How to Keep Your Customers from Cheating on You

A practical guide on boosting customer loyalty, featuring tips from 10 CX leaders

By Tyler Douglas
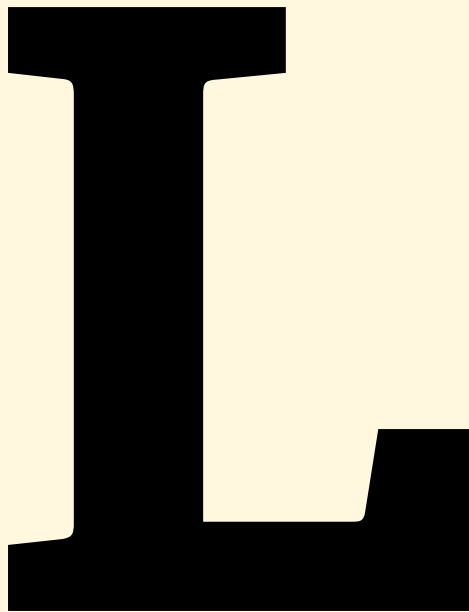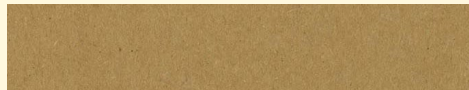
L oyalty has never been more fleeting. Today, new ideas become interchangeable commodities the moment they become products. For every HipChat, there's a Slack. For every Uber, there's a Lyft. For every Fitbit, there's a Jawbone, a Garmin, a Moov or a Misfit.

Of course, committed relationships still exist and some customers do develop long-term attachments to brands. And those relationships built on deep, meaningful commitments yield measurable benefits. Study after study has shown the clear health benefits of being in a long-term romantic relationship, from decreasing the likelihood of depression to increasing lifespan to lowering your chances of getting heart disease and Alzheimer's.[1]

Similarly, customers who find brands they love—and brands that, importantly, love them back—reap the benefits of loyalty, and of the peace of mind that comes from confidence in their purchases.

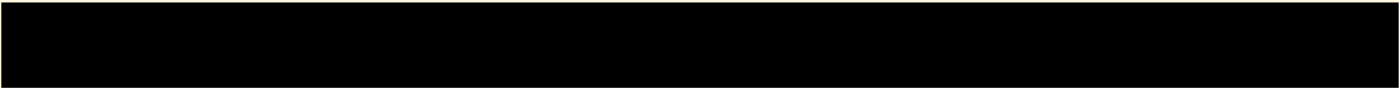For brands, the benefits of having loyal customers

couldn't be clearer. In study results that have since become business school mantra, researchers from Bain & Co. found that increasing customer retention by just 5 percent increases profits by from 25 percent to as much as 95 percent. A few years later, Bain & Co. researchers looked at the question again and found that the pattern is even more pronounced in the world of e-commerce.[2]

The reasons for this are established: simply put, loyal customers are cheaper to retain than new ones are to acquire. They spend more money and they return less stuff. Research by Accenture found that customers who are members of loyalty programs—such as frequent flier clubs and the like—generate between 12 and 18 percent more revenue than non-members.[3] And research by Rosetta Consulting found that highly-engaged customers buy 90 percent more often and spend 60 percent more in each transaction.[4]

For businesses, these stats raise some urgent questions. What keeps customers around? When hooking up with

Loyal customers are cheaper to retain than new ones are to acquire

another brand is just a tap or click or swipe away, what keeps customers from cheating on you?

To get to the bottom of these questions, we need to ask: why do customers cheat in the first place?

As it turns out, the answer isn't so different from why romantic couples cheat. M. Gary Neuman, the psychotherapist and author of *The Truth About Cheating,* reports that the primary reason men and women stray isn't the prospect of a more attractive partner. Rather, it's emotional dissatisfaction and a lack of communication.[5]

Emotional dissatisfaction is what's driving your customers to cheat, too. Indeed, for all the talk about the value of customer loyalty programs, they don't do enough on their own to keep customers happy and loyal. A 2015 study by Vision Critical found that, whether they belong to a loyalty program member or not, 42 percent of Americans will stop shopping with a brand altogether after just two bad experiences.[6] And, according to researchers at Harvard Business School, it's actually top-shelf customers—that is, the big spenders getting the highest levels of service—who are the most fickle and the quickest to start playing the field when things start

to go awry in the relationship.[7]

"One prescription from all of this," says the HBS researcher Dennis Campbell, "is that managers should avoid service complacency—or the tendency to rely on preexisting service advantages—and invest more in proactively increasing relative service levels when they're faced with even the potential threat of increased service competition."

