



CUSTOMER VALUE, CUSTOMER SATISFACTION & CUSTOMER RETENTION

Learning Outcomes:

- ❖ Understand the definitions and of customer satisfaction, value, retention, and loyalty.
- ❖ Understand the importance of these concepts
- ❖ Learn how the concepts relate with each other
- ❖ How to foster customer satisfaction, value and retention.



CUSTOMER VALUE

Customer value refers to the perceived benefits a customer gains from a product or service relative to its cost. It is the customer's evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers. It is important to note that customers often do not judge values and costs 'accurately' or 'objectively'. They act on **perceived value**.

Importance of customer value:

Drives Purchase Decisions – Customers choose brands that they perceive offer high value.

Enhances Customer Satisfaction – When customers perceive high value, they feel more satisfied.

Increases Brand Loyalty – Companies that deliver consistent value retain customers longer.

Improves Customer Lifetime Value (CLV) – CLV is a metric that estimates the total revenue a business can expect to earn from a single customer throughout their relationship with the company. It helps businesses understand how valuable a customer is over time rather than just focusing on one-time purchases. High-value offerings encourage repeat purchases.

Factors Influencing Customer Value

Perceived Benefits: Functionality, aesthetics, and emotional benefits.

Perceived Costs: Financial, time, and effort investments.

Improve Customer Experience: Provide excellent service.

Customization: Personalized experiences increase perceived value.

Innovation: Unique product features and improvements enhance value.

CUSTOMER SATISFACTION

Customer satisfaction refers to the extent to which a product's perceived performance matches a buyer's expectations. It is a **key performance indicator** for businesses.

Think of a recent service encounter with a business and rate its performance in terms of your expectation.

Importance of customer satisfaction:

Revenue Growth – Satisfied customers are more likely to purchase more.

Increase in profitability – increased sales directly lead to increased profitability

Brand Loyalty – Satisfied customers are more likely to become repeat buyers.

Brand ambassadors – Satisfied customers talk favourably about your brand and refer others.

Competitive Advantage – Companies with higher satisfaction rates stand out in the market.

Reduced customer turn over rate – Happy customers are less likely to switch to competitors.

What do you think happens when customers are dissatisfied?

Factors Influencing Customer Satisfaction

Marketers must be careful to set the right level of expectations. If they set expectations too low, they may satisfy those who buy but fail to attract enough buyers. If they set expectations too high, buyers will be disappointed.

Product Quality: The core determinant of customer satisfaction.

Customer Service: Timely, professional, and friendly service enhances satisfaction.

Price Fairness: Competitive and reasonable pricing influences customer perceptions.

Convenience: Ease of purchase, accessibility, and smooth transactions.

Brand Reputation: Customers trust brands with strong credibility.

CUSTOMER RETENTION

Customer Retention refers to a company's ability to maintain existing customers over a period. It is a crucial metric for business stability and growth.

Benefits of Customer Retention

Cost-Effectiveness – Retaining existing customers is cheaper than acquiring new ones.

Higher Lifetime Value – Loyal customers generate more revenue over time.

Positive Word-of-Mouth – Satisfied customers become brand advocates.

Stronger Customer Relationships – Long-term customers build trust and engagement.

Factors the influence customer retention

Loyalty Programs: Rewards and incentives encourage repeat purchases such as frequency marketing programmes that reward customers who buy frequently or in large amounts.

Personalized Communication: Understanding customer needs and preferences.

Proactive Customer Service: Resolving issues before they escalate.

Continuous Engagement: Using emails, social media, and personalized interactions.

Consistent Product Quality: Ensuring reliability and meeting expectations.

Customer Support: High-quality after-sales service builds long-term relationships.

Feedback Implementation: Acting on customer feedback increases retention.

CUSTOMER LOYALTY

Customer loyalty Customer loyalty is the commitment of customers to continue purchasing from a brand despite competitive options. It results from positive experiences, trust, and perceived value.

Importance of loyalty:

Sustainable Revenue Growth – Loyal customers contribute to consistent earnings.

Lower Marketing Costs – Repeat customers require less advertising spend.

Higher Referral Rates – Satisfied customers promote brands through word-of-mouth.

Resilience in Market Changes – Loyal customers stick with brands despite economic shifts.

Factors Influencing Customer Loyalty

Factors Influencing Customer Loyalty

Trust and Credibility: Customers stay loyal to brands they trust.

Consistent Brand Experience: Uniform quality across touchpoints.

Emotional Connection: Engaging storytelling and brand values.

Community Building: Social media and brand communities foster loyalty.



Thank You

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