

Can Customer Loyalty be bought?

8 ways for businesses to earn customer loyalty

Can Customer Loyalty be bought?

Customer loyalty can't be bought. It must be earned. Learn the 8 ways your business can earn customer loyalty.

There is no shortage of lip service in the corporate world these days about customer loyalty. The advent of the loyalty movement began in the 80's in the airline industry and expanded to cover every major industry. Over 75% of consumers have at least one loyalty card, according to Jupiter Research.

Does Customer Loyalty Pay?

A mere 5 % increase in customer retention can result in a 75% increase in customer value according to Fred Reichheld, author of "Loyalty Rules". Such a statistic is an obvious reason to pay more attention to loyalty and further justifications are:

- The ability to create more sales from an existing customer base
- To help spread word of mouth marketing
- To identify product/service problems earlier
- To improve profitability
- To provide a competitive advantage

Defining Customer Loyalty

Customer loyalty is the practice of finding, attracting, and retaining your customers who regularly purchase from you. Customer loyalty is not customer satisfaction. Customer satisfaction is the basic entry point of good business practices. Your business should fundamentally provide satisfaction to all your customers.

Loyalty cards and programs have their rewards and pitfalls. Rewarding customers for spending more can create a vicious cycle of creating customers who want and expect rewards and will look anywhere to obtain them. With loyalty cards and programs reaching a saturation point, how can a business stand out?



Software, card programs and loyalty schemes are the tools of customer loyalty programs, but they aren't the essence of loyalty. To build loyalty, you must earn it. Look at these 8 ways to earn more customer loyalty for your business:

8 Ways for Businesses to Earn Customer Loyalty

1 - Company Loyalty First:

Customer loyalty is a 2-way street. How can you expect customer loyalty if you don't practice company loyalty? Are you loyal to your best customers or are you giving discounts and extra attention to new customers? Loyalty is about being devoted and dedicated to your best customers.

2 - Employee Loyalty Second:

Any customer loyalty program must factor in the front line of the business. It's the point of contact between customer and employee that set the foundations for repeat business. "Hire for attitude, train for skill. Hire nice people. As a customer, I'm always amazed when businesses put unfriendly, surly people in front of their customers. Loyalty is often the direct result of the relationships your employees build and maintain," says Ben McConnell of marketing consulting firm Wabash & Lake and co-author of "Creating Customer Evangelists."

3 - Quench the Thirst:

Consumers are thirsty for trust following corporate scandals and the general distrust of corporations. If your business is not trustworthy, your odds of establishing customer loyalty are substantially diminished.

4 - Finding Loyalty:

Any business wishing to start a customer loyalty initiative needs first to identify important customers and understand their customer's behaviours. Use whatever tools, software, and data-mining techniques to locate your repeat, regular customers. Equally vital is to know your profit margins. Don't offer discounts until you know the impact on your bottom line.



5 - Reward Customer Retention:

The key metric to track in your customer loyalty program is customer retention. How many customers are defecting? How many clients are retained? Measuring customer retention is half of the battle. Your staff must be rewarded for retention. Your business doesn't have to be like the big corporations who talk retention, but only reward sales people for bringing in new customers.

6 - Use Customer-centric Language:

It's easy to think you put the customer first. However, take a closer look at your marketing communications. How many times does your literature refer to "we" the company versus "you" the customer? Go back and speak from the customer's perspective.

7 - Bolster Customer Communications:

Part of customer loyalty and retention is the maintenance of regular contact with your most profitable customers. Communication to your best customers should take the form of showing your appreciation and providing new learning experiences to add value to your customer's life. Send special thank-you notes, surprise gifts, and regular communications such as newsletters to connect with them.

8 - Use the Business Advantage:

A business will always have the advantage in connecting with customers and building a solid relationship. Your passion for helping customers with your products and services is difficult for large companies to replicate. As customer evangelist guru Ben McConnell states, "Businesses thrive on outstanding customer loyalty. It's their currency of growth and their best differentiator. Without loyalty, businesses are destined to compete on a playing field with larger competitors where they are outnumbered and outwitted."

Win the customer service game by putting customer loyalty to work in your business and for your business. Just remember, it's more than cards and software. It's more about earning trust and relationship building.

inspire • motivate • reward