

Strategies For Customer Retention and Brand Loyalty

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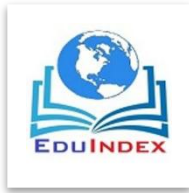
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ABSTRACT

Business needs to retain their customers to win their loyalty rather than merely satisfying them has become a popular topic recently in the business press. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services to existing customers and the reputation it creates within and across the marketplace. Customer retention has a direct impact on profitability.

Business man keeps the words in mind "Treat his customer like Gold" and "Retain customer and keep his business Healthy". Brand loyal consumers are the foundation of an organization. Greater loyalty levels lead to less marketing expenditure because the brand loyal customers promote the brand positively. Also, it acts as a means of launching and introducing more products that are targeted at same customers at less expenditure. It also restrains new competitors in the market.

Keywords: *Customer retention, Brand loyalty, Significance and Strategies.*



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1.1 Introduction

Business needs to retain their customers to win their loyalty rather than merely satisfying them has become a popular topic recently in the business press. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. The objective of customer retention is to grow your customer base by not losing customers. The alternative is to launch acquisition campaigns and then grow your customer base that way.

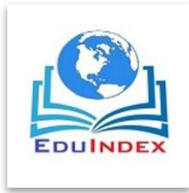
Every successful business depends on Brand Loyalty as it is the ultimate goal a company aims at. Brand Loyalty means a consumer's commitment to a brand. It implies that the customer not only looks for his/her own benefit but is willing to think about the brand's interest. It is mainly stated by repeat purchase. However it is not the end of the story. Brand Loyalty can be reflected in various positive behavior of the customer such as word of mouth advocacy, referring the brand to others and so on.

1.2 Customer retention

Customer retention is the activity a company undertakes to prevent customers from defecting to alternative companies. Successful customer retention starts with the first contact and continues throughout the entire lifetime of the relationship. Customer retention is a cost-effective and profitable business strategy that is imperative in today's competitive economic environment.

1.3 Proven Ways to Increase Customer Loyalty

- **Be proactive!** Research your competitors to compare pricing and marketing strategy.
- **Talk to your employees.** Your front line representatives will have great insights into customer needs and wants.
- **Talk to your customers.** No one knows better than your customers. Survey new customers and repeat customers to confirm your processes are effective.
- **Monitor social media sites.** Google your business name and see what comes up.



- **Reward repeat customers.**

1.4 Brand loyalty

The **American Marketing Association** defines brand loyalty as:

- "The situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category" (sales promotion definition).
- "The degree to which a consumer consistently purchases the same brand within a product class" (consumer behavior definition).

1.5 Significance of customer retention

Every business concern is to retain customer. So it is follow the significance of customer retention.

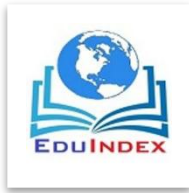
1.5.1 Possibility of repeat business

This is probably the most obvious advantage of customer retention. Effective services that lead to customer satisfaction will make your customer coming back to you again, thus giving you repeat business. Repeat business is a win-win proposition for the business / service provider and the customer. The business reduces the cost of customer acquisition, while the customer reduces the cost of finding a reliable vendor and thus also saves on costs associated with switching vendors.

1.5.2 Reduced costs for customer acquisition

Acquiring a customer has certain associated costs. These include the costs associated with advertising, following up, sales demos, travel and meeting costs etc. Having a repeat customer means that the customer is already aware of your processes and can predict a certain quality of output, thus minimizing the costs involved in new customer acquisition. Having a repeat customer also has the potential to open up another channel to advertise your business – word of mouth.

1.5.3 Fostering greater interaction between business and customer



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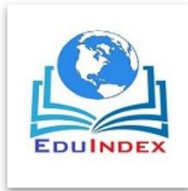
Today's markets are increasingly moving away from mass produced standard products and services, towards a more customized market, where products and services are tailored to meet customers' specific requirements. Having a repeat customer is an opportunity for you to build a more focused relationship based on your customers' specific needs and requirements. Having a repeat business also provides an opportunity for the buyer and the seller to co-create products and services.

