

Just How Important is Customer Loyalty Anyway?

When business was booming a few years ago, you probably had more customers than you could keep up with, which even though it meant you were incredibly busy, it also meant you were building your business and revenue base. And customers themselves had (or at least believed they had) so much disposable income that they were happy to spend their money just about anywhere. Of course, businesses competed for customers but with so many prospects out there, it didn't take a significant amount of effort to gain or retain customers. Even if you didn't turn a first time customer into a repeat customer, there were new customers waiting in the wings.

Today is a different story, to say the least. Individual and business customers are putting away their credit cards, either because they have to or they are wisely thinking of the future, and they are holding onto their cash for dear life making business survival the topic of dinner conversation rather than business success.

Even if it was, in retrospect, money made easy, no one wants to see the business strides of the last decade dwindle into nothing during what everyone is calling "the worst recession since the Great Depression." If there are fewer customers with less cash, what are the options? Business and finance gurus certainly have tips and advice for small business owners but it doesn't take an expert to know that one of the primary keys to survival is in your customers' hands. Does that mean you are helpless? Certainly not, you have the ability to influence your customers' decisions. You have the ability to create customers that are loyal to you and you alone.

What is Loyalty

Everyone knows what loyalty means but sometimes words become so common that it's helpful to confirm their definitions every now and then. In this case, [The American Heritage College Dictionary](#) states that loyalty is "1) the state of being loyal and 2) feelings of devoted attachment and affection." Exactly what we thought, right? Yes, but in my mind the word loyalty evokes more emotion than that. Lee Iacocca described loyalty in more visceral terms, *"Talk to people in their own language. If you do it well, they'll say, 'God, he said exactly what I was thinking.' And when they begin to respect you, they'll follow you to the death."*

Mr. Iacocca knew first hand what he was talking about, as the businessman who brought Chrysler Corporation back from the brink the last time it was facing bankruptcy by understanding what type of vehicles people wanted and making them affordable for the average American. That's how he showed Chrysler's loyalty to its customers which engendered customer loyalty to Chrysler, making the first mini-van, the Dodge Caravan, one of the most popular models of its time.

Building Customer Loyalty

If we take Mr. Iacocca's quote a phrase at a time, we can piece together a viable communication strategy for encouraging and ensuring our own customers' loyalty which not only helps us in today's tough climate but will serve us well in the future.

"Talk to people in their own language"

Forget the marketese, the slick talk and the gimmicks. Talk to your customers as if they were your friends. Assume they are intelligent enough to understand that your motives

are profit driven but balance that with a sincere interest in their motive for buying whatever product or service you are offering.

Convince them that you'd rather see them in the right product than in the one that's most profitable to you. How do you do this? You have to spend time with your customer's during their decision making process. In the past, this may not have been the norm because of the constant flow of business but now you've got to do this to ensure you have steady business. Customers today are skittish and they've got to be handled with patience and care. Push too hard and they may run. Don't take them seriously or fail to follow up and they may not run but they'll walk away to the business down the street.

“If you do it well”

How do you communicate effectively with your customers? It's a balancing act - balancing your need to sell (to survive) with their need to consider before they buy. This may be frustrating, especially now when it doesn't feel like you have time for patience but putting yourself in their shoes can help. If you were the customer, what information would you need to make a decision, what would make the difference between an “I'll take it” response and a “let me think about it” if you were the one buying. You can also help move your customer's decision making process along by:

- Listening (really listening) to what the customer is telling you
- Focusing the customer on the products or services that fit his/her needs the best
- Providing as much useful information up-front without overwhelming them
- Checking to ensure that information is sufficient enough for them to make a decision and if not, finding out what other information they need and provide it as quickly as possible
- Following up to answer any outstanding questions but resisting the urge to badger
- Offering them additional incentive to buy with some type of discount

“They'll say, ‘God, he said exactly what I was thinking”

Once you've balanced your need to sell with their need to consider before buying, your customers will feel a connection with you. By listening to them and responding to their needs honestly, quickly and attentively, you have already begun to create a sense of loyalty and once you do that, it becomes harder and harder for them to either turn you down completely or go to the business down the street.

“When they begin to respect you, they'll follow you to the death”

Deliver on your promises. Once your customer decides to buy, deliver on all counts – the quality of the product or service, the friendliness of your staff, the ease of delivery, the timing of delivery and the follow up. If you can make them extremely happy with their first purchase, you've just significantly increased your chances for a resale. People like to continue working with someone who delivered on their promises, understood their wants (put them in the right product or service) and needs (offered them a discount or incentive).

So just how important is customer loyalty anyway. It is, in fact, one of the most critical aspects of your business' survival. Remember how your parents or grandparents talked about the Great Depression. The lessons learned and the coping mechanisms for survival were instilled in them for the rest of their lives. As the next worst financial climate, this economy will also leave a lasting impression on us all, your customers

included. Businesses that look after their customers during this downturn will be rewarded by a lifetime of customer loyalty afterwards. Think of it as planning for the future because building customer loyalty lays the groundwork for ensuring your business' future success.