

A SPECIAL REPORT

LOOK BEYOND MONEY BUILDING CUSTOMER VALUE

Customer value — revenue, loyalty, advocacy

Brands preach that they are trying to build a base of customers who will keep coming back year after year, but all of their marketing and sales strategies point to a one-time sale so they can get their short-term revenue up. So, how can you stay away from this poorly designed sales strategy? Build customer value. Value comes in multiple forms—each requiring more involvement from your customer—Revenue, Loyalty, and Advocacy. The following is a brief description of each and some ideas for metrics you can use to measure each.

REVENUE: Like frequent flier miles, you want to reward those customers that spend the most money with you. Customers that spend the most money with you are also likely to be loyal to you.

Metrics: Total revenue per email address, customer ID, etc.

LOYALTY: Assume that you are a sports apparel company; How often do your customers come back and buy their sports apparel from you? How many of those consumers buy all of their sports apparel from you? The more loyal the customer, the more likely they'll also be an advocate. If they are loyal to you, they will tell others about you and share their experiences.

Metrics: Return visitors, frequent posters, content providers

“MANY CLIENTS DO NOT HAVE A SENSE OF HOW LOYAL OR ENGAGED THEIR CUSTOMERS ARE”

ADVOCACY: How much do your customers talk about your brand to their friends and colleagues? Apple has done an excellent job of making brand advocates of their customers by listening to their customers and developing products that are truly innovative as well as addressing customer concerns promptly.

Metrics: Forward to a friend, purchase gifts for others, referrals, participates in surveys.

At a glance:

BUILD CUSTOMER VALUE:

Comes in multiple forms: Revenue, loyalty & advocacy.

HOW:

- Show them you care
- Show them their value
- Thank them
- Help them spread the word
- Thank them again & reward them

We often get requests from clients that they would like to conduct a viral or grass-roots marketing program, which, if successful, can be one of the most powerful and successful campaigns to build their brand and gain loyalty with new potential customers. However, the problem is that many clients do not have a sense of how loyal or engaged their customers are today. The first step is truly understanding how invested your customers are in your brand.

Thanks Socrates, so how do you build customer value?

There is always a customer value cycle that takes place in every business and the steps are similar, almost identical, whereas the timeframe per step is unique to each company. The key is to consistently gauge which stage prospects are in the customer value cycle.

- 1. Introduction*
- 2. Build your value and trust*
- 3. Show them you care*
- 4. Show them their value (engage them)*
- 5. Thank them*
- 6. Help them spread the word*
- 7. Thank them and Reward them*

So let's look at an example of what you can do. Assume you own an online t-shirt company, named KillerTees.

INTRODUCTION: A customer does a search for “vintage t-shirts” on any of the major search engines and finds KillerTees.com’s organic placement (because of how well the website was optimized for search engines when the site was built) and clicks on KillerTees.com’s link. Looking through the site, your customer finds it is easy-to-navigate, search by gender, color, theme, etc. Your customer doesn’t buy anything yet, but wants to subscribe to your ‘specials’ email so she puts in her email address and clicks subscribe.

BUILD YOUR VALUE: After receiving an email to confirm her identity and reassure her that her data is safe, she is taken to a web landing page asking her if she would like to provide additional information - interests, birthday (day and month only), etc. KillerTees begins to segment the new subscriber to a new prospect list where she receives relevant emails based on these preferences (future emails drive her to update her preferences).

SHOW THEM YOU CARE: This should echo why they signed up, what they get for being a part of the KillerTees brand. Listen to their preferences and likes/dislikes.

*Advice: 1. Send several emails over the next few weeks (or months, based on their preferences) testing offers based on preferences and online behavior (opens, clicks, and web user-path behavior). Be relevant and listen.
2. After this trial period, adjust your program; if someone only opens every third email, scale back the frequency of your email. LISTEN TO ME.*

“HAVE A CAMPAIGN WHERE THEY CAN HELP SHAPE THE COURSE OF YOUR BRAND”

SHOW THEM THEIR VALUE (ENGAGE ME): This should be a way to get people involved in what KillerTees does, make them feel like they are part of your community.

*Advice: 1. Send a simple survey with a coupon for completing the survey.
2. Have a campaign where they can help shape the course of your brand—vote for a color or design or submit a design for a t-shirt*

THANK YOU: Now is the time to be humble and transparent. Sincerely tell your customers “thank you.”

Advice: 1. Tell subscribers, prospects, and customers how great they are. Tell them who won and without each customer’s involvement in the campaign that company would languish. 2. Potential ideas: give the winner commission of sales, a gift card, or their t-shirt bronzed and engraved and sent to the t-shirt hall of fame.

HELP THEM SPREAD THE WORD: After running a successful campaign and loyalty is at a peak, ask your customers to help spread the word and share the brand with their friends and family. This is for KillerTees and to help build your database—take advantage of it.

Advice: 1. Institute a referral campaign, sign up friends, send an email to a significant other as a gift idea, etc. 2. Show your value in a honest, transparent and real manner.

THANK THEM AND REWARD THEM: After your customers have done something for KillerTees take the time to thank them again, and for the new subscribers/prospects, the process begins again.

Advice: Let them know how much you care by giving them a special discount, offer to access unique content, or a members-only party.

Wrap Up

The key to long-term success is based on focusing on building solid relationships with customers and letting people participate and contribute to your company. For companies focusing on short-term goals and strategies, they are accomplishing only one thing, creating a customer who cares about one thing...the price. Don't train your customers to be sales hounds. What you may not realize is customers have a much greater value to a company when they are not just looked at as sales numbers.

By focusing on advocacy, loyalty and revenue you can build a very profitable customer base. There is value in each of these, so measure them independently as well as a total.

The term "Brand Advocate" is ideal for these long-term customers. Not only will these customers come to your products year after year, but they will also be the most influential marketers in your company. They are walking, talking billboards for brands who in some cases permanently tattoo a brand mark on their body. Don't try to "hit the home run" on the first swing, but work yourself into a favorable position to get a hit. Every company wants the huge world-renowned campaign, but they are rare. Rather focus on building customer value for long-term success. It is cliché, but a proper investment strategy is focused on the long term, treat your customers like your portfolio.