

Surely retention and acquisition are both part of the customer journey

By [Natalie McCrae](#)

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We all know the adage; it is five times more expensive to acquire a new customer than to retain an existing customer. A great theory but, in reality, there is also a need for companies to grow their customer base to prosper.



Image credit: rawpixel from Pxabay.

However, it seems customer retention has fallen off the radar in the mad frenzy to acquire new customers. According to a survey conducted by Invesp, 44% of companies admit to having a greater focus on customer acquisition, while 18% focus on customer retention.



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This means that more than 50% of companies spend more time and money on getting new customers through the door instead of also trying to keep their regular customers coming back.

With stats like these, it isn't surprising that customers feel a disconnect in the experience and service delivery. It's almost like once a customer has signed up, made a purchase or used a service for the first time, they are forgotten or spammed, receiving inappropriate communication targeted at the masses instead of relevant personalised communication.



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Existing customers are the easiest targets

The survey also showed the success rate of selling to an existing customer is 60–70%, while the success rate of selling to a new customer is 5–20%. Existing customers are also 50% more likely to try a new product and spend 31% more on average versus a new customer.

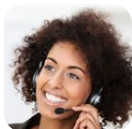
Considering these stats, it seems prudent to focus on retaining a valued customer. By guiding customers through their journey from onboarding to value management and win-back brands will see the vast differences in the stats start to decrease.

A retention strategy is not about blanket communications, neither should its effectiveness be measured by the quantity of communication – reminiscent of the old days of spray and pray. A true retention strategy is led by knowing the customer and being personal and relevant in all communications.

After spending so much on acquiring a new customer, it is worth the effort and the associated cost to give new customers the best chance of growing into long-term customers. By tailoring and targeting information, companies can expect to see upwards of a 10% improvement in return on investment. Customer retention increases the customers' lifetime value which in turn boosts revenue.

Examining the customer's cumulative experience along the entire customer journey will make it more likely for customers to repeat purchase, recommend the brand or service to their friends and inspire loyalty.

Customer retention is the best way to measure how reliably companies are providing a service and when it comes to revenue, customer retention is vital to consistent growth and financial planning. The more loyal customers a company has, the easier it is to make financial decisions.



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Is the way we measure acquisition flawed? Surely acquisition is the first step in retention?

I've spent many years working with all kinds of different businesses across a range of industries to help them figure out how to acquire and retain customers and in my experience acquisition is not generally linked to the long-term value of the customer.

Instead, acquisition efforts are measured based on cost per acquisition and volume of acquisitions by channel. Customer retention and customer acquisition are often run by separate teams with different goals –which often results in conflicting dilemmas.

Retention teams find themselves in a tricky position if acquisition teams are not focused on attracting long-term customers – pushing themselves to meet unrealistic targets trying to grow value on a base of ever-decreasing quality of new customer and within a limited budget.

As much as retention finds itself in a predicament, the acquisition team, in many cases, operates without the insight required to optimise their efforts – which new customers will be valuable, which channels they came through and what they responded to.

Without valuable customer insights, acquisition teams will not attract best-fit customers whose needs you know you can meet in the long term.

The magic happens when we view the customer journey as a journey and not as disparate steps

Aligning on a customer strategy and bringing acquisition and retention together is the first step in optimising both areas of the business.

Key to this is an in-depth understanding of who your customers are, what their key drivers are and where the business can pursue growth. It is important to identify the nature of the journey's your customers take – from the onboarding process through each step of the journey.

Coinciding with these customer insights is being able to establish KPI targets and business objectives aligned across both acquisition and retention teams.



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The goal is to bring in and keep customers who can provide value to you and who are also valuable to you in the long-term. The ability for these two teams to view cross-functional data insights helps to create a more streamlined customer experience that cultivates retention.

Strong customer retention also drives customer acquisition, through customer referrals and positive product reviews. Customers who advocate for your products and services are a profitable source of customer acquisition.

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By understanding how your customers navigate across each of your interaction points and channels, you will be able to anticipate customer expectations and needs during each part of the journey and have a clearer understanding of what is working and what is not.

These insights will allow you to fix issues and redesign the experience for new and existing customers.



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By adopting a combined customer acquisition and retention approach focused on developing customer relationships, you can align your core strategies and work across both disciplines to attract new customers, meet customer needs, improve satisfaction and consistently deliver a seamless experience.

Effective marketing is preserving the equal balance of getting customers and keeping them.

ABOUT NATALIE MCCRAE

With a career in data analytics, CRM marketing and customer growth and retention that spans nearly two decades and two continents and multiple industries, Natalie is at the forefront of commercially driven customer strategy and marketing through the intelligent use of data. She is highly skilled at using relevant insights to engage with customers, across multiple channels.

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