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### A Research on Marketing Strategy: Study of the Customer Retention.

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Assessing the quality of a business' product or service on a regular basis is a must. Retained customers are crucial to any business house, as they tend to spend more, cost less, and make excellent reference to potential customers.

The first stage in building a customer retention programme, according to Sherden, is to create a chronology of a typical customer relationship, including all of the significant events and interactions that take place over that time period.

Next, look into the company's customer loss patterns. Price hikes or a specific time in the relationship's life cycle can cause defections. Retention programmes are used to assist organisations in identifying warning signals of customer loss.

Customer retention refers to how well a company is able to retain long-term connections with its customers. It has a significant impact on the total growth rate of organisations. If a corporation gains 20% more new customers but keeps only 85% of its old customers, its net growth rate is only 5%. (20 percent increase less 15 percent decrease). Retaining 95% of customers would result in a threefold increase in revenue.

Growth is obviously only one of the advantages that organisations with better retention rates enjoy; "Long-term customer retention will also assist your financial line." Obtaining customers, you can expect to pay two to four times the annual cost of serving existing customers. Once you keep customers, the cost over multiple years can be spread out."

Organizations can try to manage the cycle of customers by acquiring, retaining, and growing in value over time.

The exploration of the link between customer management and shareholder value among marketing scholars The customer retention and shareholder value relationship is open to investigation and analysis.

In the event that a customer retention rate increases by one percent, companies should spend five percent through discount or advertisement. The fact that marketers must manage customer retention has become more concrete evidence. On analysis, the marketing literature refers to managerial practises that are connected to greater customer retention. As a result, customer orientation and the retention of customers are considered essential.

Relationship management is made up of people, processes, and technology, which are used to better understand and manage customer relationships (Chen & Popovich, 2003). The point of it is to maximise profit by balancing corporate investments and customer satisfaction. Relationship marketing focuses on creating, developing, and maintaining long-term relationships.

### **PURPOSE**

It is possible to expand a business through keeping clients. The most effective strategy to generate global recognition is to keep consumers. Currently, research is limited, but it is critical. Identifying a number of critical management activities, such as customer retention planning, budgeting, and accountability, as well as a recorded complaints resolution process, could produce outstanding results.

### **IMPORTANCE OF RETENTION**

Satisfying clients is less expensive than luring them away from competitors (Kotler, 2000). It is significantly more expensive to acquire new clients than it is to satisfy and maintain existing ones (Reichheld, 1996a). The profitability of a company's retention appears to be inversely related to the value of the targeted buyer. Quality, pricing, convenience, on-time delivery, as well as both pre-sale and after-sale service are all available.

Customers who are pleased with their purchase are more likely to tell three to nine others about it. loyalty (Sheth, Mitral, & Newman, 1999.)

The length of a customer's connection has a direct correlation with profit in service sectors. There are many advantages to increasing customer retention (Reichheld & Sasser, 1990; Reichheld & Teal, 1996). Five points of view are used to convey these advantages.:

1. Retaining clients is less expensive than acquiring new ones.
2. Serving long-term clients incurs lower costs than serving new customers.
3. Long-term consumers enhance the company's reputation and attract new clients through word-of-mouth marketing.
4. Long-term clients are less price sensitive than new customers, making them willing to pay higher costs in some situations.
5. Customers that have been with the company for a long time are more inclined to buy more from them, allowing the company to expand its share-of-wallet through up-selling and cross-selling.

## **CUSTOMER RETENTION TECHNIQUES**

Customer retention strategy involves employees' retention and satisfaction. High turnover rates may compromise the ability to maintain strong customer relationships. Relationships may be established, but customers might decide to change vendors when their The contact person has departed. Customer service quality suffers as a result of the excessive turnover. It is vital to provide employees with professional development options and strong involvement in the company in order to reduce turnover. Making customer interactions permanent can help you avoid losing consumers. Customers can be served by a small firm by utilising the entire organisation. It could, for example, send letters or offer training programmes to clients in order to provide a source of knowledge and education, potentially leading to membership.

