

## Effective Customer Retention



*“Acquiring new customers can cost five times more than satisfying and retaining current customers.”*

*“A 2% increase in customer retention has the same effect on profits as cutting costs by 10%.”*

*“A 5% reduction in customer defection rate can increase profits by 25-125%, depending on the industry.”*

(Source: 1000ventures)

Customer retention has never been more relevant for businesses than it is today. With a critical focus on supporting customers, any defections can seriously undermine a business's capacity for profit and growth, making retention key to a company's existence.

Analysts, researchers and consultants have developed multiple theories, programmes, and practices for retention. Most point to business culture, staff training, and sales techniques, along with tracking and responding to customer demographics. Yet, quite simply, customer retention is all about the customer, the customer experience and a keen insight on this. This is what makes CTL uniquely qualified for customer retention campaigns.

*“When MBNA cut its 10% defection rate in half, profits rose a whopping 125%. But defection rates are not just a measure of service quality; they're also a guide for achieving it.”*

(Source: pubmed.gov)

### What is customer retention?

Customer retention is, according to Francis Buttle author of Customer Relationship Management, the maintenance of continuous trading relationships with customers over the long term.

Traditionally defined, it is the number of customers doing business with a firm at the end of a financial year, expressed as a percentage of those who were active customers at the beginning of the year. However, the appropriate interval over which retention rate should be measured is not always a year. In the dynamic markets CTL Europe supports, it's not necessarily helpful either. Our clients are more driven by retention metrics in terms of days, weeks and by month – this, in spite of the fact many contract lengths are increasing beyond 12 months.



## The CTL Europe Advantage



Whilst many call centres look to increase their clients' business via sales, CTL can demonstrably achieve this through dedicated customer care and retention, building loyalty and lifetime value. There's little remarkable about that but the strengths that underpin our capability are difficult to match:

**1. Focus** – whilst supporting the retention demands of multiple sectors, we offer particular expertise in more dynamic markets driven by the pace of technology. It's where our management team offers a wealth of experience and success.

**2. Culture** – customer service is what we do. We have established and managed customer call centres for over ten years. That's not to suggest that keeping customers both satisfied and loyal is an easy feat in today's market place. Customers demand excellent service as standard and companies cannot afford to fall short – the cost is their goodwill and custom. At CTL, we match our expertise to your specific requirements and apply the metrics that validate success for you.

**3. Smart tools** – we develop applications specifically to optimise the customer experience. They help us support our clients' end users and we also deliver them bespoke to customers as "SmartDesk" solutions. [SmartInform](#) and [SmartCallback](#) are key:

Using **SmartInform**, we deliver both highly targeted and personalised messages to your customers en masse in minutes by voice, text and email. Voice technology gives us real power in communication, not least as an instant response mechanism for your customers.

**SmartCallback** ensures your customers receive callbacks precisely when agreed. We also use the system internally to promote efficiency in our own retentions fact-finding and solutions.

Together these three advantages deliver insight, the X factor in any effective retention programme.

### Top tips for retaining customers

(a call centre perspective)

**Ensure you have the opportunity to retain before too late!**

**Ensure you have the right tools and resources**

**Establish specialist retention skill sets and/or teams**

**Look beyond the stats – at the behaviour and experience**

**Keep your customer promises**

**Review how and where you interact with your customers**

**Recognise the customer at every stage of the lifecycle**

**Empower your agents to take ownership**



## Outsourcing to CTL means outperforming inhouse resource

In Q1 2007 we embarked on a significant retentions campaign at a testing period for a leading broadband provider. Prior to our engagement, the company was saving less than 1 in every 5 defecting customers. Within a matter of weeks this figure (18%) improved to 43%, significantly hiking company revenue. The gain was due a mix of new activities recommended by CTL:

- More detailed (quantitative and qualitative) management reports
- Specialist knowledge base and centres of excellence created
- Structured and informal feedback channels and briefing sessions
- Making a key process (MAC requests) a retentions touch-point
- Input to (and outputs from) customer satisfaction tracker survey
- Re-structured incentives plan

In view of the effectiveness of our retentions programme and the insight we gained, CTL Europe's role was rapidly expanded to include both issue resolutions and escalations processes.

### We never overlook a vital component – the client

The more engaged and open our clients can be, the greater our chance of being effective - fast. At the outset of a campaign, in addition to agreeing metrics, time plans, an incentive solution portfolio and framework, we encourage real openness in the sharing of information. Critical to our knowledge is understanding your processes and measurements of retention. Qualitative, quantitative and often anecdotal feedback on customer experience helps enrich our learning and accelerate effectiveness. We know this, having been engaged with regular independent client satisfaction tracking surveys. Openness with information can overcome, for example, the issue of data specific to, and restricted within product, channel and functional silos, which itself can seriously undermine retentions effectiveness.

In addition, we would also encourage customer profile rankings or classification to help focus efforts efficiently on your behalf.

### The CTL solution

CTL Europe's Wembley-based centre offers multilingual call handling, helpdesk facilities, CRM, database management, email, text and voice messaging services and administrative support - all without the high set-up costs associated with large call centres. Through SmartDesk applications we are able to get you closer to your customers, creating loyalty, advocacy and value.

Call us on **020 3190 3190** to discuss how we can help you.

