

Retaining business customers is as crucial, if not moreso, than acquiring them in the first place. Alex Blyth outlines eight practical steps to ensure that your customers remain your customers

TOGETHER FOREVER



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NEIL FOX
Director of planning, TDA

Customer retention is even more important in B2B marketing than it is in B2C marketing. There are several reasons for this. For one, the potential pool of customers is smaller, so it is important to keep the ones you have. For another, the business-to-business market relies heavily on recommendation and so those companies that are demonstrably good at retaining their clients will develop healthy reputations and therefore find it easier to acquire new ones.

Furthermore, many B2B relationships do not prove profitable in the first year or two. It is only once the account manager has become familiar with the needs, systems and idiosyncrasies of a particular client that it can be possible to reduce servicing costs and so turn in a profit on the relationship.

However, the clearest reason for B2B marketers to be even more interested in customer retention than their B2C colleagues, is that acquiring a business customer is usually such a long, drawn-out and costly affair. Most experts believe that it costs five times as much to acquire a new business customer than it does to sell to an existing one. The following advice will help you retain your customers.

1. Know what your customers want

Much of the investment that is made in customer retention programmes is wasted because the marketer assumes he knows what the customer wants. Offering something that the customer wants is the first rule of retention as much as it is of acquisition, and to a large extent the only way to find out what your customer wants is to ask.

Many companies do ask the questions, but fail to capture the answers and so information is never translated into action. As well as training account managers to ask the questions, a company ought to invest in a contact management system.

Going a step further, you can sign up to information sources and be automatically alerted to developments at your clients, such as the appointment of a new director, the opening of a new office, movement of a factory, a merger or acquisition, a new product launch, new legislation etc. You can use this information to prompt a sales call or just to show a customer that you care.

2. Develop a culture of customer retention

Too often sales and marketing departments develop a culture which prioritises acquisition over retention. Just as often, this attitude spreads throughout an organisation. So, as well as providing financial incentives for your sales and marketing executives to focus on acquisition, and introducing proactive account development plans, you need to ensure that the rest of the organisation is aware of the importance of retaining customers.

As Neil Fox, director of planning at direct marketing agency TDA, puts it: "The key to nurturing client relationships is to ensure that culture and attitude remain consistent from the moment of purchase to delivery of service, and that it remains so throughout the relationship. B2B marketers need to be certain that the messages and strengths they are communicating to prospects – whether they be level of customer service, quality of goods or flexibility of offering – are compatible with what's actually on offer."

3. Make it easy for customers to deal with you

Making your company easy to deal with will encourage customers to come back. This needs to include the availability of customer-facing staff to the promptness of deliveries and the ease of ordering. As many features of customer interaction go online, so that increasingly becomes the point at which customers find the relationship too difficult and go to a competitor.

As Larry Bennett, technical director at web performance software vendor Triometric, says: "A poor experience with an organisation's ecommerce or information service easily repels potential customers. Online customers have very high expectations of service. It's crucial to be alerted when parts of an online operation fail. Is it certain geographies, download speeds, ISPs, pages, or page content that's causing visitors to abort?"

4. Be aware of customer buying cycles

It is, of course, important to be aware of the key milestones in your customer's relationship with you, such as before a renewal of service or when the project goes live. Giving customers some extra attention during those times is





SIX STEPS TO LOSING A CUSTOMER:

1. Wait for the customer to complain or ask for additional services. Most will simply go elsewhere.
2. Assume that the customer is happy and will renew your service or use you for additional requirements.
3. Forget that your existing customer is somebody else's prospect. Your competitors are doing all they can to attract your customers and you need to give your customers a good reason to stick with you.
4. Focus on cost savings at the expense of providing a quality service. There is no point in automating processes and marketing campaigns that don't work for the customer.
5. Expect a CRM system to retain your customers all on its own. People buy from people, not from emails, no matter how well segmented.
6. Fail to recognise the bearing that the attitude and behaviour of every single employee in your organisation has on customer retention.



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JO STROUD
Director of marketing, BI

simply expected. However, it is also important to be aware of timing issues that your client might face, such as how their buying process works, and what deadlines they face.

As Jo Stroud, director of marketing at BI, a communication and motivation company, says: "While your competitors are trying to woo your customers with seasonal mailings, Christmas cards, summer corporate hospitality invitations, and so on, make sure you know information such as when their financial year ends. Being sensitive to their needs at those times will put you – and the campaign – in a far stronger position."

5. Consider the media you use

While for many customers, face-to-face is the only appropriate medium, others expect contact by telephone, direct mail, newsletters, and email. Many B2B marketers assume that their customers have access to the web and email, and fail to consider how the restrictions imposed by employers and technology might obstruct their message from getting to the right people.

Tim Rivett, Royal Mail small business manager, comments: "The choice of media does make a difference. Royal Mail research shows that 71 per cent of adults would reward a personal thank-you through the post with a repeat purchase or visit." He also advises businesses to pay attention to detail, claiming that of the 1000 million B2B mailings sent last year, more than two in three had errors, such as incorrect addressee details.

6. Understand the value of each customer

According to Liz Moody, managing partner at direct marketing agency ICD: "You have to segment your customers by their value to you in order to understand which ones you want to retain as not all customers are equally profitable. Also not all customers are inherently committed to your company."

She continues: "Segmentation is the key to designing value propositions, treatment strategies and consequently the contact strategies that will generate awareness, interest and action amongst your customer base. It is the foundation of successfully building profitable relationships."

The traditional direct marketing segmentation of 'recency-frequency-value' can provide useful pointers as to where to invest time and money. While the emphasis ought to be on the largest, most profitable clients, B2B marketers should also look out for those clients that have the potential to become more important and to implement strategies to migrate them up the value chain.

7. Make yourself indispensable

Most retention techniques rely on making the client want to keep buying from you, but in some circumstances you might be able to ensure that the client needs to keep buying from you. For example – if your product allows it – you can build links with your customer's systems, so it eventually becomes prohibitively complex and expensive to switch supplier. Most buyers will, however, be wise to this ploy and ensure it is not possible.

Despite this, you can still create barriers to the customer exiting the relationship, by providing benefits that it would be hard for another to replicate. You should also aim to build a web of relationships within your client organisation, making it even more difficult for the client to disentangle himself from the relationship.

8. Provide the "wow" factor

Simply satisfying customers is not the same as retaining them. You need to "wow" them, to surprise them by going beyond the brief or delivering even more than you promised. Carol Meyers, head of marketing at software house Unica, offers an example: "An office supply company could keep track of each of its customers' orders and supply usage patterns. It could then automatically suggest ways that its customers could reduce costs by suggesting larger order quantities based on usage, generic supplies, and so forth.

"No other office supply provider would have the history to offer this service for that customer. It may seem counterintuitive that a supplier would automate lowest pricing, but by creating this value-added service, the office supply company is reducing its marketing and selling costs, and retaining a customer who is then likely to provide it with great referrals," she adds.



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