

## Customer Retention Strategy

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### ABSTRACT

*It is very difficult to explain briefly about the customer retention process. The customer will not prefer all the products available in the saloon. Hence he choose service which will satisfy all his needs.*

*In some scenarios customer's buying intentions cannot be determined. For example now a days there are many beauty services render at the customer place . Where customer books there service in the online which they prefer and the services is been done at home. When that service is been liked by the customers automatically the customer prefer same saloon service andquality they liked.*

*Customer retention high depends in attrition and silent attrition rates. Attrition is the process when the customers no longer want to use the service provided by the saloon. Supplier breaks relationship bond by informing the supplier that he will be no more a customer. Most of the defecting customers does not inform the supplier that they are defecting. This process is called silent attrition where the customer stops taking a service from the saloon The customer does not prefer any services and leave the organisation without informing the supplier ,the organisation should be aware of the customer retention process and always try to safeguard their customer by satisfying and promoting many various service. When the organisation does not tend to analyse the customer defective this is where the silent attrition causes. Since the organisation are busy in developing the business the organisation will*

*not have time to analysis the strategy of customer retention process.*

### DETERMINANCE OF CUSTOMER RETENTION :

According to the market evidences following are the main determinants of customer retention:

#### DELIVERED QUALITY OF SERVICES FOR CUSTOMER:

Worthiness of a particular product or services does not depends on own merits. Saloon has to provide a high quality of service that it satisfy the customer needs . The customer might a high level expectation on the saloon he prefer , if suppose the customer is not satisfied with the services that has been rendered by the saloon , the customer will obviously switch to the other saloon. . The key factor that the saloon determines the basic difference between the service renders by the saloon and the customer expectation level. If the organisation ,provide the high level of services according to the expectation level of customer , than the customer will be loyal to the organisation.

#### DESIRABILITY:

The services offered in the saloon should be desirable and affordable to the customer .The organisation can render high quality of service at comparatively high price and low quality of service at similar price . At some unspecified time the saloon will provide a low quality of services at high price and argue with the customer for the price, later if the customer

comes to know about the price is low , the customer will not anymore prefer the saloon.

### **ONENESS AND PREFERRED SERVICES:**

Very often the customer always prefer unique and preferred product to satisfy the expectation level. Similar products will automatically decrease the level of oneness, the product that has been used when the services is done the demand will automatically get increased in the market. Probably the uniqueness of the service provide should be suitable for the customer . The price of the service should be affordable by the customer

### **LOYALTY:**

Its is the organisation responsibility to interact and communicate with their customers. While communicating with the customer the organisation will understand the customer needs and wants regarding the service that as been offered in the salon, if the salon like to improve more they can respond accordingly

In case the products that are used by the salon are same in the salon which the customer prefer , there will be higher rates of customer retention strategy. For example suppose the products used in the NATURALS on and products used in high rated TONI AND GUY then the customer who prefer NATURALS will be loyal to NATURALS.

### **CUSTOMER SERVICE:**

Customer service is most important factor of customer retention strategy. Customer service where the customer will offer all the queries and activities of the organisation. Organisation have handle and queries of the customer very careful ,this may sometimes will leads to misunderstandings. If the organisation take necessary steps to solve the queries of the customer ,preferably the business will get

developed and the mostly the customer willthe particular salon.

### **TOOLS FOR CUSTOMER RETENTION:**

#### **USINGN DATABASE FOR RETENTION:**

The most important factors of an organisation should take steps to increase the repeat purchase of customer. As the technology as been developed, it is impossible to make a note of customer retention strategies in a paper. Hence the retention database as created a wider range of impact on customer retention , the database helps the organisation to measure and analyse the strategies of customer retention strategies .Database help in tracking and moderating the interaction that has been made with the customer. However there is no benefits to generate the customer retention strategy , but it is important for the organisation to monitor it may return a potential profit in coming years. This database is be linked with the CRM database which helps to analysis the customer retention strategy. For example if suppose a loyal customer spends 1.00.000 per annum . one of the time ,if suppose the customer feels a bad experience in the salon ,which the customer often prefer. The customer automatically argue and does not prefer the salon anymore. For overcoming this queries the organisation can use CRM database to find a solutions and make is customer loyal to the organisation.

### **DEFECTORS CUSTOMERS:**

It is very difficult to lose the loyal customers of the organisation. Because there are the real profit makers of the organisation. And make the business to grow higher and higher. For this, recently sales (RS) matrix is created which is simple and powerful to find out targeted defectors. There are some of the strategies listed below:

- Total time taken by the customer since last purchase. This is called regency.
- Sales per period which the time taken by the customer since first purchase divided by the total number of times he did purchase.
- Total number of period gone until the customer is supposed to purchase again.

