

Leveraging Your Relationship with Existing Customers

by BNET Editorial

Encouraging repeat sales from existing customers is a key aim for any business. Finding new customers is an expensive and often lengthy process, so for some companies, repeat sales from existing customers will be the biggest revenue-generating source of income and profits. Establishing a long-term relationship with customers is as important, if not more important, than getting sales from new customers. For example, in the automobile business, solid after-sales service is critical to keep a favorable relationship with customers until they are ready to purchase another vehicle. Even if they don't return for a long time, they will be talking to others about their experience with you. Word of mouth is still the most important source of reliable information regarding your products and services.

It is important that you do everything you can to keep customers satisfied and loyal to your business for as long as possible. Existing customers have already proven their willingness to do business with you. Finding new customers requires marketing and advertising costs that can be very expensive. Providing customers with a good experience is even more important when your business requires frequent customer visits. For example, in the grocery business, there is daily contact with some customers. If the individual has a choice of stores, it is vital that you ensure the experience at your store is the most attractive. Customer loyalty is so important that some companies offer clubs, discounts, and other incentives to retain customers.

What You Need to Know

Do I really need to attend to existing customers? Surely they're happy already?

Your business will only thrive by attracting customers. It is important to understand why your customers chose you. Was it your price? Your products? Because of a special offer? Once you know why you've attracted these customers, you'll have a unique opportunity to persuade them to buy from you again and again. But if they had a bad experience, competitors will find them easy to take from you.

How can great customer service give me a competitive edge?

Even if you are lucky enough to be the first into a new market it won't be long before someone else follows suit. Think carefully about what you can do to make sure customers stay loyal to you as long as they are in the market for your service. Can you create a unique selling proposition that will lock them into *your* business rather than the competition's? You have met a customer need once. Odds are that you can do it again but not if you take customers for granted or fail to demonstrate that they were right to choose your company to do business with in the first place. The vast majority of businesses concentrate on achieving a profit from each sale at the lowest transaction cost. Because of this thinking they do not necessarily ensure a favorable customer experience. Remember, a small expense in the short term to satisfy

customers, will save a big expense later to win them back. Attention to customer satisfaction in the short term ensures profits in the long term.

What to Do

Offer Unique Benefits

The features of a product or service are not the main drivers when people buy. They buy items that will satisfy their needs and provide them with a solution that will benefit them personally. To direct your marketing efforts effectively and establish a long-term loyal customer base, identify the unique value that you can provide over and above your basic product or service. Make sure that this value, the unique combination of benefits to your customers, must be at the core of your marketing strategy—to distinguish you from your competitors. This is most powerful when customers also enjoy a satisfying purchasing experience.

Focus on Customer Needs

The key to creating value for your customers is to concentrate on how the benefits of your product or service, impacts the users' long-term personal needs. These needs often fall into the following categories.

- **A sense of community.** People like people, and they want to do what other people, such as themselves, are doing—for example, being in associations, or having membership privileges. They like being part of a cause and surrounding themselves with their peers. Can you offer something to your customers to satisfy their need to belong? Is there something that they can join when they purchase from you such as a “Gold Club” with special benefits for frequent users? Could you set up a user’s group? Can you publish a “Top Ten” list for your products or start a product newsletter?
- **A sense of self-improvement or increased self-esteem.** Just as with belonging, people will often choose to purchase something that makes them feel better, fitter, healthier, or just more important. Does your product or service help them satisfy this need? Can you include this in your unique selling proposition and marketing message? Furthermore, you will lose business regardless of product quality if sales and customer service personnel are less than respectful and courteous. An unhappy customer is your worst enemy and most won’t even tell you they are upset, they’ll just disappear. How you handle issues that arise with unsatisfied customers may be as important as the sale itself.
- **A reminder that they have chosen well.** Sometimes, especially when a lot of money is changing hands, customers’ purchase decisions are made more difficult by their fear that they may be making the wrong choice. Identify ways you can pleasantly remind customers that they made the right choice. Also think of ways to reward them for doing business with you. Can you think of ways to make it a risk free, 100% secure experience for the buyer? For example, could you provide extended warranties, money back guarantees, or free after-sales support for long periods? In other words, can you make the purchase anxiety-free?

- **Being educated about your service.** Do you go out of your way to inform customers of new ways you can serve them and how they can make the best use of, and get more value from, your service?
- **Obtaining relevant, personalized service, just when they need it.** Your customers will place the greatest long-term value on your business and your product if they feel they will continue to receive personal attention and care from you whenever they need it. They must be satisfied every time they deal with you. Are there ways you can make the sales experience with your firm more fun, more exciting, more rewarding, more personal, and more relevant than it is at the moment? More importantly, can you make this a significantly better experience than that being offered by your competition? Can you help each customer create meaning for themselves when they do business with you?

Build Loyalty

Every time your customer wants to re-purchase your type of product or service, your marketing proposition must make it as difficult as possible for them to say no to you. How does your organization make it easy for a customer to say yes to your selling proposition? Think of the services that you repeatedly buy from other suppliers. Why do you remain loyal to them? What is it that makes you want to keep on purchasing from them? If you can recognize what this is, you understand how important it is to create the same value in the service you provide to your customers.

What to Avoid

You Let Customers Forget You

Establishing a loyal customer base takes a lot of hard work. Don't waste it by letting them forget when they bought from you in the first place, or the extra value they'll get from buying from you in the future. As part of your strategy to further strengthen customer relationships, make a point of looking for effective ways to tell your customers about the benefits of your service, special offers, or new product lines. This needn't cost the earth: an e-mail newsletter, for example, is a great option.

You Take Customers For Granted

Customers should enjoy doing business with you and know that they are being well treated, respected and served: in fact, each one should feel as if he or she is the most important one you have. If they sense they are being neglected or taken for granted, they're much more likely to try out one of your competitors instead. When they first buy from you, ask them if they would like to receive advanced notice of special offers or new products in the future. If they agree, take down their contact details and communicate with them regularly.

Reward them as much as you can, too. Discounts and other incentives for repeat purchases will build loyalty and probably get you some word of mouth recommendations too. Take time to ask your customers for their views on how you're doing and what (if they anything) they would like you to do differently or better. If

they feel involved and appreciated, trust in you and your service will almost certainly grow.

You Outsource Customer Care

It is almost fashionable to use a customer service call center in India or Malaysia. Be careful. Customers who want product information or technical support will end up feeling frustrated by people reading scripts into a headset, as hard as they may be trying to help. It may be a necessary part for the course when dealing with huge multinationals but few people like the experience. Train all of your employees who have contact with customers in the right way to handle inquiries. Customer contact personnel must be flexible, understand your customers and be able to be responsive. Likewise, if you have personal contact with customers always be mindful of how fragile the relationship is. Just as you want to keep your costs under control including emotional costs, transaction costs, and time; so, too, do customers. Be sensitive to their needs prior to, during and after the sale.

Where to Learn More

Books:

Griffin, Jill, *Customer Loyalty: How to Earn It, How to Keep It*. San Francisco: Jossey-Bass, 2002.

Hennig-Thurme, Thorston, and Hansen, Ursula, (eds.) *Relationship Marketing: Gaining Competitive Advantage Through Customer Satisfaction and Customer Retention*. Cambridge, MA: Springer U.S., 2006.

Smith, Ian, *Meeting Customer Needs*. 3rd ed. Woburn, MA: Butterworth-Heinemann, 2003.