



BUILDING AND RETAINING CUSTOMER LOYALTY AND DISTRIBUTION MOTIVATION

The Customer—Analyze Your ROI

By Cotton Markert

The 80/20 Rule

Most managers view their businesses day to day. They are generally so consumed in issues, they miss the basics. Only the successful ones take the time to step back, and look at things from a higher perspective. When was the last time you took an analytical view of your business sources? Not all businesses are the same, but they share one thing in common.

DISTRIBUTION = CUSTOMERS.

How might we look at each one separately to determine value, and contribution to the overall performance of the business objectives? Another way to phrase it is “Who is our customer, and how are we reaching him/her?” Upon such reflection, what we generally see in most companies are two things:

- 1) 80% of our business comes from 20% of our customers, and
- 2) the company representative responsible for the production is vital to the long-term success of the business.

Your “**customer ROI**” can and should be measured.

Our high tech world dictates a higher degree of “**touch**”.

Customer loyalty marketing should command a “strategic” role within your business.

Personal relationships are the ultimate competitive differentiation.



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Conclusion: If you were to lose either element of the equation, it could represent a major loss of revenue for the company. When was the last time you actually looked at what a customer was worth? We will examine this further momentarily.

The next logical step in this process, especially in companies where high growth is the objective, is to plan how

to get the greatest return on your dollar investment. Question: Is it easier to get more revenue from the customer relationship you already have, or to go find a new relationship? Of course, you need to do both, but which gains the best ROI, and most rapid results?

One of my all time favorite commercials on TV was one many years ago for United Airlines. You might remember a CEO, in a room full of his people, talking about a call he received from the company’s oldest friend/customer who was canceling his contract with the company. The

CEO then proceeds to hand out airline tickets to each person to make personal site visits to their customers. As they all leave, someone asks, "Where you going boss?" He replies, "To see that old friend!" Often times, in today's fast paced, high-tech world, we loose that hands on approach. This is what John Naisbitt describes in his book "Megatrends." We need "high touch in a high tech world." He cautions that technological growth should be accompanied by human elements.

This leads me to the ultimate message. We had better know our sales distribution and our 20% customer base. There is no better way to **VALUE** both than with the recognition of their contributions, thank them for it, and make them feel as special as they are. How better to do this than with Travel Awards, particularly associated with an event or location suited to their personal interest. This concept of "Loyalty Marketing" should be a major element of your **STRATEGIC** plan. It is a proven fact that in this competitive marketplace, not price, but service and personal relationships are the ultimate differentiation. We all think of dollars as a motivator, however over the long term, people remember events or life experiences even more.

Emotions create memories, good and bad. Positive memories create fondness and relationships create friendships. This is precisely why "comfort" is generally sited as the number one reason for



selecting a product or service. People buy from people it is said, not just from companies. Why not create an environment where your customer has an opportunity to experience first hand, the people who support him. Customer Appreciation Programs are a unique method to reach the "human level" Naisbitt discusses in his book. The relaxed atmosphere, away from the daily pressures, allows time to share the personal side. Only with this approach will your customer sense the emotional loyalty and connection that might prevent his decision to save \$.02/wiggit from your competitor.

Lastly, and equally important in the customer equation, is communications. This exchange can take many forms, but what better way to experience an open dialogue about the needs of your customer's business than the relaxed one-on-one time of an event or trip. Imagine walking down the first fairway of Pebble Beach with the CEO of your largest customer. Or perhaps, your largest distributor is a Nascar fan. How about a tour of DEI (Earnhart Racing) in Charlotte prior to the race, which leads to some new "team" concept discussions.

The only limit is your imagination. Whether it is the Masters, the U.S. Open Championship, a round or two at Pinehurst #2, the America's Cup Races or just a quiet trip to the islands. What better way to open up a new business **Strategy** for the **80/20 RULE**.

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