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GAINING THEIR TRUST

**FOLLOWING 10 KEY STRATEGIES CAN HELP YOU BUILD AND MAINTAIN
CUSTOMER LOYALTY**

BY SHARI ALTMAN

Before delving into specific strategies, let's take a moment to define customer loyalty. So what is customer loyalty and how do you identify it? Customer loyalty is defined and identified by customer behavior. Customer loyalty exists when customers choose to interact with your firm or brand over other alternative brands or firms. That means loyal customers will choose to purchase more products or services, more frequently and for a longer period of time from your brand, than customers who aren't loyal.

Customer satisfaction is often mistakenly assumed to be synonymous with loyalty. Customer loyalty and satisfaction are not the same thing. The truth is, customers can be satisfied yet not loyal – Fred Reichheld's landmark Harvard Business Review article reported on studies that showed between 65% and 85% of customers who chose a new brand or supplier claim to have been satisfied or very satisfied with the former one. And loyal customers may at times not be satisfied – but they are loyal to your firm and thus will express their dissatisfaction and stick by you to purchase again in spite of the less than satisfactory experience.

How do you know if you are building and maintaining customer loyalty? Loyalty is measured by customer actions (purchases, inquiries, visits, etc.), while satisfaction measures customer opinions and feelings. Unlike customer satisfaction, increases in customer loyalty in the form of repeat business and lower selling costs have been shown to have a direct impact on profitability. A well-known author on loyalty and consultant at Bain and Company, Mr. Reichheld also proved that a 5% increase in customer retention would result in an average 25% increase in profits for the typical company. While every company's margins and costs are different, the connections between loyalty increases and profit increases are well established.

So with that background in mind, let's forge ahead to consider the top 10 strategies for building and maintaining customer loyalty.

Strategy #1: Maintain 100% honesty at all times. Before you can build and keep a customer's loyalty, you have to gain their trust. Unless you operate from a basis of honesty, trust will remain an elusive and impossible goal. When customers know that they can trust that your claims are truthful and real, that your testimonials are not coerced, and your product delivers on the promises made, they will open themselves up to develop a relationship and ultimately to being loyal to your firm and your brand. Trust should extend from what the customer sees, to the "behind the scenes" team that develops your creative and promotional material and marketing operations – those parts of your team that the customer doesn't have direct contact with. That goes for your employees and vendor



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partners as well. Dave Petitto, President of Dave Petitto Direct notes that as a vendor, not only is he himself honest with his clients, he insists that his clients tell the truth as well. As Dave notes, “Naturally, I tell the client exactly what I can and can not do, and exactly what I am thinking.” Maintaining 100% honesty in your dealing with customers, vendors and employees is the foundation for any loyal relationship.

Strategy #2: “Under promise and over deliver”. Unfortunately disappointment is remembered readily by consumers and acts to dissipate potential brand loyalty quickly. The opposite is true as well – surprise and delight customers with things they don’t expect – faster delivery than expected, extra unexpected bonuses, etc. and your brand will be remembered in a favorable light. Tami Cubel, Client Relationships Director of InPulse Response Group finds herself preaching this point to clients. Tami reports that too many times clients are anxious to make the sale, and end up making promises that are hard to deliver on – be it expedited shipping in 3 days, or delivering within the normal time frame when back orders exist. Customers don't mind waiting for the product if they are informed what to expect when their purchase is made. Better to under promise and over deliver – tell the customer the product will arrive in 2 weeks and have it show up in 5 days. Customers will remember the good or bad from each experience. If the product showed up faster than anticipated then you have taken a positive step towards earning their loyalty. If the product took longer than anticipated, you have eroded their trust in your firm and they will be skeptical about giving their loyalty to you by making additional purchases from you.

Strategy #3: Meet your customer at the point of their need. When a prospective customer saw your offer presented, they responded because the product or service advertised solved a problem or challenge in their life. The customer may have not even recognized that they had that need but your offer motivated them to take steps to solve it. Steve Pittendrigh, CEO InPulse Response Group points out “at that point of response, the customer engaged the advertiser and initiated a relationship. What are you, the advertiser doing to expand and enhance that relationship by offering additional products or services to grow the relationship and better meet your customers needs?” Recognize your customers’ needs, deliver products and services that satisfy their needs and solve their problems, and they will reward you with additional purchases and ongoing loyalty.

Strategy # 4: Invite and encourage customers to interact with you. This can take the form of formal surveys or scheduled chats with your celebrity or spokesperson, or informal invitations to share suggestions, ideas and complaints in your outgoing communication to customers. When you ask customers to participate in your company or brand, you win in three ways. First, you win because your interest in customer opinions shows customers you genuinely care about them, which builds customer loyalty. Secondly, you win because you will find out about problems in your operations or products that need solving and you will have the chance to fix them. By hearing about complaints your customers may have and addressing them you will keep those complaints from becoming negative word-of-mouth, repelling potential customers from dealing with you. Finally, you will get ideas for products and services that really resonate with customers, and by delivering what the customer wants, new products will generate sales and profits for you. Ron Pulga, vice president direct response marketing for MD Beauty believes involving customers is essential and reports that Bare Escentuals does this by naming cosmetic products (eye shadows, lipsticks, etc.)



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after customers that have inspired or given suggestions. Ron notes that Bare Escentuals publicizes this fact "... it's all about the customer.... listen to what they're asking for and give it to them".

