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The Factors that Influence Merchants’ Likeliness to Continue Business: A Study of Georgetown, South Carolina

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ABSTRACT

Loss of businesses to surrounding areas has escalated in the past decade, promoting an examination of factors causing business defection from the city of Georgetown, South Carolina. Kotler (1969) warned that customer retention is more important than identifying new prospects. If the customer’s satisfaction levels fall below completely satisfied, there is a risk of customer defection. This issue is important because the “purpose of a business is to create and keep customers” (Kotler 1969, p. 2). Therefore, understanding what dissatisfies a customer is just as important as understanding what satisfies a customer. The degree to which cities are vulnerable to customer defection is impacted by a number of factors such as crime, history, infrastructure (including construction), city rules and regulations, festivals and events, friendliness of doing business, and support from the city/county. Our results suggest that friendliness impacts merchants’ likeliness to continue doing business in Georgetown.

This paper investigates a variety of topics to get a better understanding of the relationship between the merchants and the city of Georgetown. “Profits climb steeply when firms (cities) lower their defection rates. By looking at customer defection companies could improve profits 25% to 85% by reducing customer defection by only 5%” (Berry 1995). Increasing retention is an objective of every city including Georgetown. Research has suggested that sponsoring town meetings and educational seminars in local areas could communicate praise. Using the techniques that are offered by Berry (1995), Georgetown can gain trust with their business owners which is key to creating lasting relationships. Customers that are characterized as coming from low-socioeconomic backgrounds are less likely to complain” (Stephens 2000). Applying this statement to the Georgetown current difficulties encouraged us to seek complainers because it is unlikely they will find us. Giving back to the businesses that support us is our responsibility (Zane 2000). “Relationship marketing is built on the foundation of trust. It is critical to the formation of service-based relationships because of the intangibility of services” (Berry 1995). Being located in a small market makes it easier to know your customers. “Know customers better than they know themselves” (Zane 2000).

The following are recommendations to the city of Georgetown. We advise implementing the following recommendations first as they are the most important.

• Increase friendliness of doing business in Georgetown
• Increase City/County Support by holding more meetings in the city limits of Georgetown
• Gain a more positive attitude towards issues and rules that affect merchants and the merchants’ attitude towards festivals and events
• Increase branding and visibility for Front Street merchants
  a. Promote tourism through the following outlets: commercials, billboards, myrtle beach news segments, promotion of front street, bundle packages and special promotions

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