Chapter 8
Using Social Strategy to Retain Customers: Cases and Tips

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ABSTRACT
Customer retention is the process of keeping your current customers’ set satisfied and loyal to your product, successful customer retention is not only related to the applied product or services, but strongly related to how the organization provide the services and the reputation it creates within and across the marketplace. This chapter mentions four different cases of using social media to achieve customer retention. Cases will be named based on services provided by the firm, theme park, personal care business, food business, and supplying athlete tools. Also set of tips and guidelines about planning social strategy presented, finally suggested tools support different platforms were mentioned.

INTRODUCTION
Organizations’ structure is shifting toward customer-based structure rather than product-based structure, customer-based structure aims to consider the set of customers as the source of revenue, not the products or services, customer-base is a group of customers who purchase and get benefits of organization’s products and services repeatedly, behaviors and actions of customers can be defined and predicted based on market researches and previous experiences (Ryals & Knox, 2001). This strategy is followed by large companies mainly, there are many factors driving this shift, like introducing Customer Relationship Management (CRM), convergence of Information Systems (IS), and developing supporting software. Organizations concern in building strong enough strategies to insure achieving their goals. Business strategy is the process of identifying major goals, objectives, policies, plans and initiatives of that business and implementing specific techniques and tools to achieve these objectives (Teece, 2010), based on consideration of resources and an assessment of the internal and external factors represented in strength/weakness points, and threat/opportunities might face the business (Porter, 1979) Various models and

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Frameworks were introduced to assist in strategic planning process in a competitive dynamics environment, like SWOT analysis, experience curve, and industry structure and portfolio. Figure 1 is the graphic representation of SWOT analysis (Jackson, Joshi, & Erhardt, 2003).

Strategies in general aims to achieve a specific goal, i.e. increase profits, niche products, expand market. One of most important goals is managing customers’ relations, either current customers or potential customers (Teece, 2010). It is important to keep your current set of customers satisfied and loyal, at the same time to look forward to maximizing this set by attracting new customers. This chapter discusses the retention of current customers, it will contain three sections, the first section will go over the general concept of customer retention by discussing the concept definition, importance, and challenges. Three cases of real life companies applied social media strategies to ensure customer retention were mentioned in the second section, third section discuss social networks managing tools. And finally a set of guidelines and tips were mentioned to achieve customer retentions in the last section.

CUSTOMER RETENTION

The simplest definition of customer retention is the set of steps planned and implemented to reduce customer defections or churn rate. Keeping customers is more about keeping their lifetime value either in term of their expenses or their influence power on other potential customers, where retaining existing customers is profitable in about five times more than attracting new customers (Han & Hyun, 2015; Eid, 2011), there are four main reasons why retained customers are more profitable (Ryals & Knox, 2001; Meldrum & McDonald, 1995):

1. Acquisition of new customers could be high in cost, therefore to have profitable customers, organization should keep the relationship with the same set of customers for more than one season or year.

*Figure 1. SWOT analysis matrix*