

Report On

**Impact of repeat customers in Profitability of  
service industry: A study on Mental health service**

By

Rafiul Islam

19104118

An internship report submitted to the Brac Business School in partial fulfillment of the  
requirements for the degree of

Bachelor of Business Administration

Brac Business School

Brac University

January 2023

© 2023. Brac University

All rights reserved.

# Declaration:

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

---

Rafiul Islam  
19104118

Supervisor's Full Name & Signature:

---

**Supervisor Full Name- Dr. Sang H Lee**  
Professor and Dean, Brac Business School Brac University

# Letter of Transmittal

Dr. Sang H Lee

Professor and Dean,

Brac Business School BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report.

Dear Sir,

With due respect, I am submitting my internship report entitled “Impact of repeating customers in Profitability of service industry: A study on Mental health service”. I worked as a finance intern in Moshal Mental health service. During my internship period I tried my best to learn from the work experience and incorporate the findings in this report. I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

---

Rafiul Islam

Student ID: 19104118

BRAC Business School

BRAC University

Date: January 22, 2023

# **Non-Disclosure Agreement**

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between Moshal Mental Health and the undersigned student at BRAC University, Rafiul Islam, ID: 19104118

## **Acknowledgement**

At first, I would like to thank almighty Allah for giving me the opportunity to complete the internship and report in a timely manner and in a good health.

My sincere gratitude to my academic supervisor professor Sang H. Lee and co-supervisor professor Mohammad Mujibul Haque for guiding me throughout the internship process and report writing. I am grateful to my reporting supervisor Sabiqun Naher for proving a learning environment for me.

Lastly, my gratitude to Brac University OCSAR and internship committee who assist throughout the internship process and facilitate a learning opportunity for the students. I would also like to thank all my work colleagues from whom I learnt a lot throughout the internship period.

# Executive Summary

This report focused on repeat customers contribution in profitability of service industry, particularly mental health service. It also discussed about Moshal Mental health services internal and external analysis and its financial aspects. It's been found that repeat customers are more profitable than new customers considering cost-benefit analysis and secondary research. However, new customer acquisition is also important as new customers may become repeat customers at some point which is necessary for business scalability.

**Keywords:** Profitability; Cost-benefit analysis; repeat customers; service industry;

## Table of Contents

<i>Declaration:</i> .....	<i>ii</i>
<i>Letter of Transmittal</i> .....	<i>iii</i>
<i>Non-Disclosure Agreement</i> .....	<i>iv</i>
<i>Acknowledgement</i> .....	<i>v</i>
<i>Executive Summary</i> .....	<i>vi</i>
<i>List of Figures</i> .....	<i>ix</i>
<b>Chapter 1: Overview of Internship</b> .....	<b>1</b>
<b>1.1 Student Information:</b> .....	<b>1</b>
<b>1.2 Internship Information:</b> .....	<b>1</b>
<b>1.2.1 Company Name: Moshal Mental Health</b> .....	<b>1</b>
<b>1.2.2 Internship Company Supervisor’s Information:</b> .....	<b>1</b>
<b>1.2.3 Job Responsibilities:</b> .....	<b>1</b>
<b>1.3 Internship Outcomes:</b> .....	<b>2</b>
<b>1.3.1 Student’s contribution to the company:</b> .....	<b>2</b>
<b>1.3.2 Benefits to the student:</b> .....	<b>2</b>
<b>1.3.3 Difficulties During the Internship Period:</b> .....	<b>2</b>
<b>1.3.4 Recommendations (to the company on future internships):</b> .....	<b>2</b>
<b>Chapter 2: Organization Part:</b> .....	<b>3</b>
<b>2.1 Introduction:</b> .....	<b>3</b>
<b>2.1.1 About Moshal:</b> .....	<b>3</b>
<b>2.2 Overview of the Company</b> .....	<b>3</b>
<b>2.2.1 Mission:</b> .....	<b>3</b>
<b>2.3 Management Practices:</b> .....	<b>3</b>
<b>2.3.1 Organogram:</b> .....	<b>3</b>
<b>2.4 Marketing Practices:</b> .....	<b>4</b>
<b>2.4.1 Marketing strategy:</b> .....	<b>4</b>
<b>2.4.2 Target customers, targeting, and positioning strategy:</b> .....	<b>5</b>
<b>2.4.3 Marketing channels:</b> .....	<b>5</b>
<b>2.4.4 Advertising and promotional/branding strategies:</b> .....	<b>5</b>
<b>2.5 Financial Performance and Accounting Practices:</b> .....	<b>5</b>
<b>2.5.1 Finance Performance:</b> .....	<b>6</b>

<b>2.5.1 Accounting Practices:</b> .....	<b>8</b>
<b>2.6 Operations Management and Information System Practices:</b> .....	<b>8</b>
<b>2.7 Industry and Competitive Analysis:</b> .....	<b>8</b>
<b>2.7.1 Overview of Mental Health Industry in Bangladesh:</b> .....	<b>8</b>
<b>2.7.2 Porter’s Five Forces Model:</b> .....	<b>9</b>
<b>2.7.3 SWOT Analysis:</b> .....	<b>10</b>
<b>Chapter 3: Project Part</b> .....	<b>12</b>
<b>3.1 Introduction:</b> .....	<b>12</b>
<b>3.1.1 Background Information/Preliminary Literature Review:</b> .....	<b>12</b>
<b>3.1.2 Objectives:</b> .....	<b>12</b>
<b>3.1.3 Significance of the Issue:</b> .....	<b>13</b>
<b>3.2 Methodology:</b> .....	<b>13</b>
<b>3.3 Findings and Analysis:</b> .....	<b>13</b>
<b>3.3.1 New Customer and Repeating Customer Rate:</b> .....	<b>13</b>
<b>3.3.2 New Customer and Repeating Customer Cost structure:</b> .....	<b>15</b>
<b>3.3.3 Monthly Cost benefit analysis:</b> .....	<b>17</b>
.....	<b>19</b>
<b>3.4 Summary and Conclusions:</b> .....	<b>19</b>
<b>3.5 Recommendations/Implications:</b> .....	<b>20</b>
<b>References</b> .....	<b>21</b>



