

Loyal Customers are Profitable Customers.

It doesn't seem fair does it? Retailers and professional service providers work their corporate fingers to the bone to attract and retain their customers, enduring cutthroat price competition and the most difficult economic conditions this side of Mrs Thatcher, while the absentee owners of Premiership football clubs hike up season ticket prices to unprecedented levels and rake in the cash from their disaffected fans without any apparent effort at all. How can this be?

The key to this puzzle is loyalty. If you have a bad experience while shopping at Sainsbury, you can always visit Tesco, Asda or Waitrose next time. (I exclude the Co-operative from this possibility as no one in their right mind is going to shop with a grocer whose advertising proclaims they are 'Gud with Fud'). But football fans are different. Those Manchester United fans who make clear their disdain for the Glazers at every home match are unlikely to start supporting City instead. Not only that, they have paid a small fortune to the very owners they despise for the privilege of being allowed into the ground to voice their displeasure. Even those die-hards who can displace their tribal loyalty onto ersatz proxies like FC United remain bound by tradition to the real deal, though they may never again set foot in the Mega Store.

So what does this tell us about the nature of loyalty in business? It is that loyalty to a brand is an emotional bond that is almost impossible to break completely. However, if for whatever reason it does break, it is almost impossible to repair. For this reason, organisations operating in a competitive market where the bond of loyalty is inherently weak must work much harder to attract and retain their customers. Here are some useful suggestions to help such companies achieve this aim:-

- Brand - establish a clear brand value proposition that articulates consistently your company's vision, values, behaviours and brand essence
- CRM - take steps to understand your customers by collecting their data and use it intelligently to communicate offers and add value to the relationship
- Incentives - use a sustainable inventory to reward profitable customer behaviour. Consider the implication of contingent liability on the balance sheet
- Campaign management - communicate with customers using their preferred channels and feedback results to improve future selection criteria
- Reduce acquisition cost - by cross-selling secondary products and services using predictive modelling and channel management techniques
- Continuous improvement - carry out surveys of customer and employee satisfaction on a regular basis and address the top three issues each year
- Retention - aim to reduce churn by creating a suite of marketing offers designed to develop a long-term relationship with profitable customers

Now more than ever, retailers and service providers need to leverage their most profitable asset, their loyal customer base, to develop and grow their businesses successfully. This can be achieved without the need for a marketing budget the size of the national debt, or for an IT infrastructure of infinite complexity and cost. It does require a discipline and determination to understand the needs of your customers and a desire throughout the entire organisation to implement the defined processes.

Increasing customer loyalty and retention is the best way to grow your business. Let Star Sports Marketing help your organisation identify and deliver these new profitable customers. Visit www.starsportsmarketing.com and start the journey today.

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