

CUSTOMER LOYALTY - THE SOUL OF CRM

A note from publishers

We are very pleased to receive increasing number of patrons for our India CRM Newsletter and have benefitted greatly from the thoughtful insights of our esteemed readers.

In this issue we attempt to address a few questions on Customer Loyalty and how does an organization achieve it.

Happy reading!!!

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- Publisher

Think About it

Do you know! 50% of satisfied customers are likely to buy from your competitors.

Would you prefer a loyal and happy customer or a satisfied customer.

As companies the world over wake up to the new mantra - CRM, there is an increasing focus on the customer base, and hence the key question of how to retain existing customers takes center stage.

The key to an efficient & effective **CRM is to improve your customer loyalty.**

Considering the fact that customers seek value, we can say that by enhancing the customers experience we can increase loyalty and hence retention. Fredrick Reichheld in "The Loyalty Effect" reported that a multi-industry study found "raising customer retention rate by 5% points could increase the value of an average customer by 25%-100%". The objective of an organization should be to attract and retain customers who fall into one of the following categories:

- ◆ **Group 1:** Customers that are inherently more loyal because they prefer long term relationships.
- ◆ **Group 2:** Customers that are more profitable because they spend more require less service and pay their bills on time.
- ◆ **Group 3:** Customers that find your products and services more valuable, a better fit, than those of your competitors.

In order to get started towards more loyal relationships one has to reflect on the current business strategy being followed by the organization.

The business should focus on these four factors towards building a loyal customer base.

A. Build Marketing Plan for Your Customers!

Planning marketing programmes aimed at the current customers will go a long way in building effective customer loyalty. Evaluate the possibility of selling additional products and services to the customer. Collect all the information you can on your customer and never hesitate to approach them for the next sale.

B. Listen To Your Customers' Complaints To Build Business!

The unhappy customers rarely complain to you, instead they may complain to just about everyone else and may switch preferences. Therefore the businesses should actively start follow-up calls, mail satisfaction questionnaires, after the sale is made. This will help in promptly following up and quickly resolving the complaint, hence encouraging the customer to do business with you more often. In fact the customer support calls should be handled with the same attention and focus that sales calls get because these are the sales calls for repeat business.

C. Reach out and be there for your customer!

Constantly keeping in touch with the customer is a good way to build their loyalty. Being visible and active is imperative for success. The more the customer sees someone from your firm, the more likely you will do repeat business with him. Send greeting cards to wish your customers. Send simple newsletter to the customers and inform them about what all is happening in your firm, send them copies of any media clippings about your firm, invite them to free seminars etc. Keep your customers fully informed about you and your accomplishments and they will be more loyal.

D. Loyalty begins at home!

Having a loyal work force will make it a lot easier to build customer loyalty. It is especially important to retain those employees who interact with customers such as sales people, technical support and customer service. This will save a lot of time in training new personnel. Today the trend is to send customer service and technical support calls into queue for the next available person. This should be avoided as it builds no personal loyalty and probably less loyalty for the firm.