



THE GREAT DEBATE:

Customer Acquisition vs. Retention

How to Balance?

Should you concentrate on gaining new customers, or put all your energy into keeping the ones you already have? The truth is that a balance between the two is required.

Here are some ideas to help you walk that fine line.

Did you know..?



40%

It is estimated that nearly 40 percent of an e-commerce business's revenue comes from repeat customers.*



20 hours

The average small business owner spends approximately 20 hours a week on marketing.**

< 20%

Research shows that businesses have a 60 to 70 percent chance of selling to an existing customer, compared to a less than 20 percent chance for a new customer.***



60%

According to some experts, a well-established business should concentrate about 60 percent of its marketing resources on customer retention. On the other hand, new businesses should devote the bulk of their efforts to acquisition.****

Customer Acquisition

Customer Retention

Benefits of Customer Acquisition

- Grow your customer base
- Offset customers lost to attrition
- Access more opportunities for internal investment
- Execute marketing plans easier



Benefits of Customer Retention

- Loyal customers can recommend you to others
- Customer retention tends to be less costly
- Direct marketing methods reach them faster
- Frequent customers provide you with more feedback



Channels Used to Gain New Customers

- Print advertising
- Direct mail
- Social media outreach
- Radio and television ads
- Search engine marketing
- Email



Channels Used to Keep Customers

- Loyalty programs
- Focused email marketing
- Attentive customer service
- Customer engagement surveys
- Print/direct mail advertising
- Text messaging



Dangers of Focusing Too Much on Acquisition

- More expensive than retention typically
- New customer pool may be limited depending on your market
- Business type may be better suited to repeat customers
- Existing customers may feel neglected and drift away



Dangers of Focusing Too Much on Retention

- Business growth may stagnate without new customers
- Customer replacement may be more difficult if you lose any
- Less room to grow without new revenue streams
- Traditional marketing efforts may be ignored



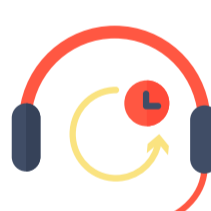
Critical Items to Focus on for Acquisition

- Use content marketing to build your brand and be recognized as an authority in your field.
- Find out who influences your customers and work on connecting with those influencers.



Critical Items to Focus on for Retention

- Collect metrics that matter, such as your repeat customer rate and their purchase frequency.
- Invest in customer support initiatives such as online chat to help resolve issues quickly.



How to Get It Done

Customer Acquisition

- Define your target market
- Personalize your messaging
- Acquire customers by networking or advertising
- Leverage social media
- Make every customer experience exceptional
- Use a multi-touch approach

Customer Retention

- Know your customers
- Personalize offers
- Ask for feedback, act on findings
- Offer customer service "surprises"
- Respond quickly to inquiries or complaints
- Use marketing automation to re-engage customers

Tips for Balancing Acquisition With Retention



Concentrate on quality.

Attract new clients and encourage existing ones to stay with exceptional service and products.



Engage with current customers.

Make your existing customer base feel valued by asking them to spread the word about you through online reviews.



Embrace online marketing.

Use social media to connect with new customers and focused email to reconnect with existing ones.



Evaluate your customer base.

Dive into your data to find out which of your current customers are really worth holding onto and which are not.



Get personal.

Send handwritten notes to existing customers for effective marketing that helps build strong word of mouth.

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