

Customer Retention by the Numbers

Collecting and reviewing some basic data can help you track and build customer loyalty.

By Mark Wright

At the end of each month, Robert Francis CPM of Kissimmee, Florida-based The Heron Group, Inc., runs a simple equation for each of his facilities that instantly shows him how his properties are doing on customer retention. He divides the number of move-outs that month by the number of units occupied at the beginning of the month to get a turnover percentage.

By calculating that percentage on a monthly basis, says Francis, he can spot changes that call for closer observation. “That’s usually pretty consistent over time,” he says. “It establishes a profile on a property-by-property basis. But it all depends on the store.”

The more you understand your tenants and their needs, the better you can craft realistic retention strategies. As Francis observes, “More residential customers usually mean more move-outs. The residential customers usually have more of a short-term need. Business customers, on the other hand, usually need storage longer, whether for records, inventory, what have you.”

Kathy Mann, manager at Barbur Storage in Portland, Oregon, says her facility uses SiteLink, so she utilizes the software’s reporting features to track retention percentages. When she gets a tenant’s notice of intent to vacate, she uses a form in SiteLink—which her facility has customized by listing the reason for the move-out—to get feedback from the tenant.

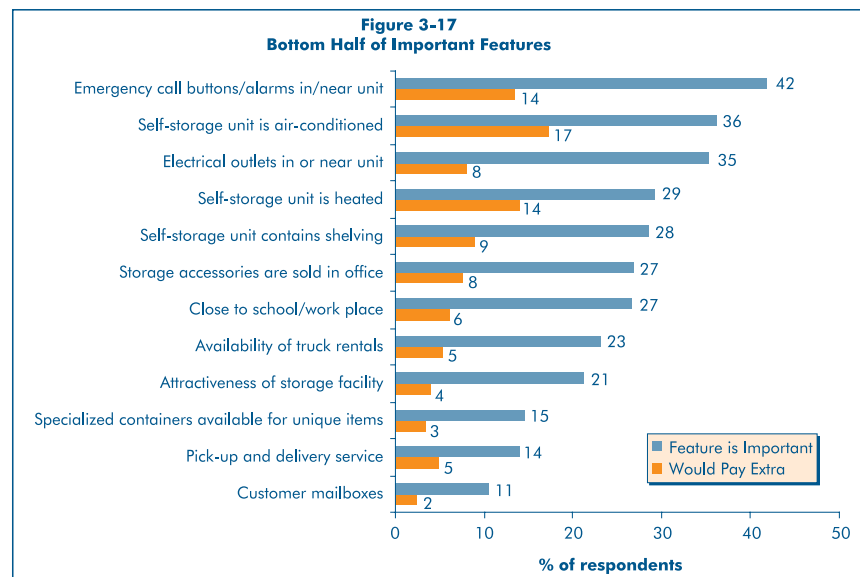
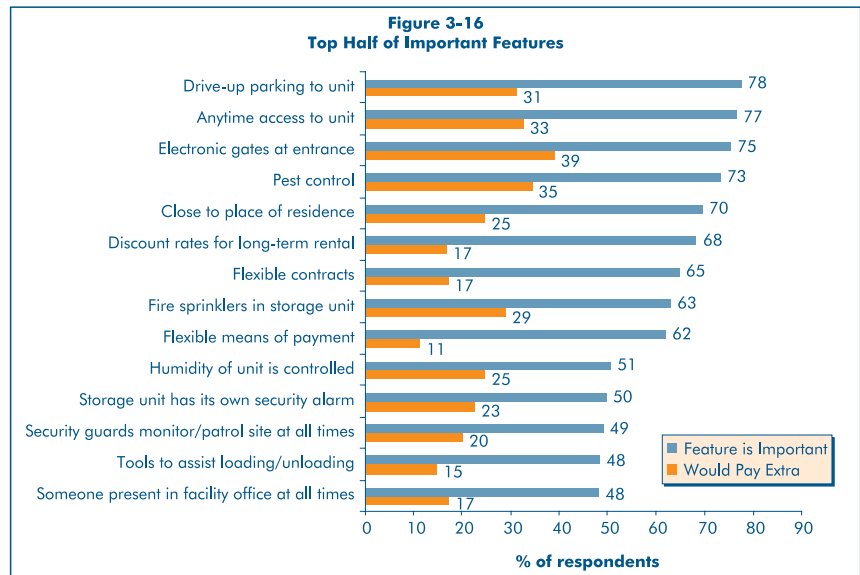
“We can look at it at the end of the month to see the specific reason they’re looking to leave,” explains Kathy. “So, if they’re leaving because of a problem, we can help them immediately.”

