



Customer Loyalty - *A Key to Business Sustainability*

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"Make Successful Headway with Headway"

History of Loyalty Programs or Do You Remember When?



- **Trading Stamps & Carlson Marketing**
 - *Started in 1896, 1950's 2 out of 3 American families collected some form of trading stamps*
- **The Rise of Frequent Flyer & “Stayer” Programs**
 - *1981 by American Airlines, Marriott started its Honored Guest program in 1983*
- **Supermarket Loyalty Programs**
 - *Shaws – 1995 – Merchandise Credit Rewards and others*
- **Branded Credit Cards**
 - *Points for purchases redeemable for most anything*

*These programs were focused on the more you spend,
the greater your reward.*

However, That's not enough in today's economy!

The Importance of Customer Loyalty today



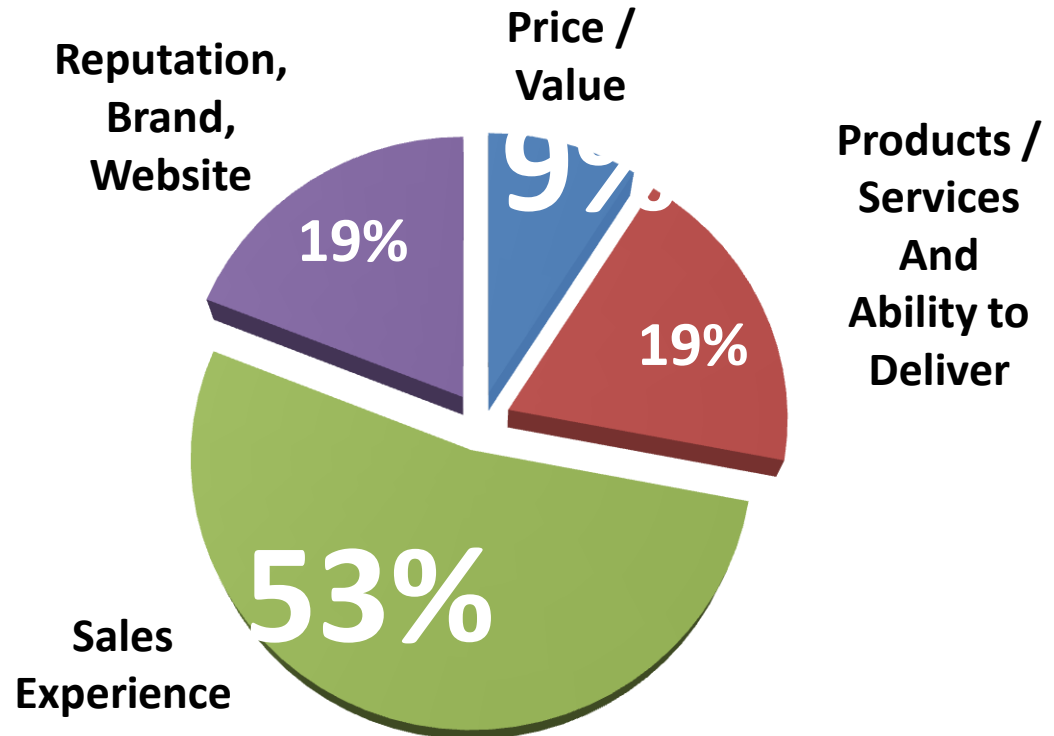
- **Acquisition costs** for a new customer are 5-8 time more than keeping an existing customer – how many times do you have touch a prospect before they become a customer?
- **Loyal customers can:**
 - Generate an upward value spiral through increased profits
 - Help you have more predictable cash flow when as they buy regularly
 - Reduce servicing costs
 - Provide you with a competitive advantage
 - Provide more referrals for your business
 - Forgive you for ☹mistakes – **not too many times though ☺!**
- **Loyal Customers establish a relationship with you and your employees**

Customer Loyalty: *Buying Decision Influencers**



4 Key Buying Decision Influencers

1. Reputation, Brand, Website
2. Price / Value
3. Products / Services & Ability to Deliver
4. Sales Experience



While the other 3 factors are important, the “Sales Experience” is the biggest factor in making the sale.