1.5.3 Having more delighted customers

Effective customer retention strategies allow you to move from the zone of customer satisfaction to customer delight. Studies have shown that customer delight is achieved only when there is a perfect synergy between the buyer and seller. When the seller understands exactly what the buyer needs and the buyer understands what the seller can deliver exactly what he needs. If you are able to delight your customers, you have better chances of them coming back to you, since they now know why you are different from the rest of competition.

1.5.4 Significance of Brand loyalty

Brand loyalty determines that to what extent the consumer is loyal to the brand. It's basically the attitude which is reflected in one's behaviour. The number of times the brand is purchased and consumed by the buyer and repeated sales of the brand all are the reflections of brand loyalty. Brand is considered to be the credible source of providing the quality. So it is clearly mentioned in the definition of the brand that how important the quality matters in building the brand and in establishing the positive attitudes towards the brand in the form of brand loyalty.



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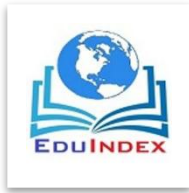
As the number of brands increase in the market, the competition gets intensified with that the options for the buyers also becomes available and the degree of brand loyalty also decreases with it. So in order to tie the consumers to the brand .It is important for the marketer to maintain and improve the quality with consistency. Perceived risk is an important factor which incessantly has its influence on brand loyalty. The people with more perceived risk tend to be more loyal than those of the consumers having low perceived risk, because the people with higher perceived risk do not really want to change their brand on the regular basis, due to the risk involved in trying the new brand.

1.5.5 Strategies of customer retention

(A) Complaint Management System

Any worthwhile complaints management system has to have following basic features:

- **Visibility:** Customer should know where to complain.
- **Accessibility:** Customer should know how to complain. As a rule of thumb, the more formal the system for lodging complaints, the less accessible it is to customers.



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- **Responsiveness:** Complaints need to be dealt quickly. The quicker the complaints are dealt with, the higher the customer satisfaction.
- **Customer-focused approach:** A service provider, who adopts customer-focused approach, invites complaints and indicates commitment of resolving complaints by its words and actions in all fairness.
- **Accountability:** Someone in the organization has to take responsibility for complaint handling.
- **Continuous Improvement:** This is about looking at the root causes and fixing them.

A good complaint management system must ensure that that complainant is kept informed, the staff understands the complaint processes, complaints are taken seriously and employees are empowered to deal with situations.

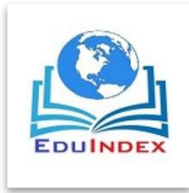
B) Service Recovery Strategies

It is very important for service companies to have service recovery strategies which can be applied in case of service failure. The following steps are useful in an effective service recovery system.

- Measure the costs of effective service recovery. It should include the indirect cost also, when a customer departs unhappily.
- Break customer silence and listen closely for complaints.
- Act fast.
- Train and empower employees. The front line people must be trained and empowered by the organization.
- Close the customer feedback loop.

1.5.6 Customer Loyalty Can Help Build Brand Loyalty

- **Let your customers know you care.** Everyone likes to see, hear and know that they are appreciated. Tell your customers that you appreciate their business. Simply



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thanking your customers will help build a lasting relationship and also encourage future business.

- **Reach out to existing and past clients.** Customer loyalty is created by good customer relationships, and a good relationship doesn't exist without communication. Stay in touch through phone calls, postcards, newsletters, and emails to show customers you care.
- **Be available.** When customers reach out to you, they are looking for connection. Provide that connection through a variety of means to ensure that need for connection is met in a timely manner.
- **Build relationships.** Many customers will discontinue their relationship with an organization because they gain a perception that the business didn't care about them. Using a customer's name or referring to other personal facts in conversation is an extra touch that your customers will appreciate and remember.
- **Reward loyal customers.** Customer loyalty is based on building good customer relationships. Find an appropriate way to reward your most loyal customers, whether that means discounts or other types of gifts.

1.6 Conclusion

A number of things determine brand loyalty and customer retention. A customer develops brand loyalty and purchase same product only when they get quality product or service at the right price and once he/she gets it the customer expects the same from you. Now it is your responsibility to maintain the quality at a reasonable price. Finally you should encourage them to buy your product or service. Make yourself easily available and also improve your customer service. So customer retention and brand loyalty is correlated with one another.