In volatile industries, customer retention programmes are even more important. Providing superior service may prevent defections, but not always. Volatile industries may find value in stable pricing, overall pricing, and cross-selling additional products and services. A strategy to avoid disrupting and aggravating customers is to minimise the changes and problems that they face.

Small business owners have various strategies available to them to increase customer retention. Customer retention is no doubt tied to delivering superior products and services. With high-quality products and services, customers are less likely to have problems, and as a result, customers are less likely to trust their competitors. But, maintaining a higher customer retention rate is critical for small business owners. Rather, they must focus on attracting and keeping the most profitable consumers. This all boils down to the idea of gaining market share and retaining customers.

## **LITERATURE REVIEW**

For businesses, customer retention is an important aspect of relationship marketing. Customer retention differs based on the sector and the company. According to studies, focusing on client retention might result in a number of financial benefits (Buttle 2004). Customer retention improves, purchase volume rises, and customer referrals rise. At the same time, relationship maintenance costs decrease as customer and supplier learning slows and churn and customer replacement prices decrease. Because they are less likely to have recently been acquired, customers who are left out may have to pay higher pricing or receive fewer discounts. The overall retained value increases by \$62 as a result.

A client retention strategy method must be used if they wish to achieve the intended business goals. Market-oriented strategic planning is used by successful firms, and they plan for success by building plan disciplines that can be thwarted by a lack of artistry. Teaching formal planning, including CEO roles and budgeting, is a common part of managing marketing, and it leads to improved corporate success.

Customer retention can be linked to a variety of organisational processes, including customer satisfaction measurement, customer retention strategy, quality assurance, and feedback mechanisms. Superior customer retention outcomes are linked to both client retention and complaint handling.

Research on customer retention planning has been very little. A range of questions have been raised, including how customer retention can be defined and assessed, how customer retention can be classified and how customer risk or losses can be recouped. Descriptive data and some research are available for the review.

The formulation and content of customer support strategies were relatively rarely researched (DeSouza,1992). Relationship marketing is a paradigm change from a more typical customer management transactional strategy. The literature says that management of customer interactions in work places is not a new notion despite the emergence of the phrase 'relationship marketing' (1983). There is increasing interest in relation issues of customer management and connection marketing in the industrial and service industries. Structural bonds constitute investment in a connection which, if the partnership collapses, is possible or not to recover. In most of the services that benefit both sides, face-to-face meetings between service providers and customers are widespread.

In all trade sectors, customer management, including business to business, business to consumer, manufacturers and service providers has been established.

Researcher's queries often boost customer retention efforts. Is the aim to maintain every customer or to retain customers?? M/s PricewaterhouseCoopers emphasises in their research that insufficient customer churn management is a major assassin who anticipates and prevents the proper consumers from leaving. Good customers are the ones who help the organisation achieve its goals. Implication: Companies should segment their customer base for retention activities, just as they would for acquisition. Evans (2002) states that LTV is the highest of the right customers.

The consequences of complaint management systems that are handled successfully and aggressively can be studied. According to the study, well-executed complaints handling systems are strategic and can boost customer retention. Empathy and responsiveness, which aren't always present in first-time services and products, will gratify complainants who demand outstanding treatment. The strategic importance of handling complaints is something that many companies miss. Client retention is influenced more by complaint management systems than by customer retention strategies. People typically take rapid and decisive action to avert problems. For establishing and executing a successful complaints management system, ISO recommendations are available. The lack of documentation is a source of worry.

## **HYPOTHESES**

Three modernist concepts exist under management theory. In general, customer retention plans, budgets, and customer maintenance executives are expected to produce greater results than organisations without any of these attributes. This has an effect on customer retention of basic planning structures and processes.

