

Commercial Management

Lecturer : Dr. Leul Girma



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Course & Class Information

Course: Commercial Management

Program: Bachelors in Business Administration and Management (BBAM)

Credits: 6 ECTS

Mode: Onsite / Blended

Class 7: Finding, Retaining, and Growing Customers

Lecturer : Dr. Leul Girma

Main Teaching & Learning Materials

Core textbook

- Principles of Management
- Principles of Marketing
- Case studies and real-world examples
- Academic articles and selected readings



Objective and Learning Outcomes

Objective:

To provide students with an understanding of how businesses attract, retain, and grow customers, and enable them to develop effective customer management and relationship strategies for long-term business success.

By the end of this class, students will be able to:

- Explain the importance of customer acquisition and retention
- Identify strategies for attracting new customers
- Understand methods for improving customer satisfaction and loyalty
- Analyze approaches for growing customer value and engagement
- Assess the role of CRM and digital tools in customer management

Core Areas of Customer Management

Finding, Retaining, and Growing Customers

Finding, retaining, and growing customers refers to the process of **attracting new customers**, maintaining **strong customer relationships**, and increasing **customer value over time** to support long-term **business growth** and **profitability** (OpenStax, 2023).

It focuses on:

- Customer acquisition
- Customer retention
- Customer loyalty
- Customer value growth



Customer Acquisition (Finding Customers)

Customer acquisition refers to the activity's businesses use to **attract** and gain **new customers**. Companies use **marketing**, **sales**, and **promotional strategies** to increase customer interest and sales (OpenStax, 2023).



Common acquisition methods include:

- Advertising and digital marketing
- Social media promotion
- Sales promotions and discounts
- Referral and recommendation programs

Digital Marketing for Customer Acquisition

Digital marketing uses online platforms and digital technologies to attract and engage customers more effectively (OpenStax, 2023).

Common digital marketing tools include:

- Social media marketing
- Search engine advertising
- Email marketing
- Online content and video marketing



Customer Retention (Keeping Customers)

Customer retention refers to the ability of a business to maintain **long-term customer relationships** and encourage **repeat purchases**. Retaining customers is often less costly than attracting new customers (Bright et al., 2019).



Effective retention strategies include:

- Providing **excellent customer service**
- Responding quickly to **customer problems**
- Offering **loyalty rewards**
- Maintaining regular **customer communication**

Customer Growth (Increasing Customer Value)

Customer growth refers to increasing the **value of existing customers** by encouraging higher spending, repeat purchases, and stronger engagement with the business (OpenStax, 2023).

Businesses grow customers through:

- **Cross-selling related products**
- **Up-selling premium products**
- **Increasing customer engagement**
- **Building long-term customer relationships**



Types of Customers and Buying Behavior

Businesses serve different types of customers based on their purchasing behavior, needs, and loyalty levels. Understanding customer behavior helps companies improve marketing and sales strategies (Bright et al., 2019).



Common customer types include:

- New customers
- Returning customers
- Loyal customers
- Price-sensitive customers
- Impulse buyers

Case Study: NovaTech's Customer Strategy Dilemma

NovaTech increased **sales rapidly** through **aggressive advertising campaigns**, **promotional pricing**, and **first-time purchase discounts** that attracted **many new customers**. However, company reports later showed that **marketing costs were rising faster than profits**, while many customers **did not return after their first purchase**.

Some managers argued that the company should continue focusing on **aggressive customer acquisition** to expand **market share** before competitors became stronger. Others believed NovaTech should reduce spending on **discounts and advertising** and instead invest more in **customer retention**, **loyalty programs**, and **personalized customer engagement** to increase **long-term customer value** and **profitability**.

Reflection/Discussion

What do you understand from this case?

What is the main challenge facing NovaTech?

What would you recommend next?

Insights from the case's

- **Sales increased** does not mean **profit increased**
- **New customers** does not mean **valuable customers**
- **Discount buyers** may not become **loyal customers**
- **High advertising spending** may reduce **real profitability**
- **Customer acquisition** without retention may create unstable growth
- **Market share growth** does not always improve **long-term performance**
- **Short-term promotions** may weaken **customer loyalty**
- **Finding customers** must connect with **retaining and growing customers**
- **Repeat customers** may generate more value than one-time buyers
- **Long-term customer value** may be more important than rapid sales growth

Building Strong Customer Relationships

Customer Relationships

Strong customer relationships improve **customer trust**, **customer loyalty**, and long-term **business performance** (Bright et al., 2019)

It built through:

- Effective **customer communication**
- Consistent **service quality**
- Understanding **customer needs**
- Building **customer trust and loyalty**



Effective Customer Communication

Effective customer communication helps businesses improve **customer satisfaction**, reduce misunderstandings, and strengthen long-term customer relationships (Bright et al., 2019).

It includes:

- Clear and timely **customer responses**
- Personalized **customer interaction**
- Active listening to **customer feedback**
- Consistent communication across channels

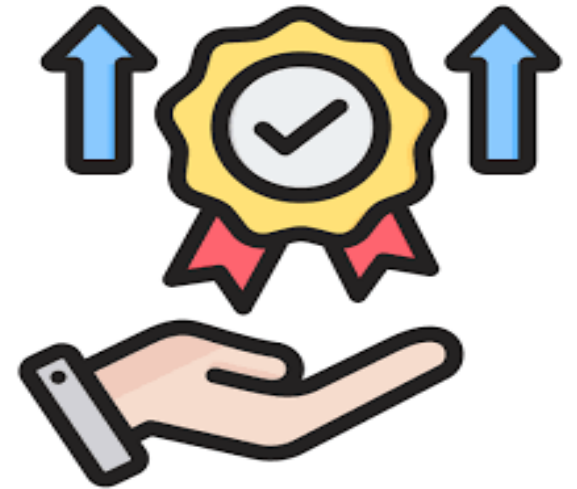


Consistent Service Quality

Consistent service quality helps businesses build **customer trust** and encourage repeat purchases by delivering reliable customer experiences (OpenStax, 2023)

Service quality depends on:

- Reliable **customer support**
- Fast problem resolution
- Professional employee behavior
- Consistent customer experience



Understanding Customer Needs

Businesses must understand changing **customer needs** and expectations to deliver products and services that create value for customers (OpenStax, 2023)

It includes:



- Customer feedback and reviews
- Market research and surveys
- Customer purchase behavior
- Customer interaction data

Building Customer Trust and Loyalty

Customer trust and loyalty increase the likelihood of repeat purchases and long-term customer relationships (Bright et al., 2019).

It includes:

- Honest communication
- Reliable product and service quality
- Loyalty rewards and incentives
- Positive customer experiences



Key Takeaways

- Strong customer relationships improve loyalty and business performance
- Effective communication increases customer satisfaction and trust
- Consistent service quality supports customer retention
- Understanding customer needs helps businesses create customer value
- Long-term customer loyalty requires positive and reliable experiences

Further Reading

Bright, D. S. et al. (2019). *Principles of Management*. OpenStax, Rice University.

Buttle, F., & Maklan, S. (2019). *Customer Relationship Management: Concepts and Technologies*. Routledge.

Greenberg, P. (2010). *CRM at the Speed of Light*. McGraw-Hill.

HubSpot (2024). *CRM Implementation Guide*. HubSpot Academy.

Salesforce (2024). *The Small Business CRM Handbook*. Salesforce Press.

Thank you



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