



**COMPARATIVE STUDY OF CUSTOMER RETENTION WITH SPECIAL  
REFERENCE TO MTNL**

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*Abstract*

*Retaining customer is the most important marketing tactic for each and every company for surviving in this competitive corporate world. If company wants to be successful and competitive it should have a proper knowledge regarding customer needs and wants. The company should know customer's expectations so that they will undertake this in consideration while forming any strategy for satisfying their customers.*

*As MTNL has many competitors, MTNL should concentrate on customer satisfaction instead of running behind increasing revenue and they should be loyal and helpful with their competitors. But MTNL is showing a great growth from last 5-10yrs as they provide the excellent services to their customer. This research paper will help us to know what are the different strategies used by different companies for customer retention and by MTNL.*

*Keywords: customer Retention, customer service, customer switching.*

**I. INTRODUCTION**

Customer retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and across the marketplace.

Customer retention is beyond than providing the customer what they believe; it's about surpassing their expectations so that they become reliable supporters for your brand. Creating customer devotion puts 'customer value' rather than increasing profits and shareholder value at



the center of business policy'. The key discriminate or in a economical environment is more often than not the providing of a constantly high standard of customer facility.

Customer retention has a straight influence on effectiveness. Study by John Fleming and Jim Asplund specifies that involved customers produce 1.7 times extra revenue than usual customers, while having involved employees and involved customers yields a revenue gain of 3.4 times the norm.

#### **Customer Life time Value:**

Customer lifespan worth permit an organization to compute the net current worth of the profit an organization will understand on a customer over a specified period of time. Retention Rate is the percentage of the total number of customers retained in context to the customers that approached for cancellation.

#### **Standardization of Customer Service:**

Published standards exist to help organizations deliver process driven customer satisfaction in order to increase the lifespan of a customer. The International Customer Service Institute (TICSI) has discharged The International Customer Service Standard (TICSS). TICSS permits establishments to emphasis their awareness on providing superiority in the management of customer service, whilst at the same time providing recognition of success through a 3rd Party registration scheme. TICSS focuses an organization's attention on delivering increased customer satisfaction by helping the organization through a Service Quality Model. TICSS Service Quality Model uses the 5 P's - Policy, Processes, and People, Premises, Product/Service, as well as performance measurement. The implementation of a customer service standard should lead to higher levels of customer satisfaction, which in turn increases customer loyalty and customer retention.

#### **Reasons for Customer Switching:**

The reasons for customer switching can be identified as following:

- Pricing (High price, unfair pricing, deceptive pricing)
- Inconvenience (Wait for service, wait for appointment)
- Core service failure (Service mistakes, Billing errors)
- Service encounter failure (Uncaring, impolite, unresponsive behavior)
- Response to service failure (Negative response, no response, reluctant response)
- Competition (Found better service)
- Ethical problem (Cheating, Unsafe)
- Involuntary switching (customer moved, provider closed)



An important aspect of the above is that six out of the eight service switching factors are controllable from a service organization's point of view.

**Increasing Importance Of Customer Retention:**

- Markets are Stagnant
- Decrease in population Growth
- GNP Growth increasing at decreasing rate
- Increase in competition :
- Relative Parity
- Rising Cost of Marketing :
- Increase in the cost of advertising
- Loss of "Share of Voice"
- Changes within the channels of Distribution
- Distance Marketing
- Customers have changed
- More informed
- Increasingly Skeptical
- customer retention management relies on the combination of the following:
- High satisfaction with product performance and customer service.
- High intention to continue to do business with you.
- High willingness to recommend you to others.
- There are two components of customer retention. Both need to be pursued.
- Customer satisfaction.
- Systematic and proactive customer relationship management

**For retaining the customers we need to give a good Customer service:**

In a difficult economic environment where consumers are not spending it has become increasingly important for many businesses to refocus by being innovative and using different methods to increase sales and services. One such technique that some organizations are using nowadays so that limited interaction with customers is enhanced and improved is to change the customer service culture.

After all, providing exceptional good customer service so that customers leave a business happy with the service provided is one of the key aims of most businesses that rely on customers and return business in a competitive market.

To introduce or have a successful customer service culture, there firstly needs to be buy-in from every person involved in the business who has contact with a customer.



