

5 Strategies for Guaranteeing Customer Loyalty

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Customer retention has always been one of the most cost effective ways to increase business revenue. According to the international consulting firm Bain & Company, you can increase profits by as much as ninety-five percent through increasing retention by as little as five percent. If organizations fail to focus their efforts on servicing current customers while spending excessive amounts on acquiring new ones, they are wasting their efforts and much of their revenue.

Most customers are look for good value for their money, especially in hard economic times. They are also attuned to product and service pricing. Even so, many customers are likely to pay a bit more to organizations that demonstrate a true concern for customer needs and a willingness to go out of the way to provide quality service levels. Certainly, providing service that differentiates your organization from others requires effort, training, and staffing, but the return on investment (ROI) is well worth it long term. You cannot expect to approach service with a “fix it and move on” mentality. Service a process, not an event. It requires dedication of time, money and resources and a commitment to provide whatever it takes to satisfy your customers.

Here are seven strategies that you can use to enhance your organization’s customer retention:

1. Create brand recognition. The most successful companies and those that stay in business for decades or longer, are the ones that spend time and effort planning and executing strategies to acquire and sustain brand recognition. This means creating a market presence where customers know who they are and what they provide. Think about organizations such as, Sears, JC Penny’s, AARP, Firestone, Ford, AAA, Maytag and Macy’s. When you hear those names, you know what they do and what to expect from them.

To establish your brand recognition, you must first identify what it is that you want to be known for, to whom you will market it, how your will market it, and ways to offer quality products and services at a competitive price. Once you establish these criteria, you can set out to spread the word through advertising, product and service sampling, strategic partnerships, customer acquisition, and effective service.

2. Get regular feedback from your customers. You cannot address customer needs if you do not know what they want. A big mistake that many service providers make is that they look at articles and other sources that say “customers want...” and go on to list what all customers want. While such resources can be a good indicator, unless you ask your customers what they expect and want regularly, you are likely spending time and money providing the wrong thing to your customers. For example, in good economic times competitive pricing may not get people in your door or to your website. However, when money gets tight cost may become more important to your customers. Additionally, depending on the type of products or services that you provide, customer needs may be different. For example, for customers looking to buy construction

equipment, safety might be an important concern. For someone buying women's clothing that is not likely a big issue. Take your customer's service pulse regularly in order to keep up with their changing and specific needs.

Many questions can gain vital customer perspectives related to what they want or need. Some questions that you might ask include:

- What do you consider most important when deciding whether to purchase (your product or service)?
- What product characteristics are most important to you (e.g. coatings, decoration, or color availability)?
- What one thing has caused you to switch supplies or service providers in the past?
- What do you consider an acceptable order delivery time?
- How do you prefer to place orders and communicate with us (e.g. telephone, email, mail, or Internet chat)?
- Which of our products have the most value to you?
- Which of the products that we provide do you obtain from other sources? Why?
- What should we know about our product line from your perspective?
- What should we know about our service delivery systems from your perspective?
- Which of our employees do you feel does an outstanding job? Why do you feel this way?
- What can we do to add more value to our customer-supplier relationship?
- What should we start doing in the future? Why?
- What should we continue doing in the future?
- What should we stop doing in the future? Why?

3. Make it easy for customers to provide feedback. Do not forget to ask for feedback following a sale or service encounter. This is a big mistake. If you do not ask, most customers will not tell you. Some studies show that if customers are disappointed, they will not tell you. They will simply go away and then tell others about their negative experience. This can lead to the loss of that disgruntled employee while missing the opportunity to serve those who heard their story. You need to hear the good, the bad, and the ugly related to how well customers perceive your service efforts.

Many organizations say that they welcome customer feedback but they hide behind technology and make providing it difficult. Make it easy for people to give you feedback or voice concerns. On your website, have a link that says "Customer Feedback." When someone clicks the tab they should get a form to complete and see your organization name, address, phone number and email address at the bottom, in case they want that information. On your automated phone system, offer an extension in your outgoing message that says, "To leave feedback for us, punch extension #____." Ensure that someone checks these sources daily and responds within less than twenty-four hours. Contact the customer to let them know that you received their feedback and to thank them.

Continually look for a variety of ways to collect customer feedback. Use traditional (e.g. table/counter questionnaires, mailed surveys, telephone follow-ups) as well as less traditional means (e.g. feedback drawings/give-aways, website "contact us" forms that provide complete addresses and phone contact information, personalized letters from the President/CEO that are mailed or emailed right after the service encounter). To accomplish this feedback solicitation, create a dedicated system or staff responsible for gathering, analyzing and responding to customers, when necessary.

4. Listen to your customers. It does no good to gather input from your customers if you ignore it. This will only lead to frustrated customers and lost business. If nothing else, thank the customer for taking the time to share their opinion with you.

Not matter whether the feedback that you receive is positive or negative, you should receive it enthusiastically and give it immediate attention. Instead of looking at negative feedback or complaints as a bad thing, recognize that the customer took the time to share it with you and ask yourself the following questions:

- Why would this customer feel this way?
- What did we do/say that created this impression with the customer?
- Is the customer's reaction reasonable? Why or why not?
- Have we heard similar things from other customers?
- If necessary, what can we do to prevent similar reactions by other customers?

Gather all customer feedback and examine it periodically. Look to see if there are trends or patterns that you need to address. For example, if a number of customers have complained about long wait times on the telephone or that they failed to receive a product or service when promised.

5. Act on Feedback Immediately. Do not file customer feedback away for discussion later, or to have a committee review it; act on it right away. If you fail to examine the cause of customer dissatisfaction or to acknowledge feedback received from them, they will likely stop giving it. If they are complaining, they will also likely escalate the issue higher in the organization or abandon take their business elsewhere.

If someone is unhappy with your organization because of a policy, procedure or the way he or she was treated, you should deal with that issue immediately. Examine and

change the process that created the problem or counsel or discipline any employee, as appropriate. Failure to act can lead to additional complaints by other customers. The key in guaranteeing customer loyalty is to treat customers not as you would like to be treated, but as THEY would like to be treated. Strive to provide exceptional service in every service encounter and the name of your organization will potentially become a household word.

Bob Lucas B.S., M.A., M.A, CPLP is an internationally-known author and learning and performance professional. He has written and contributed to thirty-one books and compilations. He regularly conducts creative training, train-the-trainer, customer service, interpersonal communication and management and supervisory skills workshops. Bob can be reached at blucas@robertwlucas.com or through his website www.robertwlucas.com. Follow his blog at www.robertwlucas.com/wordpress and like him at www.facebook.com/robertwlucasenterprises