

A SPECIAL REPORT:

MARKETING AND THE CUSTOMER LIFECYCLE

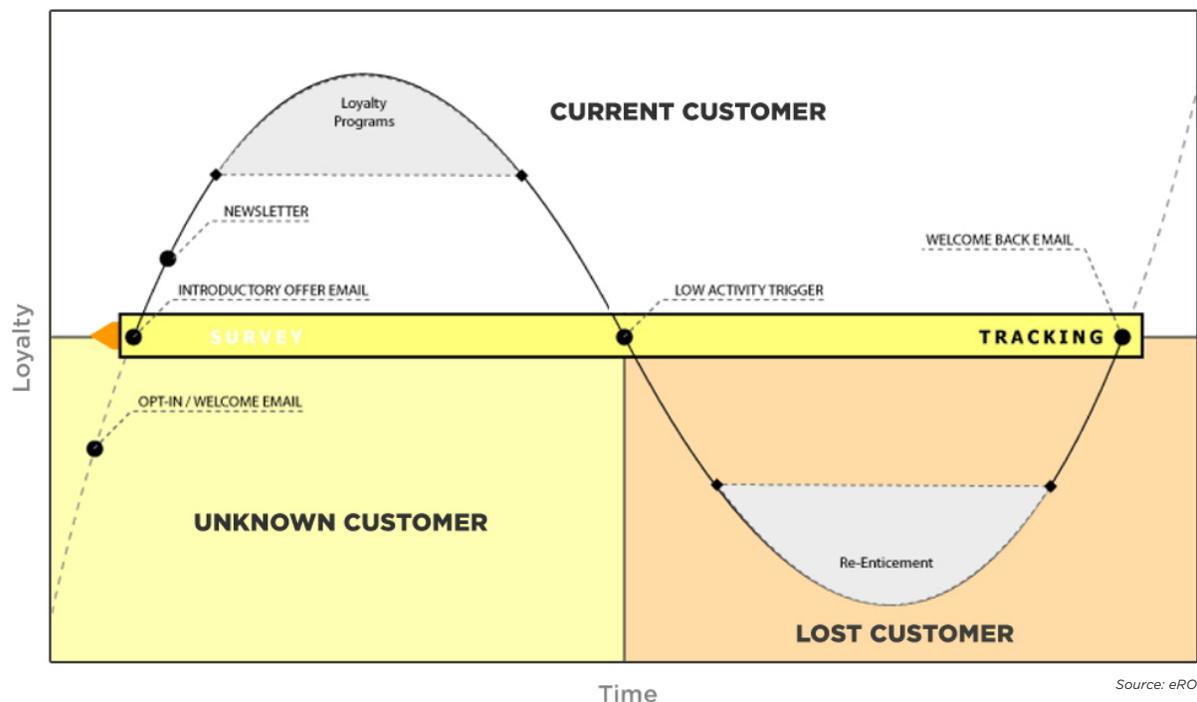
The Customer Lifecycle

Think about your customers and their lifecycle within the scope of your business. Like any living thing the relationship is born, lives, dies, and if you believe, it can be reincarnated. Like doctors who prolong people’s lives and heal broken parts, marketers have the responsibility of not only bringing in new life through new customers, but also in healing damaged or neglected relationships. Most marketing efforts we distribute to targeted audiences. Looking forward, though, perhaps we should target our campaigns as well as our customers.

The key to marketing has traditionally been to “cover all the bases”—in other words, to get in at all customer touch points. This can be a dangerous concept. Think back to your last interaction with a company that “covered all the bases.” Was it an overwhelming experience, borderline annoying? This is quite possible, especially if that company tried to cover everything all at once.

Recently, we engaged a national fulfillment company who not only covered all the bases, but did it with such persistence that it became overbearing. While we appreciated their thoroughness, their continual emails became bothersome—to the point where we will have to think twice about using them again. eROI is consistently refining its customer lifecycle graph, but that does not necessarily mean adding more touch points. In Figure 1, we show the overall customer lifecycle with the most relevant touch points.

