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Opinion: Recession marketing - time to prove our real mettle

by Alan Thorpe, Brand Republic 04-Nov-08, 16:45

We all know that winning new customers is essential for business growth – the creativity that goes into delivering a successful campaign makes us all feel good.

"Ours is better than yours", "look what a big rise in sales my genius has delivered this year" and so on are all ego-boosting outcomes of clever acquisition drives.

In some cases, the campaign itself can take the credit, even when the major factors in success are the prevailing market conditions or an excellent product.

It is fair to say for many that in good times customer acquisition scores more highly than the somewhat less sexy areas of customer growth and retention.

From a pure numbers perspective, this has always been an odd situation.

Let us face it, we all know acquisition is the most expensive part of the customer relationship, yet somehow, for many businesses, plugging the bucket to stop existing customers dripping away has been shoved behind the sofa – it is not 'front of house'.

Perhaps the good times partially explain why CRM as a concept went out of fashion.

That has all changed now. For many organisations, and perhaps financial services providers in particular, winning over new customers has become difficult and complicated, meaning that it is now time to use limited budgets to shore up existing relationships.

Of course, this is not the case for all brands, with some still able to play to their strengths to win new advocates – see, for example, the current Nationwide ad campaigns, where the focus is on highlighting long-term customer interest rather than the 'enticing' new customer offers delivered by competitors.

But for most of us it is time to re-examine the maths that support customer acquisition versus customer retention and growth. We need to establish the propensities of customers to leave and determine what it would be worth spending on retaining them for a couple of years -- in short, what it is that makes them brand "sticky".

It is time to focus on mutually beneficial relationships: making it worthwhile for consumers to stay, at a price that secures the business while uncertain times remain. After all, these are the people who have already bought into your brand.

The answer to the current marketing quandary lies in customer-focused strategies. If you do not know simple things such as the identities of your best customers, those at risk of deserting, how many times you have targeted each individual and with which offers, or the overall effectiveness of your customer contact, then you don't have the basic tools with which to construct a "sticky CRM" strategy.

Put bluntly, if you lack this knowledge, you need to get to know your data assets now.

Get your customer data insights in order and use these to develop a suitable CRM strategy. That may seem more strait-laced than sexy, but it could make the difference between your brand living to enjoy the next economic upturn or falling victim to the current hard times.

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