She says her facility will also soon be inserting a post-card survey into each tenant’s move-in kit. After a tenant vacates, he can provide anonymous comments about his

rental experience—positive or negative. The feedback will then help Kathy and the facility’s owners make changes where needed to their operation.

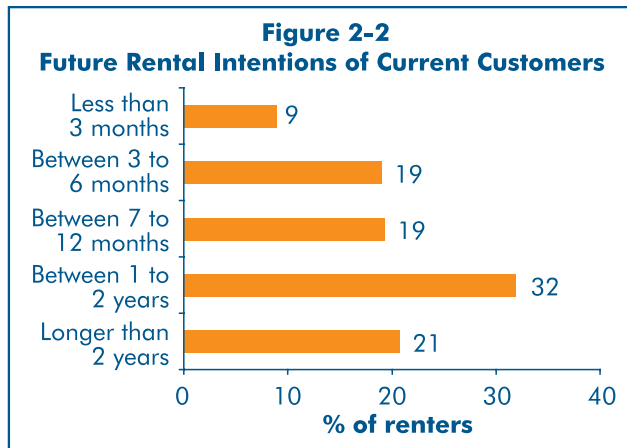
Forrest Thomas, managing member of Santa Fe, New Mexico-based Thomas Properties, LLC, keeps a CEO’s

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SSA’s Self Storage Demand Study reveals the relative importance of various features to tenants.

big-picture perspective on key stats. While he has a management company that helps with day-to-day facility operations, Thomas says he looks primarily at move-ins versus move-outs. Data is only part of the picture for him, though. He also relies on direct conversations with managers regarding facilities' longest-term tenants. That way, Thomas explains, he can "find out what the longest



Data from SSA's Self Storage Demand Study puts "customer retention" in perspective.

lasting tenants are interested in and say thanks for staying with the facility?"

Thomas's point is an important one: Knowing what your tenants want is vital to retention. For example, do they seek a facility with an onsite resident manager? How about truck rental? Or what about a full retail product line available at the facility?

According to surveys conducted by SSA director of research and data analysis Anna Canlas Atherton, 45 percent of facilities have an onsite manager, 35 percent offer truck rental and 93 percent have 10 or more categories of retail products.

SSA Data Can Help

SSA's 2007 Self Storage Demand Study (the latest edition available at press time) reveals a wide array of tenant preferences by region within the U.S. For example, in the Midwest, Northeast and South, residential tenants ranked "anytime access to unit" as their number one most important feature. Out West, it was "electronic gates at entrance."

The fifth most important feature? In the Midwest and South, it was "close to place of residence," while Northeasterners cited "fire sprinklers in storage unit" and Westerners said "anytime access to unit."

Nationally, business renters cited "drive-up parking to unit" as their number one most important feature, followed by "close to business location," "discount rates for long term rental," "fire sprinklers in storage unit," and "electronic gates at entrance" rounding out the top five.

SSA has long provided members with data that can help illuminate customer retention influencers. For example, SSA's Self Storage Industry Facts & Trends Report is available in the members-only section of selfstorage.org (click on "Resources" then on "Research & Data").

