



10 Marketing Gurus Share Their Best-Kept Secrets to Higher Customer Retention (and Higher Profits)

INTRODUCTION

A study conducted by Bain & Company, in collaboration with Earl Sasser of the Harvard Business School, finds that **an increase in customer retention by as little as 5% increases profits by between 25% and 95%**. This study, published in 2000, continues to be widely cited today, and its findings continue to ring true for today's leading enterprises.

Research by Rosetta shows that engaged customers are loyal customers, making purchases 90% more frequently and spend 60% more per transaction. These same customers – engaged consumers – are five times as likely to state their loyalty to a brand (that they would only purchase from this brand in the future).

Combined, these factors contribute to engaged consumers delivering three times as much value to a brand annually. What's more, engaged consumers are six times more likely to agree that they would purchase new products and services offered by the brand as soon as they're available compared to consumers who are not engaged.

Effective customer retention is a multi-faceted process, and it may not look alike for any two companies. Still, the most efficient methods for gaining customer loyalty and retaining customers all come down to a few basic principles. To find out what works, start by modeling success. Below, 10 marketing leaders reveal their best-kept secrets for achieving higher customer retention.

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NOELLE NELSON

Noelle Nelson is a Career and Workplace Expert and Author of ***“Make More Money By Making Your Employees Happy”***.

“In my experience, customer retention and loyalty can only be achieved when...”

Organizations show strong employee loyalty.

Organizations that treat their employees with respect, give them the necessary tools to do their job and continually demonstrate that they are appreciated will see a workforce that will go the extra mile for the customers they serve. Unhappy, frustrated workers have little reason to put in the effort. Why should they? If employees don't feel valued, work becomes drudgery and customers are seen as just part of the daily grind.

Simply put, an appreciated employee is a happy employee. And happy employees translate into happy customers and thus bigger profits for the company. The research shows this to be true:

A Jackson Organization (now HealthStream Research) study shows that companies that effectively appreciate employee value enjoy a return on equity and assets more than triple that experienced by firms that don't.

Here are simple suggestions on how to keep employees happy and providing great customer service:

Acknowledging how your employees are doing something right is a far more successful path to work excellence, than pointing out what they are doing wrong. Psychology has long proven that people respond far better to positive feedback than to negative. By consistently letting your employees know what they are doing right, you keep employees on the right track since people are likely to repeat behaviors they have been praised for. This means less customer complaints and higher customer satisfaction.

Check in with your employees to make sure they have what they need to do their job successfully. Giving your employees the right resources (whether training, equipment) improves their ability to provide customers with the services they expect.





PAULA TOMPKINS

Paula Tompkins is the CEO of ChannelNet, a leader in delivering customer acquisition, retention and conquest services, and is an acknowledged pioneer in using personal technology to facilitate multichannel marketing and sales.

“The number one way organizations can improve customer retention is...”

By focusing on the entire experience of their customers.

While experts debate whether the marketing funnel is outdated, it's been proven that managing the entire experience of any age of customer is a better way to keep customers. The conversation cannot stop once the sale is made. It is critical that companies focus on sending personal communications throughout the lifecycle of the customer. In today's competitive environment, it is not enough to rely on service or repairs to hold on to customers.

For example, the welcome message is a critical — it is one of the single most important communications businesses can send. Customers are five times more likely to engage with you in the first 90-100 days than at any other point. So, it's very important that you dialogue with them at the onset not just at the end.

Technology allows you to adopt a Customer Lifecycle Management (CLM) approach in a very cost-effective way. Personal customer microsites or creating personal URLs, or PURLs, are perfect for automating these types of communications. Using business rules, you can create relevant interactions by customizing the content for each customer. Companies that learn how to combine the power of the online world and their customer data to own the customer relationship have a much higher retention rate.

Today's consumers are growing less responsive to mass marketing messages. Younger buyers are known for their skeptical and demanding attitude. Old-fashioned relationship building will never go out of style.



