

Welcome to Business Building News

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Special Interest Articles:

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The Loyalty Ladder

Good business is about creating loyal customers. Like most things in life, people do not begin as a loyal customer, they become one. Slowly over time people either move up your loyalty ladder or they step off. Starting from the bottom, this is what the loyalty ladder usually looks like.

Evangelical
Friend
Advocate
Client
Customer
Prospect
Suspect

economic status, possess the same technical knowledge, etc. By adopting a targeted marketing approach, we gain this groups attention, win their business and create a **customer**.

Now we must have internal systems and processes that allow us to move the customer up to **client** status. Here you benefit from repeat business. You reward them for shopping with you and you communicate how much you care.

The next step is to create an **advocate** - someone who is happy to recommend new prospects to you. In other words, they give you referrals and introduce new customers to your business. This is evidence that they are satisfied with the service and products you provide.

These special people then become **friends** of the business who genuinely want to help you succeed. They have formed a connection with you and your business and they develop a sense of belonging.

At the pinnacle of the loyalty ladder is the **evangelist**. This is a rare person indeed. These are people to be treasured. They will often be so supportive of the

Let's take a look at each stage of the ladder.

At the base of every ladder is the pool of people we call **suspects**. These are any and everyone who might want, need or benefit from your products or services. But this group is too broad to market to effectively so we must narrow our focus.

So we create a target list of **prospects**; people you believe are most likely to want what you have. Your current 'best' clients often model the type of people who you need to target as prospects. They may live in the same geographical area, share similar

"The rung of a ladder was never meant to rest upon, but only to hold a man's foot long enough to enable him to put the other somewhat higher."

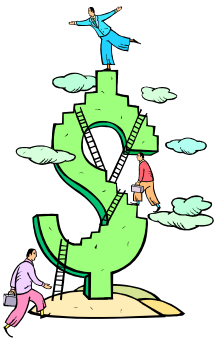
- Thomas Henry Huxley



The Loyalty Ladder cont...

business that they would like to work in the business.

As the old ad said, "I liked it so much, I bought the company." He was an evangelist.



So the first step in helping people climb your loyalty ladder is to make sure you are attracting the right people to the first rung. Take a moment to get a picture in your mind of your 10 best clients. Now ask yourself what makes them the best? Is it the amount they buy, or the frequency of the purchases? Perhaps it's that they refer others, pay on time or never argue on price. Most likely it is some combination of all of these characteristics.



Now you have identified what it is that makes someone an "A" class client, you need to now work out where to find more people just like them. What do these loyal customers share in common? Is it socio-economic position, their marital status, hobbies, sports, political persuasion or something else?

It is very common for like-minded people to congregate together. Once you have

"Not everything that can be counted counts, and not everything that counts, can be counted."

- Albert Einstein

So now you understand what a loyalty ladder looks like. The next step is to start moving people up your ladder. To do this successfully there are a number of key things you are going to need to do.

It is better to specialise than it is to generalise. Most generalists will say that they can do just about anything the customer requests - but this is usually not true. The most common result for the business in the end is it over-promises and under-delivers. This is a sure-fire way to shorten the length of your ladder.

People at any level of the ladder will

identified where your target market meet, you focus your marketing on that group.

But even the most effective strategies of targeting the right type of people will ultimately fail if there are no systems, processes and quality customer service to support the new customer. It is essential, not only to offer customer service, but to actually deliver it *without fail*. It is worth noting that it costs you *six times more* to win a new customer than it does to keep an existing one.

Building customer loyalty in your business makes good sense. You can save a considerable amount of money by investing time and energy into customer loyalty. Loyal customers buy more often, stay committed to your business and more frequently, tell others about what you do.

To create a sense of lasting loyalty, you must make people feel welcome and special. You must seek their feedback and reward them for their loyalty. If you can do this successfully, your business will spend less on marketing and enjoy increased profitability.

Marketing Tip

always prefer honesty. So say what you mean and mean what you say.

You must reward people as they climb the ladder. Don't be afraid to give things away to show your appreciation. Look for opportunities to provide value-added service.

But most importantly, if you want people to climb your ladder rapidly and spread the word about your business, you must offer people a positive experience whenever they deal with you.

This is the single fastest way to succeed.