

Use Your Computer to Increase Cash Customer Frequency

By Bill Veneris, President of ALERT-IMS

One of the trends we have been tracking over the years is cash-customer frequency. We do this by running reports to analyze the frequency of cash-customers coming into rental centers. We found some interesting results when comparing data recently collected by some of our users. The data shows that there is a large untapped market for increasing cash customer frequency.

Even though the rental centers we studied are located in different parts of the country and vary in size, we found amazing similarities in their data on cash customers. Each of these four rental centers attract about 6,000 cash customers every year, regardless of the size of the rental operation, location, or variation in competition. This figure of 6,000 cash customers per year is a figure we have not seen just with these four stores. We've seen comparable numbers from most of the stores we have compiled cash customer frequency data on over the past three years.

This data implies that regardless of the volume of your rental center, there are only a certain number of cash customers you will draw into your store. Perhaps this ceiling can be explained by the number of miles a person will drive to your rental center. Another explanation is that awareness of the rental concept – that if you have a need for something, you can probably rent it – is still lagging, and efforts to increase rental awareness might enable you to break this ceiling of 6,000 cash customers.

One way to increase cash customer business – and perhaps this is easier than attracting those who have never rented – is to get current customers into your rental center more frequently. The data we collected indicated that about 4,500 of those 6,000 customers in 1993 did not return in 1994. That means close to 75 percent of the cash customers who come in every year do not return the following year.

It is possible to use your computer system to improve this frequency ratio by developing marketing programs to encourage repeat business. By running a cash customer frequency report regularly, you can check your progress in improving cash customer frequency. If you were to decrease your average from 75 percent non-returns to 50 percent (still a high percentage) you would add 1,500 cash customer visits annually. If these cash contracts average \$40, this would add \$60,000 in annual revenues.

But how do you get customers to come in more often? Don't people rent only when they have a need? Obviously, many rentals occur as a result of a pressing need. People don't rent a sewer snake unless their drain is clogged.

In addition to these crisis rental situations, those who understand the advantages of renting find other reasons to rent, whether it be to till their garden, grade their driveway, or pressure-wash their deck. The key is that if the public is educated on what can be rented and the benefits of doing the job that requires the rental, they will rent more often.

Your computer system can provide the information you need about your customers. It can tell you how often they rent and what items they rent. Use this information in your marketing efforts. Let them know of seasonal opportunities and special packages. If the customer rented a certain seasonal item, such as a lawn-and-garden item, send a seasonal reminder to encourage them to return to rent the same item from your rental center. Let them know how you appreciate their business by sending them thank-you cards when they rent.

You can use programs on your computer system to help you develop this type of analysis and to encourage repeat business. The information and tools are there for you to use. It will make your rental business more profitable.