### **TRADITION OF CUSTOMER RETENTION:**

Customer retention is a difficult strategy of holding a organisation in a successful manner. Many of the company as many concepts for retaining their customer regard assess and satisfy in order to enhance the business growth.

### **AN ORGANIZATION SHOLUD HAVE A PERFECT 100% CUSTOMER RENTENTION:**

The philosophy that an organization should endeavour 100% retention is unfair . There are many reason within and outside the organisation that affects the customer retention strategy , it is wrong by giving 100 % percent retention as presumption. For example ,in a saloon industry , salon cannot retain 100% customer throughout the life time, because the taste of the customer differs .But college students prefer good quality of service at low rate .

But the salons should not allow.The salon cannot expect 100% retention rate from the college student and it will totally unfair. The salon will offer different pricing strategy to different set of people. But most important factor that the salon does not allow the low rated customer as they also make profit to the organisation. The salon will realize the

important of facts that the they cannot afford the service to high class and high valued customer ,so they accept retention less retention rates less than 100% and various type services to different range of customer. By flowing this strategy the organisation obviously has to scarify the 100% retention but they can make higher amount if profit b, by stimulating different range of people . Hence the organisation should be trained by accepting all the customers to retain as many as they could do. But the organisation must be very careful while doing 100% retention strategy , sometime 100% retention strategy will lead the business to loss.

Enhancing the customer retention and enhancing the profit is both are equally important. But it is very difficult to state that customer retention will bring organisational profit . It is very to difficult for the salon to maintain 100% retention strategy of high valued customers. If the organisation plan to maintain 100% retention rates by giving high quality of services at low rats ,. Definitely it will leads to serious loss. This will leads to serious results. But salon can plan for loosing some high rated customers ,then providing high rated services at low cost. This is because the profit earned by the top rated customers always exceed the profit vanish from defectors. That by increasing customer retain , business profits also increase, does not good stand. It is very essential to maintain customer retention strategy, and always aiming at business profit.

By understanding the above myths, following are the crucial aspects that all the organizational should focus on The idea behind customer retention is not to focus on zero defection. Rather, the organizational should manage customers retention in such a way that it yields maximum profit and optimize customers' equity.

Without incurring cost customer retention cannot be maximized. Focus should be on indulging these expenses efficiently in increasing customer equity of individual customer and understanding that retention is not at all free.

### **EXPERIENCE ON YOUR SALON VISITS:**

During the survey we asked to describe some of their experience during your salon visit.

“I will never forget my farewell salon visit my stylist made me feel like it was my special day and was able to combine styles to give me the perfect look”

“I was so afraid of getting my hair cut due to the main reason being making it too short always. However, my stylist was so comforting, and reassured me that how would get my hair look fabulous. He did it, and I have been a loyal customer ever since”

“A year ago, I had a really bad colour job done and my hair began to have severe breakage. I was almost in tears about the condition of my hair and thought it would never be healthy again. I never went back to the salon again.

“ The beautician had done service. On complaining this to the manager, I had received a Karbonn phone RS.1000. Which actually cost more then my service price. That helped me to cool down and recommend the salon to others

only home makers offer home service from NATURAL.S, all the category of people get use of it. The people who are working are also utilising the home service. Chennai has become most busy state, where we have heavy traffic while travelling, so people feels sufficient to utilize the home service.

A significant group of customers will simply adopt to new find when they are unhappy, NATURAL’S make sure that the service delivered to the customer are up to the mark and satisfy all their customers.Customer who prefer Naturals@ home services customer refer the appointment should be easily fixed. Home services is very innovative but the way they reach customer can be more attractive and approachable. To attract the customer across the city.

### **LITERATURE REVIEW:**

- **AUTHOR** NAME:  
Malcolm McDonald, Mike Meldrum

Much marketing attention is directed at developing strategies to expand sales through market share dominance; market penetration; finding new markets, and product range expansion. These techniques took them to concentrating on revenue growth and long term survival profits. Which had great scope maintaining the existing customers rather than gathering new customers.

**AUTHOR NAME:** Martin Christopher

### **ABSTRACT:**

It has been suggested that it costs up to five times as much to win a new customer as it does to retain an existing customer .strong evidence for the link between market share and profitability suggest the quality of the market share that counts .does our customer base comprise, in the main, long-established, loyal customers or is there a high degree of turnover be made.

**First Published** January 1, 2000

### **Abstract:**

Companies that offer loyalty reward programs believe that their programs have a long-run

positive effect on customer evaluations and behavior. The author as used Using cross-sectional, time-series data to analysis the program. that offers a loyalty reward program, this article results to customer loyalty program. The results show that members in the loyalty reward program forwarded or discount negative evaluations of the company competition. Findings of the author, members of the loyalty rewards program perceive that they are getting better quality, “good value”.