In other words, businesses need to build an authentic emotional connection with customers to keep them loyal. Loyalty is about more than a formal agreement or even a history of good service. This is true whether your customers are public consumers or business-to-business. Be continually reinvesting in the relationship by talking to your customers early and often to learn about who they truly are and what they really want from you. They won't cheat if they feel truly listened to and valued.

The following pages provide 10 battle-tested strategies for earning—and holding onto—loyal customers.

Loyalty is about more than a history of good service

1

Know Everything About Your Customers

To give your customers what they want, you've got to know who your customers are, which means amassing granular insight over the long term to understand not just their purchasing and behavioral patterns but the reasons behind them. The more personalized your interaction with your customers can be, the better, but in reality one-to-one relationships can be extremely difficult—or impossible—to achieve. Columnist Jordan Elkind recommends that, in order to boost customer retention, you "segment your customer base by personas, which are distinct segments of shoppers who tend to have similar demographics and exhibit similar purchasing behaviors."[8]

Companies that make an effort to engage with their customers, and get to know their wants and preferences, stand a greater chance of making business decisions that build customer loyalty.

**Boost customer retention by segmenting according to personas**

2 But Don't Creep Them Out

The rules of wooing a crush and a customer aren't that different. For both, there's a fine line between, "I have actively listened during our conversations and developed a real interest in getting to know you better" and "I keep a file on every piece of information I've ever gathered on you, keep tabs on your comings and goings and somewhere I have a lock of your hair." In other words, don't creep out your customers.

A 2016 Forrester report identified three main ways consumers feel creeped out by companies: when companies misuse personal data; when companies maintain poor data hygiene (like failing to delete data when customers request); and, when companies use invasive marketing tactics.[9] To avoid creepiness, rely on context and empathy to make sure you're using data ethically, maintaining good data hygiene and not being invasive. Ask yourself, honestly, how would you like it if your personal data was being misused?
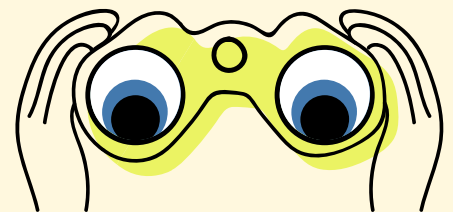
A fine line separates genuine interest in customers and invading their privacy

3 Be Authentic

In relationships of all kinds people expect some level of deception, whether it's the white lie your friend tells you to get out of a social engagement or the fact that you know the resort you're considering booking can't possibly look that pristine. But even though we expect some degree of inauthenticity in life, no one enjoys discovering they've been lied to.

It's also true that when a company is direct and authentic, the impact is that much greater. You can't fake real, warts-and-all authenticity, and it's that level of unvarnished truth that provides a foundation for a strong relationship.

For a lesson in authentic customer relations, consider how the big-box retailer Target, in line with the company's values, made the choice to take a stand for LGBT rights—fully aware it would potentially alienate a segment of its customers. The decision earned the retailer some irate social media comments and a boycott from the American Family Association—but also praise from its allies. The CEO said the boycott didn't hurt sales.[10]

Similarly, the outdoor apparel company Patagonia is well known

for encouraging customers to repair old gear and buy less stuff—a counterintuitive message for a company looking to sell its products. But the message of conservation is in line with the company's environmentally-conscious values, as well as those of its customers. The pitch actually increased sales by nearly a third—not exactly the obvious result of a "buy less" campaign, but not necessarily bad news for the environment, either, when the company they're buying from has clear environmentalist goals.[11]

Being authentic to your company's values, even when it means saying something as awkward as "don't buy this," earns the long-term trust of customers. In other words: keeping it real keeps customers coming back.