For such a shift in culture to gain any traction it is important for employees who have dealings with customers (either face-to-face or through electronic means) to undertake some form of customer service skills training. This is necessary because by taking positive steps to improve and enhance the mind-set of employees in all departments will help to develop and encourage a customer service focus that will become second nature and in turn help to increase sales and encourage return business.

### **Top 5 Customer Retention Marketing Tactics**

The probability of selling to an existing customer is 60-70%. The probability of selling to a new prospect is 5-20% (from Marketing Metrics). Research also shows that a 10% increase in customer retention results in a 30% increase in the value of the company

1. **Regular Communication with Customized Content and Special Offers** - This is the keystone of any good customer retaining program and cautious attention should be paid here. Utmost establishments have some sort of circular to correspond with usual customers but rarer are vigorously making suggestions to their current install base that are modified according to what is already acknowledged about the customer. This can be as humble as proffering an improvement at a special value to tiered discounts or favored access to boost or other resources.
2. **Customer service** - Poor customer service accounts for 70% of customer loss. Marketing should take that number very seriously and work with the support team to deliver content that can help service folks do their job. In my involvement many tough customer service concerns restrict from a disparity between the advancing functionality and customer expectancies. Marketing can generate content that can set customer prospects for functionality and performance to make sure there is a good equivalent between the product and what the customer is trying to do.
3. **Listen (and then talk)** - The overwhelming majority of unhappy customers will never communicate their dissatisfaction with you. Repeatedly testing in on customers will support you to see signs of an looming withdrawal while there's still time to dose difficulties. Steady customer interaction done customer optional boards or other less organized customer calls will often attentive you to superior difficulties before they're imitated in your metrics. You can learn a lot by overhearing on customers on blogs, Twitter and forums. Just remember that if you are going to involve with customers in this way you need to be equipped to act on the concerns they are snappish about



4. **Loyalty programs, appreciation awards and customer referral rewards** – rewarding customers for referring you new business or for repeat buys is always a good idea. Even in markets where that isn't appropriate (I've never seen a rewards program for enterprise infrastructure software for example) you can still give customers an award to recognize them (and give them something to brag about).
  
5. **Bring Your Customers Together** – at the larger companies I worked at our annual user conference was one of the most successful marketing tactics we did. Companies with smaller user bases and budgets are doing similar things by creating online spaces (in the form of forums, custom social networks, facebook or LinkedIn groups, etc) where customers can connect, share their experiences and learn from each other.

#### **Customer Retention Strategies:**

##### **The easiest way to grow your customers is not to lose them**

The average business loses around 20 percent of its customers annually simply by failing to attend to customer relationships. In some industries this leakage is as high as 80 percent. The cost, in either case, is staggering, but few businesses truly understand the implications.

Imagine two businesses, one that retains 90 percent of its customers, the other retaining 80 percent. If both add new customers at the rate of 20 percent per year, the first will have a 10 percent net growth in customers per year, while the other will have none. Over seven years, the first firm will virtually double, while the second will have no real growth. Everything else being equal, that 10-percent advantage in customer retention will result in a doubling of customers every seven years without doing anything else.

The consequences of customer retention also compound over time, and in sometimes unexpected ways. Even a tiny change in customer retention can cascade through a business system and multiply over time. The resulting effect on long-term profit and growth shouldn't be underestimated.

Marketing Wizdom can introduce you to a number of simple customer retention strategies that will cost you little or nothing to implement. Behind each technique listed here there is an in-depth step-by-step process that will increase your customer retention significantly once implemented, and will have a massive impact on your business.



### **1. Reducing Attrition**

Virtually every business loses some customers, but few ever measure or recognise how many of their customers become inactive. Most businesses, ironically, invest an enormous amount of time, effort and expense building that initial customer relationship. Then they let that relationship go unattended, in some cases even losing interest as soon as the sale been made, or even worse, they abandon the customer as soon as an easily remedied problem occurs, only to have to spend another small fortune to replace that customer. The easiest way to grow your business is not to lose your customers. Once you stop the leakage, it's often possible to double or triple your growth rate because you're no longer forced to make up lost ground just to stand still.

