

## Customer Reactivation, Why Not?

There are great reasons why not! There are two sides of customer reactivation we need to look at –

1. Why customer reactivation is a valuable strategy
2. How to begin customer reactivation efforts

It is important as a successful company and sales team to go beyond the statement “every customer matters to us”. This is not a unique position to take and frankly, isn’t this everyone’s mantra? No company wants to lose customers, therefore every customer matters. But we need to think well beyond a standard statement and belief.

When companies look at customers and prospects, there are three categories they fall in – acquisition, retention, and reactivation.



**Acquisition** is the most challenging and most expensive because it is a new relationship and there is time, effort and budget that must go into prospecting and acquiring new customers.

**Retention** is less expensive than acquisition because you already have a relationship and building on that relationship to continue the customer/provider connection requires less overall effort in every aspect.

**Reactivation**, like retention, is also a less expensive tactic and can mean so much to your company’s bottom line if it is part of your overall sales strategy. But it does require a higher level of effort than customer retention because the relationship has gone cold for whatever reason that may be.

### Why customer reactivation is a valuable strategy

- **Cost** – The cost to acquire new customers is 5-7X higher than it is to reactivate a dormant or lost customer. Why would you spend budget unnecessarily instead of making an effort to bring back an “old friend”?

## Customer Reactivation, Why Not?

- **Warm Leads** – Your dormant customer is a relationship you already have. Your lost customer is a relationship you want to renew. This is a big advantage over your competitors who may be trying to acquire these clients themselves.
- **Big Numbers** – It is estimated that, on average, 20–25% of all company past and present clients are inactive customers, meaning they are not generating revenue for you. It makes little sense to ignore this large segment. A dormant or lost customer should be a very warm lead.
- **Brand Awareness** – Because the past customer is dormant or lost, there may be changes that have occurred within their company of which you may not be aware. If you haven't been keeping in touch with them, your brand may not be top-of-mind. Out of site/out of mind is a real thing.
- **An Opportunity to Receive Valuable Feedback** – By contacting lapsed customers, you may learn of problems that existed, but your company was not made aware of them. This is a great opportunity to listen and then make improvements. It is also an opportunity to deepen your understanding of your marketplace.

### How to begin customer reactivation efforts

- **Budget** – Allocate a budget specific to a customer reactivation campaign if this has never been a company focus before. When planning your budget, keep in mind it costs less to reactivate the previous customer than to cultivate a new one, so this budget is just a fraction of the cost of another lead generation campaign.
- **Determine and Prepare Your List** – This segment of customers are contacts you already have. Unless things have changed at your client's company, you have the name, email address and phone number of at least one and hopefully more contacts, in addition to other information like their preferences, pain points, company needs, and products/services they have already purchased. This is also the time to make sure you have the most updated information on your lapsed customers.
- **Reach Out to Your Lapsed Customers** – This is a segment of your business that has gone away over a period of time, perhaps the last 6 months to 2 or 3 years. Call them, email them, send a direct mail to them, and set up an appointment to meet or talk.
- **New Product/Services Announcement** – The timing may be perfect. Your lapsed customer may have had changes over the period of time they went dormant with you. They may have new needs or perhaps need an upgraded product or service from what they originally purchased from you. They may not be aware of new, enhanced products or services you can provide to them to meet their current needs. Timing is everything, as they say.
- **Updates to Current Products and Services** – By always looking to improve your current offerings, you can make a positive impression on a customer who left for greener pastures. You can learn more about why left or went dormant in the first place. They already know your company. It can make a lot of sense for companies to return to a relationship who is now reaching out with open arms.

One of the most basic tactics you can employ is simply to tell your lapsed customers you want them back. You have everything to gain and nothing to lose except to remain in the same, dormant status with them. Make it easy for them to respond to you. Remember that human attention spans are less than 8 seconds, less than the attention span of a goldfish. Do not make them give up on you because the process to respond is lengthy or complicated. And use proven offers to entice them to come back.

**Remember – Customers are not truly lost until you give up and stop pursuing them!**