

AWARENESS IS POWER®

Insights for Business

August 2011

Volume 11 Issue 65

BAYLEY & BENDER, INC
SUCCESS THROUGH INSIGHT!

Are Your Customers Merely Satisfied Or Are They Loyal?

There is a distinction between customer satisfaction and customer loyalty. In effect, a customer is “loyal” when they have the tendency to choose one business or product over another for a particular need time, and time again. Further, for any industry, loyalty is action-based, not wholly reliant on the satisfaction level or opinion of the consumer.

A customer can express high satisfaction levels within, let’s say, a survey, but satisfaction is not equal to loyalty. In reality, customers can be extremely satisfied and still not be loyal. As an example, a person can rave about a product in a survey and will give the product the highest rating but this doesn’t necessarily mean that the customer is loyal. In effect, if the customer is merely satisfied, when the same product comes onto the market from a competitor for a cheaper price, the customer will invariably try out the cheaper product.

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Do You Have Loyal Customers?

Exceptional Leaders...Are Open To New Ideas

Exceptional Leaders know that their reaction to new ideas will either encourage or discourage innovation and creativity.

Some leaders respond to new ideas in ways that turn off others. They become negative when new ideas are presented. “It won't work.” “We tried that before.”

Or they instantly come up with other ideas that shut down the presenter. Worse yet, they may take credit for new ideas when they initially responded negatively.

Exceptional Leaders respond to new ideas in ways that support others’ innovation and creativity. A good example is the President of HEB Grocery who did not think that the Central Market concept would work, but allowed them to go ahead and open a pilot store. He found out that he was wrong. Central Market has become very successful.

When leaders discourage innovation and creativity, people tend to check their brains at the door. Exceptional Leaders are open to new ideas and foster creativity and innovation at every opportunity.

Thought Provoker

- How do you respond to others who suggest new ideas? Do you facilitate and encourage their creative thinking, or do you ignore, discourage or dismiss them?
- Do you have a new idea generation engine in your organization?

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On the other hand, if the customer is completely loyal, the customer will not go to the competitor even if it costs a little more for the product.

The advantages of achieving customer loyalty are all encompassing in nature. *Some of these include:*

- Costs for acquiring a customer only occur at the beginning of a customer relationship. In effect, the longer the relationship is, the lower the recurring costs associated with wooing customers.
- Long-term, loyal customers are more likely to initiate free word-of-mouth referrals and promotions.
- Long-term customers have a tendency to be disinclined to switch brands or switch to another competitor and, in addition, tend to be less sensitive to price fluctuations. The result is a more stable unit sales volume and potential increases in dollar-sales volume.
- In addition, loyal customers are likely to purchase high-margin supplemental and/or ancillary products.
- Loyalty equals less expensive services. In effect, if the customer is knowledgeable about the process involved, they require less “education,” and are extremely consistent in placing orders.

So, how do you achieve customer loyalty? In order to build this long-term relationship with your customer, it is essential to have an extremely well managed customer retention program in place. No matter what industry, field, or niche of a business, all programs for customer retention must rely on communication. These communications will give consumers encouragement to remain active and will invariably entice them to continue business relations with a particular company.

If there are difficulties in obtaining and retaining a loyal customer base, it is necessary to look at the operational procedures of a company to see where it is going wrong. As an example, the greatest advice in the world on how to write engaging ads

Continued on next column –



will mean nothing if customers are unhappy with their service.

Word travels fast, whether on or off the Internet, and if your customers are unhappy with their service, the business will more than likely never gain loyal customers. Some may even be lost in the process. Customers need to be involved in how a business is run; therefore, it is imperative that a company learns what consumers think of their customer service experience.

Chris Dekle at netpromoter.com suggests that a company needs to give surveys to their customers to determine if a business’s customer service policies need to be changed or not.

Truth be told, customer loyalty is more important than customer satisfaction. There is a plethora of benefits, not just the ones listed above, that will ensue if customers become loyal, and stay loyal, to a particular company. ♦

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- What processes and systems are in place to foster new ideas?
- Do you hire and nurture leading edge thinkers to insure that you innovate when the time is right?

In today’s era of accelerated change, new ideas are truly the engine that drives an organization’s survival and success. ♦

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Did You Know...

Q: What English word has three consecutive double letters?

A: Bookkeeper

Did you know “listen” and “silent” use the same letters?

Do you know that the words “race car” spelled backwards still spells “race car”

Important Tips to Build and Retain Customer Loyalty

Being successful in business relies almost completely on obtaining and retaining a steady customer base. Successful companies usually have 80% of their business dealings through approximately 20% of their customers.

In all actuality, too many businesses are neglecting this pursuit of customer loyalty in order to obtain new customers. Any effort to obtain customer loyalty is worth it in the long-run and will pay off substantially down the road.

The best ways to build customer loyalty include:

- ✓ **Communicate:** Reach out to reoccurring customers through such things as e-mail newsletters, a holiday greeting card, monthly fliers, etc.
- ✓ **Customer Service:** Go the extra distance to meet customer needs. Even though the saying “The Customer is Always Right” doesn’t really apply anymore, a good solid customer relations process is highly important.
- ✓ **Employee Loyalty:** In effect, loyalty works from the top down. This means that loyalty shown to employees makes for happier employees and they will pass that happiness and loyalty onto customers.
- ✓ **Customer Incentives:** Customers need reasons to return to a company for repeat business.
- ✓ **Reliability:** Be reliable and do what you say you’re going to do. If problems arise, though, be up front with customers immediately.
- ✓ **People over Technology:** Customers are not fond of machines and, therefore, the more difficult it is to speak with a human when it is necessary will end up making the customer shy away from doing further business.



Obtaining new customers is the first step to a successful business. Retaining those customers by following some of the tips above will allow a business to remain successful for the long term. ♦

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“Success in business requires training and discipline and hard work. But if you're not frightened by these things, the opportunities are just as great today as they ever were.”
~ David Rockefeller



One Minute Ideas

Communicating Criticism

Many managers are eager to compliment but often neglect to criticize. It’s hard to tell another grown-up when they have done something incorrectly. But, managers are responsible for helping others grow and need to help mentor their employees.

Here are a few guidelines to follow to help employees gain new skills:

1. Specify the behavior and criticize the behavior – never the individual.
2. Be specific in your criticism – don't generalize.
3. Say something positive about the person.
4. Show how you can work on the problem behavior as a team.
5. Understand how the employee feels and show your empathy.
6. Show your confidence in the employee.

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