

CUSTOMER RETENTION-CASE STUDY

What is customer retention?

Customer retention refers to the activities and actions companies and organizations take to reduce the number of customer defections. The goal of customer retention programs is to help companies retain as many customers as possible, often through customer loyalty and brand loyalty initiatives. It is important to remember that customer retention begins with the first contact a customer has with a company and continues throughout the entire lifetime of the relationship.

Why customer retention?

Optimizing the customer experience and listening to their needs leads to lifetime brand loyalty, plus major financial benefits. On average, attracting a new customer costs five times as much as keeping an existing one, plus up to 30 times the marketing cost. However, increasing customer retention rates by just **5% can boost your profits by 25% to 95%!**

1. LOWER MARKETING COSTS
2. REPEAT PURCHASES MEANS REPEAT PROFIT
3. WORD-OF-MOUTH ADVERTISING
4. GAIN VALUABLE FEEDBACK
5. SELL AT PREMIUM PRICES

1. LOWER MARKETING COSTS

Your marketing budget goes further by prioritizing existing customers in the retention stage of the buyer journey. Repeat buyers are already familiar with your products and services, so marketing campaigns for loyal customers don't need to be as expensive. According to BCG, advertising to an existing customer **costs about \$7, whereas it costs around \$34 for a new client**—that's over four times as much! Existing customers also have keen brand awareness, lowering their reliance on customer support that saves you money, depending on your industry.

2. REPEAT PURCHASES MEANS REPEAT PROFIT

Loyal customers who make regular purchases tend to spend up to 33% more money when they do, resulting in higher customer lifetime value. They're also **50% more likely to try new products** than new customers due to mutual trust with your brand. A valued customer not only believes that your products are superior to competitors in the market, but that your company aligns with their needs and preferences. To satisfy existing customers, take note of their buying history and recommend related products to encourage future purchases.

3. FREE WORD-OF-MOUTH ADVERTISING

You've probably heard it before, but it's worth repeating: word-of-mouth is the most cost-effective form of advertising. And guess what? It only comes from **loyal customers** who believe in your brand.

Repeat customers are more likely to share their positive experiences with like-minded people, essentially becoming free advocates for your business. This tactic works because people trust the opinions of those who are close to them. Almost half of U.S. consumers say that their friends and family are their top sources of brand awareness, and **92% of people trust recommendations from their friends and family** over any other type of marketing.

4. GAIN VALUABLE FEEDBACK

Part of winning over customers is providing an exceptional customer experience, which requires listening. In past surveys, **97% of consumers said they are somewhat likely to become more loyal** to a company that implements their feedback, while 55% of consumers said they're not likely to continue being a customer of a company that ignores their feedback.

Customers who make frequent purchases from your business will also see areas of improvement, so don't be afraid to ask. Gathering feedback can be as easy as sending an email to your subscriber list, putting up a poll on your social media accounts, or sending surveys to clients right after they place an order. Once you implement new changes, you'll find opportunities that were overlooked, as well as increase retention rates and sales.

5. PREVIOUS CUSTOMERS WILL PAY PREMIUM PRICES

Repeat buyers are far less price-conscious than new leads because they've used your products before. This is especially true among millennials who would only switch brands if prices were at least 10% lower. About 70% of the younger age group also pays premium prices when perks (like free shipping) are offered in loyalty programs. Overall, many customers associate higher prices with quality service, so offering added benefits motivates them to keep coming back.

The key metrics used in customer retention:

1. Accessibility
2. Navigation
3. Page Load Speed
4. Language
5. Memory
6. Personalized
7. Convenience
8. Intuition
9. Real-Time
10. Simplicity
11. Logic
12. Deliverability
13. Choice
14. Community
15. Moment of Truth

From the given data set we can infer that:

The content on the website must be easy to read and understand.

Information on similar products to the one highlighted is important for product comparison.

Complete information on the listed seller and product being offered is important for purchase decisions.

All relevant information on listed products must be stated clearly.

