

# CUSTOMER LOYALTY

Part of the Customer Service Collection

## WHAT IS THIS FACTSHEET ABOUT?

Great customer service can turn average customers into loyal fans of your business.

Loyalty is a tricky thing to define.

But it's very easy to recognise.

On a personal level, loyalty stands for things like commitment and dedication.

Historically, loyalty wasn't optional. Leaving a group or community dramatically impacted your survival chances.

But times have changed, and the prosperity of the modern era has provided us all with greater options.

As a result, loyalties can shift in search of greener pastures.

And the marketplace is no exception.

Research tends to point in the same direction. Consumers are voting with their feet, and customer loyalty is on the decline.

But why?

In business there is a tendency to focus on acquiring new customers.

Promotions for new clients.

Special deals for new clients.

But when you only reward new customers instead of existing ones, you're training people that it pays to leave you. "So what?" you may think. The market is full of potential customers. What's the loss of one customer compared to the many retained?

But try to think of it like this.

Imagine you're trying to fill up a bucket that's filled with holes.

What's best, plugging the holes or adding more water?

We want you to think of your customers in the same way.

This factsheet will help you plug your bucket. By the end, we want you to walk away understanding why customer loyalty is so important.

## KEY INSIGHTS

Why is Customer Loyalty important? – Did you know if you can increase customer retention rates by just 5%, you can increase profits by a whopping 95%.

Turn Customers into Loyal Fans – Ditch the loyalty cards and treat customers like rock fans.

Tips to Create Loyal Fans - Creating loyal fans comes down to one thing: great customer service. Use our tips to increase customer loyalty.

## WHY IS CUSTOMER LOYALTY IMPORTANT?

Do you really understand the value of a loyal customer? In case you're in doubt, here are some statistics to help.

Did you know, it costs five times as much to attract a new customer, than to keep an existing one.

And you have a much better chance of selling to an existing customer than a new prospect.

Even better, loyal customers are 50% more likely to try your new products, and on average spend 31% more, when compared to new customers.

Perhaps most surprising of all, if you can increase customer retention rates by just 5%, you can increase profits by a whopping 95%.

And if you think promotions, freebies and special offers are what keep customers loyal, you'd be wrong.

Research shows that quality and service trump price every time.

So you have a really important role to play.

## TURN CUSTOMERS TO LOYAL FANS

You most likely have a wallet or purse jam-packed with loyalty cards. But do they actually make you loyal to a brand? Or do you simply see them as a great way to save cash?

I'm also guessing you've probably switched services at some point, because an alternative provider was throwing all kinds of incentives at you.

But did the incentives win your loyalty, or did you simply take advantage of the offer?

It's likely you had to sign a contract to get the goodies, but if you're ignored during that period, guess what you'll do when the contract ends?

What should be becoming clear is that incentives don't build loyalty.

Let's think of it a different way.

Rock stars have super fans.

This is because the fans get rewards. They get special access and VIP treatment. They get to listen to the new releases first, and get the best seats at the concert.

Rock stars create loyal fans.

And the good news is, with great customer service, you can turn your own customers into loyal fans of your business.

Next we're going to give you some ideas on how to do this.

## TIPS TO CREATE LOYAL FANS

Creating loyal fans comes down to one thing: great customer service. Forget prestige, or technology, people will not become passionate customers unless you provide them with incredible experiences.

One thing is for sure, if you get customer service wrong, you can be certain they won't be customers for long.

So if you want to avoid pushing customers to the competition, spend some time going through our top tips on creating loyal fans.

## THE POWER OF SURPRISE

We all love a pleasant surprise.

And if you want to transform your everyday average customer into a loyal fan you need to leverage that power.

From handwritten notes to sending chocolate in the post, a simple gesture can go a long way to shoring up customer loyalty.

Even just a quick phone call to see how a customer is getting on, can do more to build trust than a special offer or discount code ever could.

Whatever it is, surprises make people feel special and important. Unexpected treats help create a powerful bond with consumers -- a bond that can last a long time.

## APPRECIATION IS KEY

Simple good manners can lead to customer loyalty.

Saying thank you to existing customers is a great way to encourage them to recommend you to others.

That sign of appreciation turns your business into a place they feel they belong to.

This means they'll be around more. And they'll likely bring friends.

So next time one of your customers gives you a shout out on social media, be sure to thank them and show your appreciation.

## ACKNOWLEDGE MISTAKES

Of course we all want to avoid mistakes – but this doesn't mean you should try to cover them up.

If you want loyal customers, you must acknowledge you messed up and show them that you are trying to improve.

If you went to your favourite restaurant and the meal they served you was, well, not up to their usual standard, I'm sure you'd let them know.

If the manager apologised for the error, replaced the food and gave you a free drinks voucher, it's likely you'd give them another chance.

And it's the same in business.

Acknowledge and handle mistakes, and customers will forgive you.

## FINAL SUMMARY

In this factsheet we've only looked at a few customer loyalty ideas, but of course there are loads of different ways in which you can create loyal customers.

Your final challenge is to think about how you can create loyal fans where you work.

It's not hard, and you can start small.

Treat your customers with the honesty, care and respect they deserve and you'll have a loyal fan base in no time!