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# Using Conversational Marketing To Retain Customers

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## Introduction

Every business wants to retain their customers. Few companies, however, are actually implementing targeted strategies aimed at retaining more customers, increasing the lifetime value of each customer, and building customer loyalty. Most businesses and their marketing programs are exclusively designed to attract and promote their products and services to new customers. Customer retention, in the traditional marketing approach, has long been viewed as an end result rather than a true means to delivering long-term profitability to a business.

Consider how your business views customer retention. Do you see customer retention and customer retention marketing as key components in maintaining a profitable business? Do you have a significant portion of your budget carved out for retention marketing? If the answer to either of these questions is “no” or “I’m not sure,” take a close look at the following stats:

- The average organization loses 50% of its customers every five years; and the cost of replacing them can be six to seven times more expensive than winning them in the first place.
- Studies have proven that a mere 5% increase in customer retention can result in profit increases of at least 20% (and as much as 80%) for most businesses.
- Repeat customers spend an average of 67% more than new customers.
- After 10 purchases, a customer may have referred as many as 7 people.

(Source: Bain & Co. study, 2002 – published in Harvard Business Review.)

Realize that customer retention is not only a cost effective and profitable strategy, but in today's business world, a necessity.

## Communication at its Core

No matter the industry or market niche, *all* customer retention programs rely on effectively communicating with customers. Retention marketing is all about engaging your customers in a mutually beneficial relationship. It's making that personal connection. It does not mean constantly barraging your customers with marketing materials, but instead, providing them valuable company data and thought leadership content that can generate community interest.

In the end, effective customer retention programs get your customers to take action. You want them to visit your web site, make a purchase and/or sign up for a newsletter. Once they do it for the first time, you want them to keep doing it. Retention programs are a relatively inexpensive means of making customers feel special, increase their purchases and recommend prospects.

## Opening the Conversation with your Customer

With the advent of conversational marketing and Web 2.0, businesses and marketers alike are better equipped to communicate with and retain customers. Web 2.0 refers to the second-generation of Internet-based services that enables you to collaborate and share information online in ways previously unavailable (i.e., social media). Web 2.0 offers an array of new technologies and low-cost marketing tools - such as webcasts, blogs, wikis, video, and podcasts - that allow you to open a conversation with your customers via the Web.

By reinvigorating the static, brochure-like web site with communication venues like audio, video, photos, and community-generated content, you can better engage your customers. By adopting conversational marketing strategies, the conversation with your customers is no longer about “announcing” or “delivering messages”, but about “talking” and “participating.” As a result, you are able to truly change the customer's experience by infusing it with live conversation.

## New Rules of Retention Marketing

With the expansion of conversational marketing and Web 2.0 tools, the rules of retention marketing have changed. Retaining customers is no longer exclusively focused on up-selling and cross-selling to drive revenue. A successful customer retention program also needs to take into account three additional elements, all of which center around opening and maintaining a conversation with the customer.

### *Engage the customer*

Ongoing conversations with the client are imperative. These communications need to be well-planned, fresh and creative in terms of design and content, as well as delivery venue. The objective is to foster a trusted relationship with customers by sharing information that enhances their customer experience and gives them multiple reasons to revisit your web site. Rise up to the challenge of keeping existing relationships interesting and exciting! Consider joining the ranks of the more than 400,000 small and midsize businesses that are using such tools as web casts and blogs, or the 260,000 that are relying on pod casts to engage customers.

### *Make the customer feel good about his purchase*

To their misfortune, many businesses consider the post-purchase process an afterthought. You need to support a customer's purchase decision from the start. A simple thank you, followed up by additional product information can go a long way. When developing a post-purchase support program, consider what will set you apart from the competition. The combination of customer directed correspondence and website communications typically works best. Think conversational marketing! Invite a conversation with your clients by means of a customer forum or community where visitors can find out more product information, or offer a live web cast to handle product FAQs.

### **Key Steps for Implementing Conversational Marketing to Retain Customers**

- Kill the corporate voice and replace it with personal, honest communication.
- Use your website as a gathering place – include conversations and interactions of customers, prospects, and staff to create a community.
- Examine your objectives – make sure Web 2.0 fits your strategy.
- Make the commitment and get to work – user-supplied content can be a lot of work as content needs to be refreshed constantly.

### *Provide an advocacy venue for customers*

Satisfied customers can be your best advocates. It is critical that you provide your customers with the means to share their experiences and express their opinions with friends and colleagues. Customer advocacy can occur in a variety of venues, both on your web site and third-party sites, and offline. In keeping with a Web 2.0 mindset, provide a forum on your web site (such as a blog or message board) where customers can comment on your products and help other customers. Wherever the conversation takes place, be sure to monitor and listen to the dialogue at least in a broad sense. And, don't forget to participate in the conversation too – whether on a company blog or on a third-party site.

A customer retention initiative supported by the concepts and tools of conversational marketing will enable you to truly invite and maintain an open dialogue with your customers. As a result, you'll gain the important customer data that is required to understand, target, market to, and customize future interactions with your customers – thereby giving you a leg up in retaining customers, building customer loyalty and sustaining long-term profitability.