



International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

A Study on Customer Retention OS Service Provided in Automobile

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ABSTRACT:

The fundamental purpose of customer retention efforts is to ensure maintaining relationships with value-adding customers by reducing their defection rate. Creating customer loyalty is essential for the survival of the company in highly competitive markets. Thus, this chapter starts with indicating the significance of customer retention marketing strategies for the company by revealing the economics of retention marketing programs. Consumer marketing companies have lavished more resources on attracting new customers than on satisfying old customers. In today low growth and highly competitive marketplace, however, customer retention increasingly joins customer getting as an important area of analysis and planning.

KEYWORDS: Customers, Markets, Economics, Retention, Marketplace.

INTRODUCTION

Customer retention is about building relationships with your existing customers, providing value in every interaction, and giving them memorable experiences. It's about meeting customer expectations and building loyalty that encourages them to return to purchase your products or services over and over. That loyalty, in turn, means that over the span of their relationship with you, you'll be able to offer them greater value. Customer retention highly depends on attrition and silent attrition rates. Attrition is the process when customers no longer want to use product and services provided by the supplier and breaks the relationship bond by informing the supplier that he will be no more a customer. Most of the defecting customers don't even intimate the supplier that they are defecting. This process is called silent attrition where the customer stops purchasing the product and services and divert to other suppliers without even informing them. During attrition, organization should prepare serious customer retaining strategies to save the customer to defect. It is often seen that if these corrective measures are implemented successfully to save defection then retention level increases to a much higher level as compared to a normal retention process.

REVIEW OF LITERATURE:

Customer retention management: A reflection of theory and practice. Rizal Ahmad, Francis Buttle. Marketing intelligence & planning, 2002. Customer Retention is increasingly being seen as an important managerial issue, especially in the context of saturated market or lower growth of the number of new customers. It has also been acknowledged as a key objective of relationship marketing, primarily because of its potential in delivering superior relationship economics, i.e. it costs less to retain than to acquire new customers. This paper reports an investigation, through case studies, that is concerned with testing whether or not a theoretical position relating to strategies for retaining customers reflects practices in four firms. The assumption is that generalized theories, which imply universal applicability, tend to overlook the distinctive impact of contextualised business conditions on effective customer retention strategies. The paper recommends that both theoreticians and managers should consider.

Understanding the effect of customer relationship management efforts on customer retention and customer share development. Peter C Verhoef. Journal of marketing 67 (4), 30-45, 2003. Scholars have questioned the effectiveness of several customer relationship management strategies. The author investigates the differential effects of customer relationship perceptions and relationship marketing instruments on customer retention and customer share development over time. Customer relationship perceptions are considered evaluations of relationship strength and a supplier's offerings, and customer share development is the change in customer share between two periods. The results show that affective commitment and loyalty programs that provide economic incentives positively affect both customer retention and customer share development, whereas direct mailings influence customer share development. However, the effect of these variables is rather small. The results also indicate that firms can use the same strategies to affect both customer retention and customer share development.

OBJECTIVES OF THE STUDY:

- To analyse about the customer Retention service.
- To know about services provided by the Automobiles.

METHODOLOGY OF THE STUDY:

Secondary data were collected from various sources which includes articles and websites.

How to measure customer retention and key metrics

Customer retention is typically measured in terms of retention rate and should be monitored continuously. The first step to determining this rate is to identify the period of time an organization wants to record. This can range from a month to a fiscal year or beyond. Other factors used to determine the retention rate include the following:

- the number of customers in the customer base at the start of the period (S);
- the number of customers at the end (E); and
- the number of new customers acquired over time (N).

These metrics should be recorded. Once retrieved, the formula is applied as follows:

$$E-N/S \times 100 = \text{retention rate}$$

For example, if an organization starts with 750 customers and ends with 950, but acquires 625 over the period of time, the customer retention rate would be 43.3%.

Customer Retention Strategies:

Some best practices and strategies to follow when considering customer retention strategies include the following

1. **Use data to provide personalized support interactions.** Data gathered about customers can help aid organizations in knowing their preferences, enabling them to build more personalized services.
2. **Build trust.** Building relationships with customers will help increase brand loyalty and trust

CONCLUSION:

The most important driver of this is customer satisfaction and retention. A satisfied loyal customer is worthy immensely more than one is not. As Katherine Bachetti famously said, "Make a customer not a sale".

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