### **2. Sell and then sell again**

Many of them do an exceptional job of making the preliminary sale, then drop the ball and get satisfied, overlooking the customer, while they dash more business. Your marketing has really only just activated when someone makes that early purchase decision because practically everyone is vulnerable to consumer's compunction. To lock in that sale, and all of the recommendations and recap business that will flow from it, you want to foray while the iron is hot to assuage your customers' worries and determine by your movements that you really matters. . You should thank them and remind them again why they've made the right decision to deal with you ... and put a system in place to sell to them again, and again, constantly proving that they made the right decision.

### **3. Bring back the "lost sheep"**

There's little point in dedicating massive resources to generating new customers when 25-60% of your dormant customers will be receptive to your attempts to regenerate their business if you approach them the right way, with the right offer. Reactivating customers who already know you and your product is one of the easiest, quickest ways to increase your revenues. Re-contacting and reminding them of your existence, finding out why they're no longer buying, overcoming their objections and demonstrating that you still value and regard them will typically outcome in a marvelous plenty of sales and drastically increased revenues in a matter of days ... and will lead to some of your best and highest dependable customers.

### **4. Peculiar Customer Service**

The everlasting chase of brilliance to keep customers so satisfied that they tell others how well they were treated when doing business with you. Moving the product or service you deliver into the realm of the extraordinary by delivering higher than



expected levels of service to each and every customer. Key aspects include: commitment to customer gratification by every employee; providing instant comeback; no responsibility passing; going above and afar the call of duty; steady on-time delivery; delivering what you guarantee before and after the sale; a zero-defects and error-free-delivery procedure and employing exceptional people to distribute your customer service. Peculiar service builds prosperities in reiteration customers, whereas poor facility will drive your customers to your opposition.

#### **5. Courtesy system**

A powerful system that improves the interpersonal skills of your team and changes the spirit of your organization. It involves speaking to colleagues politely and pleasantly, without sarcasm or parody, and treating them at least as well as you would want them to treat your customers. This will help your team to feel worthwhile and important, which makes for pleasant social contacts at work. It also motivates them to provide extraordinary service, encourages them to be consistently pleasant in all of their dealings and to relate to customers in a warm, human and natural manner. This results in better, warmer, stronger, more trusting relationships and longer term bonds with your customers.

#### **6. Product or service integrity**

Long-term success and customer retention belongs to those who do not take ethical shortcuts. There must always be total consistency between what you say and do and what your customers experience. The design, build quality, reliability and serviceability of your product or service must be of the standard your customers want, need and expect. Service integrity is also demonstrated by the way you handle the small things, as well as the large. Customers will be attracted to you if you are open and honest with them, care for them, take a genuine interest in them, don't let them down and practice what you preach ... and they will avoid you if you don't.

#### **7. Measure lifetime value**

There's a vast difference between the one-off profit you might make on an average sale, which ignores the bigger picture, and the total aggregate profit your average customer represents over the lifetime of their business relationship with you. Once you recognise how much combined profit a customer represents to your business when they purchase from you again and again, over the months, years or decades, you'll realise the critical importance of taking good care of your customers. And because you'll understand just how much time, effort and expense you can afford to invest in retaining that customer, you'll be in control of your marketing expenditure.



**8. A complaint is a gift**

96 percent of dissatisfied customers don't complain. They just walk away, and you'll never know why. That's because they often don't know how to complain, or can't be bothered, or are too frightened, or don't believe it'll make any difference. Whilst they may not tell you what's wrong, they will certainly tell plenty of others. A system for unearthing complaints can therefore be the lifeblood of your business, because customers who complain are giving you a gift, they're still talking to you, they're giving you another opportunity to return them to a state of satisfaction and delight them and the manner in which you respond gives you another chance to show what you're made of and create even greater customer loyalty.

