Chapter – 5
Customer Retention & Feedback

- **Customer QRC Management – query, request and complaint resolution,**
  A brand can log / capture incoming customer interaction in either one of the below mentioned categories:

  Q - Query
  R - Request
  C - Complaint
  QRC forms the basic for any customer interaction.

- **Voice of the Customer (VoC)** is a research method that's used by businesses to describe the needs and requirements of their customers. This process captures everything that customers are saying about a business, product, or service and packages those ideas into an overall perspective of the brand. Companies use VoC to visualize the gap between customer expectations and their actual experience with the business.
  Businesses study VoC by gathering various pieces of customer feedback. After analyzing the feedback for trends in consumer behavior and preferences, companies record their findings into a document or add it to their buyer persona. This helps them gather a more complete picture of their target audience.

- **Moments of truth:**

- In customer service, instance of contact or interaction between a customer and a firm (through a product, sales force, or visit) that gives the customer an opportunity to form (or change) an impression about the firm.
  It's important for organisations to bucket the QRCs in an organised manner. This eventually helps in taking guided and data driven business decisions for better satisfaction.

- **Customer Retention - meaning, importance, advantages, acquisition cost Win back and acquisition strategy**

  Definition of 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.

  Importance:

While most companies traditionally spend more money on customer acquisition because they view it as a quick and effective way of increasing revenue, customer retention often is faster and, on average, costs up to seven times less than customer acquisition. Selling to customers with whom you already have a relationship is often a more effective way of growing revenue because companies don't need to attract, educate, and convert new ones.

Companies that shift their focus to customer retention often find it to be a more efficient process because they are marketing to customers who already have expressed an interest in the products and are engaged with the brand, making it easier to capitalize on their experiences with the company. In fact, retention is a more sustainable business model that is a key to sustainable growth. The proof is in the numbers: according to studies done by Bain & Company, increasing customer retention by 5% can lead to an increase in profits of 25% − 95%, and the likelihood of converting an existing customer into a repeat customer is 60% − 70%, while the probability of converting a new lead is 5% − 20%, at best.

Advantages:

1. It's Cheaper than Acquisition
While the old adage about "it costs five times as much to acquire a new customer" may not be totally accurate, the basic principle is spot on: it's more cost-effective to keep someone in the fold than to bring in new customers.
Even still, if it's data you want, there has been plenty of research into acquisition vs retention, and every one of them has come back with the economics favoring retention as the more economically viable focus.
One caveat though: retention is cheaper than acquisition, but it probably isn't easier.

2. Loyal Customers are More Profitable
Not only is loyalty cheaper, it has better returns. According to research, engaged consumers buy 90% more frequently, spend 60% more per transaction and are five times more likely to indicate it is the only brand they would purchase in the future. On average, they're delivering 23% more revenue and profitability over the average customer.
While loyal customers are more profitable, don't take their loyalty for granted. They'll be more open to price increases, but be cautious not to raise prices simply to see how long they'll stick around. Lifetime revenue is the end goal, not just today's revenue.
Consider the flipside: "Actively disengaged" customers (people who oppose the brand and may be actively spreading that opinion) can cost a brand 13% of its revenue.

3. Your Brand Will Stand Out from the Crowd
Put your consumer hat on, and consider how many brands you interact with that actually seem to value your patronage.
You can probably only think of one or two.

Most brands focus on acquisition, which makes the retention-centric among us stand out even more.

People see around 10,000 marketing exposures a day, but only engage with a few of them. The ones that earn continual engagement are those with whom they feel a connection with on some level.

Forget a unique selling proposition; the best brands have a unique retention proposition.

4. You'll Earn More Word of Mouth Referrals

Your loyal customers will be your best source of new business.

Despite all the efforts into online and mobile marketing and social media, people are still most strongly influenced by referrals from friends and family.

Millennials in particular will spread the word of a brand's exploits - 90% share their brand preferences online.

5. Engaged Customers Provide More Feedback

Feedback is critical to the success of any business.

Customers who provide feedback are often willing to give brands the benefit of the doubt. They're telling you how to earn their business repeatedly. As research has shown, people who have complained and seen their issue resolved are 84% less likely to decrease their spend.

Need help dealing with the customers who are providing nasty feedback? Read this.

6. Customers Will Explore Your Brand

That's a nice way of saying you'll be able to sell them more stuff. Once a brand has proven itself with one product or service, customers are six times more likely to say they would try a new product or service from the brand as soon as it becomes available.

That's not just valuable for sales, but these folks can be utilized to help with #5 above as beta testers - a critical element in product development.

