

# Lost and Win-back Customers: Towards a Theoretical Framework of Customer Relationship Reactivation

Luísa Lopes, Instituto Politécnico de Bragança, [luisa@ipb.pt](mailto:luisa@ipb.pt)  
 Carlos Brito, Faculdade de Economia da Universidade do Porto, [cbrito@fep.up.pt](mailto:cbrito@fep.up.pt)  
 Helena Alves, Universidade da Beira Interior, [haves@ubi.pt](mailto:haves@ubi.pt)

## INTRODUCTION

Research has shown that there is a negative correlation between the number of "lost customers" and business income. Stauss and Friege (1999) have found that the net return on investment from a new customer is 23% compared to a 214% return on investment from the reinstatement of a customer who has defected. Customer win-back is an important part of a customer relationship management strategy and focuses on the re-initiation and management of relationships with customers that have lapsed or defected from a firm (Thomas, Blattberg, and Fox, 2004). This study presents an ongoing doctoral research and is mainly conceptual in nature. It develops a theoretical framework of Customer Relationship Reactivation in B2C services and is interested in a dual analysis relating relationship dissolution and reactivation in B2C services. The research questions are:

- Why do some ended relationships reactivate?
- How does the process of reactivation develop in B2C services?

## THEORETICAL BACKGROUND

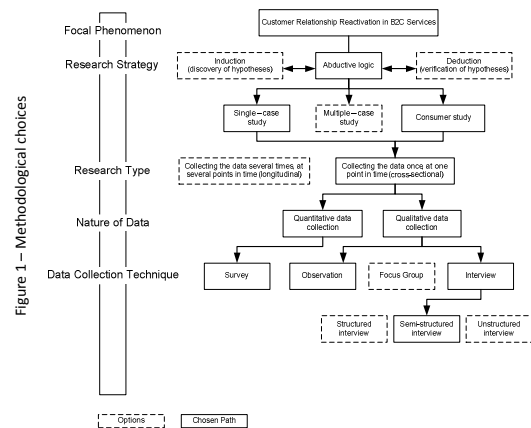
With few exceptions (Michalski, 2002; Roos, 1999), most studies have examined these processes in isolation, either in terms of the switching process or in terms of customer regain:

Table 1 - Research on relationship ending and recovery (B2C and B2B)

<b>Dissolution Process</b>
Stewart, 1998a; Tähtinen & Halinen-Kaila, 1997; Grønhaug, Henjesand, and Koveland, 1999; Coulter & Ligas, 2000; Tähtinen, 2001; Halinen & Tähtinen, 2002; Michalski, 2002a, 2002b; Åkerlund, 2004
<b>Switching behavior (including factors)</b>
Keaveney, 1995; Bansal & Taylor, 1999; Roos, 1999; Athanassopoulos, 2000; Keaveney & Parthasarathy, 2001; Edvardsson & Roos, 2003; Roos, Edvardsson, and Gustafsson, 2004; Bansal, et al., 2005; Lopez, et al., 2006; Roos & Gustafsson, 2007; Wieringa & Verhoef, 2007
<b>Types of Dissolution</b>
Pressey & Mathews, 2003; Michalski, 2004
<b>Customer Win-back and Regain Management (B2C)</b>
Stauss & Friege, 1999; Griffin & Lowenstein, 2001; Helfert, et al., 2003; Thomas, et al., 2004; Tokman, et al., 2007; Homburg, et al., 2007; Stauss & Seidel, 2008
<b>Relationship Recovery (B2B)</b>
Tähtinen & Vaaland, 2006; Tähtinen, et al., 2007; Salo, et al., 2009
<b>Switching Process and Recovery Intention (holistic perspective)</b>
Roos, 1999; Michalski, 2002a, 2002b

## METHODOLOGY

A single case study in a telecommunications company is in progress.



## THEORETICAL FRAMEWORK OF CUSTOMER RELATIONSHIP REACTIVATION

Stauss and Friege (1999) highlight the need to investigate the drivers of a successful recovery. The existing research studied value determinants of the regain offer and price strategies in this offer (e. g. Thomas, et al., 2004; Tokman, et al., 2007) but did not relate them to the process of dissolution after elapse. Still, the literature highlights the importance of understanding and exploring ex-client motives for leaving (Griffin & Lowenstein, 2001; Stauss & Friege, 1999; Tokman, et al., 2007). The success of reactivation activities depends not only on their design but also on customer characteristics (variety seeking, involvement, age...) and on relationship characteristics (such as overall customer satisfaction with the relationship and age of the relationship) (Helfert, et al., 2003; Homburg, et al., 2007). The model we propose (Figure 2) enables the merging of static (ex. determinants – Figure 3) and dynamic elements (stages of processes) into one approach and considers that cognitive, emotional and behavioral factors can not be separated in substantial analysis.

Figure 2 – Model of Analysis

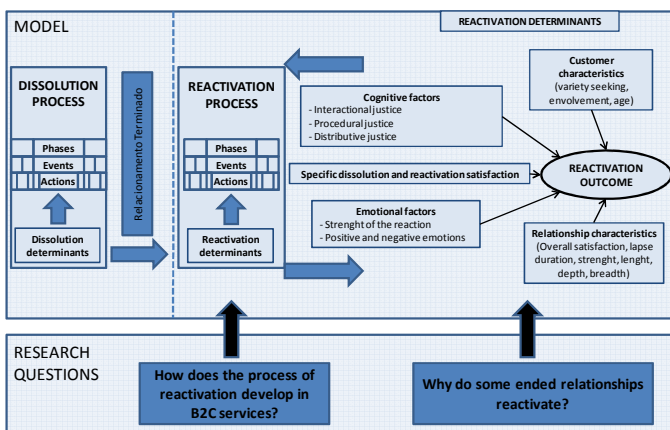
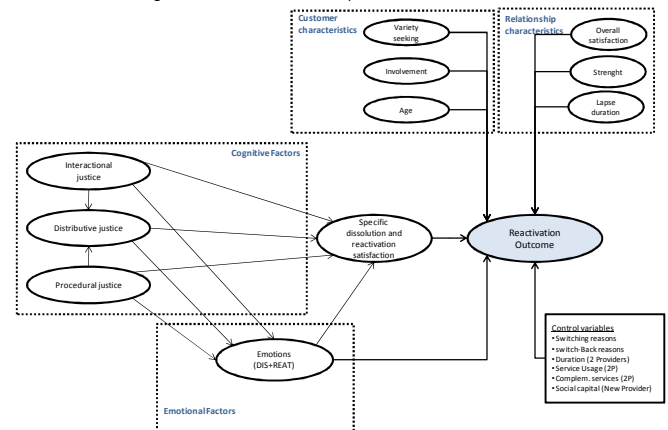


Figure 3 – Customer Relationship Reactivation Determinants



## CONCLUSION

Our study holds the potential to produce new and interesting contributions to the knowledge built until now. We believe our model represents a holistic approach of the relationship reactivation phenomenon. The next step is its application to empirical contexts in order to evaluate its effectiveness in understanding such phenomenon.

## REFERENCES

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