

Retention Marketing

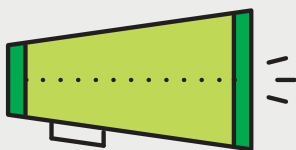
What is it, and why is it important right now?

Retention marketing isn't new, it's been around for a really long time. As a business owner, you probably have been practicing it for a while without really knowing it. In recent times it has become a bit trendy in e-commerce businesses strategies, but in saying that it is something all businesses should give some attention to.

We all know the old adage that 80% of your business comes from 20% of your customers. Retention marketing is basically about giving some applied attention to that important 20%.

It's about maintaining and enhancing customer relationships so engaged and loyal customers continue to return to do business with you. Retention marketing requires a conscious shift from acquisition marketing to focusing on the profitability of those you already have.

By giving this some focus, your CLV (customer lifetime value) can increase - leading to long term profitability, rather than short term gains.



Now, for tomorrow

Retention marketing vs. Acquisition marketing – what's the difference?

These two marketing methodologies can be used together. Acquisition does as it says, and helps you acquire new customers, and retention helps you hold on to the ones you already have.

Deciding on what you do and how relies on a number of factors:

- your industry/sector
- what you do/sell and how (e-commerce, bricks and mortar, services etc.)
- the margins you have
- marketing budget
- and most importantly, the life stage of your business (e.g. start-up, growth phase, established, well established).

Life stage is the first determining factor, as if you are new to business, you will need to focus more on acquisition, however if you've been around a while and you have an established customer base, and you have qualified data to support your understanding of your customers, you can work out what percentage of your marketing budget to split out to focus on retention.





So what can you do to retain customers?

One of the main reasons clients/customers do not come back is simply a lack of follow up by the providing business and often a 'feeling' that they aren't considered important.

Maintaining some form of communication with them post-purchase/service provision is one of the easiest forms of retention marketing and often low-cost/nil cost except time.

In a tangible application this could be an:

- Email / e-newsletter
- Text message
- Automated booking form
- Phone call
- Letter
- FB messenger
- Feedback form / survey
- Customer loyalty program
- Industry app/digital tool communication
- Discount offer

- Invitation to an event (webinar, seminar, function, exclusive customer activity)
- Linked In connection (B2B)
- Targeted digital advertising (custom audience)
- Improving customer support (e.g. helplines, web bots)
- Or something else unique to your business or industry. Knowing what will work best for your business, and your customers will be unique to you and your customer base. You should know them best.

Your current client/customer base is the backbone of your business. Clients and customers already know you, your brand, your products, people or services. Improving their experiences and interpersonal communications with you can maximise lifetime customer/client profitability.

While there are many variables within this marketing practice, at this point in NZ's business environment, ensuring you are holding on to your existing clients is worth due consideration.

About Baker Tilly Staples Rodway.

Baker Tilly Staples Rodway is proud to be a member of Baker Tilly International, a top ten global network of independent accounting and business advisory firms, whose member firms share our dedication to exceptional client service.

www.bakertillysr.nz