that would create purchasing desires on the customers.

It is now time to behave rational and optimum for the businesses which just focus on the rivals and following the strategies of rivals instead of producing their own strategies, the ones who assert having no rivals, the ones who think that they could sell anyhow or that if they loose customers to other businesses than other businesses would loose to themselves, the businesses which do not carry qualified staff for their all marketing activities succeed or the ones who loose their staff to other businesses when they are most useful to them because they do care about them enough.

The primary goal could be profitability for all businesses. However, profitability would be continuous when the priority of businesses is to make customers loyal via creating demand and purchase. But, meeting the demands of all markets and all customers is not efficient and profitable. Then, the correct market should be detected. The correct market for businesses is in line with their know-how levels.

In accordance with their know-how levels, the businesses can detect at what conditions the customers who can increase profit and profitability purchase correctly and on time and they can have competitive advantages. For these purposes, businesses should make use of employees, customers and technologies that would contribute to them. The businesses should add values to their employees and customers and should offer correct products and services with their technology.

Qualified staff and the technology they use would be efficient for the detection of profitable customer groups. A software was created and a sample application of it was conducted. This software contributed to the businesses in detecting profitable customers and controlling and following their purchase behaviors.

The reports obtained by data collected on the software enabled business determining profitable customers and it developed strategies in accordance with these reports. All the efforts the business paid for all customers before were canalized to its target audience due to the software and owing to this, its profitability increased compared to prior periods. The audience that is out of the private customer group of the business can also be followed via software and the potentially profitable customers can be involved in this audience.

The software can be redesigned in order to collect other data and various reports on customers can be obtained. For example; with the help of rfid technology on the store cards, various information, such as; the visiting frequency of customer doing shopping or without shopping or the time they spend in the business can be obtained. With this information, various reports on doing shopping or without shopping visits of customers and various strategies can be developed.

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