Patagonia encourages customers to fix old gear—reinforcing its green reputation

4 Create Products People Actually Want

This may seem like a no-brainer, but it's worth mentioning and too often gets overlooked: to keep your customers coming back, you need to create and sell products people actually want. Every year, thousands and thousands of new products are introduced to the marketplace but only a small fraction succeed at truly meeting the expectations and needs of customers.

Consider the case of McDonald's. After resting on its laurels for too long, the company faced declining sales and a bleak future. But by listening to customers and meeting one longtime demand—for breakfast served all day—the company staged a dramatic turnaround. Sales in the U.S. in the first quarter of 2016 jumped 5.4 percent, and quarterly profits rose 35 percent over the previous year.[12] The lesson is clear: give customers what they want.
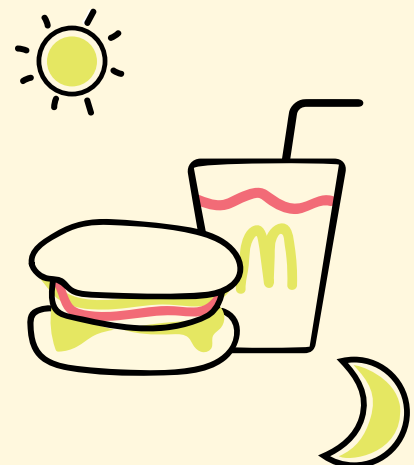
McDonald's staged a turnaround by listening to customers' needs

5

# Improve Your Marketing Messaging with Accurate Customer Data

It's one thing to gather a bunch of data about your customers' behaviors and use it to develop marketing efforts. It's quite another to get detailed individual data and keep it organized and tagged to what *Forbes* columnist Hugo Moreno calls "a core identifier"—which is to say, a human being.

A whole bunch of data, not properly understood in the context of a real-live person, might even be worse than no data at all: it's great if you remember all the favorite flowers of everyone you've ever dated, but that knowledge doesn't do much good if you don't know the favorite flower of the person you're dating right now. Fragmented data with no central hub for integrating it into customer profiles, Moreno writes, "fuels uncoordinated offers, which erodes the customer experience."[13]

Customers are savvy: they recognize the difference between mass messages and messages that speak to them as individuals.
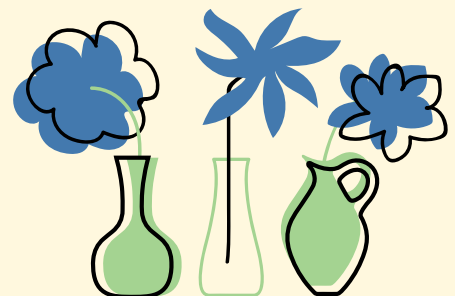
Customers know the difference between mass and individualized campaigns

6

Build a Mobile Strategy

As any user of dating services like Tinder will tell you, the action is on mobile. When Starbucks introduced its mobile app, with geolocation, mobile order and pay features, it had a tremendous impact on the company's bottom line, accounting for 4 percent of transactions in just the first quarter after it was introduced, 10 percent in the busiest stores and 20 percent during the busiest hours in those stores.[14]

Integrating excellent mobile experiences into customer interactions has the potential to transform brand performance. While every company sees the potential of mobile to keep customers, many are failing to act.[15]

According to a Sitecore study, 97 percent of brands believe a good mobile experience has an impact on customer loyalty, but 41 percent of respondents said they have no real mobile strategy or, at best, an unimplemented one.[16]
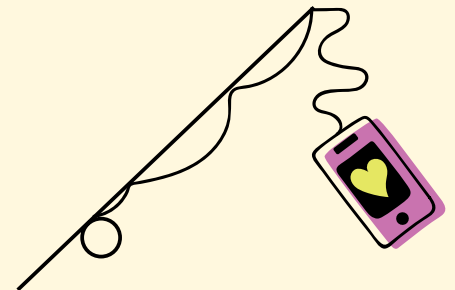
There are plenty of fish in the customer sea—and they're all on mobile

7

Create Personalized Experiences

Loyalty programs help hold onto customers, but as a way of making customers feel special they fall terribly short. "There was a time when having a loyalty program differentiated you from others," Forrester analyst Emily Collins told the *New York Times.* "Now, that's not true."