## List of Figures

Figure 1- Organogram.....	4
Figure 2- Net profit Margin .....	6
Figure 3- Return on Asset .....	7
Figure 4-Porter's Five Forces .....	9
Figure 5-SWOT analysis.....	10
Figure 6- Repeat customer and new customer percentage 2021 .....	14
Figure 7- Repeat customer and new customer percentage 2022 .....	15
Figure 8- Cost structure of new customers .....	16
Figure 9- Cost structure of repeat customers .....	16
Figure 10- Benefit-Cost ratio 2021 .....	18
Figure 11- Benefit-Cost ratio 2021 .....	19

# Chapter 1: Overview of Internship

## 1.1 Student Information:

**Name:** Rafiul Islam

**ID:** 19104118

**Program:** Bachelor of Business Administration

**Major/Specialization:** Finance

## 1.2 Internship Information:

### 1.2.1 Company Name: Moshal Mental Health

**Department/Division:** Finance

**Period:** September 11, 2022 to December 11, 2022

**Address:** House- 1, Road- 4, Sector-1, Uttara, Dhaka, Bangladesh

### 1.2.2 Internship Company Supervisor's Information:

**Name:** Sabiqun Naher Fabiha

**Position:** Head of Finance

### 1.2.3 Job Responsibilities:

- Keep records of all the expenses, payments and receipts.
- Analyze financial data to generate weekly and monthly reports.
- Assist higher management in taking financial decisions.
- Research and create budget for events and campaigns
- Assist in inter departmental meetings to represent the finance team.

## **1.3 Internship Outcomes:**

### **1.3.1 Student's contribution to the company:**

During my internship, I have helped to improve the overall performance of the finance department by automating and updating a few Excel sheets. Financial reports generated by me helped find optimal monthly client requirements to generate a stable monthly cash inflow. I have created a budget for two of the major campaigns in Mosul. In monthly or weekly meetings, I have provided my findings and insights from the financial reports to assist and suggest higher management make adjustments in financial practices.

### **1.3.2 Benefits to the student:**

I learned how finance works in a startup and how to manage it. Working on a few campaigns provided me with hands-on experience of budget and cost management. By generating and interpreting the financial report, I have developed the skill to make decisions based on financial data. My leadership and management skills also increased as I participated in departmental meetings and represented my team. Overall, I got good experience and knowledge through this internship, which will enable me to perform better in future roles.

### **1.3.3 Difficulties During the Internship Period:**

As Mohsal is a startup, they still could not develop a well-structured accounting system, which made the journalizing process difficult. I have made financial plans for a few events that could not happen due to a shortage of funds. Also, as I had taken two courses along with an internship, it became a bit tough for me to manage both work and studies simultaneously. Other than that, my learning from the experience has been invaluable.

### **1.3.4 Recommendations (to the company on future internships):**

Moshal can try to arrange a few sessions for the interns with the senior executives, which may help them get a better idea of work and how to become better at it. And they develop a well-structured accounting system, which will be pretty helpful for future interns to get a hold of the system.

# **Chapter 2: Organization Part:**

## **2.1 Introduction:**

### **2.1.1 About Moshal:**

Moshal is one of the fastest growing mental health services in the country. They have an experienced panel of mental health experts who work relentlessly to ensure a healthy mind for the society.

## **2.2 Overview of the Company**

### **2.2.1 Mission:**

We endeavor to make mental health accessible, affordable and effective internationally. With our team of up-and-coming people, Moshal strives to spread awareness about mental health, address concerns and create a safer, more inclusive environment for all.

Moshal works towards:

- Breaking the stigma of mental health in our society
- Providing counseling services through a diverse panel of mental health experts
- Arranging workshops and training for self-development

## **2.3 Management Practices:**

Moshal mental health practices participatory leadership. They have an almost flat organizational structure where all the employees' points of view and suggestions are appreciated. All the departments work in teams to be more effective and efficient. It also helps to create a better brainstorming session to come up with new ideas.

One member from the HR department monitors each team. The evaluation process for employees depends on feedback from HR and the head of that department. HR also organizes training and development sessions for other departments.

The recruitment process can be considered a bit lengthy, but it's tailored in such a way that it helps recruit the best candidates and prepares them to achieve better results. Firstly, there is a general CV screening round, followed by an interview with HR and the application team. After those, there is a probationary period of one week for the selected candidates. Then there's an interview, and only the best candidates are given the opportunity to join the organization.

As the organization is still at a very early stage, most of the employees are volunteers. As the organization grows, the possibility of high salaries and compensation increases.