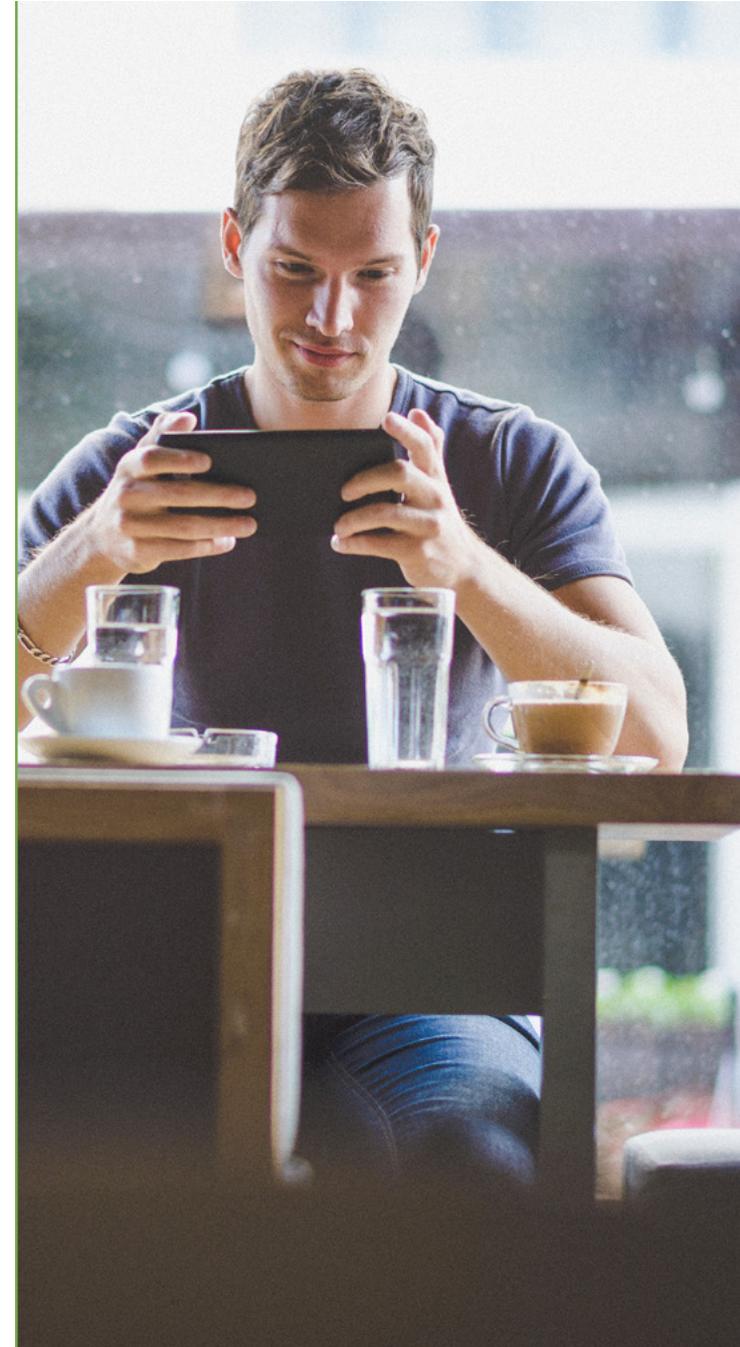


GABRIEL BRISTOL

Gabriel Bristol is President and CEO of Intelicare Direct, a customer service solutions company with offices in Las Vegas and San Diego.

“Getting customers to come back time and time again can be difficult, especially in a world of fierce competition and customer service stories being shared online. We live in a time where just providing a great product or service is usually not enough to keep them coming back. Here are a few ways companies can improve customer retention...”

