



PUSH CLIENTS UP THE LOYALTY LADDER.

How to turn clients from
suspects to advocates.

According to the Harvard Business Review,

THE COST OF ACQUIRING NEW CUSTOMERS IS 5 TO 25 TIMES HIGHER THAN RETAINING EXISTING CUSTOMERS.¹

To leverage the large investment made in attracting new customers, and move them up the Loyalty Ladder, it's essential to offer products, services and experiences that not only solve issues, but offer emotional rewards to customers in exchange for their investment in your brand.

Walt Disney once said, "Do what you do so well, that (customers) want to see it again, and bring their friends." In this age of the empowered, digitally savvy customers, his message is as relevant as ever. If you want loyal customers, you have to do more than sell. You need to provide them with highly relevant experiences. If consumers can't find added value through your brand, they'll go somewhere else.

On this loyalty ladder, there are different levels of customer engagement.

Knowing where your customers are on the ladder will help you manage their ascent.



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SUSPECTS

Suspects include everyone who might possibly buy from you. On this step of the ladder, it's just too early to know if they ever will.

INQUIRIES/ PROSPECTS

They haven't bought from you yet, but have expressed interest, with a call or request for a quote. Keep in mind that Prospects may need your products or services, and have the ability to buy. In addition, they may have a recommendation to use your products or services.

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FIRST-TIME BUYER



They bought from you once, but will they be back? The majority of First-Time Buyers remain one-time buyers. The challenge is to give customers another reason to buy from you. Yes, you could offer them a discount to get them to act, but what if price isn't the issue? Not only are you trying to solve the wrong problem, you're giving away profits. Consider sending a questionnaire, with an incentive to respond, and you may learn what the real hurdle is to earning their repeat business. Customers may simply need a reminder of the benefits they've received from their previous purchase. The goal is to get them to experience your brand, again.

CUSTOMERS



They have bought from you two or more times, but may still be buying from your competitors. You might just be one of several vendors or businesses they buy from. At this point, you're meeting some customer needs, but which ones are being better met by other brands or vendors? Doing a competitive review would be a useful tool. Are you being beaten because another company offers a better product or experience? Once you understand the issue, whether it's branding, how the product works, or how customers make purchases, fix it and tell customers what you've done in response to their needs.

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LOYAL **CUSTOMERS**

These clients or customers now prefer to buy from you. You've earned these strong, on-going relationships. In terms of professional services, this is where you begin to transition from being a vendor to a trusted advisor. When asked, Loyal Client will recommend you. And if they have a need, you are the first one they consider.



ADVOCATES

They are the people who don't need to be asked. They're walking, talking testimonials of your products and service. They bring customers to you. Global brands like Apple, Virgin, and Amazon have advocates who are happy to be unpaid sales people for their products. In professional services, this is when you gain a customer for life, because you've gone from being a vendor to a trusted advisor. With the explosion of social media, your advocates can also help persuade prospects, first-time buyers, and other clients to do more business with you. It's also likely that if this client moves to another company, you'll probably work for that business, too. For all these reasons, creating advocates for your business is even more important today.

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CUSTOMER EXPERIENCE STRATEGIES TO MOVE CUSTOMERS UP YOUR LOYALTY LADDER.

The #1 way to move customers up the ladder is increased engagement with your products and services. Each time a customer interacts with your brand, they should feel that they have made the right decision to work with you. While your products and services may be the best in the category, experiences are often what's remembered and talked about.

IKEA understands the power of experiences, and knows how to drive customers up the loyalty ladder. In fact, they understand their customers' pain points and do things that are unmatched by other retailers. For example, IKEA offers baby-sitting services to stressed out parents. This allows them to stay longer, and buy more. IKEA also offers family style restaurants, which again allows parents to stay longer. The restaurants also act as a problem-solving extension of their brand. To further simplify their customers' lives, IKEA offers a free app that helps customers see IKEA furniture in their homes, even before they come in. The idea isn't for you to serve Swedish meatballs. It's to keep your customers engaged to maximize the value, joy, convenience, and time- and cash-savings they get from being your customer. Do this, and they'll fall in love with your brand, over and over again.

To make this happen, you'll need to be consistent, make it easy for them to work with you, handle problems quickly, and provide human touches at the right times. Beyond these principles, here are three specific steps you can take to raise Suspects up to Advocates.

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GAIN INSIGHTS FROM YOUR DATA TO CREATE PERSONALIZED EXPERIENCES

A recent survey showed that 57% of consumers say they're willing to share data in exchange for personalized offers and discounts. To provide this, you'll need loyalty software that records customer actions across all channels, including when they make purchases, leave reviews, share your content, create UGC, refer friends, and enter games and contests. In addition, your loyalty program should track points, awards, and progress toward goals. Offering gamification, and badges for online profiles also adds to consumer experiences. There are a number of great loyalty software programs out there that do all the hard work for you, like Antavo, Captain Up, LoyaltyLion and Social Annex.

All this information will contribute to understanding your RFM (Recency, Frequency, Monetary) reports, which will help you assign values to customers. You'll also see:

- Churn vs. retention rates at segment levels, which can inform marketing strategies.
- Reasons for the migration trends, such as competition or seasonal factors.
- Which customer categories are growing, have low/high value, or are lapsed.
- Categories ripe for upward migration, based on available share of wallet.

You will see what experiences and brand benefits they enjoy most, along with how they perceive the values and benefits gained from engaging with your products and services. By understanding their motivations, desires and hopes, you'll gain powerful insights that can you help maximize the joy customers experience through your brand.

