LOYAL CUSTOMERS DO NOT EXIST

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Loyal customers do not exist

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All companies strive for the same thing - to build a strong brand, gain loyal customers, connect with them on an emotional level, and, ultimately, increase repeat sales and develop sustainable sources of revenue.

One of the biggest costs for organizations is marketing. Management teams consistently face the challenge of increasing customer numbers. Organizations are planning marketing mix, setting up departments, focusing on service, trying to keep the process that is part of the product, creating additional value and reasons for customers to generate more interest and a host of many other actions that will ultimately drive sales growth. This challenge requires organizations to develop complex marketing schemes, establish departments focused on improving customer service, implement means to create additional value for customers.

For companies of all sizes, the first requirement to start any marketing process is to answer the following questions: "Who do we want to influence?" "Who is our potential customer?" "Where are they now?" "What interests them?" and "How do we reach them?”. To answer these questions, companies must first work out how to test their products. Then, develop understanding of challenges to market implementation of the good and/or service.

What does success look like?

If the customer visits and enjoys the manufactured products and/or services on a regular basis, they are likely to share such positive experiences with others. If this is the case, company's marketing department has done a good job.

In the modern world, with the development of social networks and global technology, consumer power is becoming ever more important. The 80/20, Pareto Principle is important to mention here. This theory states that 80% of company sales are made of 20% customers, the remaining 20% of the product is consumed by 80% of users.

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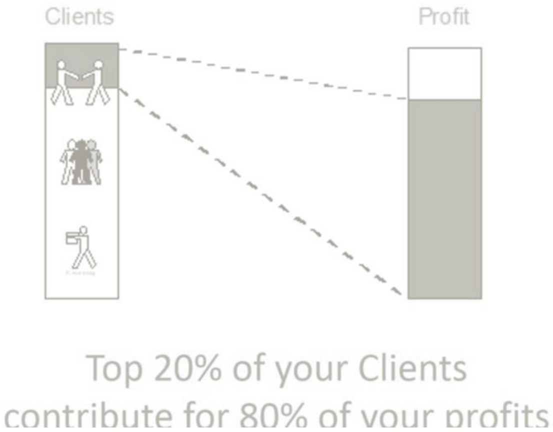

Source: dansilvestre.com

A customer is a person who seeks a service. They are often attracted to companies due to advertising or some other form of communication. Customers have pre-defined expectations on a product, price, place and service due to this communication. If these expectations are not met, customers are dissatisfied. If services do not match their expectations, it is unlikely that such customers will return.

Customer Loyalty

Source: revechat.com

Let us discuss the first case; the expectation was well defined, which means that customers were excited rather than disappointed by the performance of a product/service. What happens next? The customer will return and use this product or service again over time. They will become "loyal" customers - they will be part of the 20%.

The company is happy when there is an established relationship between customer and brand. However, this relationship is not like an interpersonal relationship. The terms are fixed, if a business is consistent in what it provides (or even offers more), customers will be happy and loyal – given that, mistakes are not made and promises are kept.

What does this mean?

This means that in case companies keep their promises to the 20% that make up 80% of sales, they will retain their customers. When companies make major changes, relationships with “loyal customers” are changed and members of the 20% are lost. If a promise is not kept or a service is discontinued, customers may change allegiance.

Marketing at its core relies on a product that is true to the promise it sells and which does not see quality diminish. All elements, such as price, place, communication, physical evidence, people and process, can vary, often change is recommended, but the quality of the product cannot.

This means that often the greatest marketing efforts made by companies are a waste of time and resources. If the product delivers on its promises and is available when customers need it, it will stand a chance at developing a loyal customer base - a 20% to make up 80% of sales.

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