



Customer is always right

A direct marketing conference has urged firms to engage more with their customers to develop a lasting relationship, writes **James Enright**

Customer retention has become increasingly difficult for companies, with price being the key issue for holding onto business, a conference was told last week.

Speakers representing some of Ireland's blue chip companies told the conference of the importance of building meaningful relationships with customers and listening to their needs to gain a competitive advantage. Organised by the Irish Direct Marketing Association (IDMA), the conference focused on how to actively engage customers, enhance loyalty and reduce marketing spend by turning customers into brand advocates.

"It's a well-known fact that it costs less to retain your customers than acquire new ones," said Brian O'Kennedy, chairman of the IDMA.

"We're seeing a shift in focus from acquisition to retention and loyalty strategies in Ireland. While many organisations are embarking on this path to customer loyalty, they are still looking for best-in-class learnings to ensure that the strategy actually delivers to the bottom line."

Speaking at the event, Cathy Summers, executive manager of customer experience and targeting at Aviva, said that price drove 60 per cent of decision-making, "so having an affordable product is crucial".

Summers said that Irish people were four times more likely to switch insurance policies than Americans, and five times more likely to switch than the French.

"This makes it difficult to retain customers, particularly

as half of all customers now deal directly with a broker," she said. "The market is also shrinking, and every other ad on TV is for an insurance company."

Consumers are looking for value now more than ever, and conversations are more likely to deviate towards bargains or customer service.

"Word of mouth is far more relevant now than it was in the past," Summers said. "People like to boast about a good deal or a product experience. We have a 25 per cent higher retention rate among customers who have been referred to us."

While retention of customers is an annual event in the insurance industry, it is influenced by the same drivers as other industries. These include price, product quality, customer service and reputation.

Loyalty is more difficult to ingrain in customers.

"Retention is very much based around renewal of policies, whereas loyalty is a much longer term thing and it's got more emotion involved," said Summers. "If you think about the brands that you would be loyal to, there's emotion there – you feel connected to that brand and it influences your decision-making."

Jonnie Cahill, head of marketing at Telefonica O2 Ireland, said that companies must respect their customers and seek a shared purpose in a belief that the company and the consumer were standing for something together.

Cahill was responsible for O2's 'Be the Difference' campaign for Irish rugby, which allowed fans to upload personalised team talks onto the company website. Supporters were also able to register their support online, with their names being used to make up the actual numbers on the back of each player's jersey.

"The campaign aimed to bring supporters even closer to the team during the championship," said Cahill. "Making customers feel like they are a part of the brand is crucial in forming loyalty."

Cahill said that emotional

loyalty, in which a customer develops preferences for a product based on their appeal to the individual's values, is the most valuable form of loyalty for a company to develop. "If all you've got as a brand is functional benefit, you're dead. Someone else can always be a euro cheaper or a megabit faster," he said.

"You need to connect with your customers, tap into friendships and wrap your product in its emotional benefits."

Superquinn reactivated its reward card programme in a bid to entice customers back to the brand.

It researched extensively to identify why customers had stopped shopping and put a strategy in place to give loyal customers instant money off instead of the points system operated by other supermarkets. The initiative yielded over €1 million in incremental sales in its first year.

"Listening to your customers and identifying their needs will create a loyal relationship," said Kay Price, customer relationship manager at Superquinn.

"Brands must understand why a customer leaves and focus on a strategy to encourage them to come back. And when they do come back, it's important to incentivise and reward loyalty."



Amie Peters, IDMA and head of direct mail, *An Post*; Kay Price, CRM manager, Superquinn; Cathy Summers, executive manager, customer experience and targeting, Aviva; Sarah Bean, general manager, Coty Ireland; Jonnie Cahill, managing director, Telefonica O2 Ireland; and Leanne Papaioannou, managing director, Chilli Pepper Marketing