3 Essentials for Building a Loyal Customer Base

Contrary to popular belief, brand loyalty is alive and well — but you do have to earn it first.

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With consumers having the ability to research, compare and purchase products and services on the fly, it's easy to believe that brand loyalty is an ancient concept. Yet according to a recent survey of consumers, more than 90 percent of them consider themselves highly loyal to their preferred brands.

Not surprisingly, the quality of products and services was the leading factor in that loyalty. Consumers won't repeatedly purchase products or rely on services from a company that keeps letting them down. Good deals and customer service also contributed, but consumers' level of interaction with a brand outside of sales also weighs heavily in their loyalty.

In the survey, 80 percent of consumers considered themselves loyal after just three purchases, whereas it took 37 percent a full five purchases before they would declare themselves brand loyal. Once they've granted that loyalty, though, these consumers are more likely to become natural ambassadors for the brand — as long as that brand reciprocates their devotion.

Loyalty is a two-way street

In the survey mentioned above, customer service turned out to

be less of a loyalty factor than expected. Only 7 percent of respondents named it as important. However, customer engagement was highly important for the most loyal customers. For instance, 67 percent of them expect a fast response when they provide feedback.

This engagement takes more effort than servicing customers, which merely helps them make it through the sales funnel and to the checkout counter. Engagement means making consumers feel like part of a community and personalizing such things as loyalty rewards and exclusive sales.

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You can't expect consumers to become loyal customers unless your brand focuses on what's most important to them. Remembering these three rules can help you make it so:

1. Cultivate a community.

When you shift toward a customer engagement focus, you don't just communicate – you converse. People generally prefer to have those conversations online, either on social media or on forums with like-minded individuals. Create these forums and social media communities to give your customers a platform through which to interact. For example, The Giving Keys, which sells inspirational key-shaped jewelry and employs individuals transitioning out of homelessness, allows customers to share personal stories on its website.

Bring customers, peers, partners and even community leaders together to benefit more than just your brand. For instance, the WeAreTeachers.com forum created by MDR, the education arm of Dun & Bradstreet, is an online community where educators can find community resources or connect with teachers in other districts. The community you create doesn't have to be centered around what your company offers. But you can rest

assured that your brand will be recognized by customers for the sense of community you help cultivate.

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2. Make loyalty rewarding.

Providing loyal customers with perks will encourage repeat purchases and create vocal brand advocates. Loyalty programs are hardly news, but there's a reason they're so popular. Research shows that reward program customers typically spend more than non-members, as beauty brands Sephora and Ulta can attest: 80 percent of Sephora's and 90 percent of Ulta's annual revenues come from members of their loyalty programs. Both companies' programs work on a traditional points system, allowing members to redeem points for discounts and exclusive access to products.

Speaking of exclusivity, you can excite your fans by letting them be one of the first to purchase a product or test a new service. For example, Nike allowed a small number of customers to sport the company's newest products before releasing them to the general public. By offering devoted customers free or discounted items and letting your biggest fans jump the queue, you can retain current brand loyalists while incentivizing other customers to reach the same loyal customer status.

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3. Personalize your communication.

When it comes to cultivating customer loyalty, personalization is key. A Segment survey of 1,000 U.S. consumers found that 71 percent of consumers get frustrated by impersonal experiences with companies, whereas 44 percent of them are more likely to become repeat purchasers when a brand delivers a successful

personalized encounter. Today nearly every company has the data to personalize how it interacts with its customers, but it takes a thoughtful approach to do so in a genuine way. Rather than relying on ham-handed name dropping to make your emails sound personal, try some more powerful techniques.

For instance, you could set up behavior-triggered emails, which are automatically sent to a customer based on how he or she has interacted with your company. This allows you to communicate with the customer about what he or she is already thinking about. You can also do A/B testing to see which email subject lines are most appealing to different audiences. Reaching out to customers on their birthdays, anniversaries and other life events is another way to personalize your approach. That’s the tactic Starbucks uses when it sends its rewards members a coupon for a free beverage or treat for their birthday.

Earning your customers’ loyalty can be as simple as building communities that enable them to interact and grow, making brand loyalty tangibly worth their while and delivering an authentically personal experience. Doing these things doesn’t have to break the bank, but the rewards of doing them correctly can add significant value to your brand and expand your loyal customer base more effectively than anything else.

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