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Manage Future Business

The Enlightened Customer: How to Improve Customer Loyalty in Times of Change



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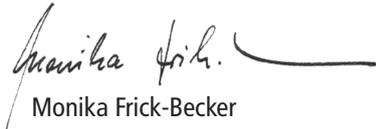
Using customer knowledge to drive customer loyalty: Search your customer base for growth drivers

Welcome and Guten Tag,

Customer expectations are changing. It is no longer sufficient to wait for customers to enter your store and impress them with colorful catalogs and big promises. The modern customer is well informed. He wants to do business his way, through the channel of his choice and he expects the same superb level of quality and service through every channel.

The new rules in sales demand a new quality of service. Happy, engaged employees who live and breathe your values and care for the very needs of your clients are the key to happy, loyal customers who repurchase and refer.

Yours,



Monika Frick-Becker

The Enlightened Customer: How to Improve Customer Loyalty in Times of Change

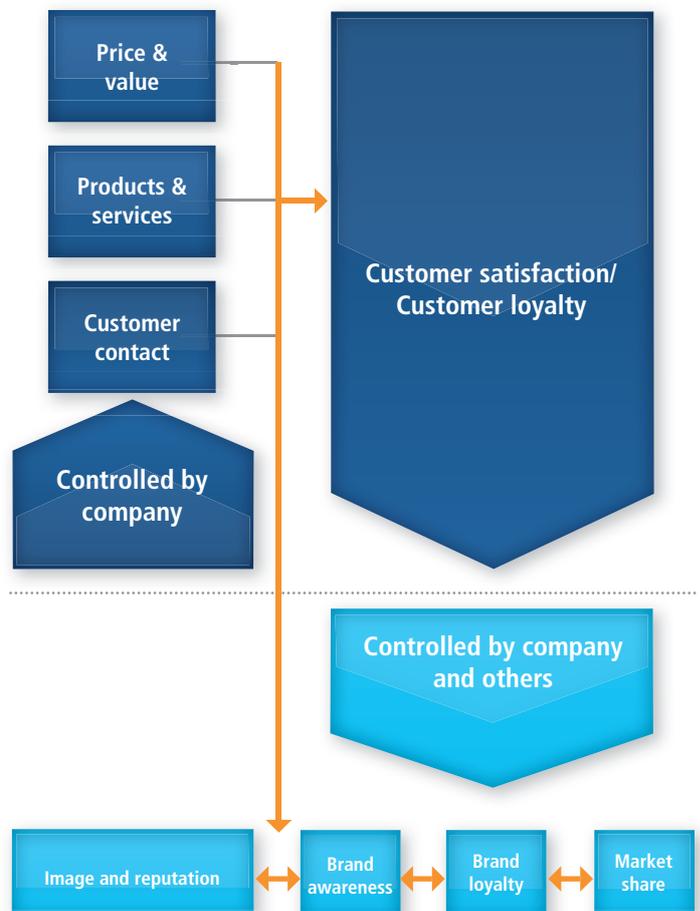
Everywhere, business leaders lament the unpredictability of the modern customer. Customers today have many choices. Where generations before showed loyalty to their suppliers, generations today show little evidence of that same loyalty. The truth is: Customers are smarter, better informed and more intolerant of 'being sold' than ever before. If they have a bad experience, they could tell millions of people in minutes through social networking sites. In the era of the enlightened customer, managers do not have the option to simply sit down and do "business as usual". Because to lose touch with a customer's evolving demands and needs in today's nervous B2C or B2B marketplaces only encourages that customer to experiment with your competitors and jeopardize hard-won brand loyalty. Businesses have to understand: People want to trust the companies they patronize. They want to know that you're honest and have their best interests at heart.

Don't prey on customers: The focus is on the needs of your clients

The enlightened customer wants the truth. That is why he gets infuriated with companies that try to bind him with contracts, bleeding him with fees, and otherwise penalizing him for his business. Think of the phone service and banking industries, each of which profits from customers who fail to understand or follow the opaque rules about notice periods, minute use, minimum balances or credit limits. In the B2B marketplace, businesses often complain about the bad practice of software companies who stop providing system support when they start buying software tools from competing suppliers. Although this approach may work for a while businesses that prey on customers are perpetually vulnerable to their pent-up hostility. At any time, customers may retaliate with nasty comments on the net, lawsuits, and defection. This new customer power is frightening many managers. For decades, businesses have set the rules, controlled the buying process, and dictated terms to customers. Not anymore. This power shift is accelerating, driven by three factors: information, access, and collaboration.

