

True love is engagement: How customers value your business

If there's one thing a business can learn from a celebrity, it's that being famous is not the same as being respected or well liked. That's fine if you're a sports star at the top of your game and your aim is to win the Tour de France, but in business, unless you're a rare genius whose services are in great demand, you can't miss any chance to impress your clients and customers in order to keep them.

The problem is, the art of customer retention is not particularly sexy. Everyone loves the big boost that comes from converting leads into customers, but there's no reward centre in our brains for retaining someone year on year. Business wisdom tells us that customer retention takes 20% of the effort and delivers 80% of the return. So why don't we invest more in the retention process?

A DIFFERENT NUMBERS GAME

Customer numbers tell a story but not the whole story. Whether you sell products or services, the only way to really measure engagement is through use: continued use of your product/service is genuine evidence that customers value it. It applies from gym memberships to moisturising cream.

The same principle applies when evaluating website traffic. Simply looking at the number of impressions tells you how many people were compelled to go to your site, but it doesn't tell you how engaged they were when they got there. Someone who visits your website, finds out they're in the wrong place and leaves in 10 seconds is not the same as a repeat visitor who visits your site daily and spends 10-15 minutes browsing through 3-4 pages. You know the second type of visitor is more valuable to you.

Similarly, the number of likes your page has on Facebook or the number of followers you have on Twitter or Instagram is irrelevant if no one cares to engage with or share your content. More and more businesses are starting to recognise this, and yet it's hard to get this message through when talking about customer retention.

The difference between having a customer and having an active customer is that an engaged, active customer is more likely to stay because they feel they are getting value from your business. If they're not getting value, they'll go.

THE PROBLEM WITH INSURANCE

The problem with active customers for insurance companies is that the business side is set up so that the ideal customer pays a premium and never claims: that's what generates the most profit. We think this is a short sighted way of doing business. It is far better for us to look beyond the individual; by delivering value through engaging customers, we can grow our customer base because those customers see value and recommend us to others.

At the moment we're working on the metrics to identify people who have signed up but haven't used us, so we can prompt them and remind them to make claims. That is a complete anathema to the rest of the health insurance industry but we believe encouraging a healthy lifestyle and encouraging small claims is more sustainable in the long term.

If a customer can claim her gym membership, that claim not only represents the value she gets from us but also means she's more likely to exercise, which can prevent a number of (more expensive) health issues. Using it a little also builds confidence that the system works so if anything big should happen the customer knows we'll be there.

Many people get health insurance because they have to, because it's cheaper than paying the Medicare levy. If we can step away from what is essentially hospitalisation insurance and focus on providing good health insurance—something that actually encourages you to be healthy—that becomes the best value proposition.

WHEN YOU LOOK AT CUSTOMER ENGAGEMENT, CONSIDER THESE QUESTIONS:

?How do we build a greater perception of value?

?How do we communicate to people what they have?

?How do we get engaged customers to become our advocates?

Once you have the answers to these questions, you have the means to improve your business through the strongest love of all: engagement.

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