



Powerful Marketing Minutes
50 Ways to Develop Market Leadership
in the 21st Century

Book Excerpt
Chapter 8

Loyalty Building

An interesting phenomena that we see in the world of marketing today is that companies are switching from a transaction perspective to a loyalty-building perspective....at least when it comes to their best (and most profitable) customers.

There are only three ways to grow your business....and it doesn't matter what business you are in. You can either:

1. Increase the number of your customers
2. Persuade your current customers to buy in larger volumes
3. Encourage your current customers to buy more often from you

So, as you can see.....two of the three ways to grow your business....any business....is to concentrate on your current customer base. And, for many businesses, increasing the number of customers also requires a focus on the current customer base as a large percentage of new customers often is generated through referrals made by your current customers.

This means making a dedicated effort to focus on your current customers....and to develop relationship marketing programs....particularly with your key customers.....is more important than ever.

By relationship marketing, I don't mean the tactical "loyalty points" programs we see so often in today's markets. While these are very good tactical campaigns....the various bonus points schemes that banks use for their credit card programs are often no more successful in building long-term customer loyalty than lucky draw promotions.

I remember when a bank in Singapore conducted a Lucky Draw competition for deposit customers with the grand prize being a beautiful new Jaguar automobile. The winner, when asked if winning this luxury car would make him loyal to the bank providing the

prize, replied “no, there’s a new promotion at this other bank, so I’m going to try my luck over there now.”

It’s pretty obvious to me that if you can’t buy customer loyalty by giving away a Jaguar car, then you simply cannot buy loyalty.

If you want true customer loyalty you are going to have to build it, earn it, and reward it before you are going to be able to keep customers truly loyal.

In the next few articles we’ll give you tips on how to build customer loyalty....how to earn customer loyalty...how to reward customer loyalty....and how to keep customers loyal.

Key Point: *true customer loyalty has to be built, earned, and rewarded before customers become truly loyal.*

Discussion Topics: *are you and your competitors locked into a series of "promotional wars" with competition down to the best loyalty points scheme?*

Are your efforts at loyalty building based on the benefits of your products and services, or based on what types of rewards and freebies you give away?

How easy would it be for a competitor to better your rewards program?

What can your organization do to build and earn customer loyalty? How can your relationship marketing programs be designed around customer needs, especially recurring needs?

This Chapter is excerpted from Powerful Marketing Minutes by Steven Howard.

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