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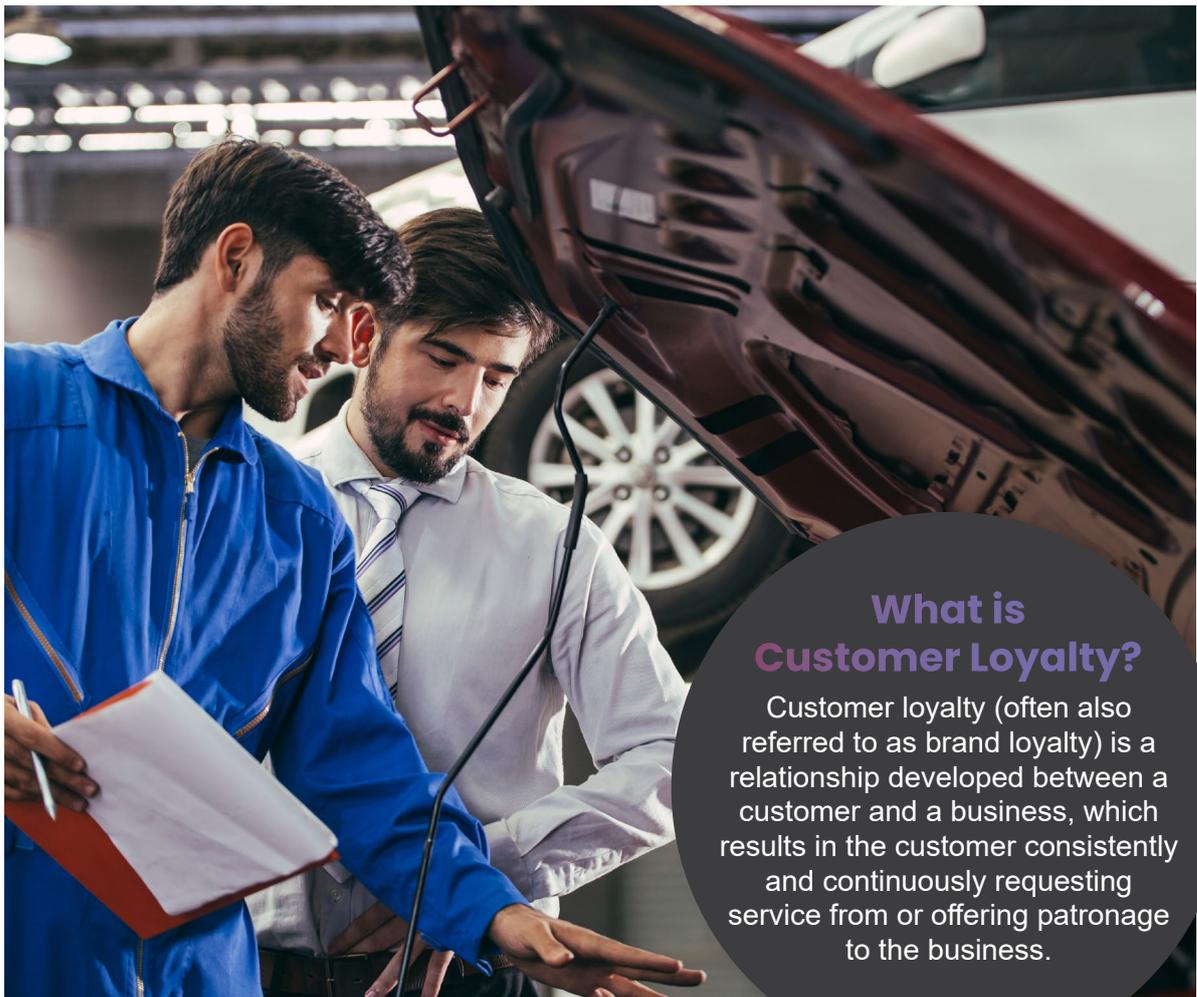
How to Strengthen Customer Loyalty



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Why Optimizing Customer Loyalty is Critical to Your Business

Having a large, growing group of repeat customers is critical to achieving and exceeding revenue goals. Repeat business – especially repeat customers who expand their contracts – reflect your operations as a whole. Recurring business is based on how your employees service customers efficiently, how your internal culture plays a part when servicing your customers, and how your company consistently drives to increase the number of loyal customers. Customer loyalty is a key component to positioning your business for successful, long-term growth. Here are a few ways to optimize customer loyalty, how you can make your workforce more customer-oriented and efficient, and what the benefits of these practices mean for your business.