7. Loyal Customers are More Forgiving

An Accenture study states over $1.6 trillion is lost each year due to customers bailing after a poor service experience. We've gone so far as to claim that it's the top reason people will ditch a brand. But customers who consider themselves loyal will let some misdeeds slide - just don't let it happen too often.

8. Customers Will Welcome Your Marketing

No one likes being marketed to.

Except for loyal customers!

Those folks are four times more likely to say they "appreciate when this brand reaches out to me" and seven times more likely to "always respond to this brand's promotional offers."

New Call-to-action

9. You Earn Wiggle Room to Try New Things

Loyalty is fickle, so too many changes could chase people away. But once you've established a core base of proven customers, your brand can expand its boundaries. Maybe it's new messaging or a new product line, or even a new logo. The bottom line is as long as you maintain the basic premises that keep people in your corner, they'll stick with you through thin and thin.

In fact, some of them will be excited to see what you can do. Existing customers are 50% more likely to try new products, according to a study.

10. It's Better for Employee Health

Customer retention is basically relationship building. Good relationships make life better for everyone. They're mutually beneficial. Sales, on the other hand, are transactional. They're very price-sensitive and come with a lot of "What have you done for me lately?" attachments.

Meeting regular quotas that rely on converting strangers into revenue is not for the fainthearted.

To a business, being relational makes everything easier. Customers are less likely to fly off the handle at the first sign of distress. That protects your revenue and makes life easier on your employees - who play a huge role in customer loyalty.

Customer Acquisition Cost (CAC) is the cost associated in convincing a customer to buy a product/service. This cost is incurred by the organization to convince a potential customer. This is an important business metric. It plays a major role in calculating the value of the customer to the company and the resulting return on investment (ROI) of acquisition. The calculation of customer valuation helps a company decide how much of its resources can be profitably spent on a particular customer. In general terms, it helps to decide the worth of the customer to the company.

Numerically, customer acquisition cost is typically expressed as a ratio — dividing the sum total of CAC by the number of additional patrons acquired by the business as a result of the customer acquisition strategy.

Customer Acquisition

The process by which you bring new clients or customers to your business is customer acquisition. The goal, for any company, is to create sustainable and systematic customer acquisition strategies that keep up with industry trends.
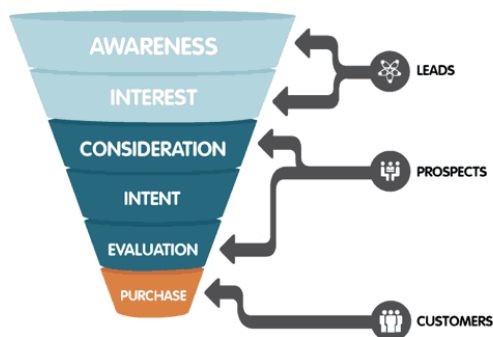
Strategies

1. Define Your Target Audience

The first and foremost step you need to execute is to identify the right users or potential audience for your company.

Chances are your product is the perfect solution to a problem a certain demographic of consumers are facing. It's only a matter of discovering who they are and focusing your customer acquisition efforts, primarily, on them.

If you don't have a target customer in mind, it's likely you are limiting yourself from marketing your brand effectively. Unless your offerings meet a universal need, you're better off finding a niche market for yourself.

2. Use the Right Acquisition Channel

Building upon what we discussed above, it's not enough to know who your ideal customers are. It's equally important to know the right channel to use to acquire said potential customers.

Now, there are a number of different frameworks that can help you identify the best channel to use for your customer acquisition strategies. But for the most part, it takes a lot of experimenting to find the right channel.

- **Strategy and Methods for customer retention**

1. Focus on Customer Satisfaction

Did you know that angry customers cost companies $5.9 Trillion every year? Additionally, more than half of U.S. consumers have switched companies in the past year due to poor experiences. This is perhaps the largest reason for customers staying, and leaving, a business. A large emphasis should be put on keeping customers happy by giving them a positive experience every time they interact with the business.

2. Make Interactions Personal

People often have difficulty associating businesses with building connections and relationships. They view businesses as unattached entities that don't appreciate them. To keep customers coming back, make them feel wanted. Your business can create tailored programs to alter the offerings to different users, making it feel like the business is going the extra mile to please them. You can also use A/B testing through social media and email marketing to gauge specific interests of your customer base.

3. Build a Community

What is it about Apple and their business model that has loyal customers lining up awaiting the release of a new phone? Community.

Sure, the argument can be made for a superior product, but what really keeps customers coming back is knowing that they're part of a community. They know that others are going to be using Apple products and they don't want to feel left out of the mix.

If you're a brick and mortar business, consider hosting events for customers that will allow them to meet other like-minded individuals in the area.

