

Do you know the value of each visitor?

The success of any store that sells products or services relies heavily on traffic. Whether walk-in, telephone, or web site visitors, each person that in some way contacts you has a value to your business. Yes, even the problem people, the random visitors, and the tag-along husbands have a value.

Being aware of how much each person is worth in dollars is extremely important. This will help you maximize your income while minimizing your marketing expenses.

Most business owners do not take the time to determine the value of each visitor. Why? Because business owners may be experts in furniture, hardware, plumbing, or teeth, but they hate the paperwork side of business ownership.

Let us take a look at a quick and easy way to assign a dollar value to each person who calls or visits your business. And how it can increase your income this year, as it has for so many others.

Very simply, take the total sales each week. Divide it by the number of people that visited and called you. This assigned value will become more accurate and more important each week. You add this week's visitors to all previous visitors, and this week's sales to all previous sales.

If you have a walk-in business, such as a furniture store, put a traffic counter on the door. If your door is used for both entry and exit, divide results by two to avoid counting the same people twice.

Keep track of the phone calls too. Have a pad by the phone to record the name and phone number of each caller. This is just good business sense. You, no doubt, are doing this already.

Now, for example, let us say that for the month of May you had 3000 walk-ins and 500 phone calls. Add these together for a total of 3500 visitors. Your sales for the month was \$33,000. Divide \$33,000 by 3500. You have now established that each visitor is worth \$9.43 in gross sales.

Now you have an accurate way to measure your in-store marketing strategies. You can quickly see the results in the rise or fall of the "per person" value in sales. These tactics might include how you arrange your merchandise. Also, suggesting additional items that will complement the visitor's purchase. Also, setting up specific displays with colorful signs or banners tied in with special or seasonal themes.

Be creative. Scout out your competition and similar stores in other towns. Here are a couple proven strategies that are very effective.

Hamburger stores have found that offering a "super-size" package dramatically increases the per person value. They have found that it is much easier to get additional money out of people who are already committed to spending money with you than to sell a new customer.

One grocery store, when setting up an Italian dinner display, will include all the accessories in the display. Wine from the liquor department, French bread from their bakery, and Parmesan cheese from the dairy department. The customers love it and it dramatically increases sales.

Ok - you have optimized your in-store marketing. Now you can look at buying more traffic with external marketing - such as media advertising.

But, before you spend a penny, you need to take the "per person" value one step further. You need to establish the per person gross profit.

The average percentage of profit needed to stay alive may vary from 200% for a jewelry store to 2% for a grocery store. Most stores and service businesses average around a 40% margin. We will use 40% for this scenario.

Let us say you have increased the per person value to \$14.90 gross sales by fine-tuning your in-store marketing. Your margin of profit is 40%, so each person is worth \$5.96 in gross profit. Now you know for sure you cannot spend more than \$5.96 per person to profitably bring them into your store.

For example, you spend \$1000 on a TV advertising campaign. It increases traffic by 200 people. You have spent \$5.00 per visitor. The advertising paid for itself, but barely shows a profit. Your next marketing effort may be a \$1000 newspaper program. It brings in additional 300 visitors. You paid only \$3.33 per visitor. This would be quite profitable. Obviously, this is one marketing plan that you will want to repeat over and over again.

Additionally, knowing the value of each person in gross profit will help you eliminate expensive junk marketing. Junk marketing includes advertising on phone book covers, posters, maps, and the like. In fact, yellow pages are quickly becoming a poor investment.

For example, a salesperson asks you to put an ad on a fishing contest poster. Quite likely, it may only bring in one or two visitors, if any. You wisely determine that the most you can spend on this would then be about \$12. Anything more should be considered a donation, not a marketing investment.

Numbers not your cup of tea? Follow the example of Henry Ford. Do only what you do best, and wisely hire out the rest. Train and empower a family member or fellow employee to become essentially involved in the success of your business. They can take care of tracking the numbers and you can do the brain work.

Establishing a value for each visitor is simple. It is essential. It is powerful. It puts you in total control, no matter what the economic cycles throw your way. It gives you a way to measure the value in dollars of every new marketing idea you implement.

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