Customer Retention

Name: Kanupriya Tiwari
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Introduction to Customer Retention

What is Retention ?

Customer Retention is the collection of activities and business uses to increase the number of repeat customers and to increase the probability of each existing customer
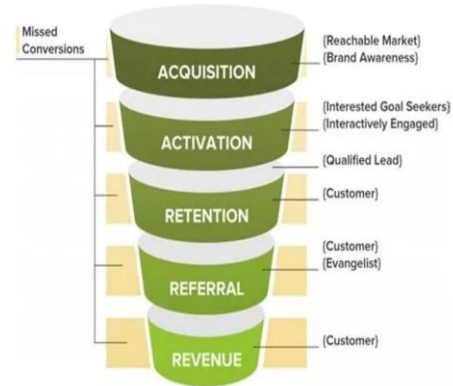
Best Practices to Follow

Text Messages/SMS

Push Notifications

Popups – Website and App

Emails

The AARRR Framework in the Market

Importance of Customer Retention

Affordability

Return on Investment

Loyalty Program

Referrals

Increasing customer retention rates by **5% increases**

Profits by **25% to 95%**

Rule of Thumb

Acquiring a new customer is going to be 5x to 25x times more expensive than retaining an existing customer

Focus Point for Retention Strategy

Acquisition vs. Retention

	Just Started	Gaining Traction	Consistent	Established	Well Established
Acquisition	100%	85%	70%	50%	40%
Retention	0%	15%	30%	50%	60%
	No sales	1-5 sales per week	1 sale per day	10 sales per day	10+ sales per day

Source: https://expandcart.com/en/39784-what-is-customer-acquisition-and-customer-retention/

Retention Strategies

	Strategies	Approach/Tools
User Experience	Seamless user experience focusing on ease of use, quick access and solving the service query	User friendly interface and UI (app, mobile site and web) and omni-channel access to services
Customer Segmentation	Customer profiling to meet their needs	Micro-segmentation, cohort, customer data analysis, predictive modelling
Rewards/Loyalty Programs	Consistently providing monetary and non-monetary rewards for acknowlegment for customer's interest in brand and product	Cashbacks, reward points, loyalty cards, third party offers
Customer Engagement	Interactive and engaging activities to remain skewed	Gamification, value added services, educational and lifestyle activities
Feedback and Measurement	Measure ROI from transactions and interactions of customer	NPS, Churn rate, Social media feedback

Case Study of Dineout Performance in GIRF

Company Introduction

- **Dineout is is India's largest table reservation application.**
- **Multiple benefits including restaurant discovery, Dineout Pay (wallet), cashback.**
- **Great Indian Restaurant Festival is the biggest festival offering 50% offer on food, drinks, buffets**

Challenges

- **Seamless onboarding**
- **Minimize drop offs**
- **Maximize repeat transactions**

Success

- **3x Traffic**
- **2x Increase in average diners**
- **154% Growth in GMV**

* Solutions are explained further in detail

* GMV is gross merchandise volume: total sales monetary value for merchandise sold during a time frame.

Solution 1: Winback the Uninstallers

Customer Service Calls

Feedback taken via calling unsatisfied customers

Net Promoter Score
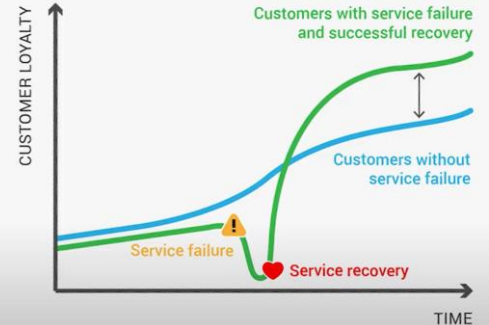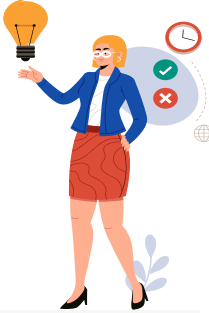
Built NPS for easy feedback from customers

Product Improvement

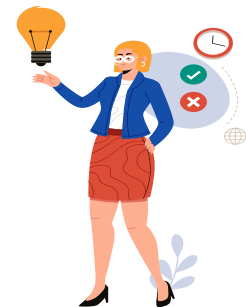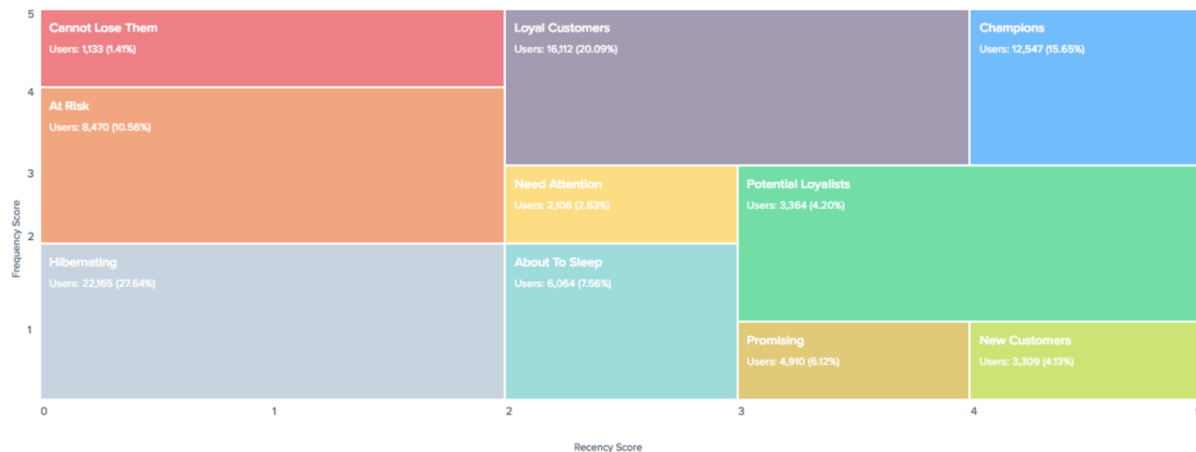Enhance the experience of the customer by fixing the complexities