1. **Give great service.** Customer retention is fickle when customer service is lacking. Make sure the customer is dealt with promptly, courteously and efficiently. Listen to their needs and meet them as efficiently as possible. Customers will remember this, but they will remember bad service even more.
2. **Be quick to resolve issues.** Not every product works exactly right and sometimes paid services don't meet expectations. Accept that when the customer's expectations haven't been met, you must work hard to make sure the issues are resolved to their satisfaction. They will remember this and they will feel like their purchases are safe with you next time.
3. **Keep in touch.** Gather contact data on your customers when you can, and keep it current. Reach out to them with special offers or new products and services, or just send them a birthday card. Use any excuse to keep your company in their minds.
4. **Reward loyalty.** Everyone, once in a while, should treat a loyal customer with a free product or special discount just for being a loyal customer. You'll be surprised at the goodwill this will engender.
5. **Thank your customers.** Chances are you have competitors in your category and that means your customers have options. The fact that they chose you, whether or not because of your pricing or reputation or convenience, is something that you appreciate, so show it. Thank them. Thank them every time for choosing you and let them know in words and deeds how important your business is to them, regardless of whether they're your smallest customer or your largest.





BRIAN CARTER

Brian Carter is a 15-year digital marketing veteran and popular social media speaker. His company, Brian Carter Group, is a boutique agency with world-class expertise using digital/social marketing and advertising to boost profits for growth-minded businesses.

“When it comes to the best way an organization can improve customer retention, the cliché would be: deliver great service. But more helpful is...”

Continue to evolve your offerings with your customers’ progress.

Do you have a next step for them when they’re done with what you’re helping them with now? Do you have another upsell? How else can you help them?

Develop more products and services and show them how they can go further. This works with both B2B and B2C. In B2B it’s about taking them to the next level of achievement. In B2C it’s about furthering or deepening the experience. In both cases, ask yourself and your customers, “Where are you headed? What are you getting out of this? How could you go even further?”





KEN RHIE

Ken Rhie is CEO of Trumpia, a cloud-based mobile marketing automation software. Ken comes from a unique blend of background including IT consulting (Deloitte), software marketing (Symantec), and high tech business incubation (3 start-ups).

“My top customer retention tactic is...”

Not using any short-term measure, but a long-term relationship.

The best way to keep customers satisfied is to engage them with what they feel is important. Not everybody is interested in every item or service you offer. In today’s wonderful Internet age, you can deploy marketing automation technologies to determine what consumers want and then deliver it at the same time. The company that understands what people want and makes those things easily available will edge out competitors and cultivate long-term customer relationships. Whether you are sending a notice, coupon, or story, make your message relevant by matching it with your target’s interests and past behavior. Marketing automation helps you set up filtering, targeting, and automatic triggering so you don’t have to do these by hand.





BILL RICE

Bill Rice is the CEO and Founder of Kaleidico, a full-service digital marketing agency with over a decade of experience creating, leading, and evolving marketing strategies in a variety of industries.

“My #1 strategy for retaining customers is...”

If you’re managing a tech support team, nothing unnerves a customer needing support more than feeling as though they’re being neglected or ignored. When supporting an outage, give yourself breathing room to work on the problem and hold your customers’ satisfaction level at a high level with a simple note: “We’re actively working to resolve [the issue]. I’ll update you with a status update or resolution in XX minutes.”

If you’re providing professional or consulting services, you’re solving business challenges and innovating new solutions every day. These problems and their solutions are not unique to any one company; they are inherent in many common business situations. By taking these general scenarios and solutions and documenting them to an exclusive, subscriber-only audience (i.e., newsletter, Facebook group, LinkedIn group), you can retain and build a loyal client base.

In any customer relationship retention strategy, the closer you can get to your clients’ daily operational process, the better you can proactively solve emerging challenges. Whether you’re a SaaS business or hands-on services business, constantly monitor your customers and their markets for changes. These shifts will often alert you to potential problems you’re positioned to solve before they’re acute to your clients.





GABRIEL STÜRMER

Gabriel Stürmer is the CMO of Cupcake Sweet Entertainment. He's had 8+ years of experience in the technology market, from e-commerce to games, with a focus on marketing.

