

The buck starts and stops with the Marketing Manager

'The only way to make money is having your customers stay with your company. In order for them to stay, customers must be satisfied. The marketing manager's job is, above all, to make sure that customers are satisfied.' - Henry Whitney, quoted by theMARKETINGSITE.com in their article about the marketing manager's responsibilities.

A statistic from a Direct Marketing magazine: "... a 5% increase in customer retention increases profits by at least 25%."

The Marketing Manager

It is the marketing manager's responsibility to ensure that a company retains its customers. He or she is the one with the necessary skills, experience and resources. Customer retention must be the marketing department's principle responsibility. If the customers stay, the odds are good sales, new clients and increased profits will follow.

A marketing manager should be measured by constant ratios and renewal statistics. The measurement should not be across the board. There should be ratios for each customer segment within geo-demographics, product and services and any other segmentation a company considers important. We know that all customers are not equal.

Acquisition costs and lifetime value of a customer

It has been said that 50% of Fortune 500 companies do not know what it costs - everything included - to acquire a new customer or how much it costs to sell a product (or service). Nor do they know the lifetime value of a customer.

A company that does not apply the acquisition cost concept will make no special effort to retain its clients. On the contrary, they will choose to continuously recruit new customers rather than retain their existing one. It costs much more to recruit a new customer, but it is less hassle. In the long run this approach is a recipe for disaster.

Will an investment in a customer management program yield any returns?

Yes! However, there are certain basic principles a marketing manager should know - study these vital 5 points:

1. The success of a business depends on knowing your key customers. As the Pereto Principle clearly demonstrates, businesses know that all customers are not equal. Viewing customers individually is the key to relationship marketing.
2. The marketing manager should take the lead in setting up the systems, policies and procedures that will allow a company to identify all the business dealings or transactions they have with each customer.
3. From the start build a marketing database and not just a credit-information database. Appoint a qualified person in your marketing department to be the custodian of the marketing database.
4. Use the well-known RFMP/S formula to segment your customers into groups according to their

importance to you. (Recency, Frequency, Monetary and Products/ Services).

5. Once you have your customers segmented, you can start implementing your customer management program.

The following basic principles must be taken into consideration:

- * Set the right objectives and quantify them
- * Segment your customers into niche markets
- * Plan your offers to each niche in line with your objectives
- * Select your communication mediums based on results and ROI, return on your marketing investment
- * Test, analyse and evaluate each medium used in your integrated marketing communication program
- * Set a budget (fixed, variable, front-end and back-end costs) for each and every campaign
- * Train and inform all of your employees on all marketing activities and tell them what is going to be expected from them
- * Co-ordinate, communicate and plan every action in detail and ensure that follow-up procedures and systems, with the resources to manage them, are in place
- * Know how many times you have to contact your customer to create a desired action
- * Ensure that your company is customer focused rather than product focused

Henry Whitney described customer satisfaction versus customer service as follows: "There is a great difference between satisfying a customer and servicing a customer. Satisfaction is what the customer wants. Service is what you give to satisfy them. One is the action; the other is the result. What counts is satisfaction."

He also said that, "the only people who can authoritatively tell you what the customer wants is the customer. So ask. If you have up-to-date acquisition cost and lifetime-value information, you will quickly realise that your success depends on customer satisfaction. It is the only way to easily increase profits. Customer satisfaction is a marketing responsibility."

In short, a marketing manager should take into consideration that their job is to:

- * Satisfy customers
- * Strive towards making a customer rather than making a sale
- * Cultivate present customers
- * Re-activate past customers
- * Reach out to new customers
- * Know what the best means of cost-effective, response-driven communication is
- * Know that all their efforts are a 50/50 combination of disciplined effort and creative fun.

Take care and remember what David Ogilvy said: "When people aren't having any fun, they don't produce good work."

Conceived and initiated in South Africa by Winnifred Knight and Luisa Mazinter, theMARKETINGSITE.com is a global marketing information and networking portal with a huge database of marketing, sales and communications content, business applications and more...

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