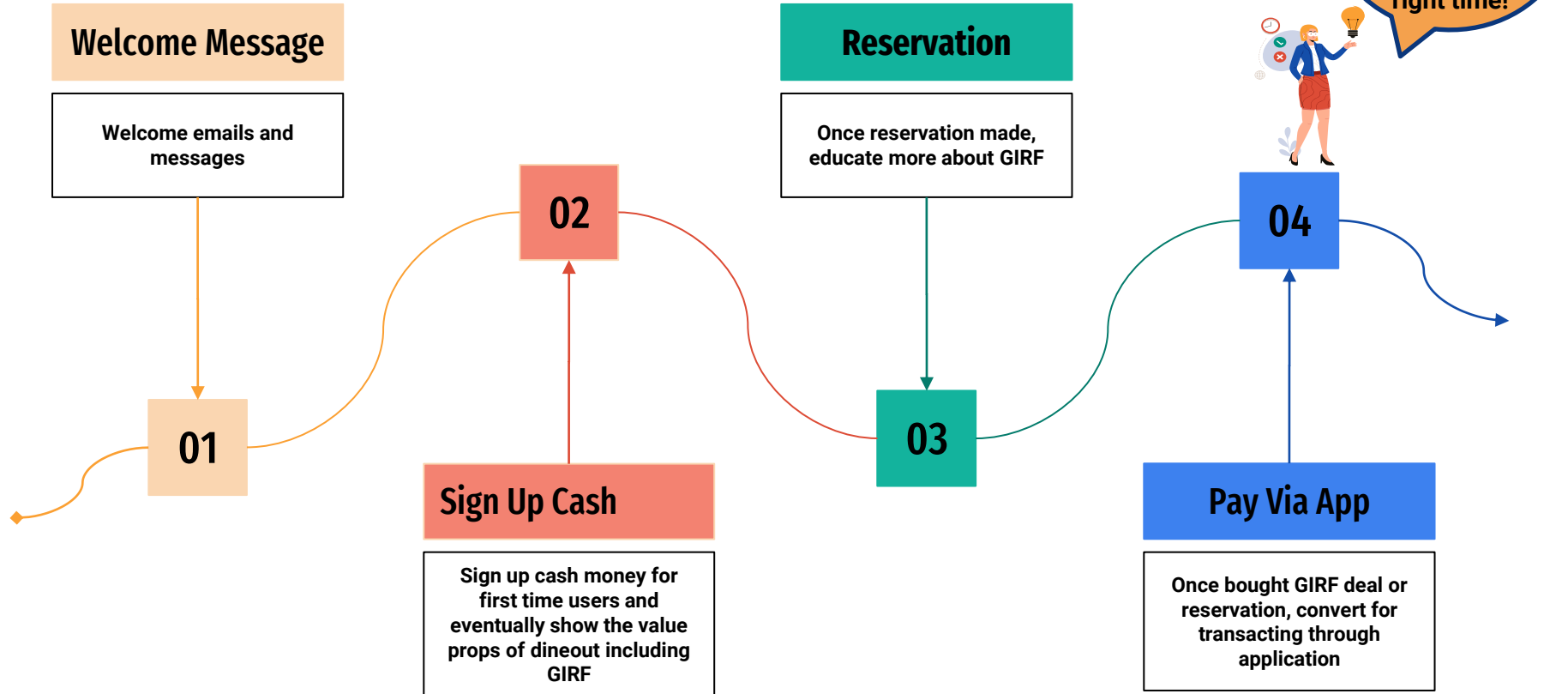# Solution 2: Personalized Messages and Customer Segmentation

Action Area

Dineout's users were sent personalized messages based on their past behavior and interest – ensuring that app not only acquired new users but increased the average transaction per user by 66%

Customer Profiling

Cannot Lose Them Users: 1,133 (1.41%)	**Loyal Customers** Users: 16,112 (20.09%)	**Champions** Users: 12,547 (15.65%)
At Risk Users: 8,470 (10.56%)		
	Need Attention Users: 2,106 (2.63%)	**Potential Loyalists** Users: 3,364 (4.20%)
Hibernating Users: 22,165 (27.64%)	**About To Sleep** Users: 6,064 (7.56%)	
		Promising Users: 4,910 (6.12%)	**New Customers** Users: 3,309 (4.13%)

Key Areas to Focus

AI and Machine Learning

Data Analytics

Referral Strategies

1

2

3

Focus Areas

Tips

Sales Force

Mixpanel

Hubspot

CleverTap