

LOYALTY LADDER

The key to customer centered marketing is the 'Loyalty Ladder'. Loyalty counts and getting people as high up your 'Loyalty Ladder' as you can is crucial to your success. Remember the Pareto Rule is that 20% of any issue gives you 80% of the impact. In a business for example, 20% of the customers give us 80% of the sales. These are the ones you have moved up your ladder.

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|---|
| ADVOCATES |
| Champion your needs by saying how good you are |
| CLIENTS |
| Exclusively yours |
| CUSTOMERS |
| Purchase at least once. Has a portion of business with you and portions with other businesses |
| PROSPECTS |
| Someone who has been influenced in advance and has a level of self motivation |
| SUSPECTS |
| Everyone out there is the market place! |

The bottom rung of the ladder is for Suspects; they are everybody out there in the market place. The next rung is Prospects; they are people that have been influenced in advance and have a level of self motivation. A prospect is someone who calls you.

Customers are the next rung, people who have a portion of their business placed with you and another portion down the road. Continuing up the ladder is the Clients. A client is a person who is exclusively yours. They have empowered you to handle their needs. When they need something they will call you. The top of the ladder is reserved for Advocates. The value and durability of your business will be proportional to how many advocates you have. They will champion your needs, are fiercely loyal and brag about you to everyone. They are the best and most cost effective form of marketing.

Your goal is to first acquire clients and then build a long term, mutually profitable relationship by fulfilling their needs. The ultimate aim is to convert customers and clients into advocates who speak on behalf of your business. A customer contact program is vital to achieve this goal and is an essential sales tool. Who are your "A" Customers? Your matrix on page 27 will show you. You should be contacting them at least monthly. Who are your "B" Customers? You should be contacting them at least quarterly.

How will you do this?

Check who should be part of your program by conducting a Pareto Analysis. In each area, list which Customers give you eighty percent of the outcome. Most people don't buy on the first contact. We assume that on average people need five contacts before buying. This means some will buy on the first contact, others may require ten contacts. Getting new customers is an expensive process. It costs as much as five times as much to get a new customer as it does to get existing customers to come back. How do you make the contacts cost effective and variable? Special events, email, slow mail, enewsletters, visits, social media and telephone calls are all valid contact mechanisms. How will you control this process? Will you use a card system, software program or a computer database? Contact rates and priorities are set for each rung of the ladder. A very basic example of a contact program is shown below.

| Loyalty Ladder | Timing | Activity |
|------------------|--|--|
| Advocates | <ul style="list-style-type: none"> • On Purchase of Product /Service • New Product/Service release • Sale • Christmas/Birthday • On Referral • On a need basis | <ul style="list-style-type: none"> • Personally thank them • Complimentary gifts • First option to buy • Give personal gifts • Refer business to them • Invite to special events |
| Clients | <ul style="list-style-type: none"> • On Purchase of Product /Service • New Product/Service release • Sale • Christmas • On Referral • On a need basis | <ul style="list-style-type: none"> • Thank them; tell them how much you appreciate it. • Contact with special offer • Contact with special offer and reward program • Send Gift and note of thanks. • Refer business to them • Survey your product/service |
| Customers | <ul style="list-style-type: none"> • On Purchase of Product /Service • New Product/Service release | <ul style="list-style-type: none"> • Thank them and do follow up your Product/Service • Send Catalogues/Marketing material |
| Prospects | <ul style="list-style-type: none"> • Recommend not a lot of time and money in this area these are people who are going to buy...something...someday | <ul style="list-style-type: none"> • Send Catalogues/Marketing material |
| Suspects | <ul style="list-style-type: none"> • Less time and money to be spent on bottom rung | <ul style="list-style-type: none"> • Raise the level of awareness in the community for your product service |