

EXPERIENCE ENHANCEMENT

THE KEY TO CUSTOMER RETENTION

The easiest way to grow your customers is to not lose them. If retailers and mall developers keep this line in mind and satisfy the educated, well connected consumers of today by implementing innovation to enhance their retail experience, then only they will be able to retain consumers on a permanent basis

By Shibu Philips

Today's retailers and malls face their toughest competition ever, especially with the flourishing of online retail. A holistic marketing philosophy coupled with the best services is the chance of outperforming the competition. And the cornerstone of a well-conceived marketing orientation is strong customer relationships.

To Satisfy 'Educated' Consumers

Consumers are more educated and informed than ever and they have the tools to verify companies' claims and seek out superior alternatives. In an age where customer expectations are soaring, if a company is able to create satisfied customers, retention becomes instinctive. A highly satisfied customer generally stays loyal longer, buys more as we introduce new products or upgrade existing products, talks favourably to others about us, pays less attention to competing brands, is less sensitive to price and costs less to serve than new customers, as transactions become routine.

However, these shoppers today have the choice between visiting the retail outlet/mall and buying the same or equivalent product online. Hence to lure customers to a physical shopping space, there must be more than retail offerings. The moment a customer steps into your premise to the time he/she exits it; the customer must be greeted with the best service. Service does not pertain to only well trained staff, but also to the ambience created through the music played, temperature control, lighting, innovative services provided and more. In the organised sector, the importance of visual merchandising and in store design cannot be emphasised enough. Innovative store frontage welcomes new customers and ensures top of the mind recall.

For the same reason, malls across the world are experimenting and creating unique themed décor to suit every changing season and occasion, with the help of creative directors and highly acclaimed professionals. By ensuring that the otherwise stagnant infrastructure is given a facelift with creative installations and décor, the 'newness' of a property can be maintained at all times. Having been presented with

an avenue to express one's opinion then and there, customers take to their social media accounts to post photographs and reviews, thus creating an indirect marketing tool for the company.

It is not enough to attract new customers; a company must keep them and increase their business. Too many companies suffer from high customer churn or defection. Most companies are recognizing the benefits of retaining and satisfying current customers. Remember, acquiring new customers can cost five times more than the cost of satisfying and retaining current customers. On an average, companies lose 10 percent of their customers each year. Yet, by reducing the customer defection rate by 5 percent, companies can increase profits by even 65 percent.

Focused Marketing Strategy

Focused marketing is the need of the hour and it's important to provide customers with an experience that meets their individual needs. 'Blanket targeting' shoppers with generic schemes and incentives will not be sufficient. Today's customers crave for tailored, consistent and convenient service and to stay on top, one should provide just that. Premium services like valet, number plate recognition system to reserve parking for regular customers, personal butler and stylists; events and activities aimed at creating customer engagement and experience enhancement; celebrity meet and greets will all add to the ultimate goal of customer retention.

Ultimately, marketing is the art of attracting and keeping profitable

customers. It is a proven fact that the top 20 percent of the loyal customers often generate 80 percent or more of a firm's profits. Interacting with customers, developing loyalty programs, personalizing marketing are key activities that could be used to build customer loyalty.

Steps To Be Considered

Interacting with customers: Listening to customers is crucial for customer relationship management. An ongoing mechanism that keeps us plugged in to front line customer feedback is necessary. Listening is only part of the store. It is important to be your customer's advocate and, as much as possible, take the customers' side on issues, understanding their point of view. A fool proof system and process needs to be created to ensure customer feedback is received at all times and acted upon, with multiple escalation levels. You need to be as accessible to your customer as possible. An aggrieved customer today can do much damage to your brand's reputation.

Developing Loyalty programs: Most retail and mall establishments run their own loyalty programmes. However, in most of them, less than 50 percent of the entire loyalty base is active and redeeming rewards within the loyalty offerings. Using the right medium to offer the loyalty programmes is vital to its success. With over 80% of one's customer base, owning a smart phone and spending an average of 8-12 hours on it, it is a known fact that the dramatic influence mobile phones has had, not

only on retail, but on all daily personal activities is going to continue to increase. Therefore, building a mobile-first loyalty programme will prove critical in customer retention strategies. Driving offers, bill submissions, managing points and posting communications through mobiles, will not just be convenient to the customer, but will help maintain an active loyalty base. The initial challenges faced by early adopters of mobile loyalty programmes will be overcome with the changing technologies and soon mobile-first will be a must.

Personalizing marketing: Company personnel can create strong bonds with customers by individualizing and personalizing relationships. Not surprisingly, the right technology is an increasingly essential ingredient for this purpose. Maximising customer satisfaction means cultivating long term customer relationships. The vital skill of gauging customer satisfaction requires a working knowledge of marketing research coupled with sensitivity for customer concerns. The data hence collected through market research should not just be analysed, but the findings must be communicated internally to motivate one's team, to act on bad news and plan new ways of satisfying customers.

A customer database, containing the consumers' past purchases, demographics (age, income, family members, birthdays, psychographics (activities, interests and opinions), media graphics (preferred media), is golden. But not all customers would want an ongoing relationship with a company and may resent having their personal data collected and stored. Concern towards customer's privacy and security is required and the marketing needs to be subtle.

With the right measures, adopted at the right time, using the right medium, customer satisfaction and retention can be made effective. [IR](#)

About the author:

Shibu Philips is the Business Head of Lulu Mall, Kochi.