* Source Sales Executive Council

Customer Loyalty Two Perspectives



- Interaction of the **People** in your organization with customers



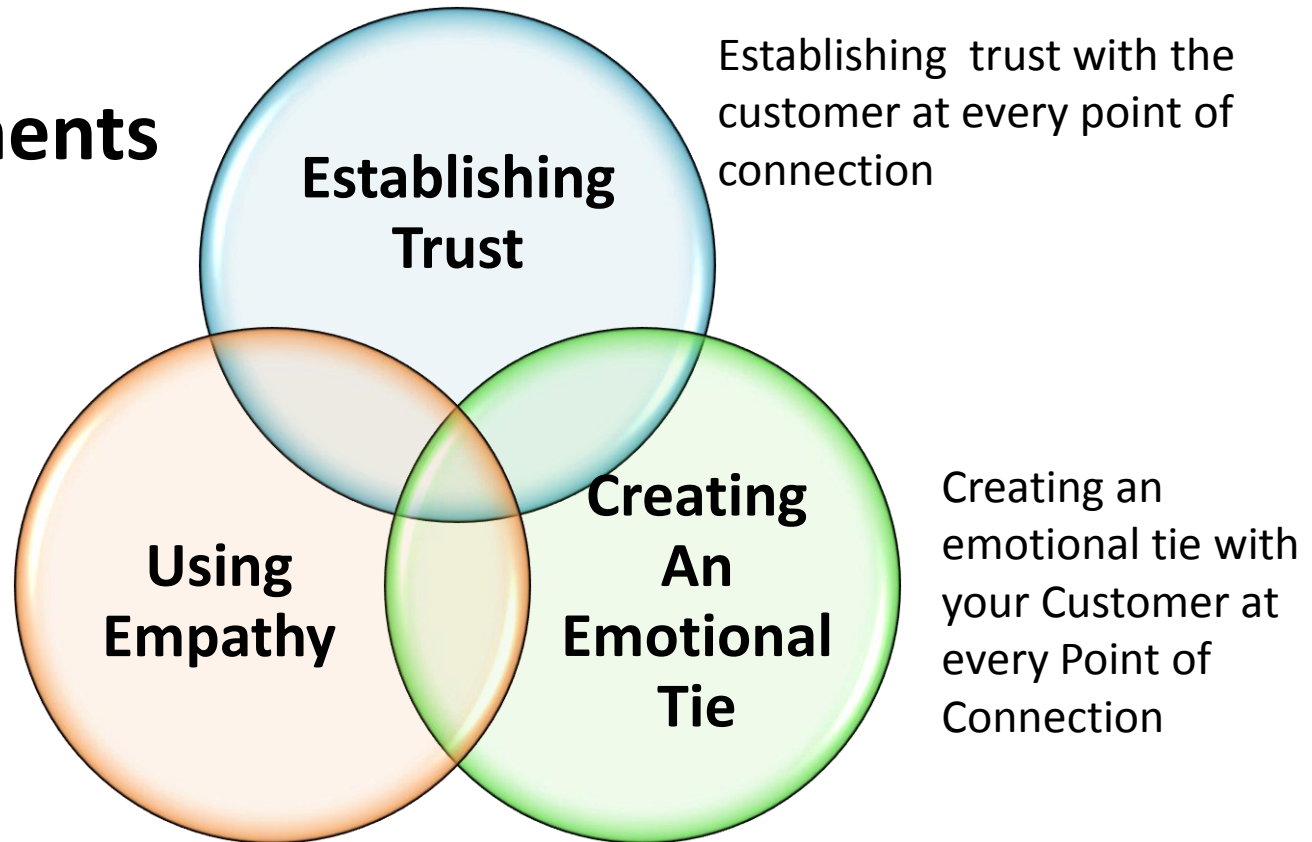
- **Organizational** environment required to foster and sustain customer loyalty



Creating Customer Loyalty - People

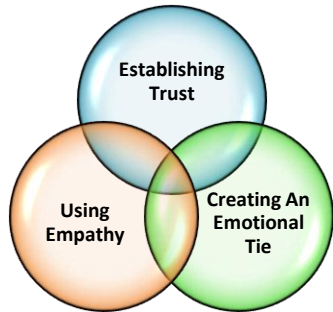


3 Key Components



Creating Customer Loyalty

“Establishing Trust”



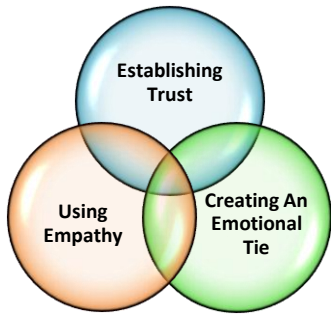
Establishing trust
with every
customer at every
point of
connection

Action Steps

- Customer interests ahead of yours
- Be yourself
- Figure out who the customer is
- Give customer undivided attention
- Knowledgeable and honest of products and services
- Only promise what you can deliver
- Don't put off dealing with an upset customer
- *“Customers won't know how good your organization is until you make a mistake” – Unknown*

Creating Customer Loyalty

“Creating an Emotional Tie”



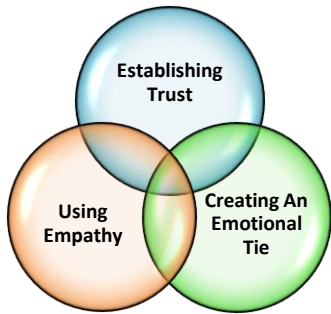
Creating an emotional tie with your Customer at every Point of Connection

Action Steps

- Read the customer emotions
- Know and manage your own emotions to achieve and maintain a positive customer experience
- Recognizing emotions of others for team collaboration
- Influencing relationships
- Conflict Management – *“The more arguments you win, the fewer friends you’ll have.” – Anonymous*
- Remember Most Buying Decisions are based on emotion rather than need

