

# AT THE CORE OF THE ISSUE



ON THE MARK MARKETING

## ***"The SME Rapid Business Builder"***

**October 2009**



### **Customer Loyalty**

By nature loyalty is fleeting. It is built on the strength of the relationship between a customer and a business. Fill in the following blanks. My favourite drink is ..... My favourite shirt colour is ..... I would buy ..... for a gift for my mother. I doubt if many of us would have the same three choices written down. We are spoiled for choice.

Some ways in which loyalty is derived

As customers, we make satisfactory purchases at a range of outlets every week. Sometimes we may gradually become fond of a particular brand. Maybe it is a clothing brand with styles that look good, feel comfortable and always seems to fit well.

Brand loyalty is common for a variety of reasons that go beyond a clothing brand feels comfortable and always seems to fit. It may be the prestige of wearing the label, driving the car or drinking the wine. It may also be associated with sporting teams, event memorabilia or club paraphernalia.

These are strong loyalties but are not the only ones.

Consumers change their mind and switch Brands every day.

For example, do you still wear the same clothing label as you did when you were a teenager; enjoy the same drink; even have the same partner? Few of us would answer 'yes' to all these questions. We change our mind; we change our priorities and we change our income.

We change where, when, what, why and how we purchase goods and services because, as consumers, we can. Online marketing shops are much more easily accessed by new customers and much, much more easily left by those same customers compared with commercial retail establishments.

Why? Because consumers have never met you, never grown to like you and so feel little guilty if they shift their loyalty to the shop next-door (next click) where they can purchase exactly the same goods and services. Now they give their money to someone else and that is a bad thing.

Should I spend a lot of money to acquire and retain customers? How can we stop customers going next door? Many companies spend large portions of their budget trying to do exactly this. Do you have tens, even hundreds, of thousands of dollars to find out? Do you have even more money to fund loyalty programs, extensive giveaways or long term sales events?

Can you match, dollar for dollar, advertising spend with international corporations? On this, we finally have an area where we mostly agree.

### **Facts To Ponder**

#### **Words Blocked by Spam Filters**

Generations of sales and advertising gurus have proclaimed the words "Free" and "New" as among the most powerful motivators. No longer! Today's sceptical prospects have heard it all before. They no longer believe. But there's one word that gets them in every time!

First, you must understand why some of what you have been taught is wrong, or at least outdated and incomplete.

The most famous and oft quoted text books on marketing - sales and advertising - were written generations ago by legends such as John Caples, David Ogilvy, Claude Hopkins and one or two others. To this day, the majority of their secrets and insights remain perfectly valid.

Their main teaching is you don't talk about a product's features but about benefits the buyer receives by using the product. The bigger the benefits the greater the response, declared these old sages

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But today, more often than not, these same words and super-sized claims trigger instant rejection. The problem is, words like FREE and NEW - and the big claim style of salesmanship and advertising they reflect - have been so overused, they've become bright red flags that scream to prospects, Bulldust ... throw me away!

As proof, if we at One The Mark were to send you an email with the words "new" and "free," we must misspell them, or chances are, your spam filter will bounce our message.

Microsoft, Apple, GEC, General Motors, Citibank and so on are probably able to spend a little more on customer acquisition and retention than we are. Is that a bad thing? Should we close our site, or forget about setting one up if we are just in the formative stages of building an online presence? Is competition from large corporations too great?

They are sellers of goods and services just as if we are. They have budgets to work within just like we do. They plan for success just as we should. In fact, we find more similarities than differences, so we will ignore size, maturity, brand recognition and market penetration.

Building Brand Loyalty will not happen overnight. Start with your first customer, your first sale, rather than worry what 100, 1 000 or even 10 000 customers are doing.

Customer loyalty programs have to be funded out of existing profits or budgeted for out of projected profits from increased sales generated through customer loyalty programs.

A good starting point that never costs a lot is trying to make the purchase decision for all customers a memorable experience. One they will gladly pass onto their friends in conversation over coffee or even an evening dinner party.

On the down side, remember every dissatisfied customer knows or has the potential to influence 110 other consumers.

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