



Understanding the Power of Retention Marketing

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Retention marketing describes activities around keeping and growing your customers and revenues. It also describes actions you can take—the extra distance you can go—to motivate customer loyalty.

The point at which you start with retention marketing depends on where your company is currently. If you have happy customers, your retention marketing plans should revolve around how to keep them happy, upsell them and convert them into avid fans.

If, however, your company is experiencing significant customer churn, your focus should be on holding onto current customers and winning back those you want back—at least in the beginning. At first, you will start with reactive programs until you can move into proactive strategies.

If you are facing significant customer loss, move into triage mode—if you have not already done so. Focus on stopping the hemorrhage. Identify why customers are leaving and put both short- and long-term fixes in place.

Understand your customer base and prioritize the segments that are most profitable, valuable, and/or most congruent with where you are heading strategically. After that, identify what is important to these segments, their needs and expectations, and deliver.

Some possible tactics include enhancing product features, reliability, modifying pricing and/or offering different support options. You may also try different account maintenance approaches, introduce new technology and improve solution quality.

Win-back programs follow. Focus on the customers and segments you see as your highest priority.

Then, use hindsight to pinpoint early warning signals. Home in on the leading indicators of discontent and disconnect. Learn to spot these symptoms early and take action as soon as you see them. Going forward, respond to symptoms or indicators before they become problems.

For example, if your customers are saying “x”, you can be sure that a competitor is feeding them specific questions. Shore these customers up with a “y” response. Once you understand why customers leave, you can more easily be proactive.

After you have stabilized customer turnover to some degree, put long-term actions and strategies in place. Quite often these involve a return to the basics:

- What are your customers not getting from you?
- Which of their needs do they value highly?
- What else is missing?
- What do they love about you that they do not want you to change?

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Key Elements of Successful Retention Strategies

The following elements must all work together to create sustainable retention strategies:

- Company culture
- Recovery systems
- Customer life cycle management
- Employee retention
- Product fit and product development
- Retention economics
- Support & quality assurance processes
- Customer behavior research
- Competitive analysis and positioning
- Marketing communications
- Retention and loyalty marketing
- Measurement and feedback loops

Each element is far-reaching and has many sub-elements. You can achieve high returns if you integrate them effectively and implement programs skillfully.

Use marketing communications and messaging to articulate the value of what you are delivering and to establish and cement relationships with your customers.

Remind your customers of the value you regularly deliver. This is especially important in service businesses where customers often do not think of your company unless there is a problem. The way you articulate value must be done with finesse and in such a way that customers appreciate what you do. They do not want to feel that they are simply being sold to.

In addition, personalize the message and media you use to the individual customer. Tools exist today to do this efficiently and economically. Customers expect increasingly personalized messages, and this trend will continue to grow.

Your goal should be to create a positive and lasting customer experience. This includes enhanced customer interfaces, customer-friendly systems and improved support across various touch points.

Customers also increasingly value greater efficiency and time savings when dealing with companies. The easier it is to do business with you the better. While this sounds self-evident, it is not common.

Incentive and reward programs are another important retention tool. They can create or improve customer stickiness, but they usually do not connect with customers on an attitudinal or emotional level, which is the foundation of deep customer loyalty. Without doubt, reward and appreciation programs are useful. However, they are not sufficient to retain your customers on a stand-alone basis, especially if other critical factors are missing.

Globalization and Technology Access Present New Opportunities and Challenges

Customer expectations continue to evolve and grow. They are a moving target that you must consider in your retention marketing efforts. Unique opportunities and challenges present themselves as business globalizes on a larger scale and technology advances.

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Tools currently exist that enable businesses to be “smarter” and more cost effective with customer retention efforts. Consider, for example, Customer Relationship Management (CRM) and personalization solutions. It is now possible to see a customer’s profile, issues and status “at a glance.” Online personalization also continues to advance, enabling you to deliver highly individualized messages and solutions to each customer.

On the other hand, as customer expectations rise, their tolerance levels are tightening. This is especially true in the B2B landscape where customers expect rapid delivery of advanced technology at the best possible prices. In this environment, a small stumble can have big consequences that ripple outward and make recovery tough.

Finally, barriers to entry are fewer and lower in today’s global marketplace. As the world continues to change and competition burgeons, you must continue to improve to retain and grow your customers.

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About Strategic Marketing Solutions

Led by Deb Siegle, a marketing professional with more than 25 years of experience, Strategic Marketing Solutions is a consulting practice that specializes in building effective marketing and customer loyalty programs and experiences. Strategic Marketing Solutions focuses on delivering pragmatic, actionable results. The practice undertakes the following types of projects:

- Market research (qualitative and quantitative)
- Competitive assessments
- Feasibility studies
- Training
- Meeting facilitation
- Customer loyalty drivers, programs & experience
- Seminars, programs, conferences
- Develop and launch products and services
- Branding and messaging