



A leaking bucket



Before you try to attract new customers, stop the drain of old ones.

to attract new guests. They wind up generating a much lower return on investment, if any at all, on investment, especially in terms of developing loyal repeat guests. While they are chasing after new guests, existing customers are walking out the door and never returning.

Most businesses miss the importance of the ways they can grow with the customers they already have, the first three items in the table. Stop defections, or customers who don't return—also known as the leaky bucket. That is the most effective way to grow any business, based on return on effort and cost.

Our company has analyzed many existing location-based leisure businesses (LBLs) for clients who wanted to improve sales and profitability. Consistently, we have found customer defection rates of anywhere from 25% to 50% and higher, meaning 25% to 50% of existing guests abandon the LBL each year. Just to stay even, these businesses must advertise, market and run promotions to recruit large numbers of new guests to replace the ones they've chased away, the ones who never come back (and probably tell their friends not to, as well!). It's like pouring water into a leaky bucket, as new guests simply replace old ones who've taken their time and money elsewhere.

Customers don't return for numerous reasons, but the vast majority of those reasons involve things a business can control. It can be because of a bad customer service encounter with an employee, dirty restrooms, broken equipment, poor quality or cold food, excessive noise, unappealing ambience, uncomfortable furniture, and hundreds of other possibilities. In fact, in today's

There are only five ways for any location-based leisure, retail, restaurant or hospitality facility to grow its business, and that includes bowling. Here they are:

5 WAYS TO GROW A LOCATION-BASED BUSINESS		
MOST ↑ Effectiveness ↓ LEAST	<ol style="list-style-type: none"> 1. Lower the customer defection rate <i>(guests who don't return for various reasons)</i> 2. Increase the amount customers spend on each visit <i>(higher per capita spending)</i> 3. Increase how often existing customers frequent the business <i>(higher repeat business)</i> 4. Attract new customers from within the existing trade area 5. Expand the geographic reach of the market area <i>(practically impossible)</i> 	LEAST ↓ Cost & Effort ↓ MOST

Unfortunately, most businesses concentrate on, and make the greatest investment of money and management energy in the ways that offer the lowest return. They focus on the last two in the table, trying

world, with so many options competing for guests' limited leisure time, it can be as simple as not offering a compelling enough experience to make guests want to return.

Focusing on retaining existing guests is known as