Today, households on average are members of 29 loyalty programs, up 26 percent from 2013,[17] and when everyone is special no one is special.

Brian Gregg, a partner at McKinsey, offers advice on how to take the relationship a step further—instead of simply offering a discount on dog food to pet store loyalty card owners, use that information and that connection to build a relationship that has the pet owner coming back month after month. The emphasis is not on the savings—it's on the relationship.[18]
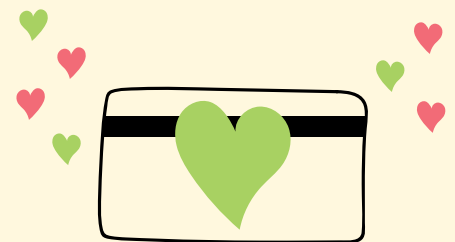
Loyalty programs are only useful if they build a meaningful relationship with your brand

8

And Improve Those Experiences at Every Touchpoint

Keeping a text conversation going with your partner is nice and all, but it's no substitute for going out for a date IRL once in a while. Along those same lines, mobile is an exciting and powerful new channel but brands shouldn't leap into mobile purely at the expense of the meaningful human experience customers expect to encounter in traditional stores.

Target, for instance, focused on striking the right balance of human-centric experiences, investing in mobile while maintaining excellence—and finding new uses—for its brick and mortar stores.

"Stores are a strategic asset, but they are also a fulfillment channel and gathering place," said the company's chief strategy and innovation officer Casey Carl. His

priority, he says, isn't a greater digital experience, but a "greater experience—period."[19]
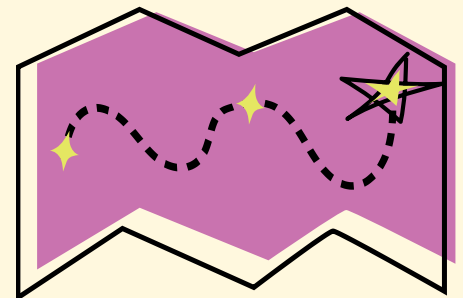
Customers have embraced mobile but they still value in-person experiences

9

Reward Engagement

Anyone who has been in a long term relationship knows the following to be true of both pets and people: reward good behavior. The same goes for customers. If customers want to engage with your brand, then help them get engaged and, crucially, reward them for staying engaged, creating a virtuous circle.

Marvel Comics gets it. Marvel's loyalty program, launched in 2016, lets customers earn points in all sorts of ways, all of which add up to making the loyalty program more rewarding. Read more comics and connect with more fans and you get more comics and collectibles and other great experiences—to connect with more fans about.[20]

Every brand can nurture loyalty among customers by developing a multi-prong approach to rewards. Rewarding your customers can come in the form of freebies—but it's even more meaningful when the reward comes in the form of a simple, heartfelt thank-you.

Show your customers you value their engagement with your brand

10

Encourage Customer Centricity Among All Employees

Prioritizing customer centricity is now commonplace in marketing, customer experience and product development. But maintaining that focus throughout the enterprise can be difficult.

Restoration Hardware CEO reminded his staff about their true bosses—their customers—in a now-famous all-caps memo.[21] "YOU WILL NEVER GET IN TROUBLE FOR MAKING A DECISION TO DELIGHT OUR CUSTOMERS," he text-shouts. "YOU WILL, HOWEVER, LOSE YOUR JOB IF YOU DON'T."

The lesson: every company depends on the patronage of its customers, and to keep customers loyal a company needs to deliver a top-flight experience at every touchpoint, from the call centre to the check-out. Every employee needs to serve customers' needs, all the time.
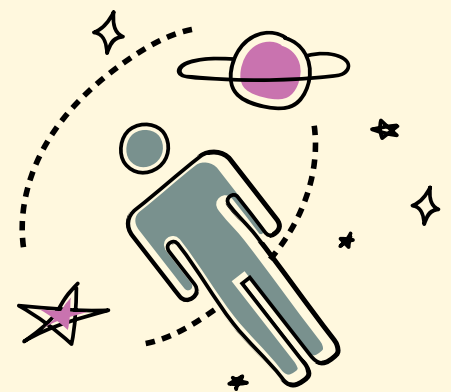
Making customers happy requires the participation of every member of your company

