



Expanding Your Customer Base During a Pandemic

Industry Topic Specialist

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Specialist Highlights

During times of rapid change it is important to review what you know and predict where you want to take your business. During a pandemic this is even more important. At 40 Knots Winery this meant:

- Confirming the growing revenue streams with the most potential vs. those in decline or stagnating.
- Reaffirming the highest value customers – those who spend the most, visit more frequently, purchase a variety of products.
- Prioritizing high value current and past customers – it costs more to find new customers than to bring back current and past customers.
- Identifying complementary products for revenue streams that took a hit – e.g., develop tours and classes (small events) to replace lost revenues from large events such as weddings.
- Capitalizing on market trends – e.g., wellness and the introduction of VinoSpa Noble skincare.
- Focusing on investments that support long-term business viability without waivering on your commitment to sustainability.

Discussion Ideas & Tips

The pandemic has required and inspired many businesses to change their business model to attract new customers and better leverage the potential of their existing customer base to expand revenue-generating opportunities. Discussions regarding the types of changes businesses have made and are considering, and how they are handling the associated risks, were held over the last three months with 25 tourism operators and professionals.

“There is no finish line. To succeed, we must remember the path is always changing. Look ahead, weave and take on the peaks and valleys.”

Brenda Hetman-Craig
40 Knots Winery

Tactical Practical Take-Aways

- Locals are now a key market segment, especially for shoulder season and winter experiences. Now is the time to secure your digital assets future marketing new experiences.
- Consumers have new decision-making criteria (e.g., cleanliness) that impact their choices. Businesses must communicate how they address these new expectations/norms.
- Consumers are increasingly interested in environmental, sustainable and socially responsible practices, adopting them is good business and can open new markets with consumers that support these values.
- Determine the impact of your business in terms of supporting the local economy and then tell the story as 40 Knots Winery did with the [GreenStep](#) international certification and the development of their '[Economic Distribution Label](#)'.
- Use subscription models, memberships and pass programs as a way to build repeat business and loyalty.
- Buy local. Invest in local suppliers and they are likely to return the favour. Perhaps there is a win-win opportunity to barter for supplies/labour.
- Ensure a strong web presence and showcase stories in order to help generate interest from potential partners and media.

New Ideas Generated by Industry

Operators found new customers through a variety of means:

- Snowbirds presented an opportunity to reintroduce past skiers to snow-based activities while a higher interest in being outdoors increased interest amongst first-timers.

- Furnace Falls Farm discovered that partnering with others interested in using their space introduced new customers to their other businesses located on the site.
- Knight Inlet Lodge asked 40 Knots (one of their suppliers) to provide a virtual experience for the lodge's customers. A win for both companies that provided a new customer base for 40 Knots.
- Many indicated that integrating a food component to their base experience might provide opportunities to broaden the customer base.

Addressing perpetual change due to COVID-19, operators confirm strategic thinking is essential in focusing their efforts:

- Empowering others does not mean abdicating responsibility as 40 Knots found out when they brought a company on to manage their social media. A business needs to have a base understanding in order to provide good direction to others (staff or contractors/suppliers),.
- Digital marketing has increased in importance and is an aspect many businesses want help with. Courses offered by tourism organizations can be a good place to start.
- Ski areas operated with severe capacity restrictions and needed to determine their customer priorities (e.g., focus on the day skier or the season pass holder). Investments in CRM systems help improve knowledge and manage the customer relationship.
- Advertising during COVID-19 became challenging. While there was a need to focus on the local customer there was also a need to consider the future when people from outside the region could return. Managing this dual need while building positive perceptions of tourism amongst residents has been a struggle especially DMOs.

Managing risk was discussed and a few approaches regarding mitigation were shared:

- Partnering to spread costs across multiple operators.
- Teaming up with an operator with more experience.
- Using one revenue stream to strengthen another as Wendy's Country Market did when it used the underused event infrastructure at Furnace Falls Farms (barn kitchen) to supply the market with baked good and food kits.

Ideas shared at previous sessions

Businesses are discovering new customer segments and adapting product and marketing methods to meet their needs.

- Focusing on the Millennial and Gen Z cohorts rather than the Baby Boomers, has allowed businesses to develop and test new experiences and products with these new young segments.
- Developing events/experiences for smaller groups, such as offering an elopement package instead of the wedding package. While the numbers are smaller there is a market for smaller more intimate events
- Developing product for the local market presents the opportunity to build pride of place and future ambassadors. It can also provide an opportunity to pilot new experiences.
- Sharing customers through partnerships with other businesses that sell different products to the same types of customer can open both businesses to a new customer base.
- Telling stories in new and creative ways may be even more important to businesses that closed through COVID-19 than to those that remained open. Consumers need to know that businesses are still planning to open and what is being done to prepare for the future. Think of it as selling the promise of being ready once able to open. Businesses risk becoming less relevant if they are not telling their story.

