



Are you selling before marketing?

Why Are Customer Acquisition and Retention Critical during Uncertain Times?

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Customer Acquisition and Retention are as critical as they are difficult when confronting new economic realities. Uncertainty, which was part of equation before the current cycle, has always been a primary concern for the high performing entity who works on maintaining customer relationship and gaining new ones businesses. Open markets and free trade, information technology, electronic commerce, tightened credit, and demand volatility all impact your Business' sustainable competitive position, as well as what you do or don't do in implementing a customer acquisition and retention system, managing your front offices cost, and pricing with confidence. So, without reinventing the wheel, how do you compare?

Some companies possess the capacity to measure and understand their sales and marketing performances—focusing on their core, right segmenting, presenting the best combination of offers priced with confidence, having superior access to performing distribution channels—to capture the customer value as well as quickly react to some changes in the marketplace. How about you?

“How can your business emerge stronger?”

Customer's needs change even faster during downturns. Their tactics include renegotiating the terms, modifying their buying/supply chain management strategy, dropping services, buying a simpler product, reducing “packaging of the core value,” outsourcing, integrating, deferring some investments and expenses, etc. Their decisions will clearly impact your sales and profits in the long term.

Nowadays, therefore, mastering and delivering a differentiated customer experience is a big plus. This means that by being customer centric through the entire

value chain—not just after the sale—you will most likely improve your sustainable competitive position.

Research points to the following **key factors for securing your customer relationship in a slow economy:**

On the retention side –

- Gathering data and information is power, ensuring your market and business intelligence is accurate.
- Understand who your customers are and reconnect with them (identify new expectations, new behaviors, attitudes, new requirements, new decision makers or leadership, etc.). Then, discourage competitors trying to draw your customer away by tailoring, customizing offerings, adjusting to their changing needs.
- “Listen” and understand their changing needs and expectations (therefore, be able to serve them better driving higher level of loyalty). Then, implement some retention plan, but make it consistent with your strategy.
- During the downturn, play defense as well as offense.
 - Defense: Make sure you are protecting your customers’ base by allocating your best resources to your very best customers.
 - Offense: Continue to think growth by leveraging your value prop and keeping an eye moving forward (you cannot stand still); gaining market shares would be a must. Indeed, research shows that companies who gain market share during a downturn will more likely keep it and even widen their advantage several years after the slow time.
- In a slow-motion market, most companies will spend less on long-term marketing events, creating awareness, or on any branding topic; instead, they focus on near-term customer retention and acquisition when it comes to investing money. Targeting the right customers with the proper offering—as well as considering the way your customer wants to be served through the channels they want—is

certainly worthwhile. Also, manage your front office cost strategically—meaning while cutting some expenses, improve the ongoing items

- Delivering a consistent value that makes a difference is absolutely required and a key driver in retention

On the acquisition side –

- Leverage your current customer base and increase the sales to them.
- Consider the strategies we previously discussed to still growth the business: <http://www.cognegy.com/articles/15.pdf>
- Go global (not international) and leverage the current exchange rate.
- Identifying customers from some weaker competitors as well as targeting new segments—with or without the same cycles, seasonality, and client demographics, but still fully aligned with your core—are both valid strategies.
- Be customer-centric decision driven and consider shifting from being product or offering centric.
 - Cutting expenses without planning, cutting service levels, outsourcing some frontline services, and doing short-term payoff transactions are all bad business according to some lessons from previous downturns.
 - Focusing on your unique value proposition and differentiating your offer, product, and experience to bring a superior offering are most likely more valuable than extremely low pricing (indeed, you would certainly not have the scale, etc. to enter this specific arena).
- Sizing opportunities is as critical as retention. List what does it mean to be customer centric and how do you market it?
 - Where does loyalty begin, what type, how do you affect it, what to look for? Measure each despite their complexity.

In the end, balancing value and profits is the key with the following considerations in mind:

- The company's future - are decisions made in the short-term aligned with your company's long-term perspectives?
- Are you working with a talented, happy staff?
- What is your return to shareholders?
- What is your perceived customer value and experience?

Overall, where does your organization stand?

Feel free to call for a Business chat (direct: 770 722 8756) to discuss how we can help your Business grow faster and be more profitable. Or email phil.jafflin@cognegy.com with comments. Thanks!

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*References and sources:*

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- b) Harvard Business Reviews.
- c) Podcast Woody Driggs, Customer Relationship Management. Accenture
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