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THE BUSINESS NEWSLETTER FROM AUSWILD & CO
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THE FIVE FACTORS OF CUSTOMER RETENTION

It has always been acknowledged that getting a new customer for your business can be relatively more expensive than keeping an existing customer – one who already purchases from you. It is faster and easier to get your existing customers to make another purchase and repeat purchases rather than find, attract, and convince new customers to make their new purchases.

To understand how to attract your existing customers back and back again, you have to firstly understand customer retention – and the factors affecting it.

Product Quality

Product quality refers to how well a product satisfies your customers' needs. If a customer is satisfied with the product, he will surely repeat the purchase rather than buy from someone else. While evaluating the product you have to consider several key factors including whether a product solves a problem, if it works as needed or if it fulfills customer needs.

Research conducted by Morgan Stanley showed 92% of Apple iPhone users eventually plan to upgrade to the new versions. This customer behaviour is the main success of companies with strong brands and quality products.

Another example is Netflix, where almost 70% of its customers subscribed to a higher plan more than a year after their initial sign up. The common factor of success for those two companies is their high-quality and constantly improving product.

Offer Competitive Pricing and Discounts

It's no secret that customers love shopping around for the best deal. By making sure your prices are competitive and/or by offering discounts comparatively to market trends, you can be sure that your customers will keep coming back.

If you want to stay ahead of your competition, you have to work on competitive pricing and discounts. If your deal is better than the others, you have bigger chance to stay ahead of them.

To ensure you remain competitive, you can keep track of customer reviews and competitor data – and adjust your pricing accordingly. You should also consider loyalty programs and special offers for new and returning customers – that way your customers will feel they are getting a good deal while staying loyal to your business.

Convenience and fast deliveries

The majority of today's buyers want quick and easy delivery options. They like having a range of options, including free delivery or fast delivery respectively.

Keep in mind the following while considering what delivery options to offer –

- Partner with local service providers and/or multiple providers;
- Analyse the market options first to learn what delivery options your customers are more comfortable with;
- Use shipping tiers as an upselling opportunity;
- Display available delivery options on the product page; and
- Always share the tracking code with your customer so that they have a constant overview of the delivery process.

Loyalty Perks

Loyalty programs are central to customer retention. Surveys have found that 65% of consumers admitted to joining loyalty programs of the brands they like – so it's time to start engaging with customers and reward them for returning. Continuous reward-systems that offer loyal and returning customer advantage over new customers, is something that can greatly increase your customer retention percentage.

While you can offer various discounts and gifts in your loyalty and retention program, it's also worth adding exclusive perks, like early access for the loyal customers. Increasingly more customers expect early access to new products and personalised recommendations.

Dedicated Customer Service Team

Dedicated and personalised customer service can make or break the customer retention process. While most companies try to digitalise and automate the customer service process, you can stand out amongst your competitors by offering a personalised human connection. Most customers are relieved when they contact a customer service and they hear a human voice instead of robot!

Every customer service department needs to look at these main key factors.

- Provide product information;
- Human connection is must;
- Resolve any emerging problem;
- Guiding them to their needs;
- Handling complaints;
- Friendly attitude; and
- Strong time management

Conclusion

In conclusion, if you want to retain your customers and build a strong relationship with them, you must consider the above five factors. All businesses must take care of a customer's needs, resolve any problem they are facing and guide them to the best possible solution. This kind of approach will give customers an impression of your business they won't forget and they will gladly come back to you for future purchases.

Customer retention is an outstanding investment that businesses can make for their long-term success.

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CONGRATULATIONS go to **Tracey de Coster** and her team at **Peter Kittle Toyota**, Port Lincoln for winning Toyota Motor Co's Australian Regional Dealer of the Year.....and to **Owen Toyota**, Griffith for winning the AADA Award for Australia's Best Looking Regional Dealership.....and to **Greg Oakman** and his team from **Macarthur Nissan**, Campbelltown for again being named one of Nissan Australia's Elite Dealers for 2023.

Important: This is not advice. Clients should not act solely on the basis of the material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This bulletin is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without prior approval.