4. Offer Instant Rewards with No Strings Attached

You may have noticed that many websites and businesses send out email newsletters with coupons periodically. This is very enticing, even for those customers who aren't regular as it gives them a reason to reengage with the business. They may even wonder why they ever left!

Make sure to obtain some sort of contact information from your customers. Avoid spamming them and sending irrelevant content their way, however, don't be shy about reengaging them. They came to your business at some point, so there's no reason they can't return.

5. Create a Loyalty Program

Businesses have begun to implement rewards programs that reward customers for their loyalty. For example, when customers spend a certain amount, they will be rewarded with points that can ultimately be redeemed for something.

Giving these customers something to work for in the long term is going to make them want to return to your business as opposed to your competition.

6. Create a VIP Program

A different variation of the loyalty program would be to create something along the lines of a VIP or Gold Program, something specifically designed for high-level clients. This would enhance customer retention because it a.) Offers additional services to customers in need and b.) It gives customers a reason to invest more into the business, because they have already made an initial investment and they feel obligated to get their money's worth.

7. Embrace the Freemium Model

Major Websites like Skype and Dropbox have become massive companies, despite the majority of users using their free service. This works because although most users will not pay for the service, many will, but without the free option they never would have stayed around in the first place.

There a couple different ways this can be done like Skype, or even with games like Angry Birds, in which your business offers a fantastic free program that will engage a huge audience. You can also

create a free 30 day trial, or something similar, that will automatically enroll users in the program if they decide not to opt out.

8. Increase Social Media Engagement

It goes without saying that your business should have several different social media platforms, including Facebook, Twitter, Instagram, and LinkedIn. Social media give your business direct access to users and can update them about any deals or specials. It's also just an easy way to find and maintain customers on your radar.

- **Customer Satisfaction Survey – designing, planning, collection, analysing**

Customer satisfaction (CSAT) surveys are used to understand your customer's satisfaction levels with your organization's products, services, or experiences. This is one type of customer experience survey and can be used to gauge customers needs, understand problems with your products and/or services, or segment customers by their score. They often use rating scales to measure changes over time, and gain a deeper understanding of whether or not you're meeting the customer's expectations.

Designing

1. Define a clear, attainable goal for your survey.

What does a clear, attainable goal look like? Let's use an example. Say you want to understand why customers are leaving your business at a high clip. Instead of a goal like: "I want to better understand customer satisfaction." Your goal should be something like: "I want to understand the key factors that are leading our customers to leave—whether these reasons are caused by internal or external forces."

Once you've come up with your goal, you can use it as a reference to prioritize the top questions you want to ask.

2. Keep the more personal questions to the end.

Treat your survey like a conversation.

Would you start any exchange by asking someone how old they are? Probably not. Instead, you'd engage in small talk first, and gradually move on to more personal topics. Similarly, keep your early set of questions light and straightforward, and then slowly move towards more personal questions (often taking the form of demographic questions).

3. Don't let your survey get too long.

In most cases, your respondents are doing you a favor by taking your survey. What better way to respect their time than by not taking up too much of it? You'll be rewarded with a higher completion rate as well as more thoughtful responses for the questions you end up including.

4. Focus on using closed-ended questions.

What do we mean by closed-ended questions? We're talking about questions that use pre-populated answer choices for the respondent to choose from—like multiple choice or checkbox questions. These questions are easier for respondents to answer and provide you with quantitative data to use in your analysis.

Open-ended questions (also known as free response questions) ask the respondent for feedback in their own words. Since open-ended questions can take much longer to answer, try to only include 1-2 of them at the end of your survey.

5. Consider including a survey incentive.
If you're keen on getting a lot of responses, an incentive in some form can prove helpful. Potential incentives range from entering respondents into a sweepstakes drawing to giving respondents a gift card if they answer all of your questions. To learn more about the different types of incentives you can use, and how to make the best use of them, check out this article.

6. Don't ask leading questions.
In other words, try not to put your own opinion into the question prompt. Doing so can influence the responses in a way that doesn't reflect respondents' true experiences.

For example, instead of asking: "How helpful or unhelpful were our friendly customer service representatives?" Ask: "How helpful or unhelpful were our customer service representatives?"

7. Keep your answer choices balanced.
Using answer choices that lean a certain way can result in respondents providing inauthentic feedback.

Let's revisit our prompt: "How helpful or unhelpful were our customer service representatives?"

- **Drawing conclusion and report preparation , following up and implementation**

Analysing
To begin calculating survey results more effectively, follow these 4 steps:
Take a look at your top research questions
Cross-tabulate and filter your results
Crunch the numbers
Draw conclusions

Measuring C Sat score

How Customer Satisfaction is Measured

Here's a look at the most used metrics when it comes to measuring customer satisfaction.