Previous sessions of this topic with BC-based operators addressed a variety of business model innovations embraced or being considered to attract new customers. This included:

- Cultivating stronger relationships with their best customers. Reaching out to check in with customers to see how they are doing and developing loyalty and referral programs as a way to build business amongst a like-minded clientele. Businesses that build stronger relationships with their customers are likely to be in a better position when consumers are able to travel.
- Diversifying revenue streams as a means to address losses. Changes included:
 - Developing new revenue streams by moving the experience online. DIY kits where customers are provided with all the elements to create something as well as access to a video or live streamed session that shows how to make it have been new revenue sources for a variety of

- businesses, especially those that held craft workshops or cooking classes.
- Offering classes to new markets interested in learning new skills or trying new activities, but who have no experience, has helped [Blue Jellyfish SUP Adventures](#) create an engaged customer base that is interested in taking their multi-day SUP tours once able to travel.
 - Evolving from selling typical souvenirs that appeal to tourists, to sell products that are more appealing to local markets, or aficionados of the base product/experience (e.g., specialty wine tools, wine salts and other food items, etc.).
 - Building new revenue streams that align with and extend the core business, making it easier to cross sell the new products to existing customers. Additionally, if the new products support the core business they are likely to be around for the long term.
 - Adapting to offer experiences for small private groups rather than large groups. Alternatively, some businesses are offering semi-supported tours that provide participants with access to the activity, the places in which to do it, recommendations on accommodations and route planning but the participant has their own vehicle and meets the guide at set locations.
 - Developing new markets/products that address emerging consumer trends. Trends identified included:
 - Accessibility – businesses are looking at infrastructure changes, experience design modifications as well as collaborating with others to create a cluster of accessible and inclusive businesses in the community.
 - Wellness – businesses are looking at developing products/experiences on their own, or in collaboration with others, to address visitors’ desire to develop and maintain healthy lifestyles.
 - Supporting local – businesses are interested in creating sustainable, local economies that reduce revenue leakage through community hubs that bring together local businesses into a collaborative marketplace (e.g., [Glohaven](#)). Such marketplaces also tap into travellers’ desires for authentic local experiences and will be well received by locals and visitors alike.
 - Local collaborations – Chambers of Commerce are working together to help people move beyond their community and discover others nearby. Staycations are creating opportunities for businesses to build a loyal local/regional clientele that will be happy to visit and recommend them to others once travel resumes.
 - Environmental consciousness – moving to environmentally sustainable solutions such as organic and biodynamic agricultural practices and low carbon transportation solutions.
 - Communities of interest – people enjoy and want to share their passions. Businesses that are able to adapt their offer and tap into these niche communities can build an interesting and loyal following as [Historic Chilcotin Lodge](#) did when they created a 50’s style burger drive-in that attracted vintage car enthusiasts.
 - Creating operational efficiencies can also provide improvements. Some of the efficiencies businesses identified are:
 - Accommodation providers have modified the check-in process (i.e. touchless and/or online), resulting in a more streamlined guest experience.
 - Use of tools such as [Tock](#) has allowed businesses to communicate with customers and monitor their experience throughout the customer journey, resulting in better customer experiences and the ability for the business to address a negative situation before it harms their reputation.
 - CRM tools can streamline and facilitate engagement with customers to strengthen relationships and increase loyalty.
 - Business investments in technology (e.g., ecommerce platforms, CRM, apps, etc.) and new technology-related partnerships have supported rapid entry into the digital world. Given that the next generation of travellers (Gen Z) are digital natives, businesses will need to be more than digitally proficient and have a ‘digital first’ mindset to be sustainable in the long run.
 - Investments in education and training to improve staff and management capabilities, especially related to applying new technology have been an approach many have taken during the pandemic.

Additional Helpful Links

Tock for Business – an app that will manage reservations, pickup, delivery, and special events—all in one place

BigCommerce – an ecommerce platform that has built-in analytics

Global Wellness Institute – industry research related to tourism

Enabling accessibility fund – provided by the Canadian Government

DIY toolkit – Development Impact & Your practical tools to trigger and support social innovation

HubSpot – has some great tools, including a free CRM platform

Demeter Canada – biodynamic certification (includes organic certification)

GreenStep – international certification related to green tourism

Small Business Recovery Resources – offered by the Government of Ontario

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