Anti-cheating Tips from the Pros

Martin Lindstrom
Ben Motteram
Ted Rubin
Shep Hyken
Adam Toporek
Jeannie Walters
Adam Ramshaw
Michel Falcon
Ian Golding
Jeanne Bliss

Martin Lindstrom

Author of *Small Data—The Tiny Clues That Uncover Huge Trends*

1. Build one-on-one dialogue

The essence of loyalty is to understand your customers, to search for and identify the nerve of the desire they may have. This insight will help you frame your communication around their needs and in return establish a dialogue which is truly one-on-one rather than based on an "one message fits all" approach.

2. *Really* understand your customers

By understanding your customers I mean really understanding them. Move in with them, or, if not possible, at least spend some time in their homes in order to understand what drives and frames their lives, their hopes, dreams and needs.

3. React to customer needs

Loyalty is no longer a one way journey—today's customers expect more than a monologue from your brand, they expect a dialogue; reflections, reactions and change. Yes, sure, an amazing loyalty program, awards points and bonus may still (occasionally) do the trick, however it is when the customer first witnesses how your brand is able to truly react to their needs—and, even better, communicate your reflections back to them—that true loyalty is created.

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Ben Motteram
Principal of CXpert

1. Create an emotional connection.

If the customer is a regular, remember their order. Anticipate their next need, do something that will surprise and/or delight them, be sure to smile, and make your interaction about more than just the business transaction.

2. Be easy to deal with.

Reduce the amount of effort required by your customers to do business with you.

3. Collect, listen and act upon feedback.

Feedback is a gift. If a customer has taken the time to provide you with feedback, regardless of whether it's positive or negative, act on it and then close the loop with them to let them know what you've done.

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Ted Rubin

Social Marketing Strategist and Acting CMO
Brand Innovators

1. Provide relevant content

Effective customer loyalty management starts with contextual content your audience values. Who better than customer service representatives to provide firsthand feedback of the primary questions and issues your they hear about every day?

Consider regular meetings between your content and customer service teams to keep up with the problems and hot-button issues your customers currently care about. An immediate added bonus will be real-life case studies and success stories. Also consider using an internal tool to allow team members from customer service, sales, etc. to share article ideas based on interactions with your customers and prospects in real-time.

2. Deliver on customer expectations

If your customers don't feel they're getting what is promised from the outset, your customer loyalty management efforts, and relationship building, will almost certainly be an uphill battle. Marketing works best when your leads, prospects and most importantly, customers, have a clear, accurate expectation for how your solution will help them. *(cont'd)*

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When deliverables don't align with expectations, your customer service department will be the first to know. They can quickly alert marketing when customers feel misled or misunderstood. Marketers will then be able to alter campaigns, and deliverables, to set more accurate expectations for potential customers. Now you have another great opportunity to turn those customers into fans, fans into advocates, and create long-term trust and loyalty.

3. Get social media support right

Most of you already provide customer service via social media. But are you putting the right person on the job? Are you connecting the social team and the customer service team so they understand how best to work together? Your social media account manager may seem like a natural choice, however when it comes to helping and resolving issues, your customer service team likely has the training and on-the-job experience to satisfy customer needs more efficiently.

Creating a customer loyalty management program that allows your customer service team to help with inquiries from social channels can deliver a much better experience for your customers and get issues resolved more efficiently.

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Shep Hyken

Customer Service/Experience Expert and Author of *The Amazement Revolution*

1. Treat the customer like a person

Customers are not numbers. They're people. They want to be treated with respect and dignity. Find a way to create some type of emotional connection. There is a big difference between satisfied customers and loyal customers: satisfactory is a rating and loyalty is an emotion. Make them feel special. Show appreciation for their business.

2. Personalization and customization

The concept of the personalized experience is a hot topic these days. With all of the data we are able to gather on individual customers, there's no reason we can't give a customer a personalized experience. Done well, you'll help make a connection, ideally the emotional connection that's covered in the first tip.

