

Are you Enhancing or Diminishing the Relationship with Your Customers?

Author: Brett Dashwood edp

We all know there is a cost to acquiring a new customer and so many studies in so many industries tell us that it costs 4, 5, 7, even 10 times or more to acquire a new customer when compared to retaining an existing one. Understanding the retention value of your customer and the effectiveness of your customer communication is vital.



We all know there is a cost to acquiring a new customer and so many studies in so many industries tell us that it costs 4, 5, 7, even 10 times or more to acquire a new customer when compared to retaining an existing one.

Our clients have been telling us they want us to help them to create more engaged customers that will “hang around” for longer.

When looking at YOUR customer communication, we understand that you want to be efficient, saving as much time, money and other resources as possible. You want to minimise both the expense and impact of meeting your (often regulatory) obligation of delivering this major communication you have with your customers.

With this in mind, we work with our clients on everything from data to delivery; covering preparation, processing, production and delivery of their customer communication. We trust that being efficient in these areas is the goal of every organisation...but unfortunately this is where many stop.

Understanding the retention value of your customer and the effectiveness of your customer communication is vital. Not only how efficient the process of creating and delivering your customer communication is within your business, but also how effective this customer communication is in driving your customers towards the goal of becoming engaged “raving fans”. **Turning obligation into opportunity.**

If you send invoices or statements to your customers on a monthly basis, then we can comfortably say that you have at least 12 interactions with your customers every year (BTW, does this make your monthly statement the major communication you have with your individual customers?)

cont...

When you look at these 12 interactions, would you say they are:

- **Enhancing** the relationship you have with your customer,
- **Holding** the relationship you have with your customer, or
- **Diminishing** the relationship you have with your customer?

We have found that the best ones enhance, they sometimes hold, but **they usually diminish**. And the reason they diminish is because they are doing nothing to show the value of that customer to them.

*Every time you **personally** receive invoices or statements from your own suppliers and service providers – whether physically or digitally – are they Enhancing, Holding, or Diminishing their relationship with you?*

Does your customer communication Enhance, Hold, or Diminish the relationship you have with your customers?

I recall consistently receiving offers from my telecommunications company that definitely diminished their relationship with me. It seemed like every second month I would receive an offer to “pay your bill the easy way”, with the suggestion that I go on direct debit – which I had already been doing for years. And what seemed like every other month, I would get an offer for a bundle deal. I was of course already on a bundle, and the deal they were offering me would have given me less than I was currently getting and would cost me more than I was currently paying!

As a consumer, have you ever received an offer that wasn't relevant to you, or worse still, have you been offered a deal that would cause you to be worse off than you currently are?

This led me to feel that my value to them was not much more than the payment I gave them every month. And over time, I that realised they were commoditising their own service, because if someone came along and offered me the same service for \$1 less, I would change.

They made our relationship transactional, and worse for them, it used to be the case that unsatisfied customers would tell 10 people, now in the world of social media they tell 10,000!

In the 1980s, the President of Scandinavian Airlines, Mr Jan Carlzon wrote a book called Moments of Truth. In it he gave the example that each of their 10 million customers per year came in contact with approximately five Scandinavian airlines employees and that this contact lasted an average of 15 seconds each time.

Carlzon proposed that these 50 million, 15 second “moments of truth” were the moments that ultimately determined whether Scandinavian Airlines succeeded or failed as a company. 50 million quick opportunities to prove to their customers every year they were the best option.

How many “moments of truth” do you have with your customers each year?

Are they Enhancing or Diminishing the relationship with your customers?

Want to know more?

info@documentinstitute.com