

ARTICLE REPRINT

Rethinking Customer Loyalty

Customer loyalty is a major concern for everyone in business today, perhaps because there appears to be so little loyalty among so many customers. At best, loyalty is fleeting among the majority of buyers, and at worst, it simply isn't part of their thinking.

I am always amazed at how many books are written each year on the subject of customer loyalty. These books are written and read, I think, because we don't want to face the reality of pervasive disloyalty in the business world. As suppliers, we convince ourselves that we do a good job for our customers. We treat them fairly, our pricing is competitive and we like to think that we remain loyal to them. So why aren't they more loyal to us?

At the risk of sounding cynical, customer loyalty really is a simple concept, and it can be boiled down to the following statement: *Customers are loyal so long as the rewards of loyalty outweigh the rewards of disloyalty.* Approached from this understanding, the challenge of gaining customer loyalty may not become easier, but surely comes into clearer focus.

To make matters more challenging, providing good service to buyers today will not guarantee continued loyalty. I was shocked to discover from one of our partners, who has studied customer buying habits for over thirty years that 80% of buyers who switch vendors rate the service of their previous vendors as "satisfactory to good." Good service is no longer good enough to guarantee customer loyalty!

It seems, then, that it may be time to re-evaluate our concept of customer loyalty. Today, the "what-have-you-done-for-me-lately?" question may well define the loyalty position of most buyers. It's discouraging to think that what you did for customers yesterday is quickly forgotten by those same buyers today.

No matter how excellent a company's products or services are, a Lifetime Achievement Award can be earned only once. Smart executives know that even with a Lifetime Achievement Award they must do three things well if they hope to retain customers – innovate, innovate, innovate. There doesn't appear to be any alternative for capturing and holding the attention of customers whose concept of loyalty today is fleeting at best, if it exists at all.

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