3. Break loyalty down to something easier to attain

Most people think customer service is about a lifetime. It's really not. It's about the next time. Every time. When you focus on the "next time" instead of a "lifetime," the concept of loyalty becomes an easier concept to grasp and attain. So, ask yourself what I call the Customer Loyalty Question: What are you doing right now to make sure the customer will come back the next time he or she needs what I sell?

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Adam Toporek

Customer Service Expert and Author of
Be Your Customer's Hero

1. Prioritize customer-centricity

Begin by training your teams to be customer-centric and to interact successfully with customers. One study found that 73% of customers left because of rude staff.

2. Remove hassles

Next, make sure your customer experience is as hassle-free as possible. High effort experiences make customers more disloyal.

3. Fix it fast

Finally, respond immediately to customer issues and make sure to close the loop at the end. The same study mentioned above found that 55 percent of customers cited issues "not being resolved in a timely fashion" as a reason for not remaining loyal.

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Jeannie Walters
Founder of 360Connext

1. Design your customer experience

Map out the experience you want customers to have after 30 days, 90 days, six months, one year, five years, etc. The best companies design the experience for loyal customers. If you don't know what kind of experience you want them to have, they will have the default experience, which typically includes neglect!

2. Engage with your customers

Check in with customers regularly, and not just with a survey. If customers feel connected and engaged, they are much more likely to stay loyal. Too often, the only regular communication customers receive is an invoice. Make the most of their loyalty by adding a phone call with a "how are you" or better yet, "how are we doing?"

3. Listen to customer feedback

Invite your best customers to be heard. Customer advisory boards, or special events just for your long-term customers, let your customers know their feedback matters. They have great ideas for you—you just have to ask!

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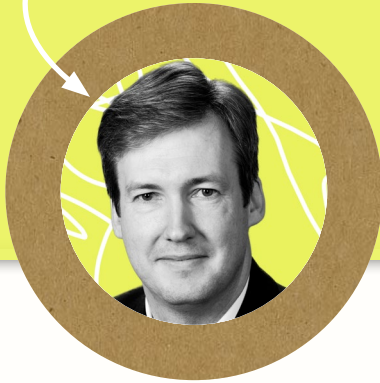
Adam Ramshaw
Director of customer experience
consultancy Genroe

1. Do what you say you will do

Whether you call it "reliability" or "consistency" or simply "do what you say you will do," this drives more customer loyalty than any other single service element.

2. Be responsive

Prioritize responsiveness in all areas of your business.

3. Be easy to do business with

Your customers will trade off a host of other service attributes if you are easy to do business with.

SHARE THIS!

Michel Falcon

Speaker and Author of Michel Falcon's
Customer Service Blog

1. Create an effortless customer experience

Customer loyalty is in jeopardy when a customer has to exhaust a lot of energy when doing business with a company. In today's digital-driven age, it's the responsibility of the organization to identify customer pain points and leverage technology to remove those moments of stress to create an effortless experience.

2. Predict customer needs

If an organization is able to predict consumer behavior then they have positioned themselves to earn customer loyalty. However, this isn't as easy as one may think. Customers rarely know what they need until it's presented to them. Take the iPod scroll wheel as an example. I didn't know I needed that feature to get from song one to 75 with one simple rotation of my thumb. This was a far superior experience than the MP3 player which created my loyalty to Apple.

3. Always be refining

Customer loyalty can be earned and lost when the customer experience becomes stagnant. Companies must always be refining their customer experience to make it world-class. My rule of thumb is to create at least one CX improvement initiative per quarter.

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Ian Golding

Certified Customer Experience Professional and Customer Experience Specialist

1. Create value

Customers want to feel that the whole experience they have with an organization has been of value. Whether price is high or low is not as relevant as the consumer perception of value. Price is still important though. We are living in a society where disposable incomes are dropping and so price is a significant factor in purchase decision-making. Organizations must ensure that they consider pricing and competitiveness from a value perspective.

2. Improve the entire customer journey

Customer service is vital to us as customers—from pre-sale to post-sale. The ability of organizations to help consumers at every stage of the journey is critical here, including the ability and willingness to sort out issues as they arise.

