

HOW TO KEEP LOYAL RELATIONSHIPS WITH SERVICE CUSTOMERS USING HOLISTIC MARKETING

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Abstract:

In today's economic uncertainty and turbulence, creating and maintaining loyal relationships with service customers over the long term represents a necessary condition for business success. Winning in times like these requires recognizing the key role that customers and their experiences play in overcoming challenging economic circumstances.

In this paper we present effective techniques to achieving customer loyalty; and also holistic marketing as a successful strategy for reaching the same goal.

Key words: loyal relationships, service customer, customer loyalty, holistic marketing

Introduction

In today's economic uncertainty, the importance of delivering a superior experience to the service customer based upon precise knowledge of each individual, is heightened. As one customer service expert observed: "The good news is that those companies who are making an effort to build customer loyalty through exceptional customer service are finding themselves at least partially insulated against this economic backlash. In tough times, people like to deal with companies that genuinely care about them. We are more careful with what we spend and who we spend it with. Companies who have been mistreating, ignoring, or otherwise abusing their customers will suffer the most" [1].

Consumers' feelings about the product depends on product distribution and consumer experience during the purchasing process. Consumers' perception about the product affects how they mentally position the product in relation to competitive products. When a service company is focused on customers it is able to see how customers respond to its efforts to meet their needs and expectations. This customer alignment and integration presumes having good customer data and using it efficiently. Customers always appreciate the manner in which the company and its partners deal with dissatisfaction, inefficiency and opportunity. The "machinery" made up of the employees' engagement and the clients' engagement can significantly influence the company's performance.

Why is this phenomenon possible? Because in reality people feel more than they think, while "models" require and expected too much thinking from customers. Today's

marketing people - brand managers - are more preoccupied about customer engagement rather than finding new customers, the difficulty consisting in the fact that the recognition of the customer engagement's need and the actual measurement of the real engagement are two different things. And real engagement is the consequence of the marketing/communication programme which produces an increased level of brand perception as meeting and overwhelming customer expectations ("brand equity"), while customer expectations are generally based on emotions [10].

Necessary steps in getting loyal customers in the present turbulent marketplace

Service businesses have three choices in these tough economic times: ignore the situation, accept defeat, or take control. The first two options - doing nothing and riding out the storm or accepting the pounding - can be paralyzing, with devastating consequences. However, by taking control, businesses can stay ahead of competitors, grow market share, and ensure viability in all types of market conditions. One way to take control is to consider all your options when it comes to your people, your processes, and your technologies. A strong commitment to supporting existing customers to expand the user base, ensure loyalty, and turn customers into advocates is always important to business success and critical in difficult economic times [15].

How do service companies get customer loyalty in the global and uncertain economy? It's very important to understand the consumer behavior, how customers buy products, what products are purchased together and what is the meaning of a satisfied *consumer experience* - which can be defined as the cognitions and feelings the consumer experiences during the use of a product or service; managers' goal must be the converting of merely satisfied customers into completely satisfied customers: only the completely satisfied customers should be considered loyal [3]. Therefore, it is important to see what kind of customer data there are inside the company and bring all of the various types of captured and stored information together - by conducting an audit of all customer information that is available within the organization. The first business command should be a holistic overview of all of the customer data and customer information and customer institutional knowledge.

In the service industry, business success comes only after deeply understanding the customers, by listening to their needs and by offering what they are asking for. This is something that can be easily lost or even impossible to gain, if this is the single method used by the marketing team. For the marketing people in all the domains, it represents an important responsibility to share this desire to listen, to develop and to deliver at every level inside the organization. Although modern marketing focuses on strategies (mixes) that give impulse to sales and to attracting new customers, the company's most effective defense weapon is represented by customer retention.

According to the specialists (and we agree with them) customers rule in this uncertain and turbulent economy, for two primary reasons:

1. *Customers give "growth" for the company.* "Growth" comes from the knowledge that even in the worst economic downturn, some customers will still be spending, some customers will still increase in value, and some customers will pay a premium to stay with the company rather than incur the expense and inconvenience of switching to a competitor. Cost savings arise because service and marketing resources can be more intelligently applied to those individual customers with the highest likelihood of growth [6];

2. *Customer retention is a strategic capability.* In an uncertain economy, you can't afford to lose customers, because they cost considerably more to replace than to retain. Solidifying those relationships is a strategic capability founded upon trust - a belief by the customer that the company has her or his best interest at heart, and can be depended upon for respect, openness, tolerance, and honesty. Trust can be destroyed through a single distressing customer experience; or, it can be destroyed through a series of more minor service disappointments [5]. Therefore, an underlying competence for locking in customer relationships is the ability to deliver excellent customer experiences.