F.O.C.U.S. on Stats

In addition, SSA is launching a new application called "F.O.C.U.S."—the Financial & Operating Characteristics of U.S. Self Storage Facilities system. F.O.C.U.S. will provide access to valuable statistical reports detailing self storage revenues, expenses, and average board rates broken down by various regions of the U.S.

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Self Storage Association: Midwest: Change in Average Revenue per Square Foot Page 1 of 3

Midwest: Change in Average Revenue per Square Foot

Area	Facility Age	Rental Revenue			Retail Revenue			Other Revenue			Total Revenue		
		2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change
Suburban	All years	\$6.81	\$7.24	(\$1.37)	\$0.32	\$0.18	(\$0.02)	\$0.22	\$0.08	(\$0.21)	\$7.22	\$5.52	(\$1.70)
	1-5 years	\$5.32	\$6.40	\$0.87	\$0.18	\$0.10	(\$0.08)	\$0.38	\$0.08	\$5.39	\$6.68	\$0.89	
	6+ years	\$8.31	\$4.78	(\$3.53)	\$0.46	\$0.18	(\$0.01)	\$0.24	\$0.28	(\$0.56)	\$4.24	\$5.11	(\$0.87)
Urban	All years	\$3.42	\$1.99	(\$1.43)	\$0.09	\$0.07	(\$0.02)	\$0.20	\$0.57	\$0.30	\$3.78	\$8.63	\$4.85
	1-5 years	\$4.11	\$4.78	\$0.67	\$0.10	\$0.10	\$0.00	\$0.24	\$0.28	(\$0.04)	\$4.54	\$5.11	(\$0.57)
	6+ years	\$2.73	\$1.20	(\$1.53)	\$0.08	\$0.07	(\$0.01)	\$0.16	\$0.81	(\$0.65)	\$2.84	\$11.56	(\$8.72)


Area	Facility Type	Rental Revenue			Retail Revenue			Other Revenue			Total Revenue		
		2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change
Suburban	Big Box	\$2.72	\$6.81	\$4.09	\$0.04	\$0.18	\$0.14	\$0.13	\$0.34	\$0.20	\$2.32	\$7.12	\$4.80
	Conversion	\$1.00	\$6.13	\$5.13	\$0.04	\$0.12	(\$0.08)	\$0.15	\$0.40	\$1.74	\$6.88	\$7.10	
	Hybrid	\$8.22	\$5.25	(\$2.97)	\$0.22	\$0.12	(\$0.09)	\$0.44	\$0.70	(\$0.27)	\$8.88	\$5.81	(\$3.07)
	Traditional	\$6.80	\$5.63	(\$1.17)	\$0.19	\$0.14	(\$0.05)	\$0.30	\$0.20	(\$0.09)	\$7.20	\$5.07	(\$2.13)
Urban	Big Box	\$8.17	\$9.72	\$1.55	\$0.00	\$0.08	(\$0.01)	\$0.08	\$0.41	(\$0.08)	\$8.81	\$9.20	\$0.40
	Conversion	\$10.80	\$7.87	(\$2.93)	\$0.04	\$0.12	\$0.08	\$0.24	\$0.71	(\$0.28)	\$11.80	\$8.20	(\$3.60)
	Hybrid	\$12.81	\$6.62	(\$6.19)	\$0.14	\$0.10	(\$0.04)	\$0.88	\$0.40	(\$0.50)	\$13.72	\$7.13	(\$6.59)
	Traditional	\$7.82	\$6.58	(\$1.24)	\$0.07	\$0.07	(\$0.00)	\$0.51	\$0.44	(\$0.07)	\$8.21	\$7.02	(\$1.12)

Area	CC Units Available	Rental Revenue			Retail Revenue			Other Revenue			Total Revenue		
		2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change
Suburban	No	\$6.08	\$6.54	(\$0.05)	\$0.18	\$0.14	(\$0.04)	\$0.24	\$0.25	\$0.00	\$6.48	\$6.43	(\$0.05)
	Yes	\$6.62	\$5.69	(\$0.93)	\$0.17	\$0.14	(\$0.03)	\$0.24	\$0.22	(\$0.02)	\$7.17	\$6.02	(\$1.15)

Midwest: N., N.E., S.E., W., M., N.W., N.E., N.W., C.N., S.W.