“The key to customer retention is...”

- 1. Give the user something valuable when they return.** We've created daily rewards for users that play every day, improving retention in about five percent of cases.
- 2. Offer something new every day.** If your product is always the same, customers will eventually get bored of it. Daily deals, daily challenges, and fun events, such as holiday-themed events, will help with retention.
- 3. Remind your users to return.** If you collect emails, phone numbers, or social networking connections, use them! The amount of products, websites, and stores available today is overwhelming, and yours might fall to the bottom of the list if you don't keep in touch. Don't over-communicate and risk becoming a spammer.
- 4. Optimize your funnel.** Measure user behavior from top to bottom. What is the main purpose of your product (sales, sharing, etc.)? Have it defined and optimize for it from the moment your users first interact with your company.
- 5. Make it a pleasant experience.** No matter how well you apply your customer retention tactics, if your overall experience is not good, customers will not return. Tip: The first-time user experience is key to retaining new customers.





ROBBIE KELLMAN BAXTER

Robbie Kellman Baxter is the founder of Peninsula Strategies LLC, a management consulting firm, as well as the author of the Amazon Hot New Release in the Sales & Selling category, *The Membership Economy*.

“The most effective customer retention strategy is...”

To track, analyze and use customer data to make decisions.

What has been surprising to me is how many companies don't actually use their data in a consistent way to make decisions, often blaming poor data systems and legacy software. Even the smallest companies using nothing more than Excel should use that data to inform decisions. As they grow, they can use more sophisticated technologies, but the important idea is to base decisions on real information.

There are two kinds of data: implicit (behavioral data about purchase and usage) and explicit (the customer's voiced opinions and preference, such as surveys, interviews and focus groups). They tell different stories and need to be used in concert.

In the Membership Economy, organizations have ongoing formal relationships with their customers, and so there is more data and the ability to really get to understand their needs and preferences. In addition, because of the ongoing relationship, the expectation of the customers increase, so data analytics becomes critical.





NORBERTS ERTS

Norberts Erts is the Co-Founder of CakeHR, an absence management software for B2B companies, where he serves as the marketing manager.

“The best customer retention technique is...”

Retention is the single most important thing for growth. Before you begin to implement any growth tactics, you first need to get a consistent amount of users actively using your product. If you don't have a consistent user base, then you don't have product/market fit. In that case, you should first focus on making a product that people want.

But how can companies achieve this goal?