## **PROCESS MANAGEMENT IS OF PARTICULAR RELEVANCE.**

### **Research Technique**

In conducting the research comparison, the use of business processes has been made. The topic of much research has been customer retention planning, and complaints handling. Processes were associated with achieving customer retention objectives because of the reasons listed. It's inferred that:-

- Customer retention is a written strategy used by companies who thrive at it.
- Businesses that thrive in customer retention have a budget set aside for such efforts.
- Businesses that thrive in customer retention have a budget set aside for such efforts.

- Businesses that outstand in client retention have a defined strategy in place to address consumer issues.

The hypotheses are based on modernist planning and complaint management literature.

## **METHODOLOGY**

Outstanding businesses have a well-defined consumer strategy.

The assumptions are based on literature on modernist planning and complaint management.

- Data collection: A questionnaire was created and distributed via email, phone, and SMS. Respondents were given a brief summary report as a response.
- Different versions of the revised questionnaire were created based on the literature review and pilot tests. The majority of the questions were of a nominal character, requiring only a yes/no/don't know response. While clients were present or absent, a variety of customer retention management practises, objectives, and methods were evaluated.
- Because management practises had to be examined, the dependent variable, customer retention excellence, was operationalized. It was decided to measure the metric variable.
- Two main methodologies were used to conduct the analysis. The hypotheses were also tested using bi-variate correlations.
- Despite its interval scale, nonparametric techniques were utilised for all variables.-
- The nominal scale was used to measure all of the independent variables (yes, no, do not know).
- Some studies make use of a limited sample size.
- The assumption of normalcy is violated by all variables.
- Almost every item has a high level of variable heterogeneity.

## **RESULTS**

A total of 200 responses were obtained, and based on the questionnaire the result for customer retention objectives of the companies found that

- Many businesses fail to segment their consumer bases when executing retention measures.
- When it comes to handling complaints, some companies have a documented process in place, but only a few believe it is effective.
- In the past twelve months, some businesses claimed to have outperformed their client retention goals.

Only 39% of organisations have a defined client retention strategy, with the remaining 61% putting it on the back burner. More profit equals more maintained customers, while revenue equals revenue from kept consumers. They desire higher profit margins from existing customers, as well as a smaller sample

size. This shows that organisations either don't think about their customers' profitability or don't have defined procedures for monitoring it. The majority of organisations do not segment their databases for retention purposes.

Formal planning, budgeting, and accountability practises were discovered to have no statistically significant link to outstanding customer retention. Management can only achieve the intended company objectives if it follows traditional management wisdom. There was no support discovered, but it is the plan and execution, not the accountability or the budget, that make the difference.

The majority of data suggest companies who excel in customer retention have a well-documented complaint handling strategy and high client retention. Data investigation relationship gives fresh insights such as explaining the connection between retention outcomes and the procedure of complaint management. This research discovered significant linkages between the complaint procedure documentation and the other variables evaluated. The retention of customers seems to be left to a leader via complaint management strategies.

## FINDINGS

Two significant findings/conclusions have emerged from this research. First, it was discovered that having a written complaints management process is strongly linked to high customer retention.

A defined complaints handling process is more effective the more vital it is to client retention. Effective complaints have two advantages. Complaints, in particular, provide businesses with the opportunity to resolve a client's issue and keep them as a customer. Following that, a well-designed complaints-handling procedure can assist managers in collecting and analysing complaint data over time, identifying reoccurring issues, and resolving core causes.

## Implications

Take down everything a customer says when they complain. Without a specific customer retention plan, the organisation must retain and manage customers. Customer retention depends on how well complaints are handled.

As a result, you might conclude that addressing complaints is somewhat trivial in comparison to the well-defined importance of having a budgeted strategy and responsible individuals/groups.

## Limitations

The findings of this study may not be applicable outside of the chosen geographic location. It hires self-reported, accountable executives who are in charge of consumer relations. The assertion has not been verified.

## Future Research

More research could be done to see how effective it is. The development of a standard complaint dealing process and better customer retention results than organisations with no complaints handling methods is a significant question. This research serves as a baseline against which modifications in the complaint

management procedure and outcomes can be measured. This would allow researchers to see if retention plans, on their own, have an impact on high retention rates.

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