As a consequence, companies have to change if they are to thrive in the era of customer power. Success requires changing the focus to the real needs of customers and to the entire customer value chain. By making a commitment to making the lives of customers easier and their businesses more successful, opportunities abound. This applies equally to B2B and B2C marketplaces.

Drivers of Customer Satisfaction



From customer retention to customer loyalty: Sustainability as a corporate maxim

Staying ahead of competition is about gaining a deeper understanding of your clients' business and processes. It is about shifting your minds, away from your products, and closer to their problems. To become your customers' first choice you can build trust by offering a sustainable business model and creating a positive company image.

To gain a better understanding of your customers' needs take a fresh look at your strategies and methods for retaining customers - if necessary renew your commitment to customer centricity. In simple terms, this means that we need to listen, learn and engage with our customer base. Customer loyalty isn't something you can „trick“ your customers into. Don't stretch the truth (e. g. "green washing"). Your customers will retaliate with negative comments and defection. Build trust through marketing and communications. Be clear about what your product or service promises, and then, over-deliver on your promises.

The bridge between customer satisfaction and customer loyalty is built with positive emotion. Improving the quality of your customer service and products as well as offering further solutions that are sincerely meant to help them with their business are the best ways to build long-term customer loyalty. A loyal, delighted customer is willing to pay a premium for superb products (e. g. modern technologies for an efficient use of resources).

The Trust Pyramid



Source: Brand Trust Survey, August 2010, the GfK Association, 10653 reviews

Customer loyalty: The indicator of business success

As brands become increasingly commoditized and competition fiercer, keeping and expanding customer relationships depends on the ability to create loyalty by delivering an emotional customer experience consistent with the brand promise. To achieve this, your managers routinely need to challenge assumptions and listen with reverence to what employees who deal directly with your customers have to say.

Sustainable, authentic, customer-focused companies create ways to have enthused and loyal customers. In fact, research shows that a key characteristic of high-performance businesses is their ability to create loyalty by delivering a customer experience that is tailored to the preferences, expectations and intentions of specific segments. Higher proportion of regular customers means higher corporate revenues.

Moreover, organizations with high customer loyalty usually have high market share in their defined markets, making marketing and promotional expenditures more effective. If the customer base is highly satisfied and loyal, customers are more likely to generate word-of-mouth referrals.

Higher customer expectations are forcing companies to rethink how they produce and sell products. To take advantage of customer energy, the new business world demands innovative strategies and entrepreneurial leadership, engaging customers and employees in more enlightened ways, and using network structures and smarter business models.

This strategic approach to putting the customer first in business improves your client sales and profit margins. And it helps your business profit from higher revenues (e. g. through positive customer testimonials), cost reduction (e. g. through self-help processes), and a higher public profile (e. g. through viral marketing).

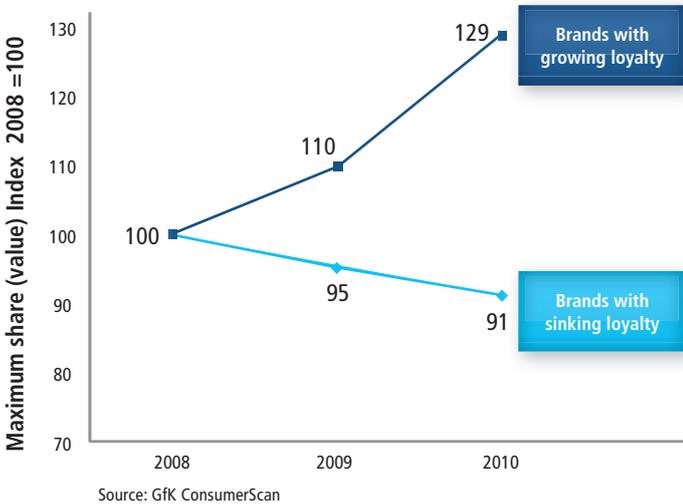
Success factors of a loyalty-focused business management:

- Understand how loyalty works.
- Integrate loyalty into business culture.
- Enable employees to enthuse customers.
- Try to actively involve your customers.
- Nurture, cherish, and reward customer loyalty.
- Win customers as free promoters.
- Keep your promises.
- Provide a comprehensive range of services.
- Declare customer loyalty a strategic business objective.

Customer-focused companies create ways to keep their passion for the customer alive. They live their commitment to customer centricity. Start with more positive employee experiences. Happy, engaged employees who live and breathe your values are the key to happy, engaged customers who repurchase and refer.

Improving the quality of your customer service, your products, and offering further solutions to your customers - solutions that are sincerely meant to help them with their business - are the best ways to build long-term customer loyalty.

