Are You Paying Enough Attention to Your Existing Clients?

- Attracting new customers will cost your company 5 times more than keeping an existing customer – Lee Resource Inc.
- Repeat clients spend 33% more compared to new clients – CMO.com
- A 10% rise in customer retention yields a 30% increase in the value of the company – Bain and Company

Often times as business owners or executives we get so focused on gaining new customers that we fail to effectively meet the growing needs of our existing clients.

According to Marketing Metrics this is counter-productive, considering it’s far easier (about 50% easier) to sell to existing customers than to brand new prospects. Inexperienced and even experienced business owners often times put much of their efforts into adding new customers, but ignoring their current customers (unintentionally of course). This often times leads to customers leaving and adding to unnecessary attrition that results in unforeseen loss in their monthly revenue. I remember the age-old idiom from Ben Franklin “a bird in the hand is worth two in the bush.” How true this idiom plays out in the world of sales.

Here’s a few tips that I’ve learned firsthand that I’d like to share with you.

Five Tips for Increasing Customer Retention:

1) **Never Underestimate the Value of Retention** – According to Bain and Co., a 5% increase in customer retention can increase a company’s profitability by 75%. If by chance those numbers don’t impress you, Gartner Group statistics tell us that 80% of your company’s revenue will come from just 20% of your existing customers.

2) **Implement an Effective Customer Retention Program** – Customers don’t owe you their loyalty. You have to earn it – continually. As a service-oriented business a customer retention program from early on may not be necessary, but the quality of service and support you provide will determine the rate of retention.

3) **Avoid Misreading Your Customers** – Assuming what your customer wants or thinks is a proven way to keep retention rates heading south. According to statistics provided by Bain and Co. in the Harvard Management update, 80% of companies surveyed said they offer superior customer service, only 8% of their customers agreed with them. By focusing your efforts more on actual customer behavior and not the predicted behavior, you will become more aware of how to service your customer while recognizing an increase in revenue from those efforts.
4) **Engage Customers Through Social Media** – Socializing with your customers can build retention if you do it right. If you aren't doing so now, take advantage of Facebook, Twitter, and LinkedIn. Stay engaged with your customers by establishing “alerts” to keep you constantly informed while at the same time being able to comment on whatever is said (both good and bad) about your company. By utilizing these social communities, you will be able to identify your (followers) both new and old.

5) **Make Sure Your Customers Have the Most Up to Date Technology** – If you aren't offering your current customers the most up to date solutions that are available, someone else will. Remember, customers don't owe you their loyalty; once they realize someone else has a solution that is newer with more features and functionality, they will move to another service provider — it's just a matter of when. Not providing your customers with the most up to date technology will send a message that you didn't value their business, so why should they value their business with you?

When it’s all said and done, the message is clear. Focusing your efforts on the low hanging fruit – the clients who already trust you with their business has a significant upside. Lastly, companies that play an active part in communicating with customers to keep them engaged and up to date are well on their way to achieving the prime objective of any customer retention program: greater customer loyalty and increased revenue.

Best,

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