

# Just How Loyal Are Your Customers?

**The conventional wisdom is** that your best new sales prospects are customers - those people that have already purchased from you. In reality, however, that's only true *if those customers feel some sort of loyalty to you!* So just how do you get customers to be loyal?

**First, it's necessary to understand that loyalty is** a mix of the uniqueness of your product or service coupled with the quality of the customer's experience with you. It's manifest by repeat business. The less unique your product or service the better the quality of the customer's experience needs to be to ensure loyalty.

**Second, it's important to recognize that there are different degrees of loyalty.** Customers that buy out of habit, may well provide repeat business *until* they are provided a better opportunity. This is called *inertial* loyalty. There is also *situational* loyalty. The customer likes what they get from you but their repeat business depends on other factors that may be present (e.g. they only buy from you when in your area, at a certain price point, or for certain applications). The best loyalty, of course, is when a customer has a high attachment to your products or services, you have a unique product or service, and there are no impediments to their repeat business.

***“Since the only way a business can retain customer and employee loyalty is by delivering superior value, high loyalty is a certain sign of solid value creation.”***



# CRM TIPS!

By Rick Bellefond, President, RB Data Services - TIP #15

This is the type of *premium* loyalty that brings on-going and durable repeat business, and also brings a high degree of word-of-mouth advertising.

**If you want to grow customer loyalty,** you have to understand where the loyalties of your existing customers lay. Do they buy habitually? Is their buying situational? Or are they truly loyal?

**Once you understand where their loyalties are,** the task is then to increase loyalty. Customer Relationship Management (CRM) tools will help you understand the repeat business patterns of your customers and help you pinpoint ways that you can improve their experience to boost their loyalty.

Frederick Reichheld in "The Loyalty Effect"  
Harvard Business School Press

It will also keep you abreast of problems with loyalty - i.e. changes in buying behavior from previously loyal customers. Also, a key benefit of CRM is to identify loyal customer characteristics that can then leverage your prospecting efforts; the goal being to focus sales attention on potential high loyalty customers.

**CRM will help you manage loyalty.** If you can manage customer loyalty then you can increase the sales productivity of existing customers. And if you do that, your profits will increase substantially!

RB Data Services is fully certified to sell and support Microsoft CRM, GoldMine Corporate/Premium/Enterprise Editions, and SalesLogix.

**Grow Your Business Through Better Customer Relationship Management – Stay Informed!**

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