What is Customer Loyalty?

Customer loyalty (often also referred to as brand loyalty) is a relationship developed between a customer and a business, which results in the customer consistently and continuously requesting service from or offering patronage to the business.

Benefits of Strengthening Customer Loyalty

Retaining long-term customers for your business boosts ROI and helps your business save money when acquiring customers. It enables your business to operate more efficiently and drive higher revenue, focusing on servicing the needs of customers who are going to spend more money in the long run. By retaining a high level of customer loyalty and strengthening business practices to prioritize boosting customer loyalty, your company increases profitability and positions itself for long-term growth with reliable customers who yield cost-effective results.



In addition to these benefits, strengthening customer loyalty serves as a platform for strengthening your business's overall brand image. Knowing that the customers you serve will keep coming back, will leave positive reviews, and will spend more money on your services fosters a positive internal culture among employees. The positive mindset is then factored back into the customer experience, while helping to guide management in the right direction in terms of identifying necessary innovations or changes around the organization

Impact of Poor Customer Loyalty

Having a low level of customer loyalty poses many risks to your business. Rather than safely relying on the cashflow and ROI yielded from regular, recurring customers, your company has to spend more money and devote more resources into acquisition. [According to Taylor Landis with OutboundEngine.com, acquiring a new customer can cost five times more than retaining an existing customer](#)¹. Marketing and sales promotions may yield limited short-term results rather than healthy, long-term customers. A temporary, one-time, or short-term customer won't usually care enough to leave feedback (unless it is a negative experience) and won't contribute to your revenue stream nearly as much as a loyal customer will. As a result, your business may be limited in the quantity and quality of customer insights, impacting your ability to make sound business decisions.

Three Ways to Strengthen Customer Loyalty

Let's go over some practical ways to strengthen customer loyalty within your business, so your company can experience the long-term benefits of a consistent client group.



Implementing a Loyalty Program

One of the most common methods of fostering customer loyalty comes from implementing a customer loyalty program. Customers generally want to feel appreciated when giving their time and money to a business, so exceeding their expectations and rewarding them for good patronage keeps them happy and returning. It becomes a win-win scenario for everyone; customers get services or products sometimes at a discount or with some added benefit value point, and your business develops a relationship with these customers you can grow over time.



Fostering a Positive Internal Employee Culture

Strengthening customer loyalty comes from offering unparalleled customer experiences, and offering these experiences can only come from dedicated, happy, professional members of your workforce. If a customer has a bad experience with one of your field workers or a member of one of your office's departments, the chances the customer would return for repeat business is severely lowered. Setting guidelines for employee behavior towards customers should be deep, impactful, and fulfilling for your workers, so they can offer the best experiences possible to customers.



Regularly Update Your Business Based on Customer Needs

The needs and expectations of customers are constantly fluctuating, so being able to identify the needs of your customers as they change and being able to address them keeps customers loyal to your business. Something as simple as a customer survey is a method commonly used to get clear, quick feedback. You can then use that feedback to implement new changes to your operations. Customers will also feel incredibly valued if their voice is asked to be heard and then those suggestions are addressed in a new set of company updates.

How to Measure Customer Loyalty's Impact on Productivity and Profitability

Customer loyalty can have unprecedented impacts on your business's productivity and profitability. Consider some statistics that highlight the importance of customer loyalty:

- [Studies by Bain & Company, along with Earl Sasser of the Harvard Business School, have shown that even a 5% increase in customer retention can lead to an increase in profits of up to 95%².](#)
- [U.S. companies lose \\$136.8 billion per year due to avoidable consumer switching, according to Forbes³.](#)
- [American Express found that 33% of customers will consider switching companies after just one instance of poor customer service⁴.](#)



Measuring the impact of customer loyalty on your business can be based on your current or recent historical profitability insights and by a simple gathering of your recent client group list. If you're noticing there are no repeat customers or not taking any initiatives to boost loyalty like through a designated program or exclusive list customers can join, you might be spending too much time and money gathering the wrong kinds of customers. Taking the necessary steps to strengthen customer loyalty means empowering your organization to act smarter in demand generation strategies and marketing efforts to better retain long-term business.

Sources:

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3. <https://www.forbes.com/sites/forrester/2020/09/14/how-technology-increases-customer-transparency-and-lifetime-value/?sh=4b6acad91737>
4. <https://templatelab.com/american-express-study/>

Learn more about how our platform can help you strengthen customer loyalty for your business at www.actsoft.com/teamwherx.