Customer Satisfaction Score

The customer satisfaction score, or CSAT, is a time-tested metric. It is a customer satisfaction survey that targets the customer with variations of a very basic question: "how would you rate your experience interacting with our sales/customer service/support department?"

The scale typically ranges from: very unsatisfactory / unsatisfactory / neutral / satisfactory / very satisfactory.

The more respondents give a positive answer, the higher your score. Simple.

The CSAT is versatile, since it can relate to any interaction of a client with your business. It's also immediate, because you will get precise feedback relative to a certain experience. The CSAT is most useful to track short-term changes in customer approval before and after a change or new initiative. If the score shifts notably, you will have an inkling of what did or didn't go over well.

However, the question won't cover a customer's overarching impression of your company. Likewise, its results tend to be biased, since mildly satisfied or dissatisfied customers will tend to disregard the question entirely. Lastly, it won't be a predictor of customer behavior, nor will it account for your company's potential for growth. Though the CSAT is an unavoidable metric, it is by no means a complete one.

Net Promoter Score

The Net Promoter Score was introduced to account for the lack of predictive power of the CSAT when in comes to customer loyalty. This question looks like this:

"On a scale of 1 to 10, how likely are you to recommend our product/service to a friend?"

This organizes respondents into three groups:

Calculate your NPS by subtracting the percentage of detractors from that of promoters. The higher your score, the better.

The question is straightforward and easy to answer. However, unhappy customers tend respond more often than satisfied customers. This can seem daunting, but in fact is an opportunity to zero in on areas needing improvement, and make a great impression on a dissatisfied customer.

Nevertheless, in a vacuum, the NPS score is rather one-dimensional. Moreover, without incentive, there is no reason for promoter responders to actually make the leap and recommend your brand.

Customer Effort Score

The Customer Effort Score takes a different approach to how to measure customer satisfaction than the previous two methods. It asks the customer: "how hard did you have to work to get a problem fixed/a query answered/a service rendered?"

The scale usually goes from 1 (it was very easy and simple to handle my issue) to 5 (it was a monster headache). The lower your score, the better.

In a now-famous article, it was demonstrated that going above and beyond in terms of customer satisfaction didn't necessarily result in increased loyalty. Past a certain point, the energy expended to delight a customer is better utilized trying to spare the customer some effort. The CES is a good indicator of increasing customers' loyalty by saving them time and effort.

Since the scale is close-ended, you could also add an open answer box for the customer to vent. For instance, a response such as "the support team was very helpful, but I if the FAQs had been easier to navigate, I wouldn't have had to call in the first place" is invaluable. The CES allows you to pinpoint areas of your service which need improvement to better satisfy your customers.

Like the other metrics, the utility of the CES used as a standalone is limited. It takes into account a very important factor for customer loyalty, but still doesn't encompass the whole picture.

Direct Feedback and Customer Satisfaction
The most straightforward way of giving your customers the support they want is by asking them directly through a customer satisfaction survey. Surveys are a useful tool for collecting data pertaining to the customer satisfaction metrics listed above. The various types of surveys target different customer demographics, and will yield different results.

In-app customer surveys
These are presented to the customer while they are in the process of using your service. This means an immediate reaction and a potentially high response rate.

Nevertheless, in-app surveys must be seamlessly inserted to the interface, so as not to pester or detract from the user experience. Adding a subtle comment bar at the top of your interface means only having room for a pictogram-based rating, or one of two questions. Therefore, make them concise and to-the-point.

Post service customer surveys
These survey the customer immediately following a service. They can occur via email, live chat, or over the phone. It's essential to not make gathering feedback the only object of the call or message, with no added value to the customer. Rather, ask for feedback right after solving an issue, or while presenting a new feature. Post-service surveys can be a little more long-winded than the previous example, but beware of costing your customer too much additional time.

Customer Surveys via Email

If you're looking to ask broader questions about the entire customer experience, then email is the way to go. You can also target segmented customers to ask in-depth questions about their situation.

While these surveys have the lowest response rates, they allow customers who wish to do so to answer in greater detail and really give you constructive feedback. You can use this in-depth feedback to increase customer satisfaction across a wider spectrum.

Volunteered feedback
Asking for customer feedback in a survey is one thing, but it's also important to offer a way for customers to speak up of their own volition.

Dedicating a comment box or an email address to customer satisfaction is a great move. However, customers often won't bother to leave feedback because they don't think the company will care, or take it into account. You need to incentivize honest customer involvement, because it your business cannot afford to ignore it.

Explicitly promise speedy involvement, and deliver on it. Responding with a non-automated to submitted feedback is polite and constructive. The result is beneficial to all parties. Customers will get what they wanted, and you can use examples of successfully acting on customer feedback as a success story on your website.