If customers rule in an uncertain and turbulent economy, then it stands to reason that the metrics that matter must be focused on customers and their experiences with your company. For these to be actionable, they must also be leading indicators (or predictors) of changes in the intention of customers to alter their buying behavior in the future [8]. These leading indicators of lifetime value change are:

- *lifestyle changes*: change in employment, a new household address, the birth of a child, or an alteration in marital status (married/divorced);

- *lifetime value drivers*: include variables such as changes in the frequency of purchases, changes in the mix of products bought, the predicted attrition likelihood of the customer, and the customer's estimated "share of wallet" for your company; in an uncertain economy, there is likely to be increased variation in these drivers as customers react to economic conditions and, for that reason, they contribute to an improved prediction of lifetime value in tough times;

- *behavioral cues*: a complaint or a missed payment might signal a pending decrease in value; while signing up for a newsletter, referring a friend to your company, or upgrading a service plan might indicate a forthcoming increase in value;

- *customer attitudes*: attitudes are important in anticipating increases or decreases in customer lifetime value, because changes in attitudes are precursors of changes in behavior; the most common such metrics are customer satisfaction and willingness to recommend a company to a friend or colleague; in challenging economic circumstances, changes in customer attitudes need to be evaluated relative to what is happening in the larger competitive landscape.

Prestigious authors (Kaplan and Norton, 2003) consider that customer relationship management represents the most important dimension of the company's strategy. In this respect, Robert S. Kaplan and David P. Norton have analyzed the four essential processes in customer management: client selection, acquisition, retention and growth. This is because the relation has to maintain on the long term the contact with the customers, due to a proactive approach which strategically integrates the four processes – considering every process individually – maximizing in this way the client's value, and the value creation, in general. Many companies make the mistake of considering sale as just a transaction and this is causing lose of contact with customers, without knowing exactly if these still are firm's clients [4]. From a strategic view, CRM focuses on the profitable development and management of customer relationships involving 5 key processes [7]: 1. *Strategy development* involves the assessment of business strategy (including articulation of the company's vision, industry trends, and competition). 2. *Value creation* translates the business and customer strategies into specific value propositions for customers and the firm. The value created for customers includes all the benefits that are delivered through priority tiered services, loyalty rewards, and customization and personalization. 3. *Multichannel integration*: Most service firms interact with their customers through a multitude of channels, and it has become a challenge to serve customers well across these many potential interfaces and offer a unified customer interface that delivers customization

and personalization. 4. *Information management*: Service delivery across many channels relies on the firm's ability to collect customer information from all channels, integrate it with other relevant information, and make the relevant information available to the front line (or to the customer in a self-service context) at the various touch points. 5. *Performance assessment* must address three critical questions. First, is the CRM strategy creating value for its key stakeholders (customers, employees, and shareholders)? Second, are the marketing objectives and service delivery performance objectives (call center service standards such as call waiting, abortion, and first-time resolution rates) being achieved? Third, is the CRM process itself performing up to expectations (are the relevant strategies being set, is customer and firm value being created, is the information management process working effectively, and is integration across customer service channels being achieved effectively)? The performance assessment process should drive the continuous improvement of the CRM strategy itself.

Although firms put enormous amounts of money and effort into loyalty initiatives, they often are not successful in building true customer loyalty. Customer satisfaction is the key to building loyal relationships with customers. Fully satisfied customers are more likely to become loyal customers, even advocates for the service firm. The main ways in which firms can manage customer satisfaction and build and maintain loyal relationships with customers refer to: understand what can go wrong; focus on controllable issues; manage customer's expectations; offer satisfaction guarantees; make it easy for the customers to complain; create relationship programs; make customer satisfaction measurement an ongoing priority [11].

Why using holistic marketing?

During the final quarter of the 20th century, marketing became an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and stakeholders. In 2009, marketing management professionals must maintain a precise focus on every customer from multiple perspectives. Holistic marketing recognizes that everyone, from everywhere, at any time can control every aspect of the buying relationship with a few mouse clicks.

Holistic marketing represents a marketing strategy which is developed by thinking about the business as a whole. When using a holistic marketing strategy, every aspect of the business must be carefully considered. The company must think how the consumer will interact with its product, its website, its advertising materials, and everything else [15].

Specialists consider that holistic marketing is utilizing the body, mind and spirit of both the marketer and customer to bring them into a lasting marketing relationship for greater marketing success. This marketing approach supports the customer by expanding his/her body, mind and spirit potential. The marketer obtains more power when he/she accesses all of his/her Body – Mind - Spirit energy zones; when the marketer gets closer to the customer, the marketer helps the customer access his/her Body – Mind - Spirit energy zones and thus power; when the Marketer - Customer energy systems become integrated/one, marketing success follows.