Customer Lifecycle



Source: eROI

We are not just dealing with email marketing, but also with two other important and often overlooked aspects of marketing: surveying and tracking. Surveying and tracking lie on a baseline because they are something that should be done for both current and prospective/lost customers. It is difficult to survey a lost customer, mainly because they don't want to hear from you anymore, but any insight you can get from them can be a powerful tool for improvement. This can also have a positive effect on them, because the lost customer now thinks you care about them enough to ask for their feedback.

Tracking is not a new technology or idea, but the correct analysis or simple review of the data is still something more than two-thirds of companies overlook. In a recent survey, more than 70% of businesses that have implemented either web analytics or CRM packages do not review or analyze their data. We don't need to discuss the importance of reviewing web analytics or CRM reports, but coupled with proper surveying, you can gain a huge advantage over your competitor who isn't taking advantage of these tools. Quantitative data supported by qualitative answers tell you, why, how, what, not just when and where.

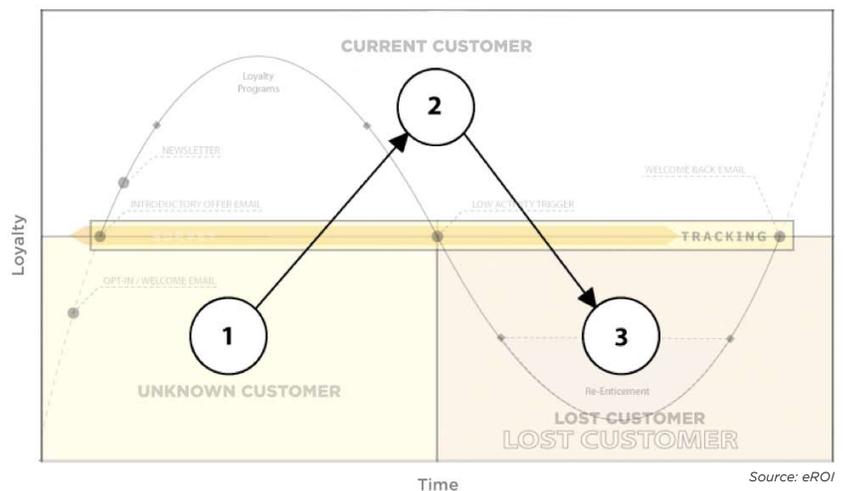
So let's start by breaking this graph down into three parts in the following order:

First, we must find a potential lead or customer

Second, we must make them a customer and keep them happy

Third, should we somehow be unfortunate enough to lose this customer, we must find a way to get them back.

Customer Lifecycle



Part One: Opt-In/Welcome Email

Let's start with finding our potential lead. Do you have a lead capture vehicle on your site? Do you gather any information when a user downloads a whitepaper, downloads a demo, or attends a webinar? If you don't, you need to start. By not doing this, you are missing a serious opportunity to grow your prospective customer list.

INTRODUCTORY OFFER:

Now that you have an opt-in area, it is time to entice a customer; this means an introductory offer. This can be a simple email that gives the recipient a reason to come back to your site and get more familiar with it.

The offer needs to be relevant, worthwhile, and should drive qualified traffic to your site. Surveying at this stage is a crucial piece that is often overlooked. Not only should you look at your email metrics, but you should also follow up with those customers that did not opt to utilize the promotion to find out why and how you can make the promotion more enticing.



Source: eROI

OFFERS CAN INCLUDE:

- Access to whitepapers
- Free download of software
- Money-off coupon
- Free shipping for first order placed
- Behind-the-scenes access at a webinar (talk to the analyst)

Part Two:

Now that you have gained a new customer and made them familiar with your site and purchase process (and in turn built some customer loyalty), it is time to make sure they become happy, repeat customers.