### **2.3.1 Organogram:**

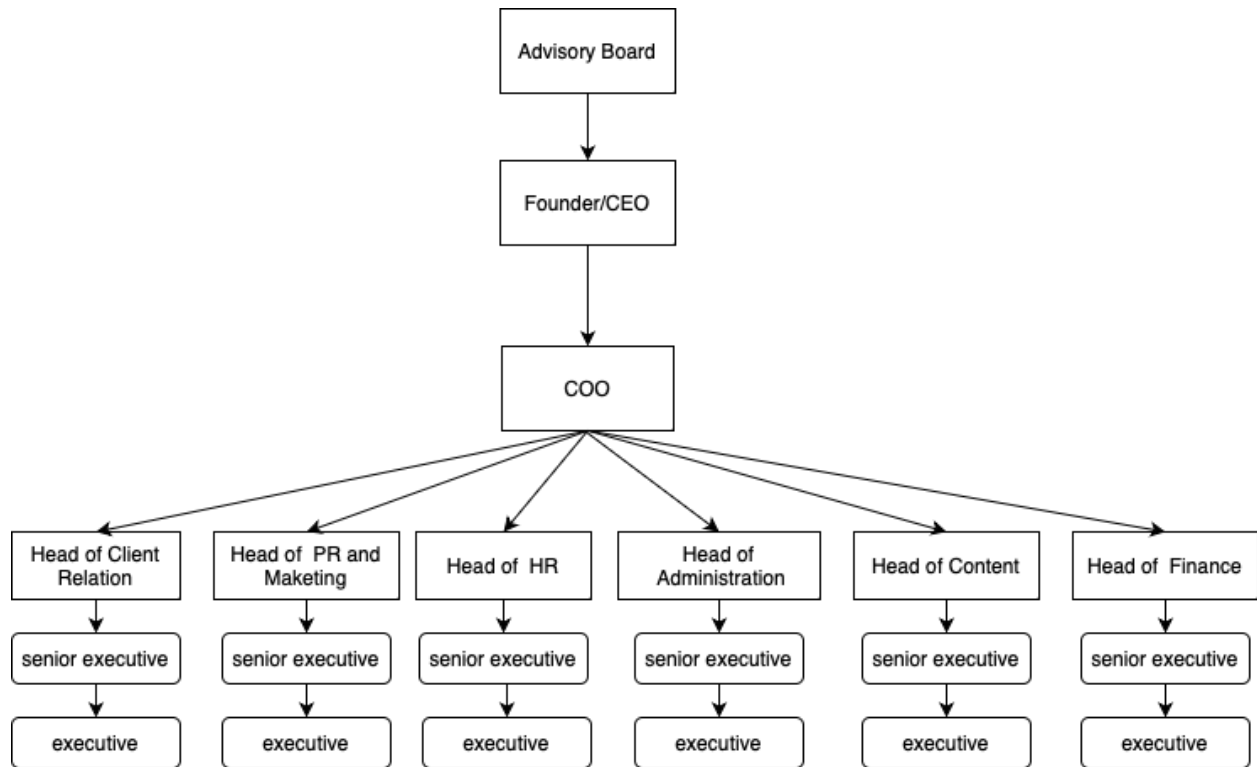


Figure 1- Organogram

## 2.4 Marketing Practices:

Marketing is one of the crucial parts of Mohsal, as it directly affects the number of clients they get as a startup. For marketing, Moshal primarily depends on their website and Facebook. Aside from that, few campaigns are frequently carried out in order to reach a larger number of clients and create brand value among people.

### 2.4.1 Marketing strategy:

For their marketing strategy, Mohsal has segmented the market and positioned themselves in such a way that their business is profitable and the market is large enough to get enough targeted consumers. The main strategy is to reach as many people as possible to help them with their mental health problems. Serving the clients with utmost care, quality, and empathy has been the core value of marketing. The 4Ps (product, price, promotion, and place) have been utilized properly to make the marketing strategy effective and well implemented. Marketing analysis and planning always help to make sure the marketing mix is well aligned and help to make decisions depending on the marketing environment.

### **2.4.2 Target customers, targeting, and positioning strategy:**

Mohsal's primary target customers are middle- to upper-income young people suffering from mental health issues. The reason behind such a target is that the youth suffer a lot from mental issues, but due to social stigma, they often do not get proper help. According to Prothom Alo's report, 27.71% (Arifur, 2022) of Bangladesh's population falls under the age of 15–29, which is Mohsal's targeted customer. This can be considered a good percentage, and this generation is also well aware of the importance of mental health due to seminars and sessions held in different universities and schools. This can be considered differentiated or niche marketing. However, the market is quite large to be considered niche, and differentiation would be more appropriate.

Mohsal has always positioned itself as a youth-focused mental health organization, and its website and Facebook page reflect this. The campaigns are also held in universities, where most of the targeted customers can be found.

### **2.4.3 Marketing channels:**

Moshal does their marketing through websites and social media. Also, they have representatives from different universities who help them reach their targeted customers. They conduct Facebook marketing to make people aware of Moshal and its services. Using his Facebook page and website, Moshal takes client appointments with experts. These marketing channels are well suited because they are convenient for the target audience.

### **2.4.4 Advertising and promotional/branding strategies:**

Mohsal follows different advertising and promotional strategies to promote the brand and product.

- Posts from facebook to create awareness about mental health issues.
- Posts regarding experts who directly provide the service to customers.
- Posts team members testimonials to show how it feels to work as part of moshal.
- Sometimes posts games to engage the audience with posts and have their feedback.
- Campaigns in universities to educate students regarding moshal and their service.
- Group therapies in universities to give the audience a reflection of their current mental health.
- Few social wellbeing campaigns which help people in need and also creates an image of Moshal as a socially responsible brand.