Traditional: Single-story buildings with tandem access. Hybrid: Combination of big box and traditional. Big Box: Retail only, fully self-storage facility. Conversion: Former office, retail or other non-storage use.

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Self Storage Association: Midwest: Change in Average Expense per Square Foot Page 1 of 3

Midwest: Change in Average Expense per Square Foot

Area	Facility Age	Total Expenses			Property Taxes			Utilities			Insurance			Marketing and Advertising			All Others		
		2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change
Suburban	All years	\$3.38	\$3.28	(\$0.10)	\$1.22	\$0.98	(\$0.27)	\$0.20	\$0.70	\$0.43	\$0.09	\$0.01	(\$0.02)	\$0.14	\$0.20	\$0.04	\$0.81	\$0.98	\$0.24
	1-5 years	\$2.42	\$3.40	\$0.98	\$0.75	\$1.01	\$0.26	\$0.29	\$0.40	\$0.21	\$0.07	\$0.09	\$0.00	\$0.14	\$0.21	\$0.07	\$0.53	\$0.91	\$0.38
	6+ years	\$1.87	\$3.48	\$1.61	\$0.53	\$0.34	(\$0.19)	\$0.20	\$0.52	\$0.34	\$0.07	\$0.00	\$0.02	\$0.11	\$0.20	\$0.09	\$0.42	\$1.09	\$0.67
Urban	All years	\$1.84	\$4.17	\$2.33	\$1.22	\$0.20	(\$1.02)	\$0.32	\$0.11	(\$0.21)	\$0.03	\$0.10	\$0.08	\$0.20	\$0.10	(\$0.10)	\$0.27	\$1.29	\$1.02
	1-5 years	\$1.77	\$3.48	\$1.71	\$0.53	\$0.34	(\$0.19)	\$0.20	\$0.52	\$0.34	\$0.07	\$0.00	\$0.02	\$0.11	\$0.20	\$0.09	\$0.42	\$1.09	\$0.67
	6+ years	\$1.91	\$4.86	\$2.95	\$0.91	\$0.06	(\$0.85)	\$0.42	\$0.09	(\$0.33)	\$0.00	\$0.10	\$0.08	\$0.29	\$0.10	(\$0.19)	\$0.27	\$1.29	\$1.02


Area	Facility Type	Total Expenses			Property Taxes			Utilities			Insurance			Marketing and Advertising			All Others		
		2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change
Suburban	Big Box	\$0.89	\$4.22	\$3.33	\$0.34	\$0.55	\$0.21	\$0.12	\$0.21	\$0.24	\$0.03	\$0.10	\$0.07	\$0.04	\$0.80	\$0.14	\$1.38	\$1.25	
	Conversion	\$0.03	\$5.84	\$5.81	\$0.20	\$2.01	\$1.81	\$0.01	\$0.01	\$0.00	\$0.00	\$0.10	\$0.04	\$0.02	\$0.00	\$1.58	\$1.58		
	Hybrid	\$3.77	\$3.18	(\$0.59)	\$1.34	\$0.98	(\$0.37)	\$0.44	\$0.61	\$0.17	\$0.09	\$0.07	(\$0.02)	\$0.19	\$0.18	(\$0.01)	\$0.78	\$0.92	\$0.14
	Traditional	\$3.24	\$3.03	(\$0.20)	\$1.12	\$0.51	(\$0.61)	\$0.28	\$0.62	\$0.32	\$0.09	\$0.07	(\$0.02)	\$0.19	\$0.18	(\$0.01)	\$0.87	\$0.85	\$0.02
Urban	Big Box	\$4.23	\$4.43	\$0.20	\$1.01	\$1.20	\$0.19	\$0.40	\$0.70	\$0.08	\$0.08	\$0.00	\$0.20	\$0.20	\$0.10	\$1.78	\$1.41	(\$0.37)	
	Conversion	\$4.30	\$5.17	\$0.78	\$0.34	\$1.32	\$0.98	\$0.43	\$0.58	\$0.13	\$0.11	\$0.10	\$0.04	\$0.32	\$0.00	\$1.58	\$1.38	(\$0.20)	
	Hybrid	\$5.18	\$3.90	(\$1.28)	\$1.53	\$1.24	(\$0.29)	\$0.41	\$0.40	(\$0.01)	\$0.20	\$0.08	(\$0.12)	\$0.20	\$0.03	\$0.03	\$1.60	\$1.15	(\$0.45)
	Traditional	\$3.57	\$3.71	\$0.14	\$0.89	\$1.00	\$0.12	\$0.30	\$0.31	\$0.07	\$0.14	\$0.10	(\$0.05)	\$0.21	\$0.24	\$0.03	\$1.08	\$1.20	\$0.14

