



## **Stem Customer Base Erosion!**

### ***How to Increase the Value of Your Customer Base***

Face it: Your customer base is eroding.

Everyone's customer base shrinks monthly. Businesses close down, change focus, or are sold. Customer contacts change semiannually, on the average.

Unless you're constantly communicating with and updating your customer base, you probably don't know what percentage of your customer base is dead weight!

Customer marketing campaigns stem customer base attrition. They can increase the value of your customer base. And with the price of new customer acquisition skyrocketing, customer-marketing campaigns are practical.

Successful programs are efficient and effective when customers perceive value and they are likely to respond. There are three fundamental tactics:

- (1) Rank your customer database into three categories (hot, medium, low) by value. The criteria should be when they last purchased from you, how frequently they purchased in a given time period, and their average sale.
- (2) Engage your customers frequently with valuable information. Be sure to touch your hot customers more frequently than your medium customers, etc.
- (3) Develop promotions to drive sales activity of your customers. In order to retain your highest value customers while increasing the overall value of your customer base, provide the high value customers with the lowest value offer, etc.

Don't assume that the strategic development and management of customer marketing campaigns can be achieved by following a series of steps. As customer relationships and market competition morph, customer marketing and incentives must respond in a strategic and timely manner. Having an efficient communication process in place can make the difference in your message-to-market.

Your customers can drive innovation and new market development. With trusted exchanges, you'll gain insight in to their forecasts and business challenges. Frequent customer base analyses can deliver primary market data, and flag early defectors.

Customer marketing is a long-term tactic that encompasses each organization's value proposition, marketing objectives and distribution channels. Each campaign within customer database marketing must declare benchmarks and ROIs prior to launch. And each initiative must be tested, analyzed and modified.

If you'd like preliminary information on how a customer-marketing program would work in your enterprise, give me a call!

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