

How do you sustain and grow your customer relationships?

By Terry H. Hill

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The most important thing in sales and marketing is to attract and retain your most profitable business customers. In order to accomplish this feat, you must devise and implement a customer strategy that builds, fosters, nurtures and extends relationships with your customers. Your company profits only when the earnings from retained customers exceed the costs to acquire and to service customers over time.

There is a strong correlation between long-term business success and long-term customer relationships. Successful businesses capitalize on every stage of the customer life cycle—from customer selection, to customer acquisition, customer retention, and customer growth. Once a certain level of trust and comfort has been established, most customers prefer to remain loyal to companies and their products.

Customer selection and acquisition is just the beginning of the customer relationship life cycle. Ideally, your company should target only high value and low attrition-risk prospects. The cost to acquire a new customer is much greater than the cost to retain an existing customer. Depending on the industry, experts indicate that it is five to ten times more costly to acquire a new customer than it is to keep and develop an existing customer.

In the retention stage of the customer's life cycle, a company retains its customers by delivering on its value proposition. This ensures that the customer needs to look no further; that is the rationale for providing the highest-quality of service. When your customer relationship is based on trust, cooperation and collaboration, the customer is more willing to listen to your new ideas, try your new products/ services, and considers you as a long term, trusted partner.

A savvy business owner/executive understands that it pays to nurture existing customer relationships. If a good working relationship has been established, then it is easier to up-sell and cross-sell your products/services to this existing customer. If your customer's business is growing, there is a good possibility that there will be an increased need for your products/services.

In the growth stage of the customer's life cycle, increasing the value of each existing customer is the ultimate objective. Many organizations think in terms of the "lifetime value" of a customer. **[Customer growth strategies](#)** generally focus on increasing the share of each customer's expenditures by expanding its company's range of products/services.

It is crucial, however, not to lose sight of the importance of continually acquiring new customers. In other words, if your company becomes too dependent on any one or only a few existing customers, then the future growth of your company could be in jeopardy. So, be cautious that the growth in purchases by, one or a few customers does not represent too large of a proportion of your company's total sales. Striking this balance, between servicing existing customers and acquiring new customers, is imperative.

Creating and managing this balance can be a major challenge to management. However, Customer Relationship Management (CRM) applications offer solutions to this challenge. CRM is the process of tracking and managing all aspects of a company's interaction with its customers, including prospecting, sales, and service.

Here are just a few customer touch points that you can use to strengthen your relationships and keep your customers informed and engaged:

- **Email messages, newsletters, and surveys:** Provide product/service updates, promote goods and services, and communicate news/events.
- **Feedback:** Ask for, capture, and act on your customer's input.
- **Insight:** Research your customers' markets, strategies, and goals.

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- **Customer loyalty:** Implement loyalty, affinity, and rewards programs.
- **Relationship building:** Talk and listen to customers in order to maintain a dialogue and to build a trust based relationship.
- **Be accessible:** Make it easy for customers to reach you.
- **Customer satisfaction:** Implement a customer satisfaction policy that provides a way to resolve/remedy problems and issues.
- **Involvement:** Engage customers in product development /enhancement, via beta tests, focus groups, and pilots.
- **Anticipate customer needs:** Learn their business, their purchasing patterns, and their requirements for effective proactive solutions.
- **Become an indispensable resource:** Look for ways to add value, to be a real partner, and to help your customers achieve results.
- **Help lines:** Provide support, service, advice, and information.

In building customer relationships, remember to value the "personal touch." Make an effort to get to know your customer "as a person." You will be surprised at how much you may have in common. Establishing personal bonds goes a long way toward building lasting relationships.

Your efforts will be rewarded with repeat business, referrals, and satisfied, loyal customers.

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