

Moving Beyond Customer Satisfaction

By Jim Stewart

Jim Stewart is a regular contributor to North Country Business on topical business issues.

Being a customer can be baffling these days! All that choice, all those special deals, all those companies telling you (as you wait on hold, listening to that annoying muzak) that “your call is important to us”. On the face of it, companies seem keener than ever to sell us their stuff – as, in these leaner times they should be. But why do we so rarely feel that what we are getting special service, or that the company knows the faintest thing about who we are or what we really want?

Such questions apply whether you buy as a business or as an individual. And the common answer is that companies are stumbling to find new ways to manage their relationships with their customers. Companies have always known that it can cost three to four times as much to acquire a new customer as it does to make a repeat sale to an existing one. In hard times, and with growing competition, that arithmetic makes retention all the more crucial. Only happy customers will be loyal ones – and **loyalty** is something companies desperately need if they are to survive in today’s difficult economic climate.

Companies today have all sorts of expensive new electronic gadgetry at their disposal to help them manage their customer relationships: vast databases, fancy software for ‘mining’ them, intranets and extranets etc. So far, most have found it hard to use it effectively. One recent survey found that about two-thirds of customer relationship-management programs fail.

Throughout the ‘90’s, customer focused issues were defined and many organizations were developing their strategies to focus on one or more of...

- **Service Quality** – An organization’s conformance to standards that meet customer requirements.
- **Customer Satisfaction** – Measuring and influencing the customer’s attitude about the product and service based on customer expectations.
- **Customer Loyalty** – Tracking and influencing the customer’s actual behaviour in remaining attached to the supplier for repeat and increased purchases.

Companies need to think more clearly about the information they collect. The right approach to retaining customers starts with trying to understand more about them, and then to work out what to do with this knowledge. Electronic communications offer companies unprecedented quantities of information about who buys from them. But such information can cause as many difficulties as opportunities.

Beneath all of the complicated research and statistics on customer loyalty lies a fundamental question that requires a significant business decision, and much thought, by company owners and managers. Does an organization's success require a customer base that

- makes repeat purchases
- takes advantage of the full range of product / service offerings
- actively tells others to do the same
- and identifies with the supplier to the exclusion of competition?

This question should not be taken lightly! If the answer is yes, a profound commitment to build the company from the customer on up should be made. This commitment represents the first step in turning a customer loyalty vision into action, and requires strategic leadership from the top on down. Strategy implementation (not strategy formulation) has been the success tool of organizations who have achieved a competitive advantage by creating a loyal customer base.

Next month's article will continue with further discussion on the topic '**The Customer Loyalty Challenge**'.

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