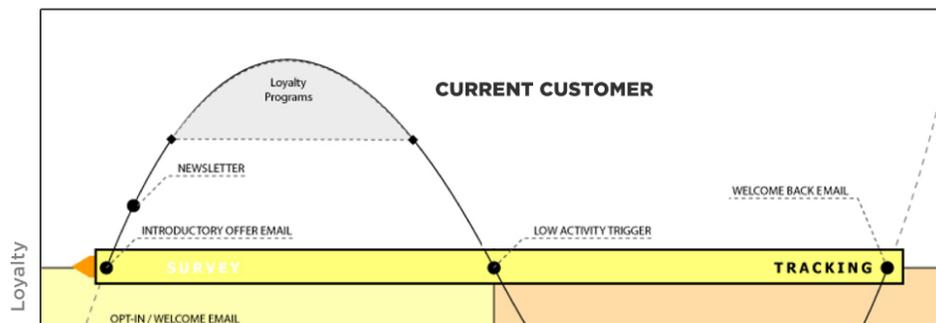
Customer loyalty is created by being top-of-mind and providing quality service and products. Let's assume that the quality of service and products are

already taken care of, so being top of mind is your concern. One of the most effective ways to achieve top-of-mind awareness is to provide your customers with the option of signing up for a newsletter.

NEWSLETTER.

The point of a newsletter is to provide valuable information to your customers about news, upcoming promotions and new products. Even if your customers are only glancing at your email, they are being exposed to your brand which increases top-of-mind awareness—increasing the chance of buying from you next time.

Customer Lifecycle



Source: eROI

Frequency of newsletter is a topic often brought to our attention. The answer is... test, play with it. Find out how often your customers want to hear from you. Below are some trends that we have noticed:

FREQUENCY TRENDS:

- Travel: Weekly
- Consumer products: Weekly to Monthly (depending on product category)
- Consumer services: Every two weeks
- Business to business: Once a month
- Non-profit: Once a month

With too little contact, the point of your newsletter becomes moot. Too much contact and you become an annoyance, likely resulting in your customer opting out of the newsletter or worse: ruining any trust you have built with that customer.

LOYALTY OFFERS.

So now that you have the right frequency of newsletter and relevant information, your customers are consistently shopping at your site, right? I am sure you have thought about it, but if not, here goes: You need to develop a loyalty program. You want to promote frequent shopping, so you need to offer a pot of gold at the end of the rainbow, or at least pieces of gold along that rainbow.

REWARD EXAMPLES:

- Subway stamps = free sandwich after 8 purchases (pot of gold at end of the rainbow)
- Frequent flyer miles = free tickets and more (pieces of gold along the way)
- Regal Cinema's Royal Crown Club = free tickets, popcorn, etc. (pieces of gold along the way)

In all three of these scenarios, the rewards are clearly defined, and the reward for the business is clear: happy and repeat customers come back often for the best rewards. Casinos are the masters of loyalty programs with free rooms, buffets, rounds of golf, jets, etc.—all relative to the amount of money a customer spends.

“YOU NEED TO ALWAYS BE ON THE BLEEDING EDGE—DYNAMIC ”

This is the same philosophy you should implement. The more money customers spend, the better offers they receive. These offers do not guarantee sales, but they help. You never know what happens when a customer leaves or why.

LOW ACTIVITY.

Low activity offers are helpful when a lack of activity requires the need for action. Some of you are wondering why we reward someone that is not purchasing. The reality is that we watch the purchasing patterns of our regular customers and then notice when they have significant drop-offs in their regular activity. This requires that you monitor shopper level on a regular basis, and this is something that is not applicable to all or even a majority of customers.

“PROPER SURVEYING AND MARKET RESEARCH SHOULD NOT JUST BE A LIST OF QUESTIONS.”

SURVEY.

