

# Leading Your Customers Back

## Tips for Reducing Customer Churn

Increase ROI by  
Marketing to People,  
Not Demographics

Understanding  
Customer Acquisition  
vs. Customer Retention

### PLUS:

- Buyers Engage More Often with Personalized Messaging
- Customers Are Willing to Share for Direct Deals
- Consumers Respond to Relevant Offers and Recommendations

# BUILDING UP CUSTOMER RELATIONSHIPS



**As marketers, we are surrounded by data. From in-house customer information to third-party data that rounds out customers' demographic and behavioral profiles, we have more data at our fingertips than ever. According to InvestPro, brands that use data-driven marketing deliver between 5x and 8x return on their marketing spend.**

How do you become one of them (if you aren't already)? You may be personalizing your direct mail and email with people's names, tailored offers, and even customized images and text, but not getting those kinds of numbers. What's the secret? Think long-term.

Marketers are often focused on immediate results. Indeed, knowing the ROI on that direct mailing, email campaign, or in-house event is important. However, marketers who get outstanding results take a longer-term view. They know that keeping and building relationships with customers yields higher profits over time than quick-hit campaigns.

To get the kinds of numbers reported by InvestPro, don't market to demographics. Market to people.

Say your data shows that a high percentage of your customers are stay-at-home or work-from-home parents with school-aged children. To get them to make a purchase, you could offer them

a 10% discount on relevant products such as school clothing or school supplies. However, that just reinforces a transactional relationship based on having the right discount at the right time. Instead, step back and think about what that data tells you in terms of their priorities and needs. Then act on what you learn.

For example, with so many school children learning virtually right now, how do parents keep their students focused on their schoolwork instead of the dog running through the kitchen? How do they balance their work and home responsibilities when they are constantly having to stop and help with assignments? Craft messaging that shows

*Take a long-term view by marketing to people, not demographics*



that you understand. Present your home décor products as a way to create in-home study spaces that keep kids focused or your at-home meal preparation kits as a way to help parents cook healthy meals faster so they have less to juggle.

Salesforce has found that 70% of buyers say that a company's understanding of their personal needs influences their loyalty. So use your data, not to match products to buyers, but to understand your buyers instead. Use what you learn to communicate that you genuinely care about their struggles and that you're there to help. Once buyers feel that you "get" them, your relationship will move from transactional to engaged—and your ROI will soar.

## Focus on Personalization for Customer Engagement



**72%** of buyers say they only engage with personalized messaging.

Source: SmarterHQ

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# Leading Your Customers Back

## *Great tips for how to reduce customer churn*

Let's be honest. Customer churn is part of business. The question isn't how to stop customer churn. It's how to reduce it, whether through improved messaging or better channel mix, or through improved communication strategies that help you keep more of those customers you've worked so hard to earn.

**What are some of the ways you can keep churn to a minimum?**



### **1. Identify which customers are churning**

Start by looking at your customer list. Which customers are no longer active? Do they have anything in common? If so, what?

Say you find out that most of your lapsed

customers are in a specific geographic area. Is the demographic mix changing in that location? Is the messaging outdated? Is a new competitor stealing your thunder?

How about communications frequency? Are you tracking how frequently you are mailing to each customer group? You might find that when it comes to lapsed customers,

you haven't been reaching out as frequently and they've been falling through the cracks.

Or maybe it's your channel mix. Maybe you bumped up your email marketing only to find that B2B customers have overflowing inboxes and those communications are getting lost.



### **2. Ask them why they are churning**

Doing an analysis of churning customers is helpful, but talking to your customers is even better. Sure, you could re-engage them simply by offering an incentive, but then you won't learn anything.

Consider asking lapsed customers to complete a survey in exchange for a free offer. Why did they



stop buying from you? Did they have a poor customer experience? Are your products no longer relevant to their needs? Are they still interested and just need a reason to buy? Identify the disconnect so you can address it.

When you reach out, consider using direct mail, even if you ask those customers to fill out the survey online. Statistically,

postal mail is more likely to get opened. Plus, it has higher perceived value, so lapsed customers are more likely to engage.

### 3. Identify and engage your best customers, too

Do an analysis of your best customers, as well as your lapsed ones. Who are the customers who buy from you most



often? Who spends the most money over time? Thank them (people like to be thanked for their loyalty), and survey them, too. Find out why they are loyal to you so you can keep doing the things they love.

### 4. Create an engagement plan

Create a plan to engage both groups—lapsed and engaged

customers. Create the right channel mix, with the right messaging and the right offers, to address the specific needs of each group.

