

## SKILLS TO BE UTILISED IN CUSTOMER RETENTION

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**Abstract :** Customer retention refers to the percentage of customer relationships that, once established, a small business is able to maintain on a long-term basis. It is a major contributing factor in the net growth rate of small businesses. For example, a company that increases its number of new customers by 20 percent in a year but retains only 85 percent of its existing customers will have a net growth rate of only 5 percent (20 percent increase less 15 percent decrease). But the company could triple that rate by retaining 95 percent of its clients.

**Keywords:** Customer Retention ,providing superior product and service quality.

### INTRODUCTION

"Of course, growth is just one of the benefits experienced by companies with superior retention rates,"

A variety of strategies are available to small business owners seeking to improve their customer retention rates. Of course, the most basic tools for retaining customers are providing superior product and service quality. High quality products and services minimize the problems experienced by customers and create goodwill toward the company, which in turn increases customers' resistance to competitors' overtures. However, it is important that small business owners not blindly seek to improve their customer retention rate. Instead, they must make sure that they are targeting and retaining the right customers—the ones who generate high profits. "In short, customer retention should never be a stand-alone program, but rather part of a comprehensive process to create market ownership.

The first step in establishing a customer retention program is to create a time line of a typical customer relationship, outlining all the key events and interactions that occur between the first contact with and the eventual loss of the customer. The next step is to analyze the company's trends in losing customers. Customer defections may be related to price increases or to a certain point in the relationship life cycle, for example. Finally, small business owners can use the information gathered to identify warning signs of customer loss and develop retention programs to counteract it.

### **The easiest way to grow your customers is not to lose them.**

The average business loses around 20 percent of its customers annually simply by failing to attend to customer relationships. In some industries this leakage is as high as 80 percent. The cost, in either case, is staggering, but few businesses truly understand the implications.

Imagine two businesses, one that retains 90 percent of its customers, the other retaining 80 percent. If both add new customers at the rate of 20 percent per year, the first will have a 10 percent net growth in customers per year, while the other will have none. Over seven years, the first firm will virtually double, while the second will have no real growth. Everything else being equal, that 10-percent advantage in customer retention will result in a doubling of customers every seven years without doing anything else.

The consequences of customer retention also compound over time, and in sometimes unexpected ways. Even a tiny change in customer retention can cascade through a business system and multiply over time. The resulting effect on long-term profit and growth shouldn't be underestimated.

## 2.0 STRATEGIES OF CUSTOMER RETENTION

Marketing Wisdom can introduce you to a number of simple customer retention strategies that will cost you little or nothing to implement. Behind each technique listed here there is an in-depth step-by-step process that will increase your customer retention significantly once implemented, and will have a massive impact on your business.

### 2.1 Reducing Attrition

Virtually every business loses some customers, but few ever measure or recognize how many of their customers become inactive. Most businesses, ironically, invest an enormous amount of time, effort and expense building that initial customer relationship. Then they let that relationship go unattended, in some cases even losing interest as soon as the sale been made, or even worse, they abandon the customer as soon as an easily remedied problem occurs, only to have to spend another small fortune to replace that customer. The easiest way to grow your business is not to lose your customers. Once you stop the leakage, it's often possible to double or triple your growth rate because you're no longer forced to make up lost ground just to stand still.

### 2.2 Sell and then sell again

So many people do an excellent job of making the initial sale, then drop the ball and get complacent, ignoring the customer, while they chase more business. Your selling has actually only just begun when someone makes that initial purchase decision because virtually everyone is susceptible to buyer's remorse. To lock in that sale, and all of the referrals and repeat business that will flow from it, you need to strike while the iron is hot to allay your customers' fears and demonstrate by your actions that you really care. You should thank them and remind them again why they've made the right decision to deal with you ... and put a system in place to sell to them again, and again, constantly proving that they made the right decision.

### 2.3 Bring back the "lost sheep"

There's little point in dedicating massive resources to generating new customers when 25-60% of your dormant customers will be receptive to your attempts to regenerate their business if you approach them the right way, with the right offer. Reactivating customers who already know you and your product is one of the easiest, quickest ways to increase your revenues. Re-contacting and reminding them of your existence, finding out why they're no longer buying, overcoming their objections and demonstrating that you still value and respect them will usually result in a tremendous bounty of sales and drastically increased revenues in a matter of days ... and will lead to some of your best and most loyal customers.