In real estate the mantra is location, location, location. In e-business it is revise, revise, revise. You need to get into the mind of your customers to see how you can improve your offerings, marketing, and website. Last year's data will not do—it is already irrelevant. The Internet has sparked a revolution of “what have you done for me lately” and that means you need to always be on the bleeding edge—dynamic. If you can get a firm understanding of what your customers want now, and foresee what they want in the future, you will have a huge advantage over your competition. Below are just few ideas for surveys to consider:

SURVEY IDEAS:

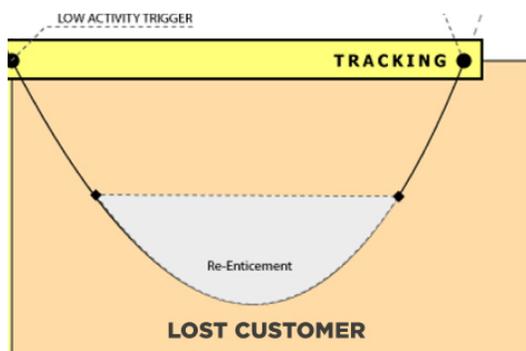
- Customer satisfaction—how are you doing now and what can you do to improve in the future
- Product—what can you do to make your products/services better
- Web—what can you do to make your site more user-friendly
- Promotion—what promotions work best for your customers (instant rebate, free shipping, and coupons for future purchase)

Proper surveying and market research should not just be a list of questions. It is something that needs to be a conversation—a natural flow of inquiries that move the respondent from thought to thought in an organic way. Anyone can ramble off 10 questions and gather some decent data, but without the proper methodology, wording, progression, and response options, your survey is doomed before it begins.

Part Three

If the low activity triggers have not worked, it is time to implement more intensive programs. Bring the customer back. Give them an offer they can't refuse. Don't let them go to the competition. Here is the valley in the cycle: Re-Enticement. This entire section is one of the most important. Why?

If your customers go to the competition you can plan on spending over 100 times the original amount you spent on acquiring them the first time. A good re-enticement offer should express the value the customer is to the business and the offer should match that value. For example, giving a customer a one-time 50% off coupon may cost you money on the one transaction, but loyalty and consistent shopping will more than pay for the offer that brought them back.



Source: eROI

There are many out there that want to know what constitutes a lost customer and a low activity customer. The answer is simple. What does it mean to you? We are not going to tell you that silence from a customer for more than three weeks means you should get an offer out ASAP.

As is our philosophy on everything, it is dependent upon the individual business and its target audience. If your average sales cycle is three weeks, then it makes no sense to provide a re-entertainment offer.

“YOUR CUSTOMERS ARE THE MOST IMPORTANT ASPECT IN YOUR BUSINESS ”

Four to six months is probably a more reasonable timeframe. If your cycle is roughly once a week, maybe a month is good. It all depends on you and your business. We can help you in this process and can provide valuable advice on campaign management, creative, and copy.

WELCOME BACK MESSAGE.

If your offer works and you have brought back a valuable customer, it is time to thank them. Welcome back messages will reinforce their importance to you and your business. You do not need to give them a monetary offer, just a personalized message that thanks them for their business and makes them feel like an honored customer.

Conclusion

Your customers are the most important aspect in your business—without them, you have nothing. Treat them like the gold they are because their actions line your and your employees' pockets. Remember to keep in consistent contact with your customers, but not to the point of being an annoyance. Survey your customers on a frequent basis. Know what they know. React and provide contact in the timeframe that they want to be contacted in. And above all, leverage all your tracking information and survey data to get the biggest bang for your marketing dollars.

About eROI, Inc.

eROI was founded on a basic principle: all companies should have the ability to communicate with their customers efficiently and effectively.

We believe there is a need in today's market for an affordable, high-value provider of email marketing services. Unlike other technology-centric software providers that try to sell you a specific set of products and services, we take a consultative approach where our technology is seamless and tertiary to the overall marketing objective.

We encourage you to check out our approach to better understand our philosophy. We help our clients generate and capture qualified leads online through email marketing and web site development. eROI's unique approach transforms clients' websites into effective vehicles for capturing leads. eROI delivers.

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