

RETAIL

How CMOs can boost customer retention

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Customer retention is as important, if not more, than customer acquisition. Image credit: Brightback

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Customer experience.

Customer lifecycle.

Customer first.

Heard these before? We are living in the age of the customer, and it goes well beyond buzzwords.

Most of us have been told that it is cheaper to keep a current customer than to find a new one. But did you know that a 5 percent improvement in customer retention rates can result in a [25 percent to 95 percent increase in profits](#)?

Attention, please

Customer retention can be a small change with major impact. And yet, many chief marketing officers (CMOs) do not champion retention as a top priority even though it plays a large part in their long-term success.

Writing in the [Harvard Business Review](#), leaders from Bain & Company stated, "The high cost of acquiring customers renders many customer relationships unprofitable during their early years. Only in later years, when the cost of serving loyal customers falls and the volume of their purchases rises, do relationships generate big returns. "

The length of the customer lifecycle is one of the reasons why marketers do not always have customer retention top of mind.

Unlike lead generation or customer acquisition, retention campaigns take longer to produce results.

Segmenting and categorizing customers to personalize experiences is complicated work. And it takes time to uncover and satisfy unmet needs in the customer experience.

But a 25 percent to 95 percent increase in profits is certainly worth it.

Additionally, more findings by Bain & Company indicate that a 10 percent rise in customer retention yields a 30 percent increase in the value of the company.

So, what can marketers do to boost retention?

Play a role in onboarding

Call it client education. Call it a welcome series. Call it whatever you want. Just do not nab the sale and then dump your new customers.

Develop welcome emails a.k.a. customer onboarding that show customers how to maximize value from their purchase.

Offer video tutorials, on-demand webinars or case studies so they can become familiar with the product and see a path to success. Then point them to how to find help for themselves, including how to find the right person or resources at your company based on their question or need.

Be in constant contact

Talk to your customers and figure out what they value the most.

Ask them how you can get better, what they like and do not like, what is going wrong, and how your service could fix the issue.

Solicit feedback through surveys and outreach.

Segment your base

There is a big difference between a customer who has been faithfully using your service for months and one who did not convert after a free 30-day trial.

Segmenting your customers into different groups can help you target them correctly for different circumstances such as conversion versus recovery.

Build customer-first culture

Marketing teams can often fall into the trap of reacting to the whims of other departments, and go into execution mode without really understanding the customer problem trying to be solved.

CMOs can drive proactive initiatives by championing a more offensive approach and working closely with customer success to stress deeper customer relationships.

When employees see the C-suite advocating for customers on a daily basis, a customer success culture will become a part of the company's DNA.

Identify the right metric

Identify your **North Star Metric** (NSM) or the metric that illustrates the value gained by customers for example, Airbnb tracks nights booked. Then identify how marketing efforts impact this number. This will probably feel odd if you are accustomed to tracking clicks and conversions.

That said, the more value a customer extracts from a product, the more likely he or she is to be retained, and every department marketing included has a part to play in optimizing for the NSM.

IT CAN FEEL like it is in a marketer's DNA to focus on customer acquisition, but it is time for a major shift.

Savvy CMOs recognize that customer retention is critical, because it measures not only how good they are at acquiring new customers, but how successful they are at satisfying existing customers.

Instead of looking beyond their customers to bring in new business, marketers should turn their attention to the customer base already within their grasp. They should invest in keeping current customers happier longer, so they can generate more business than acquisition alone ever could.



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