

IDEAS AT WORK

Beyond the Chase: Prioritizing Customer Retention in Business Growth

Takeaways

- Use recognition and reward to reinforce the importance of retention
- Be proactive about managing your reputation online
- Build a communications plan for regularly reaching existing customers

A good friend of mine once summed up the way a business grows is to get more customers to come back more often to buy more. It's memorable, and pretty insightful, too. It points to the two sides of growth: customer acquisition and retention.

I used to do lots of infomercials, and the most successful one I ever did actually started out as a flop. After we did the infomercial, initial sales were low. But as time passed, something amazing happened: those customers kept coming back and buying more. It was incredible! Other campaigns got more people to buy at first, but that was it. As that same friend says, you can get people to buy anything...once. You know you've got something when they come back.

Customer retention is such a powerful force for growing your business. As this article points out, we overlook it or underinvest in it at our own risk.



Jon Tarkenton

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Is keeping your current customers happy at the forefront of your mind? If it's not, it probably should be. If you are always looking for the next new customer, it's easy to lose focus on the customers you already have – yet your existing customers could be your best source of untapped profits. That's why it is crucial to give customer retention the attention it deserves.

Here's one simple reason to prioritize customer retention: It's far less expensive. Forbes magazine estimates it may be 5-7 times more expensive to acquire a new customer compared to retaining existing customers. Yet all-too-often, marketing departments and business leaders devote much more time, energy, creativity, and money towards the "shiny new object" of customer acquisition.



How do you direct your team towards the seemingly ho-hum routine of keeping current customers happy when it doesn't have the excitement or glamor of landing a big new fish? Most importantly, it needs to be a company priority, communicated from top management in both words and action. The CEO and other business leaders must let everyone know up front that customer retention is a key goal, and a metric against which performance will be measured.

Of course, you can say it's important, but to get company-wide buy-in you must back that up with actions. How do you walk the talk? Again, the answer is simple, yet too often ignored: recognition and reward. For instance, "customer service" should not be treated as just a call center to field complaints and answer questions. Customer service is a vital tool for growing your business by keeping customers happy and loyal. So celebrate your customer service team, reward their successes, track their accomplishments, and build bonus plans that reinforce your commitment to customer retention.

Your marketing team also needs to know that retention is an essential part of their mission, not an afterthought once all the new ad campaigns and lead gen programs are done. Again, set benchmarks and targets for customer satisfaction and upselling, and then reward your team for achieving them. Even things like high marks on customer surveys and positive comments and reviews on your website or social media are worth rewarding. Remember, these lead to repeat purchases from your existing customers, as well as providing great free marketing to prospective customers reading those reviews.

How does your company interact with current customers? Are you keeping up with the times? Not so long ago, customer complaints could be handled in an orderly and measured way. But today, complaints can go viral before you have a chance to say, "Can I help you?" Your business must be prepared to react in real time, and every team member must be empowered to do so.

For example, consider the potential wildfire caused by someone complaining online in real time, "This is what is happening as I try to rent my car on vacation/purchase this printer/ask for help re-booking my flight," etc. It takes just seconds for one bad comment to become an online disaster. Companies must establish the habit of running towards the problem, especially when a customer is unhappy or frustrated. Put in place some basic plans to monitor online comments daily, and to react in real time when someone has a problem. Read every single review on your website, and post a response to each one, whether the review was positive or negative. Doing so demonstrates your commitment to customer satisfaction, and builds trust with all your other customers that when they have a problem you will rush to solve it.



In fact, the most successful companies don't just react to online comments – they are proactive. Task an intern to monitor what your customers are saying about you across the internet and social media. This allows you to nip a problem in the bud, but it also means you can spread the word immediately about a positive experience. "Brand Ambassadors" don't have to be famous influencers; your best Brand Ambassadors are happy, satisfied customers telling their peers about their experience. Analyzing and researching what your current customers value can also teach you how your sales and marketing message can be improved for new customer acquisition as well.

Although technology has changed the mechanics of feedback, it has not changed what has always worked: personalizing your interaction. Do you remember the day your customer first started doing business with you? Reach out to them on that anniversary. It may be coming digitally, but it says something that you remembered how it all began. Don't hand them off to another person in the company after they have signed on only to never hear from you again. Chart their progress, e.g., "When we started, we talked about growing this aspect of your business, look at what is happening!" Continuity is appreciated. And the personalized touch goes two ways: your message should be addressed to your customer personally, and it should come from a real live person within your organization. In the end, people do business (and keep doing business) with people.

Your customers should be hearing from you more often than just when you want to sell them something new. If the only communication is self-serving sales messages, the customer will feel like a transaction, not a valued member of your team. It's tantamount to only calling your Mother on Mother's Day. So transparent! So make sure you have a communications plan in place for your existing customers that includes both helpful advice and interesting news, as well as an occasional mention of a new product or service you offer that they might be interested in.

Reevaluating how your company interacts with current customers can help your team rethink their own role (and importance) in your organization. In a sense, everyone in your company is marketing what your company offers, not just The Marketing Department. Any touchpoint your customer has with your company is an opportunity for you to solve a problem, meet a need, gain a better understanding of what your customer wants and needs, or gain their trust and respect. All of these things lead to higher retention, higher resales and upsales, and higher Lifetime Value. So leave no stone unturned when you empower your employees to ask, "How else can I help this customer?"

Your current customers are the foundation of your business. Nurture what's built you up, and you will be rewarded.



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Hannah Wohlfahrt manages marketing projects for Tarkenton's partners, in addition to overseeing our own marketing efforts. She works with partners to identify marketing needs and propose solutions, and organizes internal teams to plan out and execute these projects. Hannah joined the Tarkenton team in 2023, bringing years of marketing, communications, and media experience. With strong communication skills, she specializes in making marketing visions come to life.