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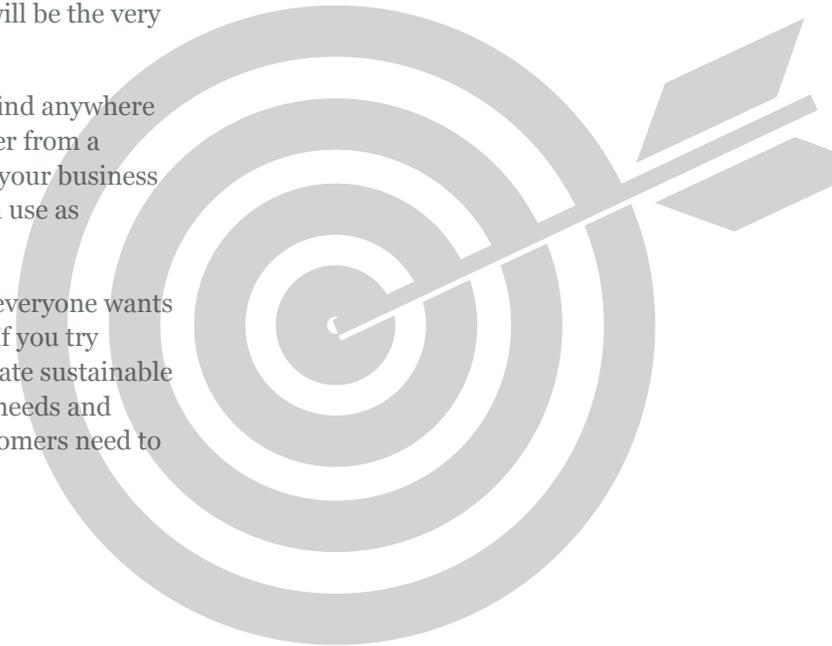
CREATE YOUR CUSTOMER MIGRATION GOALS

Once you have a clear view of your current customer's behaviors based on strong data, you must decide what you want the next actions to be for each segment of your database. For example, you may want high-value lapsed customers to engage with you again within 30 days of becoming lapsed.

Also think about the favorable behaviors that customers in your categories are already exhibiting. Look for ways to encourage that behavior. For example, you can also incent customers to move up the ladder with small brand micro-experiences. Let's say you own a chain of restaurants. Through your loyalty reporting, you can see every customer who ordered entrées 4+ times at your restaurants over the past 3 months. You can then invite them to an exclusive VIP event at your flagship restaurant. At this VIP event, your restaurant will be filled with loyal customers having a great time chatting, buying drinks and waiting for the event to start. As a special treat during the event, your head chef can introduce new recipes, and show how they are made in front of your VIPs. After the demonstration they will be the very first customers to enjoy this special new meal.

This is a great example of giving customers reasons to engage, with experiences they may find anywhere else. By creating special experiences like this, you'll move the customer up the loyalty ladder from a client (someone who repeatedly buys from you) into an advocate (someone who promotes your business on your behalf). On top of that, you can request feedback on the new entrée, which you can use as testimonials on your website.

You'll want to set reasonable timeframes for achieving your goals, too. Keep in mind, that everyone wants their customers to buy faster. However, the truth is that customers buy at their own pace. If you try pushing them to buy faster through heavy-handed tactics or manipulation, you'll never create sustainable relationships, let alone brand advocates. However, by understanding individual customer needs and shaping messages to their preferences, you may shorten the "trust development time" customers need to embrace in your brand.



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CHOOSE THE RIGHT MESSAGES AND INCENTIVES FOR EACH CATEGORY



Keeping customers informed is critical to keeping them engaged, and climbing up the ladder. Be sure to send them newsworthy updates on your products and services.

It's also essential to establish distinct touch point strategies and messages for different customer types. In addition, your communication plan should include trigger-based messaging. For example, if a customer tends towards only small purchases, send them a special offer that nudges them towards bigger purchases. Or if a customer recently made a significant purchase, send them offers for accessories that leverage the value of their recent acquisition.

Finally, be sure to create a plan to reward customers who modify their behavior in the way you want—by increasing purchases, product usage and engagement with your business. That's the crowning achievement of a customer migration plan.

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THE REWARDS OF ADVOCACY

With enough good experiences, Loyal Clients customers will become advocates. This is when they're willing to go public with their relationship with your brand. That may mean referrals, or to unsolicited endorsements in social media. Motivating these customers and clients to align themselves with your brand is the most powerful tool in all of marketing. When customers become Advocates, their relationship with your brand means:

- They're willing to put their reputation on the line by recommending your brand to other potential customers.
- You have a hand-raising community of passionate customers, who will help you improve your products or services. These Advocates can also serve as a beta population for rolling out new products and services.
- Their referrals will help you grow your business. If anyone ever asks them for help in your domain, that hot lead will come to you.



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LEARN TO WORK ON EVERY RUNG OF THE HOSPITALITY LADDER.

On average, it can take six to eight contacts before suspects are willing to consider your brand for a purchase.² Be sure to leverage every dollar of effort you've put into capturing these leads by continually driving customers to become Advocates.

To learn more details about the strategy of moving up the Loyalty Ladder, contact **Russell Kern**, of **Kern, an Omnicom agency**.



IT'S ALL ABOUT THE OPEN RATE.



**20955 WARNER CENTER LANE, LOS ANGELES CA 91367
(818) 703-8775 | INFO@KERNAGENCY.COM**

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[Footnotes]

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2 - <https://www.salesforce.com/blog/2015/04/takes-6-8-touches-generate-viable-sales-lead-heres-why-gp.html>

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