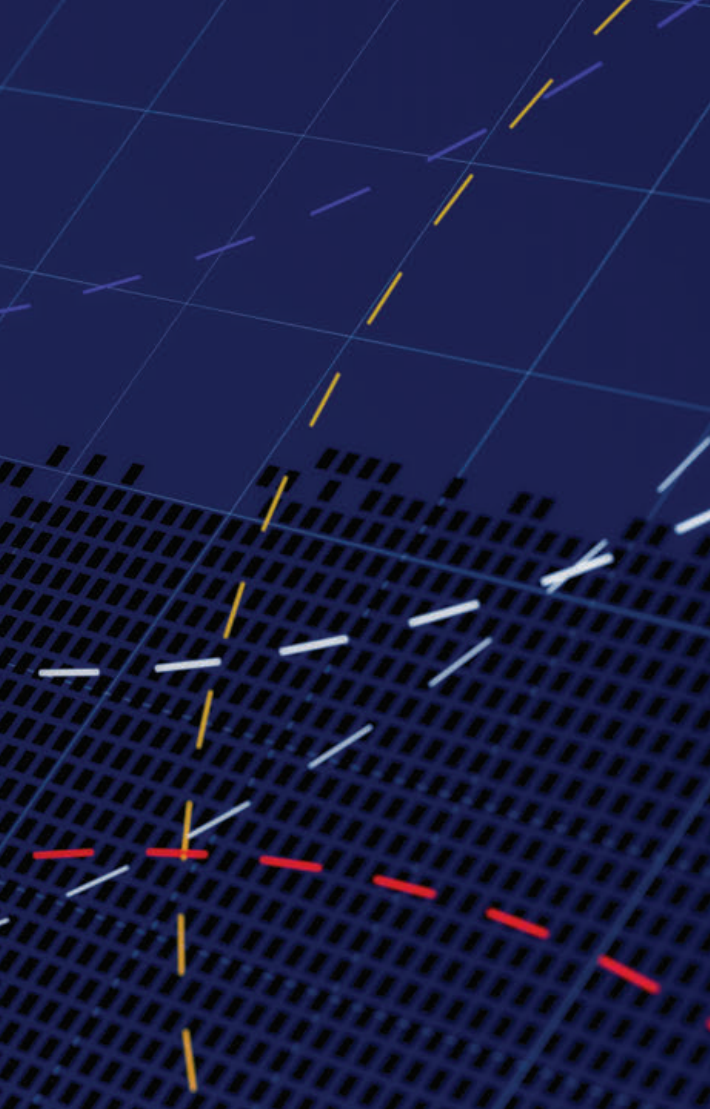
***Keep that communication flowing!***



# Are Your Customers Coming or Going?



*Understanding **Customer Acquisition** vs. **Customer Retention** and why you should Communicate to both audiences*



When developing a direct mail or email campaign, do you take into consideration whether your goal is customer acquisition or customer retention? You should. The two groups are quite different and should be marketed to differently.



**Acquisition Mailings** are going to a group of people who may not know your company or your products well (or at all). You have limited time and space to get their attention, communicate your value proposition, and present a compelling reason for them to act. Think of your mailing as an elevator pitch.

© iStockphoto.com/honglouwawa (arrival and departure)



**Retention Mailings** are going to people who already know you. You don't have to introduce yourself, so you can use that space to present specific products and services that make sense for them. Over time, you can present them with increasingly relevant offers based on information that you already know about them or that you learn as you go along.

**What does this look like in practice?** Think about it this way. Say you just bought a new car and want to sell your older one. When marketing to the general public, you might describe the car's features, its condition, and its price. You might also explain why it's a great value to a new buyer. If you are selling to friends, however, you will modify each pitch based on what you know about them. To your friend Bob, you might say, "Isn't your daughter taking driver's education right now? Our old sedan is reliable, it's very safe, and it would make a great first car for her." To your friend Sue, you might say, "I know you've been putting a lot of money into the maintenance of your car lately. We're selling our sedan, which is slightly newer and is in great condition. It could save you a lot on repairs."

Two different audiences—two different approaches. So it is with direct mail acquisition and retention.

You aren't going to try to sell existing customers on your full spectrum of products, either. You will select the right products that make sense for their needs. You'll also be careful not to sell people on products they already have or that you have marketed to them before.

So does it matter whether you are doing an acquisition mailing or a retention mailing? Yes! By understanding each audience and how to position your messaging best for each one, you'll maximize your ROI, whether the campaign is digital or in print.

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Welcome to the latest issue of *1:1 Messenger*. This newsletter is designed to provide you with information that will keep your 1:1 print campaigns cutting-edge and profitable.

Ask questions to learn more about your audience. Then engage them personally in print and online to create loyal customers.



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Sample Kit

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