



STRATEGIES FOR CUSTOMER RETENTION

IN THE FAST-MOVING TECHNOLOGY LANDSCAPE, MANY COMPANIES

BELIEVE THAT CONSTANT EXPANSION OF THEIR CUSTOMER BASE

SHOULD BE THE TOP PRIORITY. HOWEVER, ACCORDING TO GARTNER,

80 PERCENT OF A BUSINESSES' FUTURE PROFITS ARE MADE FROM

JUST 20 PERCENT OF THEIR EXISTING CUSTOMERS.



According to a 2014 Econsultancy report, 82 percent agree that retaining an existing customer is cheaper than acquiring a new one. This makes having an effective customer retention strategy essential. Yet, a survey by Invesp Consulting, found that only 18 percent of companies focus on customer retention.

Companies often undervalue the importance of customer retention strategies because a customer retention campaign can take longer to produce results than acquisition campaigns. However, a study by Bain and Company found that just a 10 percent increase in customer retention corresponds with a 30 percent rise in the value of a company. By investing in customer retention strategies, organizations can save money and increase revenue.

IDENTIFY CORE CUSTOMERS

Nine out of 10 startups fail. One of the main reasons why startups fail is because companies try to appeal to everyone and waste resources by spreading themselves too thin.

Identifying the 20 percent of users who have the most profit potential is the key to creating a company with a scalable platform for growth. Organizations looking to identify this core group can utilize data for selling metrics, customer lifetime value, and profitability. Analyzing these metrics allows an organization to create a comprehensive profile of their core customers, giving them the ability to focus customer retention efforts on those who are most valuable.

20%

The key to creating a company with a scalable platform for growth is identifying the 20 percent of users who have the most profit potential.



CREATE A PERSONALIZED CUSTOMER EXPERIENCE

Once an organization identifies their core users, they can use consumer data to determine the attributes these users share to get a sense of their priorities. With this information, an organization can map their products and services to match priorities, creating an experience that feels more personal. Personalized experiences lead to deeper brand loyalty and a higher customer lifetime value.



INTEGRATE RETENTION GOALS WITH ACQUISITION STRATEGIES

Many companies believe a high churn rate can be combatted with high rates of customer acquisition, but continuing to churn through a high volume of consumers is not a sustainable growth strategy. It is essential that companies also adjust their acquisition strategies to concentrate on acquiring consumers that are likely to stick with their business, in addition to an increased focus on customer retention. Targeting individuals who share the same attributes as their core users will foster higher retention rates. This way, a company can avoid wasting resources pursuing one-time customers, keeping their churn rate low.

X 30%
of SaaS companies have an
“unacceptable” level of churn.



CUSTOMERS REMAIN WITH A COMPANY THAT STAYS AHEAD OF THE

INNOVATION CURVE AND PROVIDES INDUSTRY-LEADING PRODUCTS

AND SERVICES THAT MEET THEIR NEEDS. ORGANIZATIONS NEED TO

CREATE A **CUSTOMER-CENTRIC BUSINESS MODEL** THAT CAN ADAPT TO

CHANGING CONSUMER PRIORITIES TO KEEP USERS COMING BACK.

OTHERWISE, COMPETITORS ARE LIKELY TO CAPTURE THEIR MARKET SHARE.

SOURCES

Forbes.com, Sailthru.com, Econsultancy.com, Retensionscience.com, Entrepreneur.com, Sixteenventures.com



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