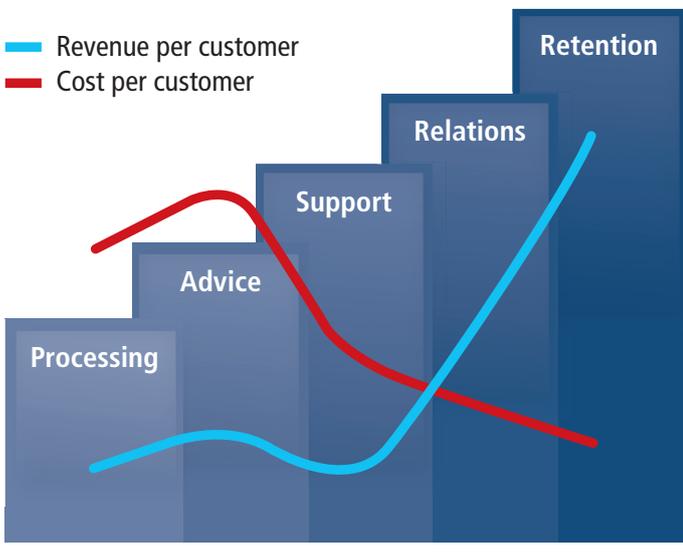
Winning Market Share Through Customer Loyalty



Using customer knowledge to drive customer loyalty: Search your customer base for growth drivers

Almost 80 % of customer defection takes place because customers feel mistreated. Up to 70% of the customers who complain to you will do business with you again if you resolve their problem. Therefore, companies who want to have loyal customers need to engage with their client base. The challenge lies in implementing intelligent customer contact strategies and, ultimately, investing in people and capabilities. Resulting increases in revenue will more than make up for any related expenses.

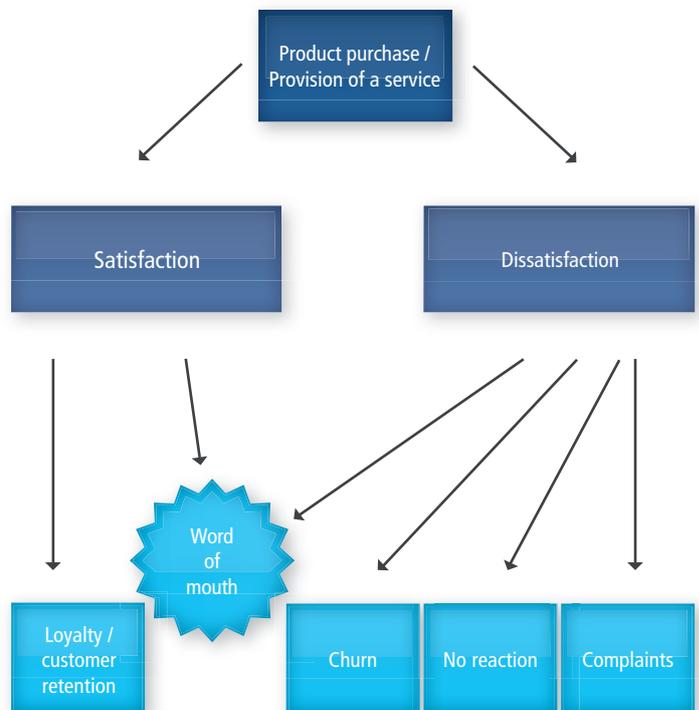
Customer Loyalty Pays Off



Successful businesses follow a relationship-based form of selling, requiring you to learn as much as you can about your customer and become a true partner. Delivering a superior customer experience means treating customers as individuals and that requires a widely available database of all actions and interactions with the customer. This is essential for delivering relevant messages and offers, demonstrating respect, and empowering staff to do what is necessary to win loyal customers.

Customer experience solutions forge stronger and more valuable customer relationships. These solutions help foster brand loyalty by building customer-focused improvements into products and services and by making suggestions the customer might not have thought of, rather than simply explaining your products and prices when he calls. As a result, your customers won't have any interest in experimenting with competitors.

The Customer Always Makes a Recommendation



Existing customers are a rich source of repeat business, and a valuable way to build word-of-mouth marketing. You should nurture this important group by offering them deals and rewards they can't resist. This is the best and fastest way to become a leader in customer loyalty. Fortunately, conditions to implement efficient customer retention methods have never been better. By investing regularly in your people with training, mentoring and education you are able to offer top-notch service to the enlightened customer. And thanks to intense market research and advanced methods used to unearth and interpret customer data, companies now have powerful tools to help them truly understand their customers' needs and meet them in the most efficient and productive way.