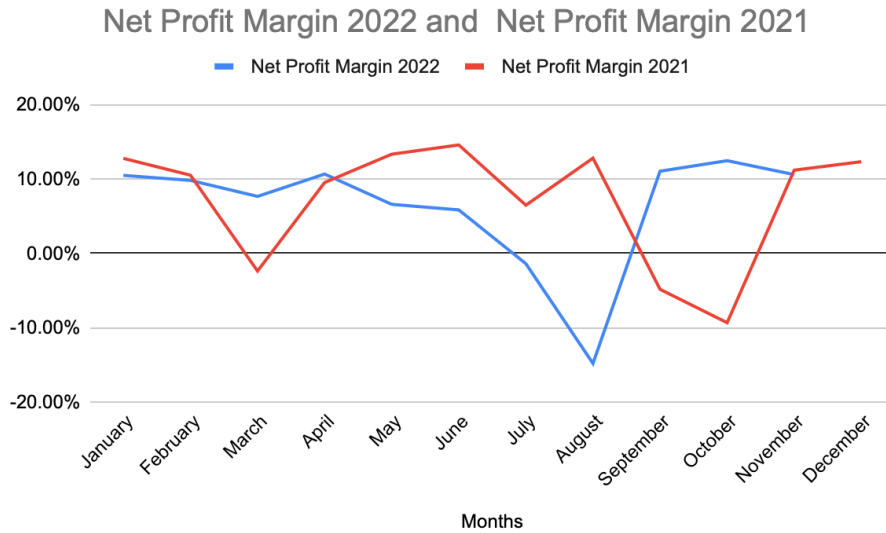
## **2.5 Financial Performance and Accounting Practices:**

As Moshal is quite new in the industry, not enough financial data is available. However, only 2 years of data can be found, which can be a bit insufficient to do a rigorous analysis. And, because these data are confidential, I can only show them as a percentage where applicable, rather than a direct numerical figure.

## 2.5.1 Finance Performance:

### Net Profit Margin:

Months	Net Profit Margin 2022	Net Profit Margin 2021
January	10.51%	12.79%
February	9.83%	10.53%
March	7.68%	-2.35%
April	10.68%	9.54%
May	6.61%	13.35%
June	5.87%	14.60%
July	-1.36%	6.50%
August	-14.77%	12.82%
September	11.07%	-4.81%
October	12.48%	-9.29%
November	10.61%	11.21%
December	-	12.35%



*Figure 2- Net profit Margin*

**Comment:** Average monthly profit margin in 2021 and 2022 was 7.27% and 6.29%, respectively. One major extreme was August 2022, when profit margins went to less than negative 10%. The profit margin industry average for health services is 1.22%. Overall, considering the industry average, the profit margin seems pretty good.

**Return on Assets:**

Months	ROA 2022	ROA 2021
January	1.73%	1.43%
February	1.67%	0.73%
March	1.03%	-0.12%
April	1.35%	0.94%
May	0.63%	1.39%
June	0.48%	1.77%
July	-0.11%	0.91%
August	-0.70%	1.88%
September	1.07%	-0.39%
October	1.23%	-1.08%
November	1.24%	0.94%
December	-	1.26%

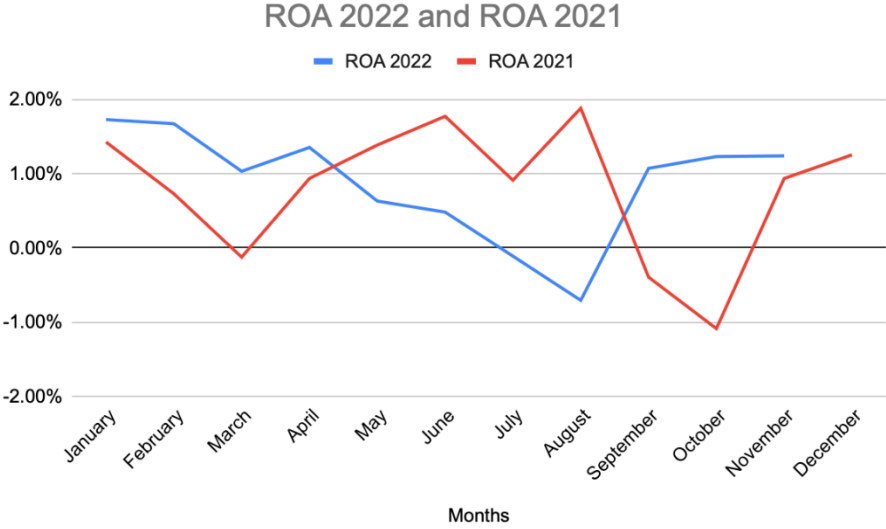


Figure 3- Return on Asset

**Comment:** The average monthly ROA in 2021 and 2022 was 0.80% and 0.88%, respectively. There was a drastic fall in ROA in October 2021, when it was below 1%. The highest recorded ROA was in August 2021, which was almost 2%. Even if it looks low, it is above the monthly industry average, which is 0.23%. So overall, the return on asset ratio is quite satisfactory.



### **2.5.1 Accounting Practices:**

Moshal is still in its early stages, so no generalized accounting principles are followed. However, all the transactions and expenses are recorded in Excel sheets and calculated properly. For a fast overview of performance, reports are generated monthly. There are no major depreciable assets. Therefore, no depreciation methods are followed. Also, Moshal still does not have any major loans or liabilities that can be taken into consideration. There are only a few fixed assets and no current assets other than cash. It is still a private limited company that has no shareholders.

### **2.6 Operations Management and Information System Practices:**

Moshal's operations are mostly done online. They use different software programs available online to keep track of the operations. Some of those have been discussed below.

**Meta Business Suite:** It is used to manage Facebook pages and also keep track of appointments. The client relations team uses its Facebook page to take appointments from clients and assign experts to clients. It also helps to get analytical insights from the Facebook page.

**Google Workspace:** Google cloud softwares such as Docs, Sheets, and Meet are used on a daily basis. Furthermore, because these softwares are free, there are no associated costs. Mostly, sheets are used for financial calculations and bookkeeping. Docs are used for documenting, and Google Meet has been really helpful for online meetings.

