



THERE ARE NO MORE CUSTOMERS → ONLY PROSPECTS (Part 1)

Current consumer research is revealing that the Internet is dramatically altering supplier brand-loyalty. Normally, the longer that you are with a particular brand – the higher your loyalty is to that brand. However, research data suggests that consumers are identifying more with value and less with specific store brands. According to the latest report from BIGresearch, an increasing number of consumers are less concerned about where they shop, than where they are finding value.

From the September 2003 research, 22.2% of those surveyed said they had "no preference" on where they shopped. In one year, that number has almost doubled! "Products are being viewed as being very much the same between the stores," said Gary Drenik, CEO of BIGresearch. "Consumers seem to be opening their Sunday circulars and picking the store with the best deals, and not worrying about which one that might be," Drenik said. "In the competitive zero-sum sales environment, when someone grows it's usually at the expense of a competitor."

But something more intriguing is at play than just increased sales.

According to many of the Internet managers at automobile dealerships, it's becoming harder to distinguish "Internet" customers from "regular" customers - because so many people are using the Internet at various points in the sales cycle. Currently, more than 80% of the customers that purchase an automobile, visit that dealership's web site within 30 days prior to purchase. In 2002, the "Ward's e-Dealer 100" sold 22% more vehicles "on-line" than in 2001. And, the 2001 figure was 'double' 2000's. We can all see a pattern, coupled with momentum. No longer is it just a handful of web-savvy customers, shopping for price or looking to avoid the showroom.

Today's Internet customer is the average "Joe", looking for information and using the Internet to expedite the shopping-buying process. But, where's the loyalty? Where's the customer retention due to a high CSI (customer satisfaction index)? Where did all my direct mail pieces and phone calls go? The answer is – that those efforts went toward convincing the customer that he makes a better prospect!

Now, what does this mean?

It means that you must convince the on-line shopper that YOU are the final stop on his tour. You must capture the on-line shopper early, and be able to develop an "on-line" relationship quickly. The selling process must start on the web site and must compliment the selling process in



your store. If you allow prospects to come in, grab brochures by the hand-full, leave, and never talk to you again – fine - then configure your web site as brochure-ware and you should be in alignment. Potentially many of you at least get a name, a phone number, or an e-mail address from the prospect when they visit your store in person – so why do you allow different behavior on your web site?

Your web site needs to deliver content, but it also needs to begin to establish the buyer-seller relationship. Content such as accurate and timely inventory, virtual tours, e-brochures, financing offers and appraisal information are all proven winners.

The remaining interesting “piece” of the sales puzzle is pricing. On one hand, supplying the customer with invoice prices definitely builds trust, but it is often argued that it reduces your “bottom line.” The rationale to revealing invoice costs is increased customer satisfaction. But if **there are no customers – only prospects** – various customer satisfaction indexes could be a way of the past. So CRM may quickly become **PRM = “Prospect Relationship Management.”**

The elements of PRM are called ‘**ABBY**’:

- “**A**” = **Awareness** – Abby can quickly raise people’s awareness of products and services through conversation.
- “**B**” = **Balance** – Because Abby has the ability to listen as well as speak, this creates for better information delivery, or balance.
- “**B**” = **Behavior** – A conversation from Abby can quickly change people’s response and behavior.
- “**Y**” = **Yield** – Since Abby is digital and scalable, she creates higher yields at lower costs.

The nurturing of the customer **MUST** start on the web – because customer dis-loyalty is only a “mouse click” away – and that dis-loyal behavior is gaining momentum. If that 22% of all customers “who don’t care where they shop”, turns into 44% after another year – then truly **“there are no customers – ONLY prospects.”**

Thank you for listening.

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