

# Customer Retention Presentation Handout 2004




**Fulcrum**  
Once you have found them  
....  
Never let them go!

Achieving success through customer retention  
Jim Yates


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Most companies loose between 10 and 30% of their customers each year and often don't even know who they are.

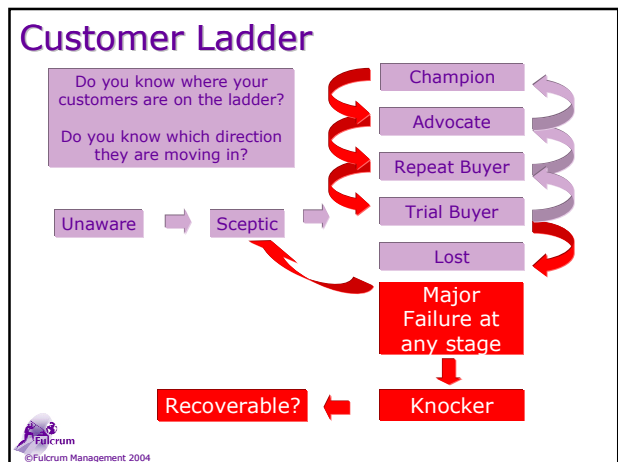


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It costs five times as much to get a new customer as it does to get repeat orders from an existing one




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### Reasons for switching

- 15% - Because they find a better product
- 15% - Because they find a cheaper product
- 20% - Because they experience too little contact and individual attention
- 49% - Because the attention they receive is poor in quality
- ~70% - Because they don't get good customer care




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### Have you ever

What would your customers say?

- Bought an item or service which didn't meet your needs but was the nearest you could get?
- Felt let down by a supplier who refused to do something you thought was trivial?
- Had service which demonstrated that the supplier fully understood your needs?
- Had something supplied that you hadn't previously thought was important but made a real difference?
- Felt you had to accept something or jump through hoops for the supplier's convenience?



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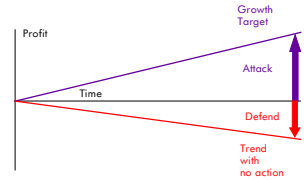
## Benefits of customer retention

- Less effort to find new customers
- Increased likelihood of moving up the customer ladder
  - More sales per customer
  - More referrals
  - Better reputation
  - Increased "word of mouth"
- Increased Corporate "Self Esteem"



## From retention to development

- Retention is a defensive approach
- To grow you need to defend and attack
- You can use customer retention approaches to grow your business by understanding your customers' needs



## Relationship Breakdowns

- Most relationships don't break down because of big things
- They break down because of an accumulation of minor things that say
- I don't care about you



## Life Time Value of Customers

- What do you think of when you see your customers?
- Is it positive or negative?
- How do you talk about them?
- Try imagining them with their lifetime value to the company on their forehead!
- What does a frown cost you?



Left to our own devices we do more and more which is of less and less interest to the customer - Ron Zempke



## Customers : Your view and their's Important Features of Coffee breaks at Seminars

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Hoteliers Views                     <ul style="list-style-type: none"> <li>➤ Good Coffee</li> <li>➤ Clean Cups</li> <li>➤ Clean Linen</li> <li>➤ Presentation</li> <li>➤ Extras - Biscuits etc.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Attendees Views                     <ul style="list-style-type: none"> <li>➤ Good Coffee</li> <li>➤ Availability of Refills</li> <li>➤ Proximity of Phones</li> <li>➤ Availability of Toilets</li> <li>➤ Space</li> </ul> </li> </ul> |
|---|--|



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## Customer Perceptions

– why they are different to ours

- We have different objectives to customers
- We have different experiences
- We have different needs
- We have different knowledge
- We are different people
- What is important to you when you are a customer?

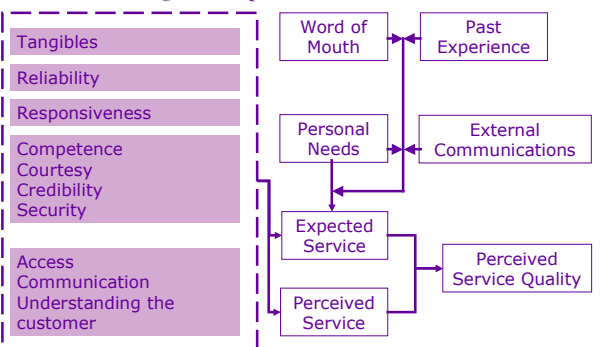


## Service Quality

- More difficult for customers to evaluate than for products
- More complex situation
- Each event is unique
- Does not depend only on outcome, process is important
- Criteria difficult to predict
- Only customer criteria matter, how does service measure up to what they expected?

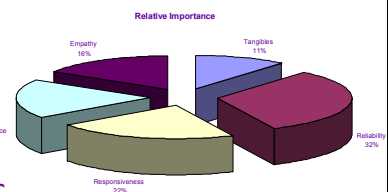


## Service Quality



## Service Quality - The message

- Appear neat
- Be organised
- Be responsive
- Be reassuring
- Be empathetic
- and most of all be reliable



Do what you say you are going to do



## Service Recovery

- Everyone knows that things go wrong when we buy products or services
- What makes the difference is how you respond to a complaint
- This is one area where the process is crucially important
- The customer must be left with a feeling of being treated well
- It can lead to increased "loyalty"



## Customer Expectations

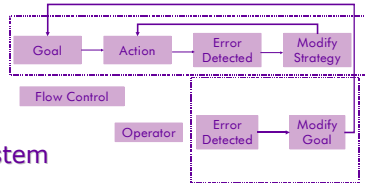
- Acknowledgement
- Apology
- Fair Treatment
  - Appropriate compensation
  - Lack of hassle
  - Communication
  - Politeness and consideration
- Rectification



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## Customer Feedback Options

- Do Nothing
- Unstructured Approach
- Questionnaires
- Complaints System
- Mystery Shoppers
- Voice of the customer



## "Voice of the Customer" The need

- Response from a major customer where customer care procedures were showing satisfactory scores
- I'm not sufficiently dissatisfied to complain, but I'm not so satisfied that I would comment on it - I'm certainly not delighted.
- Justified the process and lead to greater understanding of the customer's real needs.



## The "Voice of the Customer"

- A structured market research based tool for identifying
  - Customer expectations
  - Desires
  - Unperceived needs
- Stronger than traditional Market research tools because the customer gives you
  - The questions you should have asked
  - The answer to improving products and services



## Voice of the Customer Outcomes

- Identification of what is important to the customer
- Identification of future trends
- Validation of your position in the customer's eyes
- Identification of specific issues, irritations and desires
- Competitive position clarified
- Areas requiring attention brought to surface



## Voice of the customer - Benefits

- It helps you gain the customer's perspective
- It highlights the most appropriate areas for attention
- Provides a basis for change which is easily communicated to the workforce
- Helps build relationships between you, your customers and your suppliers



## Conclusions

- Take customer retention seriously, it is good for your wealth
- The customer's view is different to yours
- Make it easy to complain and act on them
- Service - Take care of the little things
- Do what you say you are going to do
- Remember the importance of process
- Listen to the "Voice of the Customer"