**AUTHOR NAME:** Peter C. Verhoef (2003)

The author investigates the differential effects of customer relationship perceptions and relationship marketing leads to customer retention strategies over time. customer share development is the change in customer share between two periods. The results show that affective commitment and loyalty programs affect both customer retention and customer share development, whereas direct mailings influence customer share. The findings of the author, firms can use the same strategies to affect both customer retention and customer share development.

**AUTHOR'S NAME:**

Anders Gustafsson,

1. Service Research Center, Karlstad University.

Professor of Business Economics<sup>1</sup>Michael D. Johnson,

2. Stephen M. Ross School of Business, University of Michigan.

Professor of Business Administration and Professor of Marketing<sup>2</sup>Inger Roos

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Associate Professor of Business Economics

**ABSTRACT:**

In a study of telecommunications services, the authors examine the study of relationship of customer satisfaction, commitment, leads to customer retention. The study further examines of moderate satisfaction–retention relationship. The results support consistent effects of customer satisfaction, calculative commitment, the relationship between . The results have implications for both customer relationship managers and researchers who use satisfaction surveys to predict behavior.

**AUTHOR NAME:** Mascareigne, Jessica

**PUBLISHED ON :**2009

**ABSTRACT:**

In past few years of research, customer retention has gained increased value among both goods and service providing firms. the concept of customer retention and its measures and instruments, studies and research on how professional service firms retain their customers remain limited. The data collected by the author, empirical data was collected through interviews with four Swedish advertising agencies: Lowe Brindfors, Favör Reklambyrå, Holy Diver and Vinter Reklambyrå. The findings of this study service providers do not have any formal nor standardized procedure retaining their customers. Further the findings from this study indicate that in order to retain customers on professional service. creation of personal relationships with the clients. The findings customer satisfaction and the creation of switching firms, for retaining customers confidence, to get the customers involved, and to be able to deliver good quality services.

**AUTHOR NAME:** RAMNATH K.  
CHELLAPPA

### **Abstract**

As the author has been studied about “free” Web-based services that add to the product purchase experience, it is important to understand how these free services may affect pricing and customer retention strategies of an online vendor. Our findings point out that even in the absence of price premiums, variance in the ability to offer online services can affect pricing strategies and possibly contribute to online price dispersion. A service does not contribute to customer retention when it has either lost its value to the customer or become required as a part of the expected product. The author resulted in recommends that a vendor should include new services based on the cost-to-value ratio of each service so as to remain above the loyalty of a consumer.

**AUTHOR NAME :**C. B. Bhattacharya

### **Abstract**

The states of how members’ characteristics relate to lapsing behavior in paid membership contexts. hypotheses that are tested using a hazard rate model on archival data pertaining to 7,798 members of an art museum. The results indicate that the hazard of lapsing is lowered with increasing duration, participation in special interest groups whose goals are related to those organization, , members who have downgraded their membership level in the past, those who have participated in special interest groups whose goals are unrelated to those of the focal organization, and those who received their membership as a gift are more likely to lapse.

**AUTHOR NAME:**Gordon McDougall

Published online: 24 Oct 2008

### **Abstract**

Author states many resources in customer retention strategies based on improving customer retention leads to significant increases in profits. the profitability is determined by four factors; industry retention rates, segmentation issues, components of long-term customer value, and ability to calculate long-term customer value. If these factors are not favorable, the pay offs may be lower than the costs of retention strategies. The findings of the author imply industry retention levels are high, segments differ in value, components of long-term customer value are favorable and individual customer value can be determined.

Customer retention is a strategic process to or retain the customers letting them to defect to other suppliers or organization for business and this is only possible when there is quality relationship between customer and supplier .Usually a customer is tended to be loyal to a particular brand or product as his needs are satisfied fully. Hewill not be willing to going for a new product. An organisation can retain the customer by developing the business growth.

### **CONCLUSIONS:**

The study on “Customer Retention For Naturals Salon “was successfully done. From the study I have come to know that customer’s expectation regarding NATURALS has been increased. It has be improve to make it an predominant salon India. In this study it proves that the product used and the services rendered by natural salon have a very great impact on customer make over world and most (65%) of the customer come to naturals salon to take Hair service.

The other main important is that NATURALS do not mostly prefer on gender. And another



key factor, occupation of a person forwarding to home service taken is not the real factor, not Conclusion, where the NATURAL'S must maintain customer retention strategy and hair processing service at same equivalent level. It also meets the costumer expectation. So that they can easily attract main customer.

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