Ease of navigation on the website.

Loading and processing speed.

User-friendly Interface of the website.

Convenient Payment methods.

Trust that the online retail store will fulfill its part of the transaction at the stipulated time.

Empathy (readiness to assist with queries) towards the customers.

Being able to guarantee the privacy of the customer.

Responsiveness, availability of several communication channels (email, online rep, twitter, phone etc).

User satisfaction cannot exist without trust.

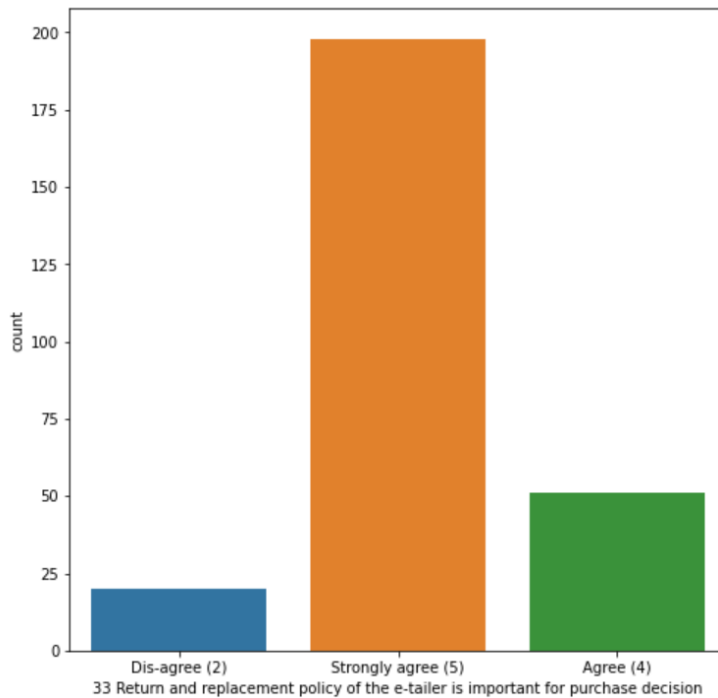
You feel gratified shopping on your favorite e-tailer.

Getting value for money spent.

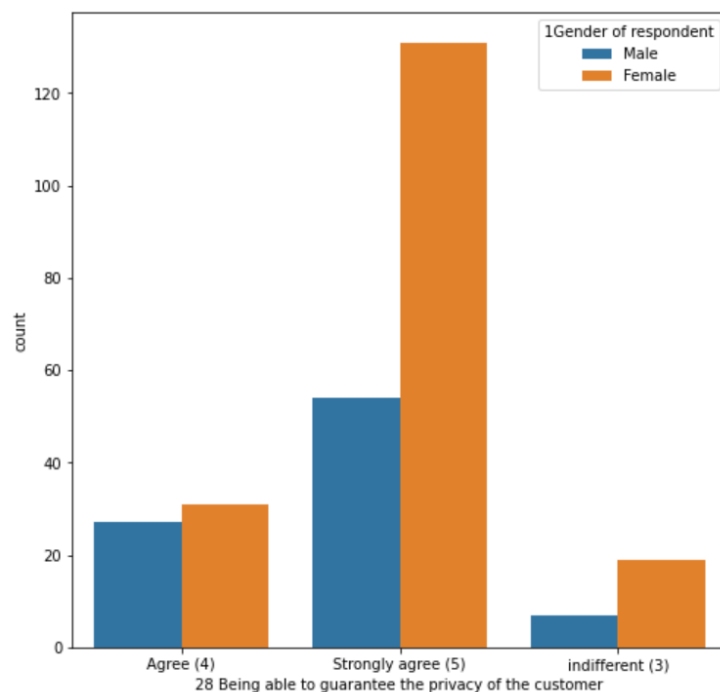
These are the topics that hold a lot of weight towards customer retention. From the analysis we can say that when an ecommerce company focuses on these qualities, it basically retains a lot of their customers.

