



ASSESSING THE ROLE OF CUSTOMER RETENTION AND RETENTION STRATEGIES IN BUSINESS SECTOR

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ABSTRACT

Customer retention refers to the ability of the business to retain its customers. The businesses will try to reduce customer defections to increase customer retention. Retention of customers is possible only when the customer has satisfied with the product of the business. Different businesses will conduct different customer retention programs to retain customer. Customer Retention in one line is “to maintain existing customers.” Different businesses will follow different customer retention strategies in order to retain customers in the long-run of the business. It is difficult to acquire new customers and it is very costly so each and every business should go for customer retention. This study gives you the different retention strategies and ideas, benefits and importance of customer retention.

KEY WORDS:

Customer retention, loyal customer, customer satisfaction, acquiring new customers, existing customers, competitors, sustainability.

INTRODUCTION:

Customer retention refers to the ability of the business to retain its customers. So the businesses will try to reduce customer defections to increase customer retention. Retention of customers is possible only when the customer has satisfied with the product of the business. Different businesses will conduct different customer retention programs to retain customer. These programs help businesses to retain customers easily. Business can also retain the customer by taking customer loyalty and brand loyalty initiatives. It is very important to

remember that customer retention with the first contact of a customer has with a business and it continues throughout the entire life time of the relationship. Customer Retention in one line is **“to maintain existing customers.”** Different businesses will follow different customer retention strategies in order to retain customers in the long-run of the business.

Customers may leave-

- 68% leave because customers are unhappy with the services of the business provided or what they receive.
- 14% are unhappy with the product.
- 9% decide to use a competitor.

So in order to overcome these problems and sustainability in the market, the business businesses should go for retention strategies.

CUSTOMER RETENTION IS THE KEY TO SUCCESS FOR LONG TERM BUSINESS



IMPORTANCE OF CUSTOMER RETENTION:

It is very important to the businesses to retain customers becomes of the following reasons:

- ✓ Competition has been increasing tremendously. So the importance of customer retention plays a vital role in the business to get a good image, increase

- brand name and to get free from competition.
- ✓ Retention of customers also helps in acquisition of new customers by the way of word of mouth of existing customers.
 - ✓ Rising in the costs of marketing like cost of advertisement, loss of “share of voice” etc.
 - ✓ Distribution channels are changing.
 - ✓ Mainly the preferences of customers have been changing in a day to day scenario.
 - ✓ Different options are available to customers. If the business fails to maintain a good relationship with customers in order to retain the business can lose their own customers.
 - ✓ Businesses should provide truthful information, pros and cons of the particular product and should maintain a strong bond with customers or else every time someone is there to take care of our customers (competitors).
 - ✓ Competition is increasing in relative parity. So the business should go for retaining the customers or else the brand, product will disappear.

ADVANTAGES/BENEFITS OF CUSTOMER RETENTION:

- a) Retention of customers increases long term revenue.
- b) Acquiring new customer is very difficult and even much costlier. Retaining existed customers decreases cost (fixed cost under control) and easy.
- c) Customer retention decreases churn. (Churn refers to the loss of customers or customer attrition).
- d) Loyal customers make repeat purchase. These customers have commitment to repurchase or they will use a particular brand by repeatedly buying the same product or service. **“Loyal customers spend more.”**
- e) A customer provides feedback of the product and if there is any problem has been resolved by the business then the business can get a good image and retention becomes easy.
- f) Customers will explore your brand once if the brand has proven itself with one product or service.

- g) Business can go for new and different products once the customers are retained and they will show interest to buy different products of the business. It reduces advertising cost and marketing process will get easy to the business.
- h) Retention of customers will increase the positive brand of the product.
- i) The important advantage is - for acquiring a new customer the cost will be 25% where as the retention cost is 5% and increases the profit of 95%. It has been proven in so many researches.

CUSTOMER RETENTION STRATEGIES:

There are different customer retention strategies for retaining customers. But here we can see ten different strategies which can attract the customers more. So the business should follow effective and efficient strategies for retaining customers in the long run.

Following customer retention strategies helps the business businesses or a business to increase the rate of customer retention-

- Stand for something:

Customers ignore the business if the business does not stand for anything. So the business should have a strong relationship with a brand. Business should create real connections with the customers. It shows a strong bond with the customers and easy for retention.

