

Registria Best Practice Brief - Product Lifecycle Marketing **New-found Money through Post-Sales Customer Outreach**



Companies today have to make do with lower marketing budgets, while constantly testing the effectiveness of different marketing channels. In the online arena, the growth of programs like Google AdWords have allowed companies to reap more efficiency from their marketing budget by targeting ads and appealing to potential customers just before the purchase decision.

A similar shift is happening in post-sales marketing – direct marketing after a customer has purchased a product or service – with new tools to target customers throughout their lifecycle, while providing offers when a customer is most likely to convert into a sale.

Despite the opportunity, post-sales marketing for most companies continues to be a static, poorly designed process. Too many companies make little use of the customer information they have collected, due to worries about poor effectiveness and inadequate internal processes. The latter is an especially big challenge, as effective post-sales marketing often involves mining data on customer demographics and product details, while understanding lifecycle events. As a result, companies have far from optimal follow-on sales rates and see little benefit to post-sales marketing, relative to other marketing channels.

The benefits of a *product lifecycle* approach to post-sales marketing are manifold. Companies can increase their conversion rate in their most qualified channel – their existing customers – while building the foundation for a long-term relationship, that leads to more profitable, happier customers. Several companies who have been able to market throughout their product's lifecycle have seen a 20% increase in year-over-year revenue through follow-on renewals or add-on sales. This *Registria Brief* highlights the benefits of lifecycle marketing relative to the status quo and discusses how a company can begin to build up these capabilities. This brief closes with an example of how lifecycle marketing can be used in the IT industry.

Current state of post-sales marketing

The problem today with post-sales marketing is that it too often doesn't effectively target users and match genuine customer needs.

Many companies use a basic approach with a direct or electronic mailing to all customers with the timeframe driven by internal events rather than actual end-user/customer events. Further, even though companies may have customer-level data available – through direct sales, surveys and processes like product registration – they don't regularly use this to increase offer effectiveness.

These post-sales follow-ups are often focused around driving short-term sales, rather than building a long-term, profitable customer relationship. Few companies will send 'thank you' messages, timed solicitations to get product feedback, or a reference of tailored, available resources for new customers. At the extreme, this sales mindset results in some customers being 'blasted' with offers, leading to a high rate of customers opting out of communications – or more glaringly, damaging the customer's view of the company's brand.

Product lifecycle marketing – targeting offers to specific customers based on time since product purchase – allows companies to increase their revenue and build a long-term customer relationship. The ultimate goal with this type of post-sales marketing versus the status quo is to provide purchase opportunities at appropriate times when conversions are likely to be higher, while building a long term customer relationship.

Incorporating product lifecycle marketing within your organization

To be able to market to their product's lifecycle, companies need to build a basic set of processes to track purchase information, understand customer needs after purchase, and effectively target to customer segments.

First, companies need to track the product purchased, the purchase date, and basic demographic data – even when using indirect channels for the sale. This information allows product targeting and enables a company to determine when a product lifecycle begins. This information can be provided through multiple channels including the customer and the reseller. In the case where the product has internet connectivity, the product itself can self-register or “call home.” With well-designed incentives, customers can register the product themselves through a mail-in or online product registration process. In other cases, resellers can be incentivized to collect and send information on the customer and product purchased to the manufacturer. Driving registration rates up forms the basis for a growing database of confirmed end-user data for time-targeted cross-selling.

Second, a company needs to use this information along with the product’s warranty duration, support duration, and/or subscription period to determine what the specific product lifecycle looks like. By following a sample customer, companies can understand their unique needs at different points in the post-purchase process and determine when offers are most effective. For example, support plans may be best offered just before complimentary warranty expiration, while accessories are ideally sold soon after purchase. This lifecycle varies substantially by product, with some products being ideal for lifecycle marketing (e.g., PCs or networking equipment, toys, juvenile products), while others may not.

Third, companies need to mine their data to further understand how to effectively target offers to specific customer segments. For example, companies will target differently to consumers based on location, gender, age, education or income level and anticipated product use. Similarly, businesses that purchase a product are targeted differently from consumers – with further delineation based on company size.

Lifecycle Marketing for an IT Manufacturer

Based on our experience with clients, we highlight a best-practice example of product lifecycle installed base marketing, using the example of UltraPC, a fictional notebook computer manufacturer.

In UltraPC’s case, after a customer decides to purchase an UltraPC notebook, they pick it up at their local electronics store. In both the product package and the first screen after notebook setup, the customer receives a registration offer with a call to action and a compelling value proposition. This value proposition is an additional 90-days of support services that can be claimed once the user registers online within 30 days of purchase. While online forms are ideal as they allow companies like UltraPC to ask targeted questions and confirm/validate contact information, companies also offer customers the option to mail in their registration forms.

Once the customer has registered, UltraPC sends them an e-mail welcoming them to the company and offering them a tailored customer site with links to material that can help them get started, such as support, downloads, manuals, and related accessories. After fifteen days of use, UltraPC then sends a solicitation for popular related accessories at a discount.

Registria is a leader in understanding and maximizing the revenue potential from a company’s existing customers.

Sixty days after purchase, UltraPC sends a product survey with an enticing value proposition, such as a promo code for a future discount at the manufacturer’s online store or entry into a contest. This survey allows UltraPC to track customer satisfaction and inform marketing and product managers, as they develop the next iteration of the product. Then when the warranty is about to expire – either 180 days for the complimentary warranty or 2 years for the extended warranty – UltraPC sends a 30-day reminder. UltraPC informs the customer of the resources available after warranty expiration (online knowledgebase, user forums), any outstanding product issues (recall, updates to software) and enables customers to extend the warranty further through the e-mail link to an UltraPC Service Plan.

Based on the customer characteristics, UltraPC also sends message based on the customer data it has collected. For home users, it sends a “refresh” update on new notebooks just released, when a

customer is nearing the end of their current notebook lifecycle (typically 3 years, but adjusted based on customer income level and occupation). For businesses, UltraPC will send new product updates based on the company's upgrade cycle, mining UltraPC's data to determine what this length typically is by client.

Ultimately, by understanding the lifecycle for a product, companies can sell additional accessories/services, while building a lasting, loyal customer relationship.

Registria: Enabling Revenue through Registration Solutions

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