Some visualizations with the customer retention related details to see how much all of this is relevant to the consumers:

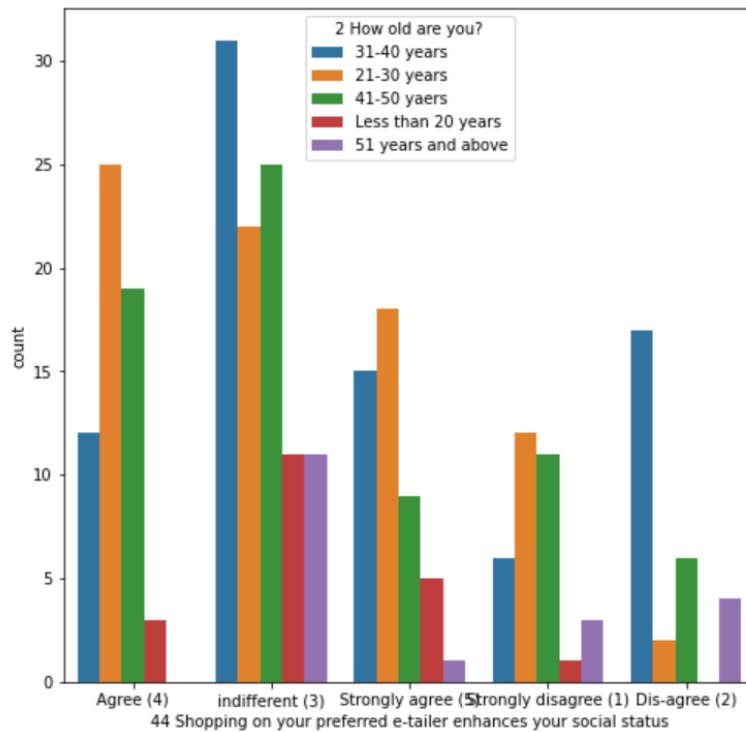
visualising how much replacement policy matters to customers



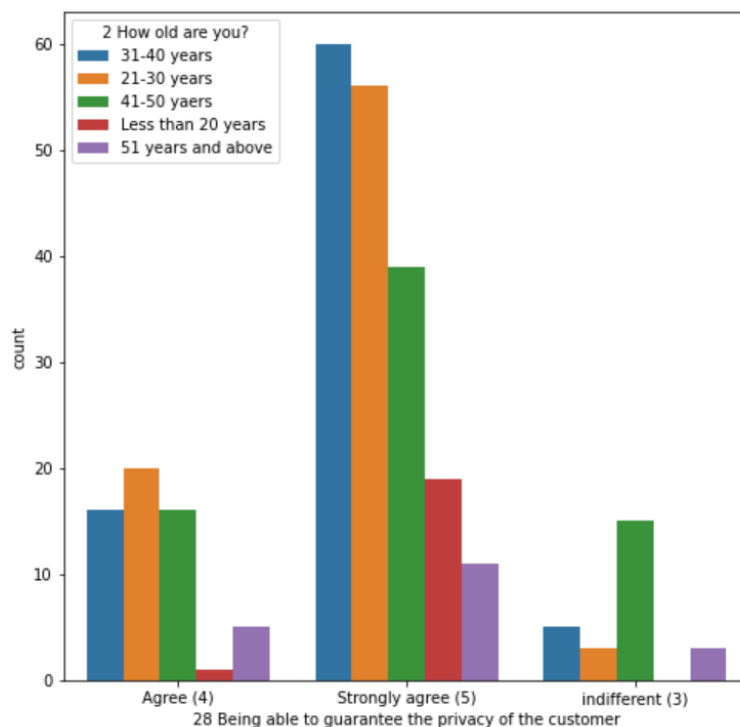
visualising which gender has privacy as their priority



visualising does purchasing from a preferred e-tailer enhances the social status



visualising which age group has privacy as one of their priority



visualising how strongly people agree that having all the relevant information clear and providing wide variety of products and category is vital

