

Customer Retention

A cost effective strategy

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"Everybody likes to feel appreciated, so take a genuine interest in your customers and ensure that they feel valued."

Many aspects of marketing are focused on attracting new customers, be it through marketing campaigns for a new product or trying to capture new customers for an existing product. However, it is equally important if not more so to ensure that you retain your existing customer base. It is generally less costly to retain existing customers than to attract new ones, yet despite this some businesses are still failing to actively undertake marketing strategies aimed at ensuring customer retention is as high as it possibly can be.

Customer retention strategies vary depending on the type and size of business however it is an important aspect for all businesses. Good customer retention strategies will not only result in you keeping existing clients, it will also lead to referrals which will be another mechanism for increasing your profitability. Some of the strategies that are used include customer loyalty schemes or contact with the customer after the product or service has been purchased, but perhaps the most important element of customer retention is the interaction with the customer at the point of purchase. The customer must feel as though they are getting value at every step in the transaction and it's vitally important that all your staff, particularly front line staff, understand the

significance of the customers' experience in retaining customers. While many large companies such as supermarkets or airlines can introduce customer loyalty schemes with club card points or air-miles they are not practical for smaller businesses. However, small business may have an advantage when it comes to customer retention as they can offer the personal touch. The experience of the customer is so important that many customers will be willing to pay higher prices for a product or service that they feel offers them added value. Therefore it is easier for smaller organisations to ensure that staff interact well with their customers and by doing so add to the feeling of value for customers while they carry out their transaction. It's because of this that staff retention also plays an important part in customer retention, as customers who have a good relationship or rapport with your staff are more likely to come back and repeat their business.

This is part of building the relationship with the customer and is an integral part of ensuring you do not lose customers to your competitors. Only approximately 15% of people stop using a particular product or service because they are dissatisfied with the product or service itself. The number one reason why customers move to another provider is due to a lack of customer

contact strategy. This highlights the obvious need for all businesses to have a system to interact with their customers and make them feel valued. It makes absolutely no sense to risk losing customers who are happy with your product or service simply because you have not taken a little time and effort to build a customer relationship management strategy. There are six key steps that you can undertake to implement a customer retention strategy for your business and these are as follows.

1. Offer high quality products or service and achieve the standards and expectations that you have set for your customers.
2. Customers must be made to feel appreciated this does not necessarily have to cost money simply saying it can be enough.
3. Customer service should be paramount to your business and rather than hiding from customer grievances ensure they are dealt with efficiently and be pro-active in your approach.
4. Inform your customers about your product and services and allow them to get the most out of them, thus adding value.
5. Use customer testimonials from existing customers to assure your customers that they are getting a service that other people are happy with.
6. Encourage customer opinions and feedback, don't hide from it and use it when you get it. If you don't know what you could be doing better then you won't do it.

Your marketing strategies should create an expectation for your customers of a high quality product or service that offers value and a positive experience. It is then up to you to ensure that all of these positive expectations are met and if they are you are likely to have satisfied customers who will come back to you again and again. Everybody likes to feel appreciated, so take a genuine interest in your customers and ensure that they feel valued. This is the single most important element of customer relationship management that will help you to improve customer retention levels.

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