



Winning the Battle for Customer Loyalty

Proactive Retention Strategies Increase Lifetime Value

Sales Analytics, Inc.
www.salesanalytics.com
(888) 725-3772

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Introduction

Customer retention is on the minds of businesses across the world. With rising customer acquisition costs, businesses need to innovate and assume a proactive role in retaining clients.

Myriad studies have found that acquiring new customers can cost as much as five to seven times more than simply retaining and growing the value of existing customers. The fact that profitability tends to increase over the life of a retained customer is added incentive for businesses to allocate more resources to sharpening their customer retention strategies.

Questions for IT vendors to consider when formulating customer retention strategies:

What types of vendor content is most valued during the IT investment decision process?

What are the primary reasons customers in your installed base choose a competitive product or service?

Research results by Forrester and IDC on these issues have been very consistent over the past few years. Customers value financial analyses and justification over product features, demonstrations, references, and thought leadership. And they choose competitive products primarily because they're unhappy with the service and frequency of communications they've received from your company. Said another way, a lack of quality service and communications opens the door for a competitive take out and can bring product performance issues to the forefront that might otherwise have been resolved.

The following customer retention strategies will give you some inspiration and practical examples to help you improve your customer retention rates. They address the above mentioned problems and provide you with actionable tips you can implement today to maximize your customer retention.

Setting Customer Expectations

The first step to building better customer retention is to set client expectations early - the earlier the better. Shannon Kohn from Datto wrote a great article highlighting the importance of companies' setting expectations through service level agreements (SLAs).

A great way to foster loyal customers is to “under promise and over deliver” on the expectations you originally laid out in the SLA. For instance, Datto states in its customer SLA that any ticket submitted with an “urgent” priority will receive a response within one hour. In reality, the response time on those tickets is closer to five minutes.

By setting expectations early and a tad lower than you can provide, you can eliminate uncertainty as to the level of service you need to offer to ensure your clients are happy. This clear vision enables your company to build KPIs around specific expectations and ensure you are always over delivering.

Clients tend to remember negative experiences. So if you have over-delivered on the past 20 occasions, but you under-delivered once – your client will no doubt quote that negative experience as a reason to cancel his or her contract with you.

On the sales side, invest time/resources to understand your customers' tech pain points. Every decision to buy new equipment or replace legacy systems involves consideration/planning from IT, Finance, and Operations. If direct sales only shows up to announce new products or channel sales only responds when customers request information, then the frequency of communication isn't sufficient to establish meaningful relationships. Frequent communication will lead to an expectation that OEM sales will regularly touch base with customers and customers will begin to believe that sales is an ally rather than an adversary.

Together, this over-delivered form of customer relations from sales and service can make a tangible contribution to customer retention.

Be the Expert

Businesses today are becoming more and more dependent on outside services to run or support their operation. No matter what industry, if you can be the expert in your particular field, you will likely retain more customers.

If you want to build trust with customers, identify industry-specific problems currently facing those clients and offer relevant advice based on your specific expertise. For example, data security is a hot topic in today's IT world. If your company is in the hardware/software business, your perspective and advice on security issues might be of value to your customers.

Give your clients a quick courtesy call – inform them of upcoming changes that affect your equipment and their business. This proactive, personalized approach will bolster customer loyalty and render other customer retention strategies more effective.

Chris Herbert, Managing Director of Effective IT, an Australian IT company with some of the highest 'Partnership' scores worldwide (as measured by Client Heartbeat) states:

"Being a trusted adviser takes time and a real focus on becoming an integrated part of our client's businesses. We want to be their one stop technology advisor and that means you have to be comfortable helping them with everything from their new servers to scheduling and running strategic meetings. Above all else, I think the reason we have such high partnership scores is our customers trust us implicitly. **We always give them proactive unbiased advice even if we don't make much money in the short term.** We know the names of all of the staff that work for our clients. Even something as simple as popping in when one of our team is in the area for a quick, free walk-around builds trust – so they don't think every time you appear you are selling something or on the clock. If you put their interests first, eventually you are rewarded with trust, and that is the most important part of a long term partnership."

Customers appreciate a business approach to sales/service that considers financial, operational, and environmental factors as well as IT issues.

Relationships Build Trust

As the age old saying goes, you do business with people you trust. Trust is essential in business, and building relationships with clients will garner that trust.

Various studies have confirmed that trust is built through shared values – and as it grows, commitment tends to grow along with it.

So what are shared values?

Cultivating shared values means taking an interest in your clients and their business. Do some research on their business, understand how you play a role in their day-to-day activities, and use this information to strengthen your relationship. A good way to start is by asking one simple question the next time you stop by for a quarterly check-up.

“What differentiates you from competitors?” Once they answer, remember that and make a note to do some extra research and find ways that you can assist them with strengthening that point of differentiation through the services you provide. Give them a follow-up call the next week and let them know what you came up with. This shows you have a shared value and are genuinely interested in their business.

Simply providing a product or service is no longer sufficient– the competition in your market compels you to start building shared values with clients showing you have a genuine interest in them personally, in their company, and in their success.

Relationship marketing is a term that has popped up everywhere in the past couple of years. “Anticipatory Service” is a cornerstone for most relationship programs that hope to achieve advocacy as their primary goal.

