

Chapter 8

Customer Acquisition Management Strategies

ABSTRACT

Achieving customer retention and loyalty is vital for the success of the company; however, acquiring new customers has to be considered equally significant to the customer retention process. Since the company's ability to grow its customer base determines the long-term success of the company, companies need to consider customer acquisition as an ongoing process. Customer acquisition management process involves identifying, attracting, and retaining potentially profitable customers. This chapter starts with examining the phases of the lead management process. Understanding customers is seen as important for effective lead management. After explaining the lead generation and lead nurturing within the context of lead management, this chapter ends up with underlining the importance of lead management automation for customer acquisition.

INTRODUCTION

The ultimate purpose of CRM strategy is to maintain customer retention and loyalty in order to survive in an ever-changing landscape. Companies' executives prioritize customer acquisition, expanding wallet share of existing customers and customer loyalty as their top customer business objectives through 2015 (LaValle, 2013). However, in the absence of a well-developed, focused and successful customer acquisition management, companies cannot achieve their ultimate purpose of customer retention and development (Ang & Buttle, 2006). Loyal customers are the lifeblood of companies and acquiring new customers has to

be considered as an ongoing process and equally significant as customer retention process. A successful business strategy needs to focus on both growing the customer base by acquiring new customers and providing excellent customer experience to them in order to generate more revenue from keeping customers loyal. Since the company's ability to grow its customer base determines the long term success of the company, companies must actively seek new customers (Merrill Lynch, 2013).

Customer acquisition management is the set of methodologies, systems, and practices to manage prospects and inquiries, which are generated by a variety of marketing techniques such as

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marketing campaigns or event triggers, in order to help companies generate new potential businesses. Customer acquisition is the process of identifying, attracting and retaining potentially profitable customers. While managing customer acquisition, companies require to consider which potential customers to target, how to communicate with them and what to offer them (Buttle, 2004). Identifying an ideal customer portfolio, exceeding customer expectations, becoming a trusted partner, establishing consistent communication with customers to find out unmet needs, opportunities, and deliver customized offers, addressing customer satisfaction issues, and implementing CRM technologies can be considered as essential tools for acquiring new customers. According to the Bank of America Merrill Lynch white paper, the analysis of the current customer base provides guidance for developing a customer acquisition strategy. It is important to attract right customers to the company to ensure long-term profitability and harvest the benefits of relationships with loyal customers. With the analysis of existing customer base, company can predict expected annual profitability and lifetime value of its customers, rank customers based on their profitability, identify customers who are critical for the company's success and estimate the customer acquisition costs and time. The analysis of current customer base reveals the company's ideal customer profile; so that company can spend its efforts to acquire customers who are within the scope of this ideal customer profile. While identifying the ideal customer profile, company can consider its customers' revenue generation capacity, growth potential, and potential to bring customer referrals (Merrill Lynch, 2013). The process of converting potential buyers into customers can be handled by using CRM technologies. Implementation of CRM technologies allows the company to access 360-degree view of the customer that will help the company identify and target prospective customers and generate customer insight that can be used to create effective marketing campaigns.

Customer insight that is provided by CRM technologies also enables the company to deliver outstanding services. Delivering outstanding customer service and experience allows the company to retain customers as well as acquire new customers. Customers, who are satisfied with the company's exceptional services, are often willing to recommend the company's services to their friends. Delivering excellent customer experience generates customer retention and referrals. Since satisfied loyal customers are excellent referral source, leveraging loyal customer relationships is a cost-effective customer acquisition strategy for reaching out to new prospects. Therefore, companies can transform retention into a powerful acquisition tool by delivering outstanding customer experience (Merrill Lynch, 2013).

Worrell (2012) indicates seven critical stages in securing new customer acquisition:

- Know
- Like
- Trust
- Try
- Buy
- Repeat
- Refer

Customer acquisition management process starts with creating awareness about the company's products and services. In order to turn a prospect into customer, prospect must know about the company. Creating awareness can be achieved by variety of ways such as advertising, public relations, trade shows, direct mail, newsletters, social media, cold-calling, word of mouth, and other marketing activities. Since customers seek relationships that are pleasant and want to do business with companies that they like, companies should focus on establishing pleasant and entertaining interactions with prospects. For instance, companies can develop entertaining interactions with prospects through social networks or deliver pleasant experience by inviting prospects an event

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