

## The Secret to MSE Competitiveness: Customer Relations



According to the last Business Enterprise Census, the majority of establishments in Saint Lucia are small scale businesses (76%), which employ less than five persons. There is the notion that smaller businesses cannot always compete with larger establishments and that they can be easily forced out of business. This is not entirely true as smaller businesses by their very nature, are more flexible and agile and enjoy benefits that are not characteristic of larger companies.

In enhancing competitiveness, smaller companies need not focus on size but on their capability to be better, stronger and more flexible. That is, adapting to change and connecting easily with customers. Therefore having an effective customer relations strategy and analyzing the needs of customers, provide small firms with the opportunity to offer a more personalized and often more customized products or services. For example in the United States of America, in the 1960s, Domino's Pizza paid attention to customers' needs and outflanked their competitors- Pizza Hut. Domino's pizza offered customers their

choice of home delivery or customer pick-up as opposed to the traditional restaurant style set up which resulted in exorbitant building costs for the firm.

A great disadvantage of larger businesses is often their size, however some successful companies operate and perform like small businesses. They quickly produce merchandise to capitalize on changing customer needs and swiftly remove products for which there has been a significant decline in customer demand.

Another disadvantage of larger companies, is that significant amount of time and capital are spent in Research & Development to discover the latest trends. In most cases, to change or introduce a new product, it has to go through different layers within the organization. A failed product would translated to wastage of valuable resources.

A small company can have a huge competitive advantage as it may not have the burden of larger staff, larger budgets, and larger losses and are generally willing to take risks.

In dealing with fierce competition smaller companies are better placed to provide a close and personalized service to customers with the aim of retaining them. As such, the following are ways in which smaller companies can focus on building customer relation when competing with other firms:

1. Show great appreciation to customers. Writing notes and giving thank you tokens to new clients or offering discounts to the most loyal customers speaks volumes. Also, showing recognition on social media to loyal customers can be very valuable in building relationships with clients.
2. When faced with completion, firms should not only pay attention to the actions of their competitors. It is also important to observe the environment within their businesses. It is therefore vital that employees are appreciated, as this translates to an environment with happy employees. If employees are content they are more willing and energetic to provide a high

standard of quality service to clients. Employees who are unhappy may view the complaints and requests from clients as an additional burden to them. Therefore, happy employees translate into happy customers. Happy customers stay loyal to the firm and translates increased profits.

3. Listening to customers is another important strategy. Very few firms take the time to stop and listen to their customers. More importantly, they should attempt to respond to customers' needs and go beyond what is expect.
4. When customers are upset, this is the opportune time to show commitment towards working with them to remedy the situation. Companies should use this time to consistently follow up or possibly meet with the clients directly. It would also be useful to provide detailed updates as the company works through a particular problem. In doing so, the company is more likely to retain their customers rather than lose them to other competitors.

To conclude, larger companies do have certain advantages owing to their size. However, for smaller firms, focusing on effective customer relations provides the opportunity to remain competitive and to better understand the needs of customers.

### **About the National Competitiveness and Productivity Council (NCPC)**

Established in October 2013, The National Competitiveness and Productivity Council (NCPC) is responsible for the identification of key issues related to competitiveness and productivity in Saint Lucia.

The NCPC and its Technical Secretariat is committed to providing the necessary advocacy and research to produce timely and effective recommendations to policymakers on issues that affect both competitiveness and productivity on island. For more information about productivity or on the NCPC, visit [www.stluciancpc.org](http://www.stluciancpc.org); [www.facebook.com/stluciancpc](https://www.facebook.com/stluciancpc), call 468-5571/5576 or send an e-mail to [stluciancpc@gmail.com](mailto:stluciancpc@gmail.com)