Implementing Anticipatory Service

Anticipatory service is a proactive approach to customer sales/service. Instead of waiting for problems or opportunities to occur, a company that features anticipatory service in its retention program can eliminate problems before they happen and offer customers business solutions to help them win in their marketplace.

To achieve and maintain this harmonious relationship, today’s companies must establish a dialogue with customers that shows an awareness of their information needs and respect for their communication preferences. The more contacts made with a customer, the “stickier” that customer becomes. When customers consistently receive and benefit from valuable information, this stickiness can form a durable bond of loyalty.

One idea you can implement today is a quarterly on-site check-up of legacy equipment that might now be underperforming or requiring an over-allocation of maintenance budget. Using Sales Analytics SAFARI platform, sales can present detailed actionable proposals to replace old systems that feature actual customer hardware, maintenance, and contract data. Factors in these proposals can be adjusted on site to account for specific customer requirements.

By being proactive, you can save yourself a lot of reactive problem fixing and build the perception that you are the type of company that consistently offers 'anticipatory service' with your customers.

Make Use of Automation

Service and sales can both benefit from today's automation tools that transform time-consuming manual tasks into standardized into repeatable electronic processes. OEMs that leverage automation are able to keep in touch with customers minimizing downtime and keeping their equipment performing at a high level.

By standardizing your processes and setting expectations for service levels, you can increase customer loyalty, which will lead to improved customer retention rates.

Proactive SAFARI Refresh Proposals can be delivered direct to field sales or end customers via Salesforce.com or most marketing automation systems. Automation effectively multiplies your sales resources and extends your reach – to potentially include every installed base customer worldwide.

Go Above & Beyond

Oftentimes, companies overlook how important this is. Going the extra mile for your customers is an easy way to build strong relationships. As a service business, you have countless opportunities to woo your customers and transcend the minimum. If your clients know you are prepared to go above and beyond, they will stick with you when competitors start knocking on their door.

Here are a couple of ways you can go that extra mile for your clients: Pay attention to what your customers want and make their issues your issues – be proactive in addressing them. Isolate potential issues and fix them before they become problems.

Deliver new equipment proposals based on your knowledge of the customers' needs and objectives.

Retain More Customers

The aforementioned customer retention strategies will empower you to not only strengthen your client relationships but also boost your bottom line.

The Values Institute, a Virginia-based think tank determined that today's most trustworthy brands have fostered emotional relationships with their customers. How did these firms develop that sense of trustworthiness over others? TVI examined the five key values used to measure trustworthiness and how to incorporate these values into strategies and sales communications.

Ability: Your ability to provide a reliable product or service can make your name recognizable and trustworthy. Think about how messaging positions your company as a market leader and differentiates your brand from the competition.

Concern: How effectively are you considering your customers' needs? When an OEM applies its core capabilities to advance customer success it has a competitive advantage. Consider how your company shows concern for customer needs and be sure to showcase these qualities in your sales activities.

Connection: If customers feel a connection with a product or brand, they are more likely to spread their positive feelings through word of mouth or testimonials. Customers are more likely to trust a brand when they understand how your products and services solve their key business problems.

Consistency: Maintain a steady drumbeat of sales activity. This means not only a consistent brand message and identity, but also announcing achievements with products or services on a relatively regular schedule.

Sincerity: Preserving transparency with customers helps build brand confidence. Make sure to be open and honest about your product, and helpful as well. Remember, customers are humans too and appreciate an honest, personal touch that focuses on their specific issues.

Proactive Refresh Proposals

SAFARI provides a detailed financial proposal for each upgrade opportunity that analyzes each upgrade path applicable for the existing product. If an existing product has three potential upgrade paths, for example, SAFARI generates a document for each path. **This is the type of proposal most valued by customers.**

Salespeople can use these sales-actionable proposals to create an official offer that function as conversation starters with end users. The salespeople and end users can then determine the preferred upgrade path they want to pursue and further explore the specifics.

SAFARI initiates the proposal process by presenting the financial justification for each upgrade path. This typically results in a shorter sales cycle and a high probability of success. Once the SAFARI Platform is in place, sales can monitor the aging of it's installed base and send or deliver viable proposals direct or via channels to every customer once per quarter. Because the proposals are customer-centric, most OEMs see an increase in customer retention rates, brand loyalty, and sales referrals.

About Sales Analytics

Established in 2002, Sales Analytics, Inc. (SAI) specializes in helping companies manage the technology-buying lifecycle of their customers in the critical areas of technology refresh and customer-information systems.

Based in Morgan Hill, California, SAI uses unprecedented computer modeling to identify actionable and immediate selling opportunities — a breakthrough in the management of a company's customer install base.

Our ground-breaking technology is coupled with our commitment to earn the trust of, and build long-term relationships with, our clients. Our high-touch customizable approach empowers organizations of all sizes the framework and knowledge to grow their sales and marketing, and maximize their customer install base revenue and satisfaction.

Sales Analytics, Inc.
Mt. Pleasant, SC

Contact: Kerry Roller, President
T: (888) 725-3772
E: success@salesanalytics.com
W: www.salesanalytics.com