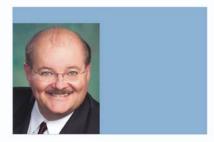


FEARFUL or FEARLESS

How to retain customer loyalty Part 4

Too often, without the slightest hint, the customer slips quietly into the night and you and I have no idea why!

by Doug Knorr



Turn It Around

Douglas Knorr, known as a "retail marketing activist" is president of Knorr Marketing (www.knorrmarketing.com), a full-service marketing and advertising agency specializing in the home furnishings industry. The agency provides strategic planning, creative production, public relations, sales promotions, website development and media buying services. Headquartered in Traverse City, Mich., the firm serves clients throughout the United States.

Even during the busiest times and the toughest economic conditions, we need to answer the question: "How important is it to make sure that my customers are totally satisfied?"

Oh, I don't just mean the ones that complain. What about the customers who never say a word?

Consider this sobering piece of research reported by Bain & Company: "In business after business, 60 to 80 percent of customers who defect to a competitor said they were 'satisfied' or 'very satisfied' on the survey just prior to their defection!"

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You see, not every customer is willing to tell you

about her dissatisfaction. That means it is your responsibility, not the customer's, to make sure she is completely satisfied.

Focusing on customer retention and loyalty is the final chapter of this four- part series on what you need to do to become a fearless retailer, gain market share and increase profitability.

"The justification for customer retention marketing comes from the knowledge that it is five to ten times less costly to retain a customer than acquire a new one," asserts John Bishop of Retention Marketing Systems. "In fact, a two percent increase in retention rates is the equivalent of a ten percent reduction in operating costs, and while a five percent improvement can lead to

profit increases of up to 85 percent."

Now that's powerful! If you want to turn your business around and increase your profits in 2009, a great place to start will be to focus on your customer service.

Satisfying customers has aspects that aren't always obvious. For example, we often assume that customer dissatisfaction is exclusively about a problem the customer had with a product they purchased or a perceived lack of service.

However, consider what John Lawhon, an old industry friend of mine, used to say about what it takes to create fully satisfied customers.

John said, "If a product has 20 features and benefits and you close the sale after only telling the customer about 10 of them, she will never be as satisfied as she would have been if she had known all 20 of the product features and benefits."

How should you begin the process of improving your customers' loyalty? If you are the president, CEO or owner of your business, the first step is to understand that customer service is not a department — it's a philosophy!

Successful customer service always begins and ends at the top. When you, the leader of your company, have a vision and a passion for exceptional customer service, it permeates every part of your company.

If you're already doing the 10 steps I outline (see sidebar), ask yourself these questions:

How frequently do your advertising and marketing efforts communicate directly with your customers to build loyalty?

My Top 10 Checklist for Creating Greater Customer Loyalty:

- 1. Are you selling furniture or are you selling an experience?
- 2. Does your store communicate your brand promise to the customer every time she enters the store?
- 3. Are your sales and administrative staff capable and empowered to deliver your brand's promise?
- 4. Do your salespeople know every feature and benefit of every item you carry on the floor and how it compares with the competition?
- 5. Do you clearly communicate what you are doing in your advertising with every staff member?
- 6. Is the delivery team empowered to answer questions and make decisions to satisfy the customer during a delivery?
- 7. Does your delivery team clean glass and dust or polish wood surfaces, etc. during the delivery process?
- 8. Do you follow up with customers shortly after delivery to make sure everything is OK? If there is a problem, do you follow up efficiently and quickly?
- 9. Do you have a system to invite feedback from customers? Do you analyze and make use of the information and comments you receive to improve your customer appeal?
- 10. Do you have a customer rewards program?

How often are you conducting "Private Sales" or "Advance Public Sales Notice" events?

How deeply do you mine your customer database to identify product category purchases made by your customers? Do you use that data to provide personalized information to them?

Besides pushing sales messages their way, do you ever provide your customers news stories that might interest them, such as furniture care tips or descriptions of new merchandise?

Letting your customers know you appreciate their business and rewarding them for it will encourage them not only to feel good about their relationship with your business, but to tell others about it.

Customer loyalty and retention are a direct result of

your customer service and one-on-one marketing efforts. If you make it a focus (better yet, a passion!) this coming year, you will find your employees will jump on the bandwagon and your customers will see the difference.

As we close out 2008 and prepare for 2009, remember that you have the ability to turn it around in the new year.

Hold every part of your company accountable, clearly differentiate your company from the competitors and focus on creating totally satisfied customers. It is, quite simply, worth it.

I wish you all the greatest blessings during the holidays and greater success in 2009! NHFA