**Other customer retention strategies include:**

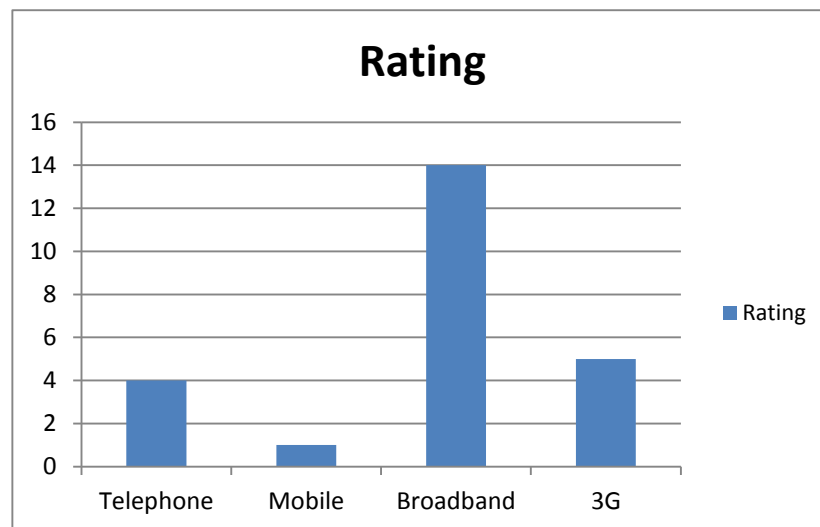
1. Blogs
2. CRM Systems
3. Loyalty Programs
4. Magic Moments
5. Overcome Buyers Remorse
6. Personal Touches
7. Premiums and Gifts
8. Questionnaires and Surveys
9. Regular Reviews
10. Social Media
11. Welcome Book





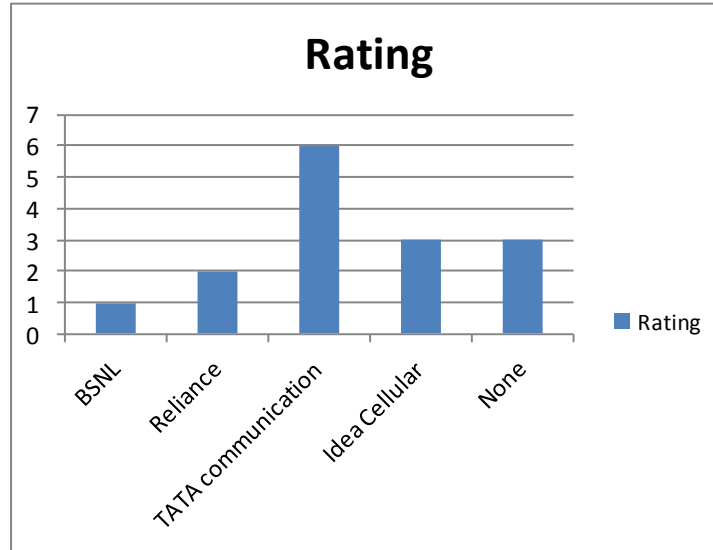
## II. ANALYSIS

1. Which service of MTNL has high demand in market?
  - a) Telephone Service
  - b) Mobile Services
  - b) Broadband Service
  - d) 3G Services



**INTERPRETATION:** From the above chart we can say that in comparison with other services of MTNL, The Mobile Services of MTNL have high demand in market other services.

2. According to you which company is tough competitor of MTNL?
  - a) BSNL
  - b) Reliance
  - b) Tata Communication
  - d) Idea Cellular



**INTERPRETATION:** From the above chart we can say that MTNL's most toughest competitor is TATA Communication.

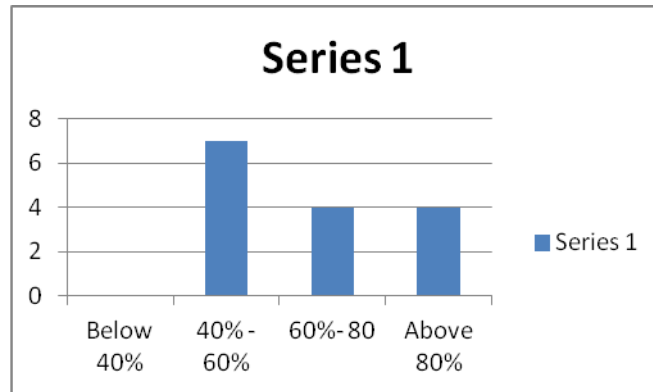
3. What you think, is MTNL growing from last 5-10 years?  
a) Yes                      b) No