### **2.7 Industry and Competitive Analysis:**

#### **2.7.1 Overview of Mental Health Industry in Bangladesh:**

According to a government survey carried out in the year 2019, around 13 different types of mental diseases are experienced by about 22.5 million people in Bangladesh. The conclusion that 92.3% of adults and 94.5% of children who took part in the survey did not receive any therapy was alarming. Even though Bangladesh has been identified as vulnerable in terms of mental health issues, the government only spends 0.44% of the budget on this sector. And the number of psychiatrists per 100,000 people is only 0.073. Therefore, the need for organizations that work toward mental health is quite evident.

## 2.7.2 Porter's Five Forces Model:



*Figure 4-Porter's Five Forces*

### **Threat of entry:**

It is not that tough to get into the mental health sector. However, the tough part is to gather highly qualified psychiatrists who will actually provide the service directly. Initial investment requirement is also considerably low. Therefore, threats for new entrants are comparatively moderate in this industry.

### **Threat of competitors:**

The threat of competitors in this industry is also a bit high. There are few prominent mental health services already available. As they have worked for a couple of years, they got more brand recognition in the market. However, none of them are large enough to have a huge market share thus there is still room for other organizations.

### **Buyer's bargaining power:**

Buyers do not have much bargaining power as the price is almost similar for all the persisting companies. However, price may vary a bit depending on the quality of service and time duration clients are getting. Threat of buyers bargaining power can be considered as low to moderate for this industry.

### **Threat of substitution:**

The only substitute of this service can be directly getting an appointment from the psychiatrist without involving any third party. However, this alternative has always been there yet failed to cater the needs of the population as the process is quite complicated and does not serve the desired quality. Therefore, the threat of substitute products can be considered as low.

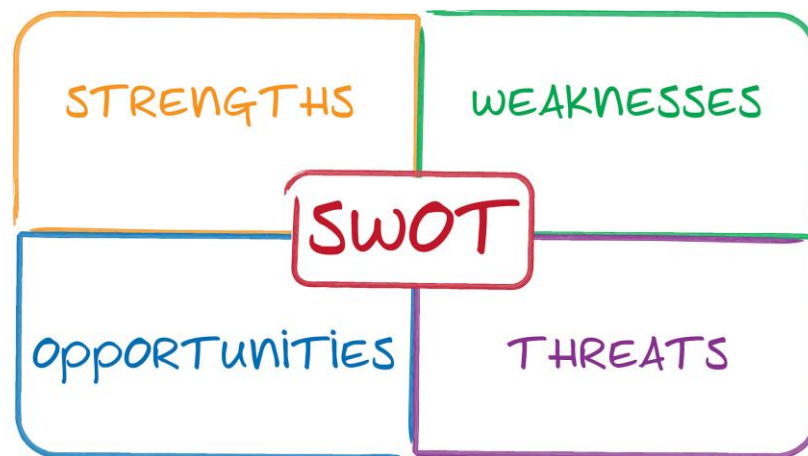
### Suppliers bargaining power:

Suppliers of this industry are psychiatrists and they need to be compensated well. If suppliers are not paid well, they may switch to other organizations. Therefore, suppliers have strong bargaining power in the mental health service industry.

For Porter's five forces model, it can be said the mental health industry might not look very appalling. However, because of low initial investment requirement, gap in market, no adequate alternative and scarcity of quality psychiatrists, mental health industry can still be very attractive to existing and future companies.

### 2.7.3 SWOT Analysis:

SWOT analysis interprets strength, weakness, opportunities and threats of a business. strengths and weaknesses focus on internal environment and opportunities and threats depends on external factors.



*Figure 5-SWOT analysis*

- **Strengths:** The customer segment of moshal can be considered as its main strength. Moshal specifically focuses on youths whereas no other organization particularly focuses on this segment. Moshal has a high quality of psychiatrist panel which is another strength of Moshal. Along with that, Moshal is better at connecting with youth compared to other rivals of the industry.

- **Weakness:** Being a startup is one of the major weaknesses of Moshal as they have less experience in the industry compared to rivals. Also, Moshal does not have huge initial investment or investors to develop strong dominance at once using financial resources. However, even if it takes time, Moshal can still create a strong presence in the industry.
- **Opportunities:** There is not much strong presence of rivals in the industry. Youth generation is a huge market in the mental health sector which is growing every day. And as people are becoming more aware of mental health issues, they can break through social stigma and look to take treatment. Corporates also look for mental health service providers for employees which can be a great partnership opportunity for Moshal.
- **Threats:** Scarcity of quality psychiatrists in the country is a threat for Moshal as they will not be able to increase the expert panel if there is not enough psychiatrists available. And even though there are not enough established rivals, there are lot of competitors coming in the industry lately which can be considered as a potential threat.

From SWOT analysis it can be concluded that Moshal has a competitive advantage in understanding and serving the youth generation as this organization is also led by youths which is not imitable. However, having a quality panel of psychiatrists can be copied by others. As Moshal grows, they have a huge potential to do well in this growing market where mental health is a serious concern.

# Chapter 3: Project Part

## 3.1 Introduction:

Service sector accounts for 45 percent of employability and 55 percent of GDP in developing countries, according to the World Bank. There has been lots of research for assessing the relationship between customer satisfaction and customer relationship management or customer loyalty. A positive relationship between Customer satisfaction and profitability has been found in research conducted by Richter and Muhlestein (2017) in terms of hospital profitability. However, overall comparison between new customer and repeat customer in profitability for mental health industry has not been done before. I will try to combine the findings of different papers to find out the association and comparability between repeat customers and their contribution in profitability.

