

Case Study: Customer Loyalty the Virtuous Circle

If you don't maintain a regular dialogue with your customers and their loyalty starts to decline, there is always an eager competitor ready to step into your shoes. To maximise customer loyalty, today's successful companies focus on these **3** key maxims:



1. Go for Objectivity

Measuring client satisfaction is a critical **strategic metric** that will bring increased market share and profits. To reap most benefit you need to objectively survey your customers and establish that initial benchmark against which your future performance can be measured.

Customer Satisfaction: Some Key Facts

- A 5-percent increase in loyalty can increase profits by 25%-85%.
- A very satisfied customer is nearly six times more likely to be loyal and to repurchase and/or recommend your product than is a client who is just satisfied.
- Satisfied customers tell five other people about their good treatment.
- Retention of old customers costs much less than the acquisition of new ones.

By measuring and quantifying customer satisfaction on a regular basis, a business can be both objective in its analysis and set Key Performance Indicator (KPI) targets that are realistic and achievable.

2. Seeing is Believing

Look at your customers as 3 distinct groups:

- **The Dissatisfied Customer** - Has a very good reason for looking to one of your competitors to provide the desired product or service.
- **The Satisfied Customer** - Happy for now but could be open to the next better opportunity.
- **The Loyal Customer** - Continues to return despite offers by the competition.

There's no doubt that achieving & maintaining high customer loyalty has to be a No. 1 priority.

But ignore ***The Dissatisfied Customer*** at your peril. Consider this:

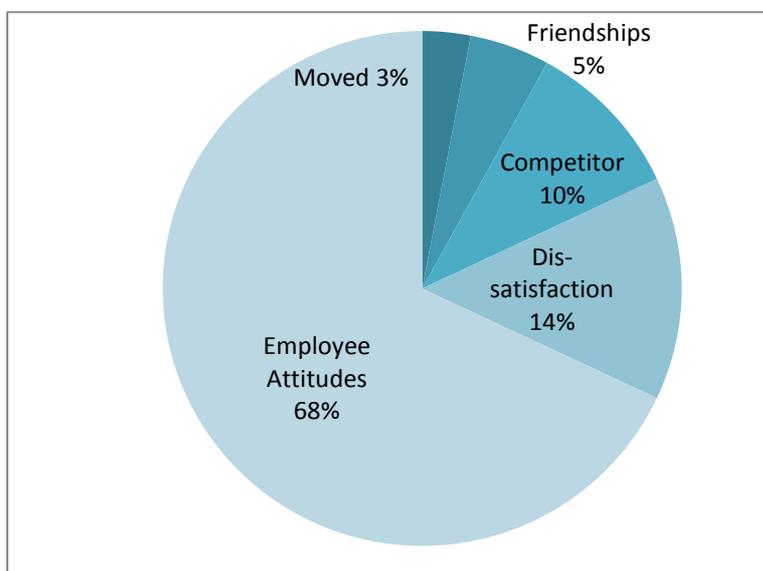
- For every one that complains there are at least 25 who do not.
- Dissatisfied customers will tell eight to sixteen others about their dissatisfaction by word of mouth.
- 91% of dissatisfied customers never purchase from the company again.

Remember:

- A prompt effort to resolve a dissatisfied customer's issue will result in about 85% of them returning as repeat customers.

3. Employees can be The Weakest Link

A number of surveys have looked at the reasons why customers do not make a repeat purchase. Typical primary reasons given are shown in the illustration below:



The evidence is clear.....68 % of lost customers are due to one cause: employee attitude.

So, in addition to the technical training and job skill training provided to employees, policies aimed at improving employee satisfaction and employee attitude are critical.

Employee experience and customer experience are inextricably linked together and often are reflections of one another. By improving employees' attitudes to the job and the company, you improve their behaviour and their retention. That in turn translates into higher levels of service which naturally generate favourable word of mouth and higher customer loyalty leading to higher sales and profits.

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MVI has over 20 years' experience to offer in helping businesses measure customer satisfaction, improve employee attitudes and develop customer loyalty strategies.