3. Keep your promises

The inability of companies to keep promises is a key driver of customer dissatisfaction. We want and need to be able to trust organizations to do the things they say they will. Where promises are broken, it will have a fundamental effect on our relationships with companies.

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Jeanne Bliss
Founder of Customer Bliss

1. Empower your customers
Deliver value that doesn't include selling something to them. Give customers information, provide them with tools and become a magnet that pulls you to them in a selfless way.

2. Know your customers
Know their life. Know who they are and honor them. Build your experiences starting with their priorities and emotions and desires.

3. Empower your employees
Honor the people who serve your customers? Enable heroes, versus requiring heroics.

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If it were marriage vows that kept people from cheating on their partners—well, there'd obviously be a whole lot less cheating. Loyalty isn't built on vows but a foundation of communication, commitment and recommitment leading to authentic intimacy over the long term. That goes for marriage and for your relationships with your customers.

Anyone can sign up for a loyalty card—indeed, many loyalty card holders carry around lots of competing loyalty cards in their wallets (raising the question of whether we might not just start calling those cards something else). Companies that strive for authentic intimacy with customers—a long-term commitment—see an uptick in true loyalty.

You create loyalty by creating great experiences. You create great experiences by knowing who your customers are and what drives them. And you do that by building and reinvesting in a strong bond and a real relationship over time. It's only then that your company will earn—and inspire—loyalty.

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Tyler Douglas

Vision Critical's Chief Sales

and Marketing Officer

Tyler Douglas heads Vision Critical's global sales and marketing teams. A seasoned leader and entrepreneur, he has a proven track record of building high-performance teams and strategic client relationships.

Tyler previously co-founded IronPoint Technology, a market leader in web content and collaboration software. Within a few years, the company was acquired by Active Network. Staying on at Active Network, Tyler helped drive the company from a $30-million to $300-million organization. It launched a successful IPO on the New York Stock Exchange in May 2011. Tyler also serves as an advisor for several technology start-ups across North America.

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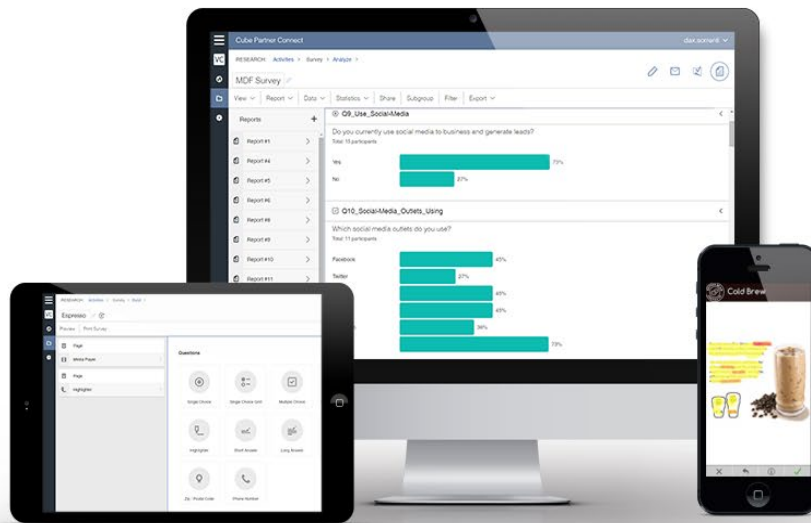
Vision Critical's software gives you valuable feedback from a trusted community of customers, helping you make data-backed decisions when you need them most: **throughout the product-customer lifecycle.**

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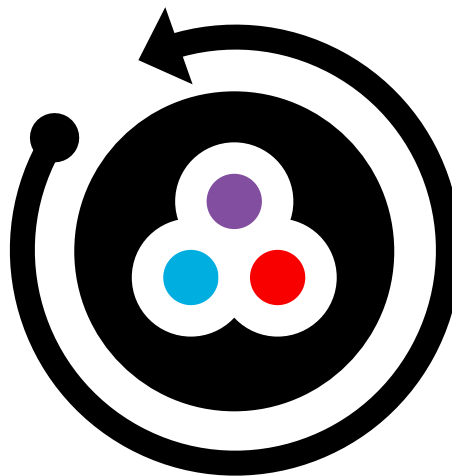
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