**INTERPRETATION :** From the above chart we can see that MTNL is growing from last 5-10 yrs through satisfying their customer and also by keeping their customer with themselves



4. How Much growth Have u seen from last 5-10 years?  
a) Below 40%                      b) 40% - 60%  
b) 60% - 80%                    d) Above 80%



**INTERPRETATION :** From the above chart we can see the growth of MTNL from last 5- 10 yrs. MTNL's growth from last 5- 10 yrs is between 40% - 60%

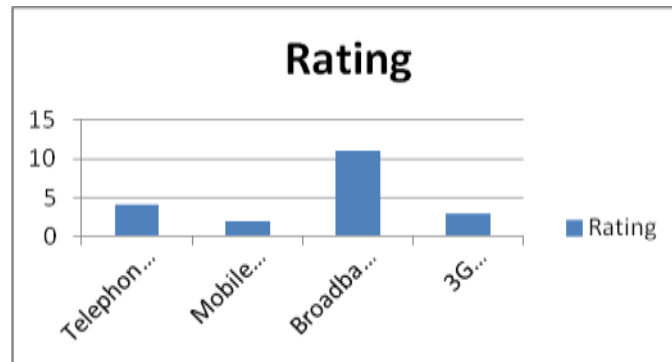
5. MTNL's services are affordable to.....  
a)Upper Class                      b) Middle Class  
c) Lower Class                    d) All



**INTERPRETATION :** From the above charts we can see that MTNL's services are affordable to all class. So from this we can see that even lower class people can also buy the MTNL's Services.



6. In which Sector MTNL is growing fasterly?  
a) Telephone services    b) Mobile Services  
c) Broadband services    d) 3G services



**INTERPRETATION:** Now a days in comparison with other services MTNL is Growing fasterly in Broadband services and this we can see in the above chart

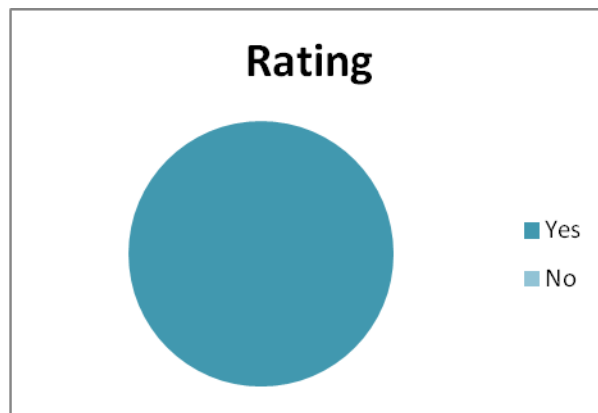
7. MTNL mostly focuses on....  
a) Profit Of the company  
b) Attracting Customer  
c) Satisfying the customer  
d) To be loyal with their customer.





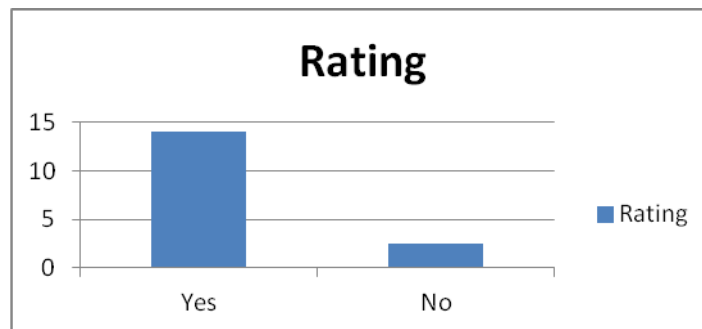
**INTERPRETATION:** From the above chart we can see that MTNL is mostly focuses on satisfying their customer which helps them to retain their customers.