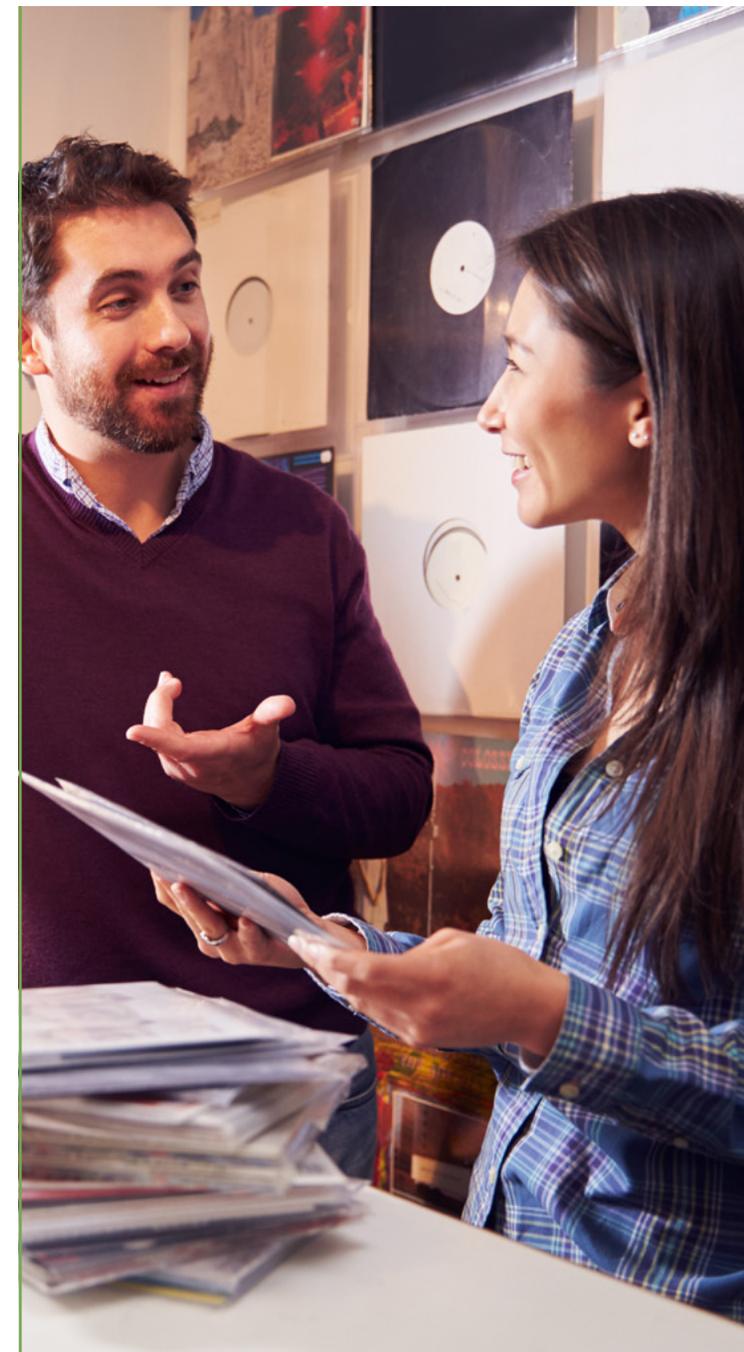
Instead of merely selling a product, SaaS businesses should place the emphasis on their service. There are three main reasons for this:

1. Emphasizing service helps the customer,
2. it retains them, and
3. it improves your profit margin.

Service is a tricky deal. If you blow it, you lose clients. In the realm of CakeHR or any other SaaS delivery model, you don't want to lose clients (churn them out). That's why one of our first big investments after product launch was the creation of a new position: Head of Client Success.

Consumers have an impulse to punish bad service, at least more readily than their tendency to reward delightful service. And, they're probably right. If you're not delivering great service, you're pretty much failing as a business. Look at it from the client's point of view: When you provide exceptional service, they get value to the max.

Happy customers are the best and least-expensive way to advertise your business. So make your relationships as successful as possible!





DREW STEVENS

Drew Stevens is a leading customer service and business strategist. Having authored eight books, including *Split Second Selling* and *Grand Slam Customer Service*, Dr. Drew provides the recipes organizations require to retain customers. He is often quoted in the media and is a leading international keynote speaker.

“To be effective at customer retention...” Businesses need to be customer savvy.

That means that nothing happens until a customer walks through the door and remains there. Businesses must exist so that customers are a part of the business and not an interruption of it. Those businesses that are customer-centric save over 80 percent in marketing costs and gain over 140 percent in marketing dollars, simply due to happy clients telling their communities.

It’s no secret that it often takes less effort to retain customers than it does to acquire new ones. The abundant resources you’ve invested in building relationships over the course of years, in many cases, pays off more the longer you can hang onto those customers. Relationships become comfortable, and upselling existing customers who already trust you and value your products and services is a relatively easy task compared to convincing a hesitant prospect to increase their budget.

The effects of exceptional customer retention become even more apparent as loyal customers recommend brand they trust to friends and family, bringing more new business to your doors without the same effort it takes to acquire a new customer “cold.” Clearly, the data shows that brands investing in strong customer retention programs stand to win big, boosting their bottom lines and positioning themselves as clear leaders in the field.



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