### 3.1.1 Background Information/Preliminary Literature Review:

According to Morgan and Westfield, repeat customers are those who come to the business from time to time to buy the product or service. Repeat customers result in a higher valuation for the business compared to one-time customers. And to increase repeat customers, customer satisfaction is essential. According to the framework for the service-profit chain developed by Heskett, Jones, Loveman, and Schlesinger (1994), the chain starts with internal service quality and moves through employee satisfaction, customer satisfaction, revenue growth, and profitability before ending with employee and customer satisfaction. My research is concentrated on the link in the chain where customer satisfaction breeds customer loyalty, which breeds increased sales and profitability. Retention, recurring business, and referrals are all examples of customer loyalty. In simple words, profit is equal to revenues minus expenses and may be enhanced by increasing sales or lowering expenses. This paradigm shares many similarities with the quality-profitability model, which contends that positive patient experiences improve hospital loyalty, which raises market share and, eventually, revenues (Harkey & Vraciu, 1992). Another study discovered a connection between patient loyalty and satisfaction (Kessler & Mylod, 2011). A statistically significant link has been found between loyalty and customer satisfaction in the hospital industry (Kessler, D. P., & Mylod, D. (2011)). We can also associate customer satisfaction with loyalty, as satisfied customers are found to be loyal. Customers who are satisfied frequently remain loyal, and highly satisfied customers are significantly more devoted than satisfied customers (Tepeci, 1990). Without having to raise marketing budgets or lower prices, these loyal customers increase revenues (Richter, J. P., & Muhlestein, D. B. (2017)). Many studies on different service industries have also found a positive relationship between customer satisfaction and firms' profitability (Bernhardt et al., 2000; Sun & Kim, 2013; Yee et al., 2008).

### 3.1.2 Objectives:

- To find repeating customers contribution in profitability
- To calculate the repeat customers in the organization
- To compare the return generated from new and repeat customers.

- To evaluate possible reasons behind customer repetition.

### 3.1.3 Significance of the Issue:

The purpose of this study is to help the reader understand the significance of repeat customers in profitability of the firm. It will assist to identify which customers are more revenue generating than the others. Firms will be encouraged to focus on customer satisfaction and loyalty to improve their profitability which will be a win-win situation for both parties.

### 3.2 Methodology:

In this research, two approaches have been taken. Simple benefit-cost analysis based on two years of primary data and secondary research from the internet. And for repeat customers, those who have used the service more than twice have been considered to be repeat customers. Primary data has been used to find the benefit cost ratio and the new and repeat customer's contribution percentage for Moshal mental health for 23 months. From the cost-benefit analysis, I can find the contribution of both new and repeat customers to profitability. By comparing those results, it will be evident which segment is more valuable. However, as the data set is not large enough, I have conducted secondary research as well to assess and justify my reasoning. It will also help figure out the reasons behind customer repetition by considering available research.

### 3.3 Findings and Analysis:

#### 3.3.1 New Customer and Repeat Customer Rate:

##### Year 2021:

Month	Repeat	New
January	66.67%	33.33%
February	70.00%	30.00%
March	66.67%	33.33%
April	38.89%	61.11%
May	61.76%	38.24%
June	52.50%	47.50%
July	57.45%	42.55%
August	47.83%	52.17%
September	50.00%	50.00%
October	48.72%	51.28%
November	64.71%	35.29%
December	58.82%	41.18%

### Repeat Customer Vs New Customers Year 2021

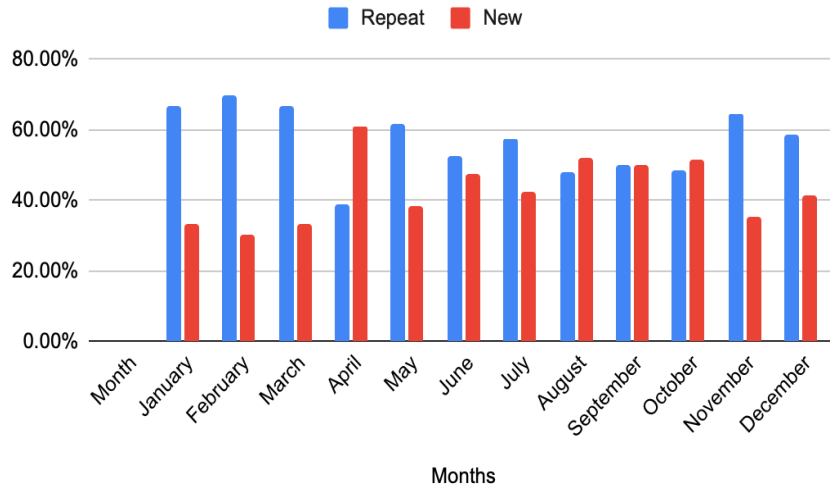
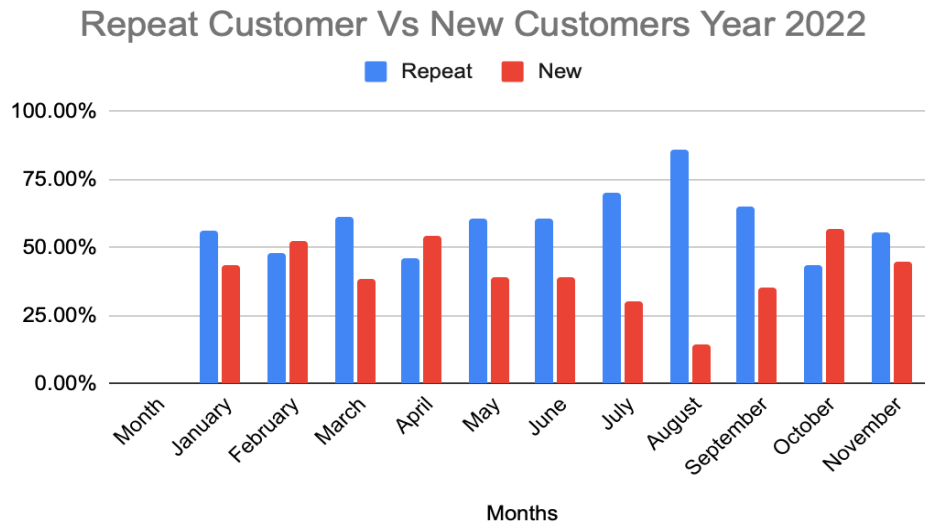


