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## **BUILDING CUSTOMER LOYALTY**

*“Loyalty is one of the great engines of business success.”*  
*Frederick F. Reicheld, author of The Loyalty Effect*

Loyalty programs are everywhere in business. Customers interact with them multiple times almost every day—whether shopping at a grocery store, buying a cup of coffee, flying on an airline, staying at a hotel, or paying a cell phone bill. In other words, companies have become convinced that it is possible to buy customers' loyalty. Do loyalty programs really work, or are these companies just wasting their money? Can a loyalty program change how people behave and get them to spend more money with that company?

Today, loyalty programs are ubiquitous. There are more than one billion people worldwide enrolled in loyalty programs, and in some industries such as airlines and hotels, loyalty programs have become one of the most critical means by which companies manage their customer relationships.

Loyalty is defined as follows: “Loyalty is a positive belief, generated over the course of multiple interactions, in the value that a company and its products and/or services provide, which leads to continued interactions and purchases over time.”

Loyalty should not be confused with customer satisfaction. Although loyalty is built on satisfaction, organizations can have satisfaction without loyalty. Customer satisfaction is an “opinion measure” about company performance and how customers feel their needs were met in past interactions or by past purchases, whereas customer loyalty is a results measure that includes expectations of future behavior.

Loyal customers tend to buy more, more regularly. And they will frequently recommend your business to others.

To build loyalty program is needed:

- Understanding who your most valuable customers are.
- How to achieve a high standard of customer care for all your customers.
- How to turn your most valuable customers into your most loyal customers.

***Several tips to build a strong customer loyalty program for your own business***

***and encourage your employees to live the loyalty, day in and day out:***

***1. A total approach.***

- 1.1 Make customer care a key part of your business strategy.
- 1.2 Learn as much about your different customer segments as you can.
- 1.3 Develop a brand around your company, products or services.

***2. Essentials of customer care*** .Whatever added extras you may offer, they will be useless if you do not give your customers excellent basic service.

- 2.1 Encourage employees to deliver high-quality customer care.
- 2.2 Think of ways to make life easier for customers. For example, a retailer might provide customer car parking, and a simple procedure for returning unwanted goods.
- 2.3 Use appropriate technology.
- 2.4 Give customers a personalized service.

***3. Customer feedback*** .The more you know about customers, the better you can meet their needs.

- 3.1 Create opportunities for feedback.
- 3.2 Contact any customer who has stopped buying from you (a lapsed customer) and find out the reason.
- 3.3 Monitor and analyze the contact you have with customers.

***4. Communications.*** If you keep a dialogue going with customers, they will be more likely to buy from you in the future.

- 4.1 When marketing – or selling – to customers, divide them into at least three groups, and plan a different type of communication for each.
- 4.2 Only offer products that match customers' needs.
  - Ask your customers which of your products they are interested in.
  - Regularly mail (or phone) them with special offers, and news about your new products.
- 4.3 Have regular contact with customers.

***5. Entertainment.***

- 5.1 For your most important customers, entertain on a one-to-one basis.
- 5.2 If you need to entertain large numbers of customers, consider having an annual event.

***6. Added-value schemes.***

- 6.1 A cumulative (or 'retrospective') discount gives customers money back

whenever they reach specified spending targets.

6.2 Some schemes offer customers a discount off their next purchase. For example, you may issue discount coupons. If they are only valid for a limited time, you also encourage prompt action.

6.3 Some schemes offer the customer rewards.

One danger of discounts and rewards is that your customer might have made the purchases anyway, in which case you are wasting money.