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## Why do we need unprofitable customers?

So, is it necessary to optimize the customer base, or why does a marketer in a company have unprofitable customers? Sales statistics state that if 80% of sales from 50% of the best customers are received, the loss of at least one remaining 50% of customers will not affect the company's activities. But this is according to statistics, and is this from a marketing point of view?

Optimization of the customer base - regular identification and subsequent elimination or reorientation of non-profitable customers, in order to increase sales profitability. There is no clear rationing of the number of non-profit customers in the company's client portfolio. It all depends on the profitability of transactions, manageability of receivables and those economic business indicators, which the owners lower down to marketing management. But that's not all.

The number of non-profitable company customers is largely determined by the tasks of marketing. For example, if the task is an avalanche-like increase in the market share, optimization is optimization, but the receivable will also have to be avalanched, and this means that the weighted average profit from the client will tend to go down on the revenue / cost chart.

For simplicity, I would say that a marketer who monitors the optimality of the customer base should focus on a figure of about 5-10% of unprofitable customers in the client portfolio of his company. So why can there be unprofitable clients in the company's portfolio? What is the goal of marketers pursuing a relationship with unprofitable customers?

Increased market presence;

Testing on them and using them pricing system;

Entry into new markets and market segments;

Squeezing with the help of competitors in the shelves and niches;

Promotion of new products with the help of them;

Testing diversification attempts (market, commodity, price).

Unprofitable customers can be a tool and a testing ground for marketing campaigns - stocks are held in their stores, goods are displayed on their shelves and in their assortment offer there is something that is being monitored by marketing. Moreover, often profitable customers do not go to meet the manufacturer and supplier in the task of promoting, say, promising new products - profitable customers are puzzled by profit, they are not up to your new products. Often, non-profitable customers, even if they are not profitable today, but they are more willing to make contact and help to carry out the promotion. In this case, the relationship with them should be viewed not from the position of the logic of profitability of transactions, but from the position of optimization of the costs of promotion. That is, the use of other marketing channels, it may happen, will be more expensive than having a couple of unprofitable customers and engage in promotion with their participation and through this information channel.

Nevertheless, the task of marketing is not only the promotion of products and brands - the task of marketing is to make marketing efforts unnecessary, that is, to help sales of these unprofitable customers. The marketing specialist needs to deal with them in terms of price changes, expanding

the scope of their acquisition of products and services, or breaking a business relationship with them (to whom and what to do - see ABC & XYZ analysis). In this seemingly contradictory concept, there is a proven practice of increasing sales profitability.

But in the event of a breakdown in customer relations for any company, it is worth analyzing:

The reasons for the failure of unprofitable customers;

Possible losses in the case of the departure of these customers to a competitor (a decrease in market presence, for example);

How will previous promotions be implemented with the help of these clients?

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