

# **Five steps for improving customer retention and increasing revenues**

*by Chris Nelson*

Are you defending and extending your recurring revenues from customers? Here are five steps to hang on to customers, increase their satisfaction and keep them buying your products and services.

## **1. Determine the Accuracy of the Customer Database**

What is the accuracy percentage (% that requires no change to any contact, site information) of your customer database? If you're not sure, run a "Clean Sweep" telemarketing pilot to 250 customers to verify or update information. If the accuracy is below 80% continue the effort. 90-95% accuracy is a common target. You can implement this program all at once or gradually over 3-6 months. When outsourcing, expect the annual outreach cost to be approximately five to ten dollars per customer and weigh that against the average purchase order. In addition to improving the accuracy of the database, there should be a number of qualified sales opportunities and a measurable return on investment.

## **2. Build a Communications Calendar**

Stay in touch with customers through scheduled communications. Personalized email newsletters can be done very cost-effectively. Send them monthly or bi-monthly between 10am-2pm local time Tuesday-Thursday for effective delivery. Be sure to include personalized information (products they've purchased and dates, along with announcements on training, events and upgrade paths, and customer success stories and continuing benefits). At a minimum, the marketing or sales team should call each customer at least once a year, just to touch base and determine his or her level of satisfaction. Simply making this effort builds goodwill and strengthens the customer relationship, increasing the probability of a repeat purchase.

## **3. Provide Continuing Benefits**

Too often the red carpet is rolled up and put away after customers have purchased. Provide special benefits to customers on a regular basis. Invite them to small customer round tables, local breakfast and lunch seminars, give them sneak peeks at press releases or product announcements, discounts on reorders, upgrades or referral orders. Encourage senior management to attend events for the largest customers. Customers who receive the red carpet treatment are not only likely to purchase again, but they can also become missionaries that support the sales channel. Empower them with benefits and information.

#### **4. Adapt to Contact Movements**

When customer contacts move in or out of organizations, adapt accordingly. New contacts may not have the same customer loyalty, so you'll have to win them over. Departing contacts might provide their new company information or personal information to stay in touch. But don't assume that customers leaving for positions at other firms will take your information and make it a priority to contact you when they get settled. Responding to contact movement, opportunities will occur regularly to defend and extend revenue streams.

#### **5. Measure Customer Retention**

Create an Annual Customer Retention Report that looks at recurring revenue and customer satisfaction surveys. If customers did not purchase in the following fiscal year, why not? Did they purchase another product or not at all? What is the likelihood that customers will purchase from you again if the need arises? Develop a scoring system for database accuracy and customer satisfaction. Also, provide a summary of communications, "Clean Sweep" campaigns and ROI, events and customer promotions and highlight the key issues that customers are facing in each industry.

Chris Nelson is the Managing Director of Advanced Marketing Solutions, a marketing/sales support and lead management firm that implements programs to maximize client revenue and profit impact. For a free consultation to see how your marketing programs could yield a greater ROI, visit <http://www.amsperforms.com> or call Chris at 978-779-3200 Ext. 327.