

Do you have a relationship with your customer?

It is more expensive to get a new customer than keep an existing one and word-of-mouth is the best kind of marketing. Are you spending enough time building a relationship with your customers?

A recent article by [Marketingprofs](#) investigates what it means to build a relationship with your customer.

Providing good service is not enough

It is true that satisfaction is important because it can lead to increased customer loyalty. Despite earning similar satisfaction ratings, firms in many industries do not enjoy the same level of customer loyalty and retention according to a study by the *American Customer Satisfaction Index*. To understand why, let's look beyond satisfaction.

- **Is it appropriate?**

A sizable minority of hairstylist's clients think that pursuing a close relationship was improper. At the heart of this finding was the fact that many customers did not think that mixing business with pleasure would be right.

- **You brand is not differentiated adequately**

It could be that the customer does not care much about the purchase decision and doesn't see much difference between brands or service providers.

- **People might want variety**

Other people quickly get tired of buying the same thing and will try new brands just for the sake of variety.

- **Privacy concerns**

Avoiding a relationship could be related to a person's concerns over privacy. In order to behave in a loyal way, customers are often asked to share information about themselves.

What keeps a customer loyal?

1. **Emotionally attachment** - A customer could become emotionally attached to a brand, thereby savoring and identifying strongly with it.
2. **Loyalty program** - She might buy from the firm more often in an effort to increase her standing in a loyalty program like cumulative discount programs at a grocery store.
3. **Trust** - Or she might start liking and trusting a service provider such as a hair stylist or car mechanic. It is important to be honest with customers and to always act in their best interest.
4. **Switching costs are high** - This is often the case if you lose your mobile number, email address, policy benefits, no-claim bonus or information history (e.g. a supermarket has an easy website purchasing option to repeat your last purchase) if you switch to a different company. In essence, these investments represent a switching cost to the customer. Not only will she be 'locked in' emotionally or financially to the relationship, but she will also be less likely to defect later since doing so would abandon the future benefits of the relationship.

Service is important

Of course service levels are important. Even if customers report being "satisfied" with a service (e.g. their haircut), they might not come back if they were not satisfied about something that the firm didn't measure.

Ask the customer

Start by understanding the experience of what it means to be a customer.

Be loyal to your loyal customer

When phone companies offer new customers better rates than what long standing customers can obtain, this puts a serious strain on loyalty. Committed customers should be treated as preferred, not as taken-for-granted.

For customers to be truly committed to a firm, they must feel it is appropriate to be in a relationship. They need to make investments into the relationship and perceive a mutual dependence with the firm. And of course, they need to be satisfied. Only then can one expect the customer to be loyal.

Source: [MarketingProfs](#)

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