Creating Customer Loyalty

“Using Empathy”



Strengthen
Customer
Relationships
through
Empathy

Action Steps

- Develop a self-awareness
- Need to understand the two types of empathy
 - **“Affective empathy”** responding to others’ emotions
 - **“Cognitive empathy, / perspective taking,”** ability to identify and understand other peoples’ emotions
- Understand the linkage between your feelings and what you think, do and say

Customer Loyalty

“Achieving It In Your Organization”



Measuring Customer Loyalty

- Customer Acquisition and Retention
- Customer Activity (\$ Spent, Types of Purchases, Frequency)
- Follow-up on “Lost Customers”
- Willingness of Customers to refer friends / associates /etc.
- Good relationships are founded on listening
- CRM, *Customer Relationship Management Systems*, can provide in depth analytical tools

Customer Loyalty

Understanding Customer Satisfaction



Measuring Customer Satisfaction – Net Promoter Score (NPS)

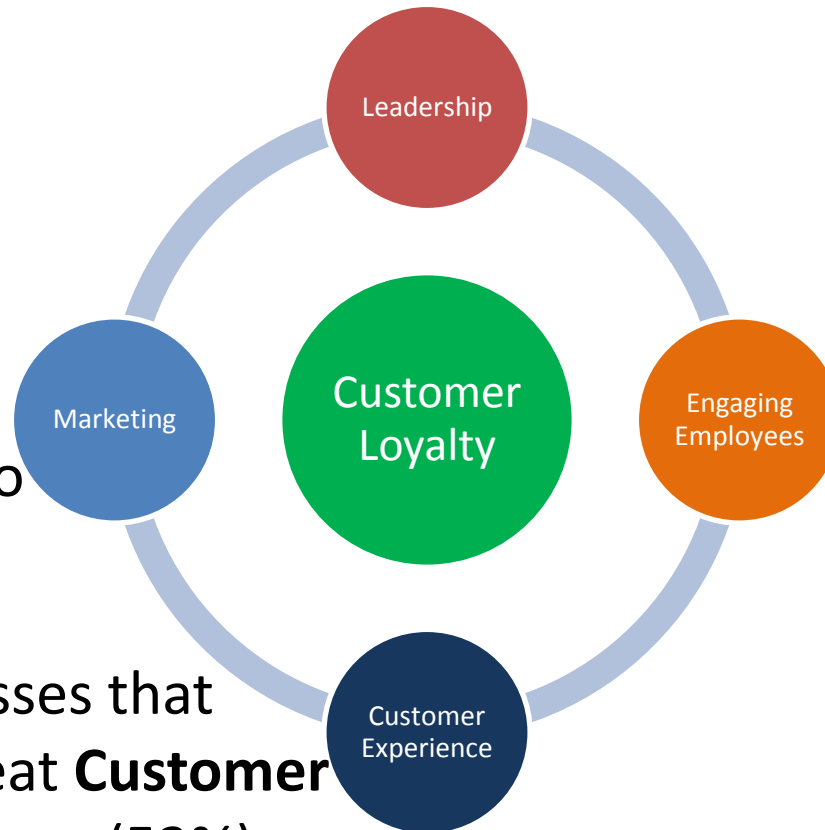
- **Net Promoter Scoring – Answering the question of:**
 - On a Scale of 0 to 10
 - *“How likely is it that you would recommend our company/product/service to a friend or colleague?”*
- **Types of customer Responses**
 - Promoters – (loyal enthusiasts) Score of 9 or 10
 - Passives – Scores of 7 and 8
 - Detractors - (Unhappy Customers) Score of 0 to 6
- **NPS is calculated by:**
 - subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters. A positive NPS is considered good while a score of +50 is excellent.

Customer Loyalty Organizational



Organizational environment required to foster and sustain customer loyalty

- **Target** ideal customer
- Understand how you plan to grow



Create processes that result in a great **Customer Sales Experience** (53%)

Leaders know where the business is going and how to get there *Wayne Gretsky – “I skate to where the puck is going to be”*

Company culture for **empowering employees**

Customer Loyalty Summary



Customer Loyalty is driven by:

People

- Empowered and committed staff who have direct customer contact (*relationship building*)
- Consistent two-way communication with customer
- Effective and Responsive Customer Conflict Resolution

Products and Services

- Viable products and services delivered consistently
- Customer recognition of Value / Pricing

Organizational Strategy & Alignment

- Supporting Organizational Culture and Values
- Effective and supporting Leadership through strategy, vision policies and systems
- Supporting Metrics

Listening, Listening, Listening, Listening.....





***Do You Know/Understand How
Loyal Your Customers Are?***

If Not.....

***What are you going to do about
it?***



Listen to Customer Loyalty Schemes on the “Making Headway” show with John King and Jeri Quinn on the URBusiness Network.
<http://urbusinessnetwork.com/customer-loyalty-schemes/>