HOW TO MARKET DURING A PANDEMIC

Week 6: Maintaining Customer Loyalty

COLLECTIVE ALTERNATIVE

MARKETING // ADVERTISING // PUBLIC RELATIONS

Not everyone is your customer.

Let that sink in.

Are you marketing to everyone – casting a huge net with little return?

More often than not, your current customer is the top base you should be marketing to. Why? They are already loyal to your product and/or brand, and referrals from family and friends will bring in more business than an advertising campaign.

But, are your customers really *that* loyal to your business? Is your brand strong enough to weather new competition? Measuring customer loyalty is an important piece of your marketing strategy to ensure you keep the business you've worked hard to secure. It all begins with how you quantify your customer loyalty.

QUANTIFY CUSTOMER LOYALTY

Measuring customer "satisfaction" isn't a very effective method for knowing what percentage of customers will continue buying from you. A customer who is only "satisfied" rather than "highly loyal" or "thrilled" could be more likely to move to your competition.

It's better to think in terms of loyalty and future intent: Do they intend to continue buying from you? Will they recommend you to others? One of the best ways to understand your customers is by asking them to complete a survey.

To quantify your loyalty by your customer segments, you can rate them on the timeliness of purchases, frequency of purchases, and the total money spent. Once you have a numerical value, you can tell which segments are most loyal, and which need attention.

It's better to think in terms of loyalty & future intent: Are your customers loyal? Do they intend to continue buying from you? Will they recommend you to other prospects?

There are a number of ways you can measure these intentions:

Define Your Goals

Before you jump into a survey or mathematical analysis, make sure you have a strategy behind you.

» What exactly do you want to learn?

» What's the best method for getting the information you need? Is it a formal survey, informal feedback or a mathematical analysis?

» How frequently will you update the measurements?

It's better to focus on learning about intended actions rather than general feelings and opinions. For example, many customers will say they are satisfied, but "satisfied" may not be good enough to get them to purchase from you again. Instead, try to gather feedback that's easier to act on, such as:

» Whether customers intend to purchase again

» Whether customers will refer other customers

» Who is dissatisfied and why

» Where you can improve

» How you can win their loyalty if you don't have it

Method for Gathering

Now determine the method for gathering this information.

TECHNIQUE	WHEN IT'S USEFUL
Formal customer survey	Used when you want completely honest feedback from a group of customers; when set up correctly, you can measure this feedback more precisely than informal, open-ended communications. Especially helpful when you want to gather customer feedback on an ongoing basis and track your performance over time.
Informal feedback	Used when you want feedback from a small group of customers -- you'll evaluate their responses on a one-by-one basis. If your questions are highly detailed and you want to probe for more information when you hear a certain response, you may be better off using this method.
Purchase analysis	Used when you have a large number of customers who buy regularly, typically through your website or a call center. In this method, you'll estimate the average purchase frequency and money spent by a group of customers, and then find those customers who are below the norm. These customers are "at risk," and you can use their purchasing information to launch retention campaigns.

DEVELOP A FORMAL CUSTOMER SURVEY

Market researchers specialize in developing surveys that truly capture the information you're looking for. The way you structure your survey and word your questions can dramatically alter your results. If you don't have a market research expert on your team (or a friend in another company who can help), here are some basic principles to get you started.

CLOSED-ENDED QUESTIONS

Ex: Do you plan to purchase from us again?

PROS
👍 Easy to answer

👍 Fast

CONS
👎 Can be too black & white

RATINGS - SINGLE RESPONSE

Ex: How effectively does your account manager respond to your questions?
(3 = very effectively; 1 = not very effectively)

PROS
👍 Easy to measure

👍 Provides a numerical value that can be tracked over time

CONS
👎 Is a little more time consuming

👎 Responder may lose interest and just start checking boxes

RATINGS - MULTIPLE RESPONSE

Ex: How well are we doing in each of the following areas?
(Provide a rating scale for each)

PROS
👍 Delivers detailed feedback about a list of similar items

CONS
👎 Is a little more time consuming

👎 Can lose the responder's attention

LIST - CHECK ALL THAT APPLY

Ex: If you're not planning to buy from us again, what could we do to win you back?
Check all that apply.

PROS
👍 Easy to measure

👍 Allows to gather data on multiple variables

CONS
👎 May not get a response

OPEN-ENDED QUESTIONS

Ex: What can we do to improve our service?

PROS
👍 Provides unharnessed feedback

👍 The wording and length of response will provide valuable information

CONS
👎 Difficult to measure because they're not standardized

👎 Time consuming for responder

Start with the End in Mind

Now that you've decided the information you'd like to gather from your customers, think about how you'll measure that information. By thinking about the data, you'll have an easier time writing questions that will get you the data you need.

You want to understand your customers' intended actions, and you want specific, valuable responses.

» Are you completely happy with the product/service you purchased from us?

» How many times a year do you purchase ____?

» Do you sometimes purchase your ___ from another company?

» What's most important to you when deciding to purchase our ___?

» Is there anything you would change about our ____?

» If you had a colleague with needs similar to your own, how strongly would you recommend our service/product?

Piece of Information to Gather

Write a question to deliver this info. If it's a complex subject, you may need to split it into several questions to get the info you need.

