

## **Success Grows Through Retaining Customers**

If you're a business owner, which appeals more: spending \$20 to capture a new customer or spending \$1 to retain an existing customer?

These numbers represent broad averages but reflect reality, according to research. This means developing a sustainable business requires focusing first on building customer loyalty.

“Every business needs to build its customer base, but often the focus is on bringing in new customers,” says Glenn Muske, the North Dakota State University Extension Service’s rural and agribusiness enterprise development specialist. “Perhaps the better strategy is, first, retaining existing customers because this forms a stable sales base and they become your ambassadors as you turn to finding new customers.”

Retaining existing customers means providing them with what they want at a price they feel is reasonable while offering them a pleasant shopping experience, and giving outstanding customer service and support.

To do all of this means listening to your customer.

However, one difficulty business owners face is that customers will not rate each one of these items equally, and each customer will have his or her own preferences.

“Understanding the customer and his or her preferences means coming up with a business strategy that will work best for your situation,” says (Insert name and title) of (Insert county). “To some degree, that means building around where the core of your customer base puts its values.”

“Yet understand that with the tools available, it is possible to have customized approaches to various groups or even individuals,” (insert last name) continued.

The goal is customer retention. Yes, customer retention or customer loyalty programs may have a cost, but based on the research, these programs seem like a good way to spend your money. That’s especially true when research shows that long-term customers tend to buy more and more often than new customers. So you want to keep your customers and keep them as long as possible.

Customer retention programs are not a one-time effort. Internally, the customer changes, and externally, the surrounding environment (think competition) changes. As the customers have various experiences, they will come across other business tools that they prefer. They may move, for example, from valuing price savings to valuing service.

Help your customers see how they get value from your relationship. Encourage them to tell you their ideas and thoughts for change. And then take action on what they say.

Retaining customers can have a great payoff. Making customer retention a mission of your company is well worth your time and effort.

For help, contact your local Extension Service office at [insert phone number and email address]. Also visit NDSU's small-business support website at [www.ag.ndsu.edu/smallbusiness](http://www.ag.ndsu.edu/smallbusiness) and sign up for the monthly newsletter. Or check out Facebook at <https://www.facebook.com/NDSUextsmallbiz> or Twitter at @gmuske.

Other resources include <http://powerofbusiness.net> and [www.eXtension.org/entrepreneurship](http://www.eXtension.org/entrepreneurship). The Small Business Administration and its related organizations, such as the Small Business Development Centers and SCORE, also can be valuable resources.

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