

## You don't buy customer loyalty... You earn it

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Even though sometimes they do things we don't like, we are always loyal to our family and friends. This is what companies should aim for... to get loyal customers, that will not leave just because once something went wrong (Let's not be utopian, even with the best products, processes or people, things will go wrong at some point).

The majority of companies will probably say that they have started looking at customer loyalty a long time ago. But allow me to strongly disagree. Loyalty cannot be bought. You cannot expect to have a loyal customer just because you were able to make him or her sign up for a loyalty card, and you offer £5 off the next buy after they spend £1,000.

Loyalty is a sentiment. It is an emotional attachment that cannot be bought with offers, discounts or promotions. It is more than that. It is an emotion that normally is consequence of a positive and pleasant feeling... i.e. satisfaction! And actually many studies and researches show exactly that. In business loyalty is directly proportional to Customer Satisfaction.

Loyalty = k x CSAT

Customer Satisfaction is collected through surveys, where companies ask customers whether the product or service has failed, met or exceeded expectations. When customers have high expectations and the reality falls short, they will be disappointed and less satisfied. On the other hand, if expectations are low, customers could be extremely satisfied with no more than ordinary service.

Customer satisfaction is therefore the difference between the customer's expectation and what was actually delivered by the company.

CSAT = Delivery – Expectation

Companies normally use one of two ways to set customer's expectations: by intent or by accuracy. John Lewis (well-known UK giant that tops every CX ranking in the retail industry) uses the first:

“Never Knowingly Undersold”. Others prefer to use the latter: “Delivery in 48 hours”. Regardless of the tactic companies need to make sure expectations are exceeded or, at least, met.

A good delivery is dependent on a couple of factors. First and foremost, designing a good model. Companies cannot expect every employee to perform heroically, all day, every day, and forever. They cannot expect everyone to be outstanding, available and willing to make a huge effort and always go the extra mile. Companies need to design a model that allows everyone to deliver good service.

That design can have two main dimensions: A blueprint of the company (its organisation structure, processes and procedures, information/data model, main KPI's, technology), and a mapping of the customer journey (his steps, attitudes, emotions, needs, goals). A good model will leave employees no choice but to deliver a good service as an everyday routine.

The other factor is the culture. And that culture must be aligned with the model. Culture will not tell employees what to do. It will rather tell them how to think.

Delivery Excellence = Good Design + Great Culture

Setting up the company with a model and a culture that enables an outstanding delivery, will definitely make customer expectations be met or even exceeded. This guarantees a positive and high customer satisfaction that in turn will make customers loyal to the company. Loyalty ensures that customer's lifecycle is the desired CX infinite loop.