- Position around the before and after:

What is the current position (before using our product) and what is the post position (after purchasing our product) the difference should show to the customer and bridge the gap by providing better products and services. This helps to catch the interest of the customers.

- Using attractive words which they love to hear:

All the words cannot create equal importance and meaning. The business should use attractive words and special words to get the customer attention and the words should create a feel in the customers and makes them to purchase the product with lots of joy and happiness.

- Educate the customers:
Don't sell the product. Educate the customers who make the customers understand the quality of the product and the value of the product. It helps the business to achieve better results. Not to all businesses it is possible to educate the customers and to sell. So this is the greater opportunity to get a huge success on competitors.
- Personal attention:
Business should give personal attention to the customers. For example greetings for the birthday, marriage etc. it makes the customer feels happy and creates a good image on the business which leads to higher profits and long run sustainability of the business in the market.
- Providing better services:
Every customer may have their own interested in purchasing the products. Different brands are available for each and every product. So the business should be in the mind of customers while the customers came for purchasing a particular product. So the business should provide a better service like willingness, courteous and helpful. This shows the positive image of the business and makes the customers retain.
- Set customer expectations:
Business should set customer expectations. It helps to build strong relationship with the customers. We should provide services what the customers are expecting and before the requirement comes to the customer, the business should understand the requirement and should provide better and satisfactory services. It makes the customers happy.
- Getting feedback from customers:
Every business should conduct feedback surveys from customers because customers gets satisfied and felt happy only when the business is listening to their words. The business should take necessary actions based on the feedback of the customers. It makes them happy and leads to high retention rate.
- Attrition rate should be reduced:
Every business sometimes loses its customers. But no business is focus on how many customers are inactive and only focusing on building a relationship with initial customer by investing an enormous amount of time, effort. So it's better to the business to invest time and effort in retaining the existing customers which is quite easy than acquisition.
- Over deliver on your promise:
Company will do promises to the customers but sometimes they failed to perform. So it's better and helpful to the business when they have promised less and delivering more services than what they have promised. It creates positive image to the customers and satisfied with the services of the business.
"Formula for success: Under promise and over deliver" – Thomas J Peters

HOW CAN WE IMPROVE CUSTOMER RETENTION??

The best 4 ways to improve customer retention are:

- Pay Attention and behave politely:
Each and every customer should feel that we are treating them with a special care as a VIP (Very Important Person). Then the customers would have a great feel and image. It will create a best impression to the customers. In customer retention the only main thing is how you are dealing with customers? Your intention should show that you are willingness to help them. Customers will have different things in their minds so, we should understand that and should behave politely even when they are rude. It makes them happy and gets satisfied.
- Steady or regular communication with the customers:
We should communicate with the customers on a regular basis. Inform them the discounts, offers, coupons, new products and services, event invitation, conveying birthday or anniversary wishes. It implies the personal care on customers.

- Getting feedback from customers:
Getting feedback from customers on the products and services that we have provided and let them tell where we have to get improve. Responding to the suggestions or comments what they have given in the feedback about the product or service. It shows impact on customers and it helps to be in the top minds of the customer.
- Greetings (Thank you):
Obviously we will say thank you but it works. Customers like to feel when they are appreciated. Saying thank you is also an art and even we can attract customers. We can say “Thank you For Coming”, “Please Visit Again”, “Thank you so much for your visiting”, “Many Thanks”, Providing Coupons for their next Purchase. All this makes the customer satisfied with a great affection.

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SUGGESTIONS:

- ✚ First, we should know the behavior of the customer.
- ✚ Anticipate customer expectations.
- ✚ Keeping the customer active with tools.
- ✚ Maintaining a strong CRM system.
- ✚ Increasing customer retention rates by 5%, increases profits by 25% to 95%. So it is better to maintain existing customers than acquiring new ones.

CONCLUSION:

Customer retention is very important to the business. After getting understanding the importance of customer retention it clearly states that retention in the business plays a vital role for achieving success, good profits and to sustain in the market. It provides loyal customers to the business. Value of customers increases with time. Following different strategies getting feedback, implementing the changes all are a part of customer retention. So every business should be more particular in following different retention strategies to satisfy the customers and to retain the customers.

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