

# Marketing to the Mature Marketplace

Your Pathways to Success in Unlocking the 50+ Market

## Retention Marketing

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The Industry  
Expert on the  
50+ Mature  
Marketplace

*"There's the difficult to follow, then there's the impossible. Don's presentation was amazing..."*

**Jake Haycock**  
President, Widex  
Canada

Having been self-employed most of my career I know the life to be *Pavlovian* in nature – the phone rings, you salivate and off you go in search of next month's mortgage payment or shoes for your kids' feet.

But comfortable as I am in that existence, experience offers less comfort when applying this same "Hunter-Gatherer" style to the business of marketing.

Given the conditions in which professionals now compete, spending major resources in a continuing effort to attract new customers can become just a fast-track exercise in diminishing returns.

Perhaps more importantly, it disregards the one fungible asset they, and they alone, possess:

Their customer database.

When viewed through that light, the logic behind **Retention Marketing** (a.k.a. Loyalty Marketing or Relationship Marketing) is especially clear. There is ample evidence showing how much easier -and cheaper- it is to attract existing customers than new.

Short-term, Retention Marketing can provide immediate revenues while requiring that far fewer marketing dollars be invested in that effort.

Long-term, it can provide a foundation for sustained growth. An example of that is what is referred to in the language of Marketing as the **3 Stages of the Patient Life Cycle**: 1st-time Customers, Repeat Customers, and Customer Advocates.

The benefits of Customer Advocacy are many:

Customer Advocates stay with you longer, even through occasional times of difficulty. They're usually willing to pay slightly higher prices as well, because the focus turns toward the relationship you've created, rather than the price of what you're trying to sell.

**Customer Advocacy** is also where new revenue streams can be found, by way of new customer referrals and increased after-market purchases.

All of which are possible through Retention Marketing.

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And a successful Retention Marketing program begins with knowing your database.

Back in the 1970s, non-profit organizations developed what's come to be known as **RFM Modeling**, as a way of mining their databases to learn as much as they could about their individual donors.

In RFM Modeling, **Recency** denotes the last time you had contact with a donor (i.e. customer); **Frequency** denotes the number of contacts within a given timeframe and **Monetary** denotes the total dollar volume of those contacts.

The next step in RFM Modeling was to develop rankings, known as Quintiles, in effect breaking a database into five groups, the highest rankings at the top, the lowest at the bottom.

What can this kind of information get you, when applied to marketing?

Once you've identified the five groups, be prepared to spend more Service dollars on your top Quintile – offering an extra premium or gift for Free, not charging or charging less for simple repairs, securing overnight delivery as opposed to 3-Day.

Why? To keep them in the top Quintile.

Also be prepared to spend more Marketing dollars on your 2nd Quintile – personalized invitations to special events, surprise gifts as Thanks Yous, 4-color Marketing materials as opposed to 2-color.

Why? To encourage them to become part of the top Quintile.

And in the end, you should also be prepared to spend far fewer Marketing dollars on your bottom Quintile – or perhaps none at all.

You can also use an RFM-type system to identify the Purchase Bias of your customers. For example, a history that includes making an appointment for that last Repair Special (Recency) or always keeping appointments for check-ups (Frequency) may suggest a Purchase Bias toward Service.

Whereas, a history of always buying high-end products (Monetary) may suggest a Purchase Bias toward Technology.

The key, once this information is in hand, is to develop not just one, but also a series, of offers to target that Bias.

If putting any type of RFM system in place proves unworkable, there are other Information Sets - **Family History, Job Environments, Military Service, Memberships**

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**in Community Organizations, Hobbies, Honors & Awards**, for example, that you can extract in an effort to increase results.

No matter which database mining tools you decide to use, in essence, what you're doing is creating a system by which you can identify and appeal to your customers as individuals, rather than as part of a group.

And to that end, as part of my work as a Marketing Consultant, I'll provide not one, but a half-dozen sales letters, not one, but a half-dozen postcards, all designed to target specific segments of a database.

Other Retention Marketing programs you may want to add to your Marketing mix include **Preferred Customer Focus Groups** that combine sales opportunities with marketing insights, **Extended Warranty Programs, Frequent Buyer Clubs, Referral Rewards**, and, **Customer Newsletters**.

If you produce your own Newsletter, think about dedicating one full page as a "Reader's Page", giving customers and family members the chance to offer favorite recipes, stories about vacations of a lifetime, or notices of upcoming community activities, all of which offer "soft testimonials" to the quality of life improvements possible with the products and services you provide.

Because in the end, everything talked about here, from the complex to the simple, is about using the relationships you, your staff, and your marketing dollars have created, to ensure your customers keep coming back to you.

Something no one else in your marketplace, nor any marketplace condition, can take away.