Write your ratings scale or response values (if needed). Make sure they're as specific as possible. Aim for no more than 10 questions; 5-7 is best. Rank your questions so that the most important information is at the beginning.

Criteria for Each Question

» Is the question focused on a single topic? For example, don't ask them to rate quality and service in the same question.

» Is the question neutral? Avoid using statements which would influence the responses. (For example: We believe that customer service is our most valuable benefit. Do you?)

» Is the question short and sweet? Use as few words as possible.

» Is the question specific?

» Will the responses you're asking for help you?

Once you've developed your questions, review them carefully.

Next, determine your survey format.

EMAIL
Use an online survey program like Survey Monkey or Survey Gizmo to launch your survey and tally your results.

PROS
- 👍 Easy to set up
- 👍 Helps you structure your survey questions
- 👍 Tabulates responses
- 👍 Lets you pass hidden fields to your responses so you can group them
- 👍 Keeps costs low

CONS
- 👎 May need to be deployed several times to get people to respond
- 👎 Viewed as impersonal
- 👎 Requires a compelling headline and intro to get people to participate

DIRECT MAIL
Send a self-addressed stamped envelope with a cover letter and a paper survey.

PROS
- 👍 More space to create a compelling message, to thank the customer for participating, and communicate any incentives
- 👍 More effective than email for reaching customers who don't use computers

CONS
- 👎 More space to create a compelling message, to thank the customer for participating, and communicate any incentives
- 👎 More effective than email for reaching customers who don't use computers

PHONE

Place calls directly or use a third party to make impartial calls.

PROS

👍 Great way to get detailed answers and probe for more information as needed

👍 May bring to your attention unhappy customers whom you can help immediately

CONS

👎 Dissatisfied customers may be uncomfortable telling employees about their issues

👎 Customers voicing a concern to another live person often expect action to be taken immediately

COMBINATION

Contact the customer via two methods - for example, call or email them about a survey, and then send it by mail.

PROS

👍 Improves your response rate by improving awareness

👍 Reinforces the importance you place on customer loyalty

👍 Offers another chance to communicate with your customers

CONS

👎 Is more costly

You don't need to collect a survey from every recipient. Instead, you want a "statistically valid sample size," or the number of responses you need so you can confidently apply those results to your entire group of customers.

Statistical Significance

Statistics is a complex field, and consumer marketers must take into account all sorts of calculations to accurately measure and apply their results. There are a number of key metrics for a marketer to consider, including:

» The total number of people to whom you want to apply the survey results (A)

» The % of those people who respond to your survey (B)

When your "total number of people" (A) is very small, you need a higher percentage of them to respond (B) so you can be confident in your results. If A is very large, you can confidently use a smaller percentage. Statisticians and researchers use the term "confidence rating" to indicate how statistically accurate a survey's results can be considered. Ninety-five percent is a standard confidence goal.

Here's how to calculate:
» Number of potential respondents in this group (A) (population)

» Percent who should respond to the survey (B)

» Number of completed surveys desired (C = A*B)

» Projected minimum response rate (D) (as a decimal)

» Number of surveys to send out (C / D)

It's very difficult to estimate a response rate if you haven't conducted a similar campaign with a similar group of people. Here are some factors to keep in mind:
» A phone survey will deliver the highest response rate but will be the most expensive survey to implement. You can probably reach 80% of your list, depending on the amount of time you spend making calls.

» A mail survey will produce a far lower response rate than the phone. You can raise your response rate by calling or emailing recipients ahead of time and asking them to participate.

» An email survey is very simple for participants but is subject to the same factors as any other email campaign - you need a compelling headline and a solid message to persuade them to participate, rather than delete the message. An email survey is the least personal for the recipient, and thus they may not take as much care with their responses.

If you offer an incentive, you can dramatically increase your response rate. As you get ready to launch your survey, here are a few additional tips to keep in mind:
» Your customers are busy. Keep the survey as short as possible.

» Ask customers to respond within a fairly short but fair period of time - for example, 10 days. A deadline is important or else the piece may end up in a pile of unimportant mail.

» If the deadline comes and goes and you haven't received your minimum number of surveys, call or email the people who haven't responded and ask them if they'd be willing to help you improve.

» Consider providing an incentive to respond.

» Thank the customers who invested the time to participate. A personal note, a letter or even a small thank you gift is a simple but effective gesture.

ANALYZE FORMAL CUSTOMER SURVEY RESULTS

When your surveys are in, tabulate them into a report and create your plan for acting on the information.

» Purpose of survey

» Date

» Method used

» Customer groups targeted

» Number of surveys sent per group

» Number of completed surveys received

» Response rate

» Number of surveys needed for statistical validity / met?

» Confidence level

Now, take a look at the different groups you sent the questions to. Record the average rating for each.

Do you see any trends? What can you conclude from the data? You may get answers you were expecting, and others that you were not. It's important to analyze the data and what it means for your business. However, it's also important not to make vast changes because of one survey. To have a true understanding of your customer base, you will need to complete a few rounds of surveys.

Never lose sight that customer loyalty begins with you. It begins with your brand, your business' reputation, the employees you hire and the service / product you provide our community. Put the customer first, and you are well on your way to creating the loyalty that will build your business for years to come.

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317.436.8499 | thecaway.com