Area	CC Units Available	Total Expenses			Property Taxes			Utilities			Insurance			Marketing and Advertising			All Others		
		2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change	2007	2008	Change
Suburban	No	\$3.38	\$3.28	(\$0.10)	\$1.22	\$0.98	(\$0.27)	\$0.20	\$0.70	\$0.43	\$0.09	\$0.01	(\$0.02)	\$0.14	\$0.20	\$0.04	\$0.81	\$0.98	\$0.24
	Yes	\$3.38	\$3.28	(\$0.10)	\$1.22	\$0.98	(\$0.27)	\$0.20	\$0.70	\$0.43	\$0.09	\$0.01	(\$0.02)	\$0.14	\$0.20	\$0.04	\$0.81	\$0.98	\$0.24

Midwest: N., N.E., S.E., W., M., N.W., N.E., N.W., C.N., S.W.

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SSA's F.O.C.U.S. will provide valuable stats about revenues, expenses and average board rates by region.

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The online gateway to this resource can be found at <http://www.insitesystems.com/stores/ssa/>. Four F.O.C.U.S. products are available: the Complete Report Study, National Averages Report Package, Trended Figures Report Package, and Regional Revenue and Expense Report.

The Complete Report Study analyzes calendar year 2008 operating results for 1,900 facilities throughout the U.S. It's the largest sample size tabulated within the industry. This report has two objectives: (1) Provide facility operators, consultants and other industry interests with a reference of operational and financial information and trends not routinely available from other sources. (2) Provide the data organized by region and type of area and cross-tabulated with other operating practices and characteristics of reporting facilities.

The National Averages Report Package provides a summary of income/expense and NOI for end of year 2008; average board rates for non-climate/climate controlled units; average revenue per square foot by revenue type; total average revenue per square foot by facility type; and average expense by square foot by expense category/region.

The Trended Figures Report Package covers national change in average board rates (climate and non-climate controlled units); national change in average revenue per square foot by revenue category; national change in average revenue per square foot by facility type; national change in average expenses per square foot by expense category; national change in average expense per square foot by facility type; national change in net operating income (NOI) per square foot by facility type; national change in total revenue, expenses, net operating income (NOI) per square foot by area type

The Regional Revenue and Expense Report looks at change in average revenue/expense per square foot 2007 and 2008. It provides trended average revenue/expense per square foot for the region in 2007 and 2008; by revenue categories (rental revenue, retail revenue, other and total revenue); by expense categories (total expenses, property taxes, utilities, insurance, marketing & advertising and other expenses); by area type and facility characteristics. Owner/operators can compare their average revenues/expenses within their own region and with other regions or areas.

For more information about SSA's data products, visit self-storage.org, or email Anna Canlas Atherton at aatherton@selfstorage.org. ❖

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