

## Customer Retention = Increased Revenues and Customer Lifetime Value

Costs less than acquiring new customers.

Increases profits.

Greater ROI.

There is no question that customer retention makes great sense for every company, including yours. And during the pandemic crisis, now is the time, more than ever, to implement or renew efforts in this area.



## Customer Retention = Increased Revenues and Customer Lifetime Value

### Why are customer retention initiatives so valuable to your sales team and company?

1. **Marketing effort at less cost** – Because you've already converted the customer at least once, when you retain a customer your marketing, advertising, lead generation, and promotion are a fraction of the cost of acquiring new customers.
2. **Less sales and marketing efforts required** – You'll spend less time and effort retaining and maintaining the current relationship with them. You may be able to simply extend your current products and services to them.
3. **Great benefits of a loyal customer** – Current customers who remain with you over a long period of time, form lasting relationships with you. This is the time to turn them into brand ambassadors.
4. **Customer Reviews** – In today's day and age, we all rely on peer reviews before we make a purchasing or engagement decision. Studies show that satisfied customers tell an average nine people about their positive experiences. The number is far higher when sharing a negative experience – dissatisfied customers talk to an average of 22 people.
5. **Listen, capture, and process customer data** – Take advantage of your engaged customers to better understand them and their needs. This can also help you understand other similar companies to your customers on which to focus your prospecting efforts.
6. **Room for improvement** – This is also an opportunity to fix existing problems and improve products, services or processes as you listen to your current, engaged customers.
7. **Higher value purchases** – Studies have documented that increasing customer retention rates by 5% can increase profits by 25% to 95%. Plus, repeat buyers spend an average of 33% more than a new customer.
8. **Customers gain value over time** – Studies have shown that the typical returning customer will spend 67% more by their third year of their engagement with a company than in their first six months. Therefore, long-term customer retention and the lifetime value of that customer will increase.
9. **Competitive advantage** – By retaining your customers, you will reduce competitors' opportunities to acquire your lost customers. Why make their jobs easier for them? Keep your customers and the accompanying revenue.
10. **Higher conversion rates** – You already have a relationship with existing customers. You understand their needs and they have purchased products or services from your company. Unless they have a negative experience, there is every reason to maintain this customer.
11. **Customer retention can aid customer acquisition efforts** – With happy, loyal, engaged customers, you can help your customer acquisition efforts through word-of-mouth and referrals. This a big advantage to any sales team!

The question is not why would we concentrate on customer retention? The question is why wouldn't we put a very large effort towards customer retention? The data is clear!