Figure 6- Repeat customer and new customer percentage 2021

### Year 2022:

Month	Repeat	New
January	56.25%	43.75%
February	47.62%	52.38%
March	61.54%	38.46%
April	45.71%	54.29%
May	60.71%	39.29%
June	60.87%	39.13%
July	70.00%	30.00%
August	85.71%	14.29%
September	65.00%	35.00%
October	43.48%	56.52%
November	55.56%	44.44%
December	-	-



*Figure 7- Repeat customer and new customer percentage 2022*

From the year 2021 to 2022 considering 23-month observation, 16 months showed more repeat customers compared to new customers. New customers contributed more in only 6 observations. Therefore, it seems repeat customers generated more revenue than new customers. As the number of repeat customers were higher in most cases, revenue generated from them was higher as well. However, it does not mean repeat customers are more profitable than new customers as the number of customers for both cases were not the same. Therefore, cost benefit analysis of each customer in each month will help to come to a better conclusion.

### 3.3.2 New Customer and Repeat Customer Cost structure:

For cost benefit analysis it is necessary to have a good idea regarding the costs associated with both repeat and new customers. Only relevant direct costs which has significant impact on overall cost of retaining those customers have been considered. The cost of expert payment has not been considered as the rate remains same for both the cases. Some relevant costs that are associated with each of the mentioned customer segment have been shown below:



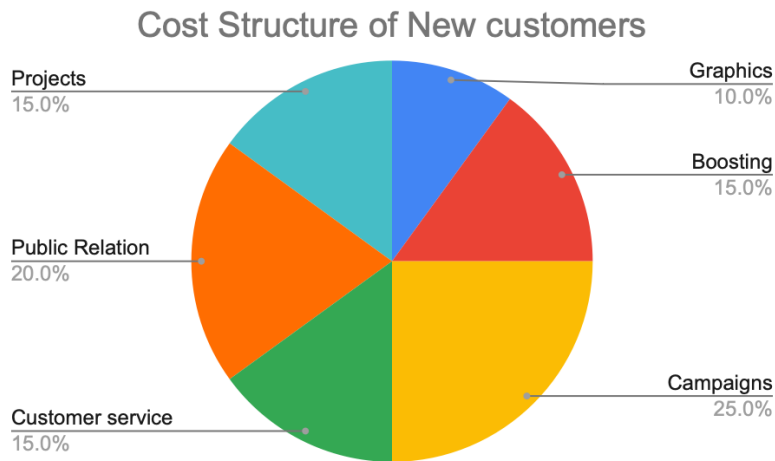
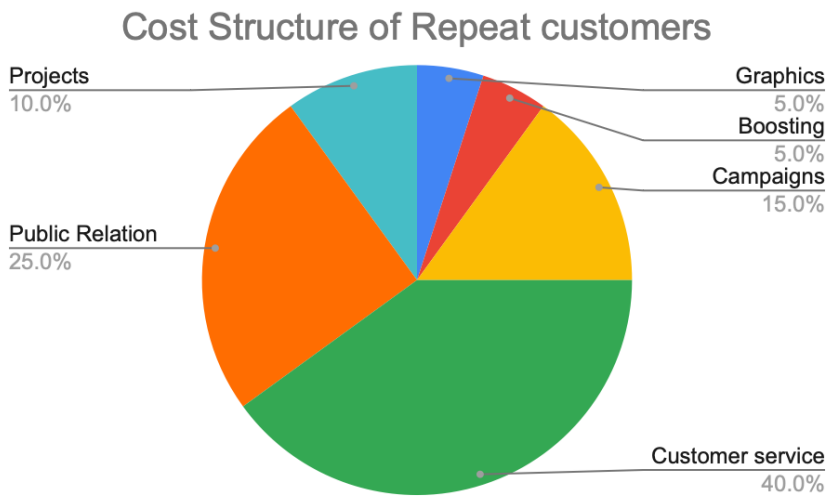


Figure 8- Cost new customers



structure of

Figure 9- Cost structure of repeat customers

From cost structure it can be seen that for new customers cost of the campaigns account for a huge percentage. Other costs are almost the same for new customers. Boosting and graphics costs are more for new customers but significantly lower for repeat customers. Public relation and customer services are the major components for repeat customer costs. But it simply does not mean the total cost are higher for repeat customers. Repeat customers has significant lower

cost in other segments and the cost of customer service or public relation is not that high to outweigh the total cost of new customers.