8. Do you think that your customers are satisfied with your services?  
a) Yes                      b) No



**INTERPRETATION:** From the above survey we can see that most of the customers are satisfied with the MTNL's Service which helps them to keep their customer with themselves

9. MTNL provides any training to its employee for retaining their customer?  
a) Yes                      b) No

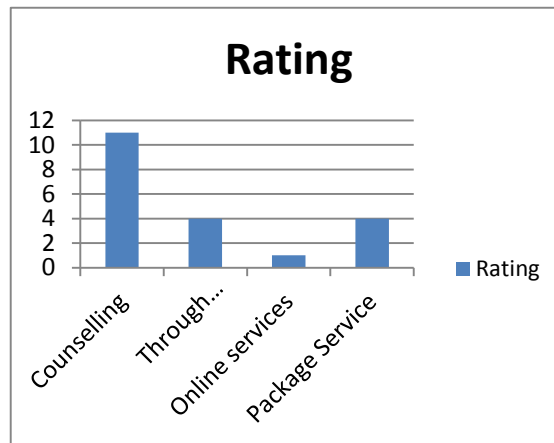




**INTERPRETATION:** From this we can see that MTNL is bothering about retaining their customer that why they give training to their employees from which employees get idea about how to retain their customers.

1. What techniques you are following for retaining their customers?

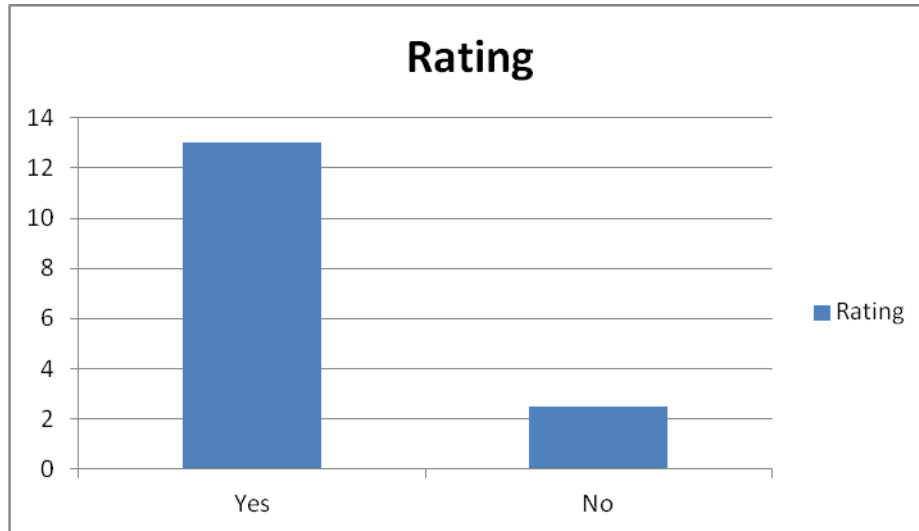
- a) Counseling
- b) Through Advertisement
- c) Online service
- d) Package Services



**INTERPRETATION:** MTNL provides counseling to their customer so that customer gets ideas about their services and even they give counseling to their employees about how to retain their customer.

2. What is your opinion about the customer retention strategies of MTNL is that effective?

- a) Yes
- b) No



**INTERPRETATION:** The customer retention strategies of MTNL is effective that why we can see that almost 95% of people are using MTNL's services.

### III. SWOT ANALYSIS

#### Strengths:

1. MTNL is one of the NAVRATNA companies.
2. The company enjoys the large consumer base in New Delhi.
3. Being a government company, it enjoys a strong reliability among users.
4. High on cash.

#### Weaknesses:

1. Poor marketing.
2. Slow on implementation.
3. It does not provide good network.
4. Bureaucratic organizational structure.

#### Opportunities:

1. There is strong growth in telecom industry.
2. It can provide value added services. i.e. E- Banking & E- reservation etc.
3. It can cover others metros (Bangalore & Kolkata) Of India



**Threats:**

1. Private Players in telecom industry.
2. Competitors regularly come up with new attractive call rates, tariff vouchers and value added services.
3. Competitors continuously improving their distribution channels.

**IV. CONCLUSION**

MTNL is growing from last 5-10 yrs. MTNL had achieved great success in telecommunication sector. It always concentrates on satisfying their customers as well as to be loyal with them. MTNL always gives best services to their customers.

As they are concentrating on satisfying their customers they always give training or knowledge to their employees for extending their customer retention tactics and strategies. MTNL is give much better services then their competitors. As the services they are providing have less cost as well as of better Quality.

From all this we can see that MTNL gives more importance to their customers and that is the most important thing for retaining the customers.

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