### 2.4 Frequent Communications Calendar

Avoid losing your customers by building relationships and keeping in touch using a rolling calendar of communications. This is a programmed sequence of letters, events, phone calls, "thank you's", special offers, follow-ups, magic moments, and cards or notes with a personal touch etc. that occur constantly and automatically at defined points in the pre-sales, sales and post-sales process. People not only respond to this positively, they really appreciate it because they feel valued and important. It acknowledges them, keeps them informed, offsets post-purchase doubts, reinforces the reason they're doing business with you and makes them feel part of your business so that they want to come back again and again.

### 2.5 Extraordinary Customer Service

The never-ending pursuit of excellence to keep customers so satisfied that they tell others how well they were treated when doing business with you. Moving the product or service you deliver into the realm of the extraordinary by delivering higher than expected levels of service to each and every customer. Key facets include: dedication to customer satisfaction by every employee; providing immediate response; no buck passing; going above and beyond the call of duty; consistent on-time delivery; delivering what you promise before AND after the sale; a zero-defects and error-free-delivery process and recruiting outstanding people to deliver your customer service. Extraordinary service builds fortunes in repeat customers, whereas poor service will drive your customers to your competition.

## 2.6 Courtesy system

A powerful system that improves the interpersonal skills of your team and changes the spirit of your organization. It involves speaking to colleagues politely and pleasantly, without sarcasm or parody, and treating them at least as well as you would want them to treat your customers. This will help your team to feel worthwhile and important, which makes for pleasant social contacts at work. It also motivates them to provide extraordinary service, encourages them to be consistently pleasant in all of their dealings and to relate to customers in a warm, human and natural manner. This results in better, warmer, stronger, more trusting relationships and longer term bonds with your customers.

## 2.7 Product or service integrity

Long-term success and customer retention belongs to those who do not take ethical shortcuts. There must always be total consistency between what you say and do and what your customers experience. The design, build quality, reliability and serviceability of your product or service must be of the standard your customers want, need and expect. Service integrity is also demonstrated by the way you handle the small things, as well as the large. Customers will be attracted to you if you are open and honest with them, care for them, take a genuine interest in them, don't let them down and practice what you preach ... and they will avoid you if you don't.

## 2.8 Measure lifetimevalue

There's a vast difference between the one-off profit you might make on an average sale, which ignores the bigger picture, and the total aggregate profit your average customer represents over the lifetime of their business relationship with you. Once you recognize how much combined profit a customer represents to your business when they purchase from you again and again, over the months, years or decades, you'll realize the critical importance of taking good care of your customers. And because you'll understand just how much time, effort and expense you can afford to invest in retaining that customer, you'll be in control of your marketing expenditure.

## 2.9 A complaint is a gift

96 percent of dis-satisfied customers don't complain. They just walk away, and you'll never know why. That's because they often don't know how to complain, or can't be bothered, or are too frightened, or don't believe it'll make any difference. Whilst they may not tell you what's wrong, they will certainly tell plenty of others. A system for unearthing complaints can therefore be the lifeblood of your business, because customers who complain are giving you a gift, they're still talking to you, they're giving you another opportunity to return them to a state of satisfaction and delight them and the manner in which you respond gives you another chance to show what you're made of and create even greater customer loyalty.

## 2.10 Some other customer retention strategies include:

- 1.CRM Systems
- 2.Loyalty Programs
- 3.Personal Touches
- 4.Premiums and Gifts
- 5.Questionnaires and Surveys
- 6.Regular Reviews
- 7.Social Media

## 3.0 CONCLUSION

Good customer retention policies can be expensive and time consuming. The result, however, will be a happy customer base that keeps coming back year after year. It is necessary to get a better understanding of customers needs/wants, which is possible by Customer Satisfaction survey to get a benchmark of current customer satisfaction levels.

**4.0 RESOURCE ::** <http://www.answers.com/topic/customer-retention#ixzz1EgI96k3l>  
<http://marketingwizdom.com/strategies/retention-strategies>