### 3.3.3 Monthly Cost benefit analysis:

Here has done cost benefit analysis of each customer per month. Cost associated with each repeat customer and new customer has been considered for cost calculation. I have found benefit cost ratio for per month by dividing return from each customer by its associated cost. The results are given below:

#### Year 2021:

Month	Repeat	New
January	4.81	0.94
February	4.39	0.54
March	2.09	0.03
April	1.85	1.99
May	4.57	1.30
June	4.11	2.08
July	2.67	0.81
August	3.18	2.04
September	1.15	0.44
October	0.86	0.31
November	4.16	0.88
December	4.00	1.33

### Benefit-Cost Ratio of Repeat and New Customers 2021

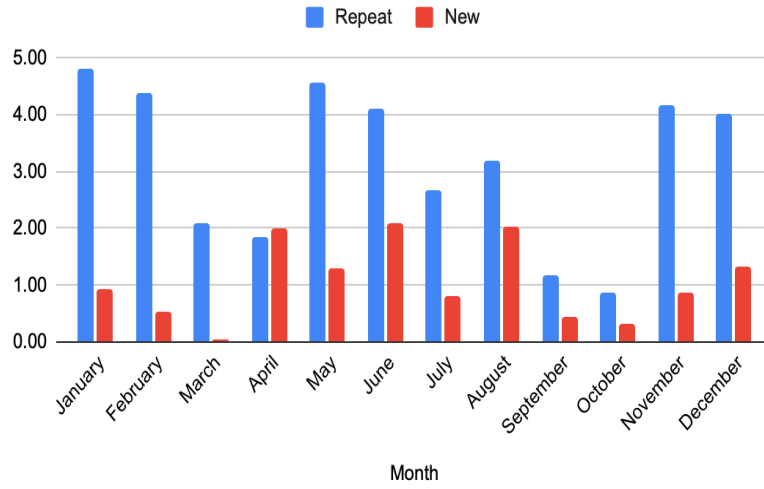


Figure 10- Benefit-Cost ratio 2021

### Year 2022:

Month	Repeat	New
January	3.33	1.24
February	2.54	1.60
March	3.14	0.72
April	2.55	1.81
May	2.89	0.68
June	2.78	0.62
July	2.35	-0.04
August	1.87	-0.68
September	4.15	0.85
October	2.72	2.23
November	3.16	1.22
December	-	-

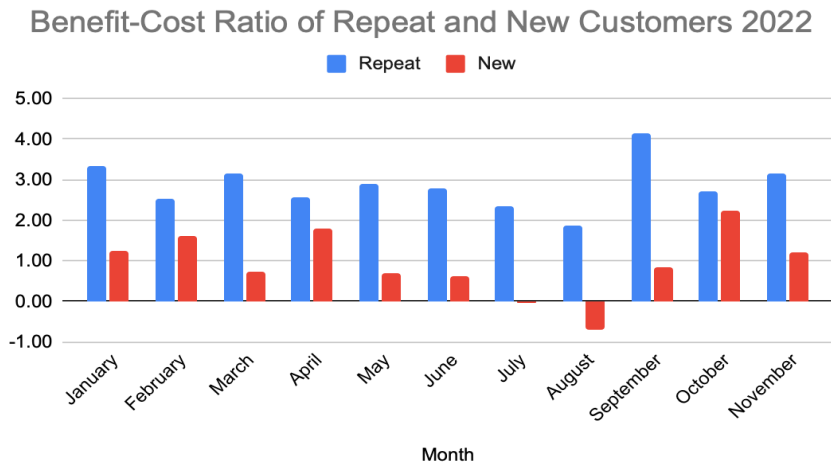


Figure 11- Benefit-Cost ratio 2021

From the Benefit-cost ratio it can be seen that, only in 1-month new customers had been more profitable compared to repeat customers. Other than that, rest of the observations shows that in terms of cost and revenue per customer, repeat customers had been more profitable as the cost to acquire a new customer is significantly higher. Therefore, it can be said repeat customers are more valuable as they generate more profit compared to new customers.

### 3.4 Summary and Conclusions:

From cost-benefit analysis and secondary research, it has been found that a repeat customer contributes more to profitability as it costs less than what it takes to acquire a new customer. Customer satisfaction increases loyalty, which eventually increases profitability through repeat purchases. However, getting new customers is also important, as new customers can become possible repeat customers. Considering that, the cost associated with new customer acquisition can be considered an investment for the future. These costs are initially high but eventually fall and contribute more to profitability as the new customer becomes a repeat customer.

### 3.5 Recommendations/Implications:

From analysis the data and research the importance of repeat customer is evident. I have few recommendations that I think would be helpful to improve the repeat customers and assist in improving overall profitability of the firm. They are given below:

- Businesses should focus more on customer satisfaction as it results in more profitability in long run.
- Quality of service be given priority as it is directly related with customer satisfaction
- Associated costs can lower profits. Therefore, new customer acquiring cost should be properly monitored.
- New customer acquisition cannot be neglected as they can become potential repeat customers.

## References

- Kessler, D. P., & Mylod, D. (2011). *Does patient satisfaction affect patient loyalty?* *International Journal of Health Care Quality Assurance*, 24(4), 266–273.  
<https://doi.org/10.1108/09526861111125570>
- Richter, J. P., & Muhlestein, D. B. (2017). *Patient experience and hospital profitability: Is there a link?* *Health Care Management Review*, 42(3), 247–257.  
<https://doi.org/10.1097/hmr.0000000000000105>
- Tepeci, M. (1999). *Increasing brand loyalty in the hospitality industry.* *International Journal of Contemporary Hospitality Management*, 11(5), 223–230.  
<https://doi.org/10.1108/09596119910272757>
- Bernhardt, K. L., Donthu, N., & Kennett, P. A. (2000). *A Longitudinal Analysis of Satisfaction and Profitability.* *Journal of Business Research*, 47(2), 161–171.  
[https://doi.org/10.1016/s0148-2963\(98\)00042-3](https://doi.org/10.1016/s0148-2963(98)00042-3)
- *What is the difference between repeat and recurring customers?* (n.d.). Morgan & Westfield. <https://morganandwestfield.com/ask/repeat-vs-recurring-customers/>
- *Healthcare Services Profit Margin 2010-2022 | HCSG.* (n.d.). MacroTrends. <https://www.macrotrends.net/stocks/charts/HCSG/healthcare-services/profit-margins>