The main applications of the holistic marketing are: articulating business vision, values, mission, and goals/objectives; developing a strategic plan; conducting marketing research; selecting target markets and key customers; configuring products and services; making value and price statements; creating promotional messages and integrating media; managing the sales force; managing marketing/distribution partners; doing internal marketing; and others [12].

Everything matters under the holistic marketing umbrella. Why is this important? In a mature capital economy, product and service offerings have multiplied exponentially along with competition. Information is available instantly. The new marketing paradigm has shifted the emphasis from product and production, to selling, then integrated marketing within the holistic marketing concept.

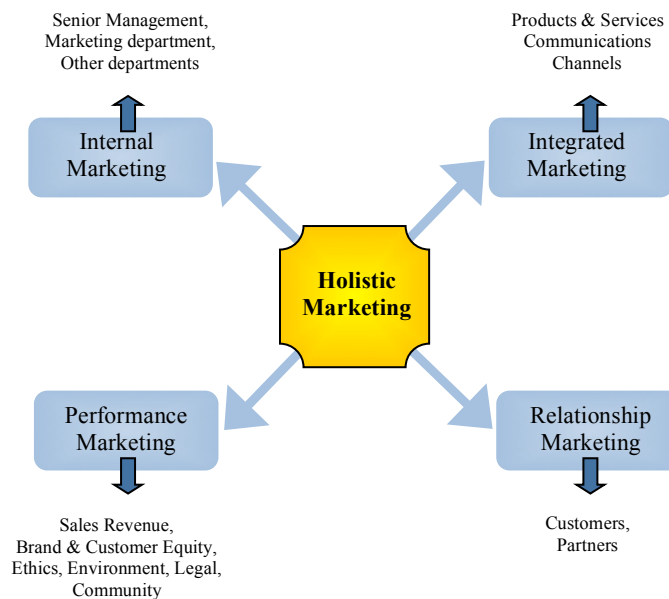


Figure 1. Holistic marketing content - Source: <http://www.marketingholistics.com/>

Holistic marketing is a great tool for any business one wishes to market effectively and keep loyal relationships with its clients. The first step in holistic marketing is to start to the soul searching process. You need to look inside yourself in order to figure out what is going on in your life and what you wish to accomplish. Ask questions that will help figure out what inner strengths that you may possess, then figure out how to draw on those strengths. Another step is to figure out what you and the potential clients have in common. Clients need to be able to feel comfortable and trust who they are doing business with, no matter what field of expertise it might be. No one is going to see a doctor if they don't feel comfortable with them [13].

In order to be successful, and establish loyal relationships with your clients, you have to be ready to market yourself every day. This doesn't mean that you have to be in everyone's face all the time, pushing the products or services, with holistic marketing there is a more natural approach to this. Treat it the same as making a new friend or acquaintance, be friendly, nice, confident, and don't make it seem like the objective is to sell. This will get the attention of more potential clients or customers in a more positive way.

Satisfaction surveys to the customers is a proven method to assess the state of customers' perception of their experience. Interestingly, the very act of asking customers about their satisfaction with a service interaction using a survey positively influences their behavior. Research has shown that surveyed customers are less than half as likely to defect

and more profitable than those who had not been surveyed, and doing so also enhances their responsiveness to promotions [2]. The discipline of listening to customers allows a “learning relationship” to be formed, in which the customer teaches the company about what she or he wants. In addition to facilitating a positive service experience, it also creates a “switching cost” (measured in time and effort) for the customer to defect to a competitor. As a consequence, customers become more loyal - a critical business outcome, especially in the present turbulent marketplace [9].

Everyone needs to be involved in order to be successful. So many people fear marketing when it can actually be embraced and transformed into something that can be enjoyed.

Conclusions

Today’s uncertainty and turbulence in the economy isn’t going to last forever. But the strength of the relationships that a company builds with its customers will endure. The principles documented in this paper will assist companies in making smart decisions that not only assist them in turbulent times, but also position them well for the turnaround when it arrives. Service companies have to *recognize* that customers rule in an uncertain and turbulent economy, because they provide the best “cheap growth” option, requiring only incremental investments to lock in a long-term strategic advantage. It is a necessity to *measure and monitor* the leading indicators of lifetime value change, in order to find out how best to manage customers; and focus upon customer experience metrics to ensure the delivery of high quality service that drives the purchase decision. Companies must also *listen to and learn* from customers, to understand their needs and preferences, in order to enhance the customer experience. And holistic marketing makes it possible.

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