Strategy #5: Treat customers the way you prefer to be treated yourself. Think about it – what makes you loyal to firms and brands you deal with? Being treated with respect or spoken to rudely? Getting acknowledged with special communications that aren't designed solely to sell you, or feeling the company treats you like a number and never speaks to you expect when they want to sell you something? Why would you treat customers any less well than you yourself expect to be treated as a customer? In every action your company takes, and in every decision you make, put yourself in the place of the customer and ask yourself what would they prefer. If you make decisions that keep customers first, you will be taking the actions and putting into place policies that will encourage customers to be loyal to your firm over other firms who disregard their welfare and are generally difficult to deal with.

Strategy #6: Pay attention to little details. Loyalty is not gained or lost by one offer or promotion, it happens over time through all the little details and characteristics regarding how you deal with customers. Mark Olson, Vice President Creative for Integrity Global Marketing states "Alexis Vogel Cosmetics' philosophy has shifted dramatically from that of "dealing with customers", to "treating everyone like a client". Over time we learned that our clients appreciate the little touches; the thoughtful apology for items on back order and probably one of our biggest surprises has been the wonderful response we're getting to Alexis logging directly on to our message board at AlexisVogel.com periodically and answering questions right on the spot. It's the small details that can make huge changes in customer loyalty, order size and frequency and the all important referral, each of which can have a huge impact on web and catalog sales."

Strategy #7: The customer is always right. It seems trite, but to develop and maintain customer loyalty, this should be an attitude that resonates throughout your firm. Barry Blumenfield, CEO BMI Fulfillment Services notes that "even if she's really wrong (i.e. trying to take advantage), there should be a certain amount of flexibility given to those dealing directly with customers in order to reasonably satisfy them, and prevent additional phone calls". Empower your customer service team to satisfy customers on the first call, allowing them to waive shipping charge, send a free gift, upgrade to rush shipping, etc. to retain the customer's business and loyalty. Blumenfield notes that you can help the customer service reps by providing a list showing what they can offer, with a defined hierarchy (first offer this, then that, then this...).

Strategy #8: Loyalty is a continuum; work to move customers up the ladder from suspect to advocate. Jill Griffin in her book *Customer Loyalty: How To Earn It, How To Keep It*, identifies the ladder of customer loyalty that is helpful to keep in mind: Suspects, Prospects, First-time Customer, Repeat Customer, Client and Advocate. Recognize which rung of the loyalty ladder that each customer or potential customer is located. Design programs to move customers up the ladder. Communicate the customer status to your employees and customer service team so that those speaking directly to customers can acknowledge customers properly on the phone and offer them the appropriate perks relative to their loyalty with your firm "I see you have placed quite a few orders with us Mrs. Jones, as a valued customer we appreciate your business and ..."
Then measure your results to see that the programs and tactics you have in place are actually



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achieving your loyalty goals and taking First-time buyers to Repeat Customers and then to client and Advocate.

Strategy #9 Cultivate customer referrals and proactively develop customer advocates and evangelists. Recognize that many purchases made by consumers are based on word-of-mouth advertising. Word-of-mouth advertising not only builds awareness but also makes it faster and easier for prospects to try your product. Build in ways for customers to promote your firm to others. This can take the form of viral marketing on the web where you encourage customers to share your product's web pages with a friend. Make "get-a-friend" offers part of your regular process. Realize that your loyal customers, especially those who are advocates want to share their good fortune and loyalty with their friends and family; make it easy for them to do so and reward them for it. Make your customer advocate feel special and their friend feel special too with a personal thank you note or call.

Strategy #10 Consider the benefits of developing a formal loyalty program. Sometimes it can make sense to formalize your strategy with a loyalty program. If you operate in a highly competitive product area, a loyalty program can help to differentiate your firm and provide customers more reasons to maintain loyalty to you because there are formal rewards they can count on. But be careful that the loyalty program you develop actually brings greater loyalty and profits to you. That means considering the costs of developing your program – the incentives or discounts to be offered, as well as the operational expenses -- before diving in. Most likely it will mean your loyalty program will have a combination of hard (discounts, bonus gifts, etc.) and soft (special phone lines, member newsletters, etc.) benefits to provide a comprehensive sense of value to your members. It also means assessing how the loyalty program fits in with the rest of your strategy, and ensuring that your loyalty program delivers value for you and for customers. Jerry Love, former COO of GoodTimes Entertainment elaborates, "Building loyalty is accomplished not just by understanding what purchases your customer makes, but interpreting just what the customer is connected to. Successful loyalty programs are brand strategies, not just incentive sales builders. Creating a successful loyalty program takes consideration of both behavioral and attitudinal measures, with the objective to focus and deepen the customer relationship by offering relevant rewards or incentives to reinforce the brand." In other words, your loyalty program will be successful if it deepens the connection between your brand and your customer. When your customer feels more connected, they are more loyal to you and more immune to competitors.

Although these 10 tips may seem obvious, it is surprising how many companies haven't mastered them for the benefit of their firm and their customers. Perhaps it's time to review your business, and identify how many of these strategies your company follows in practice. Actually taking the time to identify the specific ways your firm executes these strategies will help you to figure out where you may need to tune up your efforts to increase the levels of loyalty that customers have towards your business.

Building and maintaining customer loyalty is hard, but rewarding work. The strategies outlined here can help shortcut your efforts to achieving loyalty goals for the benefit of your company and your customers.



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