



# Marketing Mindset

## Today's Trends With Analysis

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*Print this E-zine and use checklists as points of discussion and for your marketing planning.*

### **In This Issue**

Dear **Marketing Mindset** Reader,

Companies are investing more in customer retention strategies in order to improve their bottom line. Using marketing dollars to increase sales from already existing customers makes sense in today's challenging environment.

Not only do existing customers generate significant revenue, but they also serve as a valuable referral base and are less sensitive to prices than potential new customers. Another significant boost to the bottom line is that marketing campaigns and programs focused on your current client base are, on average, five times more profitable than dollars spent on new customer acquisition initiatives.

Wishing you Marketing Success,

**Maria Pinochet**, Publisher and Author  
contact us



## **Today's Trends – Increase Profitability by Improving Customer Retention**

Across industries, best-in-class organizations are using customer retention as a strategy to prosper and grow in this challenging economy. Historically, in any industry, the top five companies have a 93%-95% customer retention rate with 20% of the customer base generating 80% of the revenue. Trend analyses reveal that high customer retention rates positively correlate with high profits. The findings consistently show that keeping customers year after year leads to greater numbers of purchases per customer, higher rates of referrals (especially of customers less likely to defect) and lower customer acquisition costs.



**Understanding what your customer retention rates mean can help you improve organizational profitability.**



## Qualifying Question

**Do you consider customer retention rates in your plans to increase profitability for your organization?**  Yes  No

*If Yes,*

Relevance to your Marketing Strategy:  High  Medium  Low

Priority for your Planning:  Short-Term  Mid-term  Long-Term

Strategize on ways to maximize the return on your initial customer acquisition cost. Certain hotels offer a good example of such strategies: They study the travel and lodging habits of their customers and then offer individual customers specifically customized programs and rewards. **How can you improve your customer value proposition, defined as the sum of all the benefits customers receive? Should you develop a customer loyalty program?**

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Review your customer retention rates by customer segmentation, defined as the grouping of customers by shared needs and behavior. **Do you meet the particular needs of a certain segment better than you do other segments? How can you best serve core customer needs and encourage future purchases?**

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Maximize your customers' lifetime value (calculated by using the value of the current level of business and future potential revenue over the course of the business relationship) by learning what your most profitable customers use and want in relation to the service or product you already provide them. **How can you expand your portfolio, offer outsourced services and/or create joint ventures to meet core customer needs?**

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Consider the impact of market forces on your customer. For example, in the mortgage lending industry, retention rates have historically been a function of interest rates. **What influences your customers' purchasing decisions? What product or service innovations can you offer to off set negative market conditions?**

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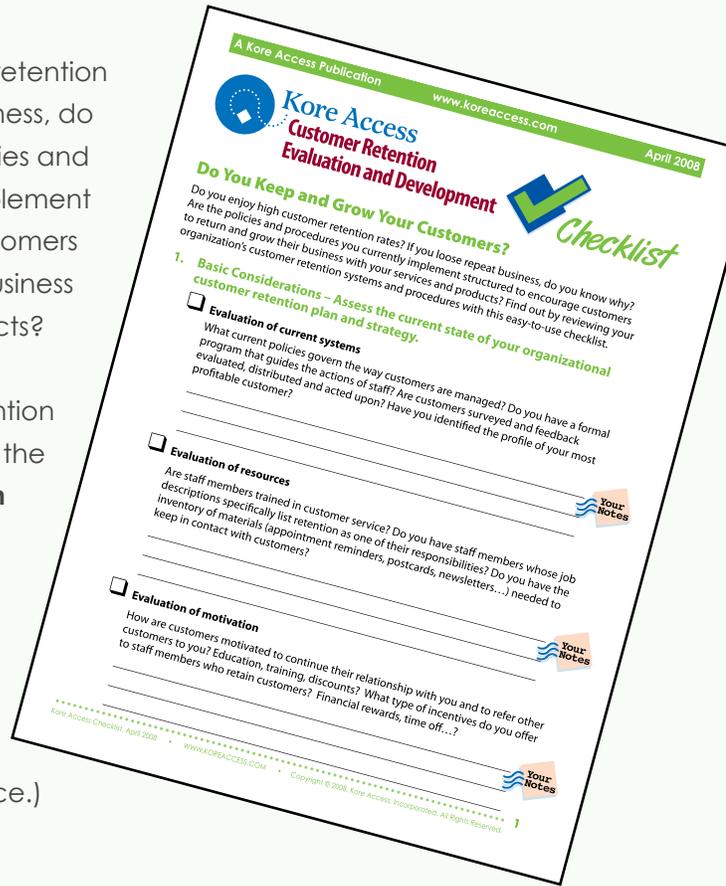
## Checklist



# Recommended Resource

## Do You Keep and Grow Your Customers?

Do you enjoy high customer retention rates? If you lose repeat business, do you know why? Are the policies and procedures you currently implement structured to encourage customers to return and to grow their business with your services and products? Find out by reviewing your organization's customer retention systems and procedures with the **"Customer Retention Program Evaluation and Development Checklist,"** an easy-to-use checklist from Kore Access. To get started on your review and evaluation, [click here](#). (A printable PDF will be provided for your convenience.)



- \* To learn more about identifying your most and least profitable customers, read the Kore Access marketing resources article, **"Evaluating Your Best and Worst Core Customer Stories."** For the full article, [click here](#). (A printable PDF will be provided for your convenience.)
- \* To acquaint yourself with a collection of facts that might be of relevance to your customers, read Mark Penn's book, **Microtrends**. Penn identifies 75 consumer behavioral groups, gives them some catchy titles and describes each through the use of a number of revealing statistics.

*For additional marketing resources, please visit [www.koreaccess.com](http://www.koreaccess.com).*



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