



# So Tell Me What You Really Think...

Do you assume that your customers are happy with your products and services? Acxiom's **Rob Cowperthwaite** explains that the best way to discover what customers really think, want or need is to ask.

**C**ompanies that measure success in terms of new and profitable customer acquisition and market share growth should note: it costs over six times more to acquire a new customer than to retain and grow a current one. How much bottom-line value, then, is really gained from signing 3,000 new customers if 3,000 are lost through customer churn? Customer loyalty studies conducted by Bain & Company indicate that "a five percent increase in customer retention can increase a company's profitability by 75 percent".<sup>1</sup>

Increasing marketplace competition for option and offer-rich customers makes retention a challenge. It has never been so easy to 'shop around' or switch allegiances, and loyalty depends largely on customer relationships. For example, advertising attractive proposals and promises for prospects who decide to sign with you may exasperate existing customers, who see the same offers, and wonder where this level of dedication is when they attempt to resolve their issues. Many companies lose as much as 50 percent of their customer base every five years.<sup>2</sup>

The increasing trend towards customer-centricity indicates a growing appreciation for the importance of effective customer relationship management, including optimisation of each customer's potential business value. Fine-tuning customer management strategies to make your existing customer base work for you will ultimately increase profitability, and consistently learning and understanding more about your customers to gain greater insight is key to relationship building and boosting sales. Reaching out to your customers to make them feel engaged and valued by your organisation directly and favourably impacts customer churn.

An effective way to do this is through the use of customer and lapsed customer surveys that seek feedback, opinion and intentions. Astutely employed customer surveys can help to build more detailed and qualified customer information, maximise the value of each customer and increase profitability. After surveying its donor base, one Australian fundraiser discovered eight times the number of supporters were considering bequests than it was originally aware of.

Customer feedback should be regarded as an actionable research tool, giving you a yardstick to measure your product and service levels, and identify which of your strategies should be modified to enable you to steer your business in the right direction. Learning more about your customers' interests, motivations and behaviours can help you to optimise your direct marketing efforts by determining the best time to approach them with relevant offers. Thinking ahead to include surveys within previously planned mailings such as newsletters and statements will also avoid having to incur additional distribution costs.

Customer survey information can be highly specific, with questions tailored towards eliciting facts that are worthwhile to your organisation. In the case of an automotive company, example survey questions may include:

- Are you thinking of upgrading your vehicle?
- If so, when, and what makes and models are you considering?
- Have there been any recent changes in your family structure? (E.g. additional children may indicate a need for a larger vehicle.)
- Would you recommend our vehicles and services to others?

Satisfied customers are your best sales advocates, and a resource that smart marketers use wisely. Implementing referral incentive programmes to reward happy customers for demonstrated loyalty can go a long way towards increasing goodwill, and your bottom line.

Customer feedback, both favourable and unfavourable, can be leveraged almost immediately. flybe, one of the UK's largest low cost airlines, works with Acxiom to run onboard customer surveys aimed at understanding the overall passenger experience by requesting comments and service level ratings. Information is used without delay by flybe's customer call centres and sales representatives to either capitalise on or rectify a situation with appropriate special offers or complimentary services.

Using customer surveys can be an efficient and cost-effective way for organisations to add bottom-line value. By obtaining a clear picture of your quality of service, and understanding your customers' needs and wants, your business can take whatever steps are necessary to minimise customer churn due to dissatisfaction.

<sup>1</sup> <http://www.bain.com>

<sup>2</sup> "Profitable Marketing Communications – A Guide to Marketing Return on Investment", by Antony Young and Lucy Aitken, (Kogan Page, May 1, 2007).

*As the global leader in customer data management, Acxiom makes information intelligent. Our enterprise information solutions help the world's leading companies increase revenue, reduce cost, improve profit and lower risk. Our lines of business include: Data, Data Services, Customer Data Integration and Customer Information Solutions. For more information visit [www.acxiom.com.au](http://www.acxiom.com.au).*