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Definition

A customer is said to be loyal if he continues to buy a particular product or service after the first purchase.

It can also be seen as the desire of an organized person to resist offers from competitors and stick to a particular product(s) or service(s).

OBJECTIVES OF THIS ARTICLE

In this chapter, we want to take a look at what customer loyalty is. What are those things that make customers to be more loyal to an organisation? What is a brand promise? · How can you use brand promise to your organization's advantage. All these will be examined in this chapter

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Importance of Customer Loyalty

Customer loyalty helps businesses to retain lower costs, higher-margin and greater profits than businesses [that fail to satisfy and retain their customers.](#)

What we are saying here is that, if an organization has loyal customers, they will spend less on adverts or other drives that are aimed at attracting new prospects into the organization.

That is why it is said that loyal customers are the principal drivers of profit.

In any organization that is customer-centred, the main reason why they have decided to tow that line is to retain their customer Research shows that the cost of acquiring a customer is almost five times of that of retaining them.

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Heavy advertisers confirm this too. Loyal customers continue to purchase your products and services.

As they grow with your organization, their value increases as they also introduce new businesses to your organization.

Components of Customer Loyalty

We have two basic components of customer loyalty, Perceptual and transactional components.

The perceptual component is loyalty that is based on perception. This happens when customers become based on their attitudes, opinions and emotions.

It happens when customers feel fined after they have used a particular product. It has to do with how much the organization is able to meet the customers' pre-purchase expectation.

For example, a customer that bought Mercury soap or cream because he wanted to tone his body.

Transactional measurement of loyalty has much to do with customers intentional or tangible purchase behaviour, [such as inclination towards making a repeat purchase](#).

Some just like to make a repeat purchase, not necessarily because the product satisfied their needs.

A customer might decide to stick to an organisation because of the stress involved in searching for another product that will do just the same thing.

This might be attributed to search costs, transaction cost, learning cost and other forms of risk associated with switching to a competitor.

Wallet Share

This is one of the ways of measuring customer loyalty. It has much to do with the amount of money a customer is willing to share with the organisation over a particular period of time.

You can determine this by dividing total purchase of the corporate brand in a particular category, say toothpaste by their total purchase in a specified category.

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Note: *It is reasonable to assume that loyalty is re-purchase behaviour.*

Loyalty is also a process; it is not something that happens overnight but an organisation can evolve means of bringing it alive by fostering behaviours and implementing processes and technology that will make customers to stick to the organisations mind-boggling mouth-watering offers from competitors.

How to Create Customer loyalty

When an organisation wishes to build a loyal customer base, it must be *intentional, consistent and different*.

They must be ready to add values to their customers. They must be able to serve their customers in such a way that serving customers in a unique way becomes an engine for growth in the organisation.

An organisation that wishes to build a loyal customer base must be able to identify its profitable customers.

They must be able to do things differently. Not only that, they must be able to offer services in such a way that they leave a lasting impression in the mind of

their customers.

If customer loyalty is based on customer behaviour, it will more be effective in making customers to be more loyal and satisfying their needs.

It will also turn loyal customers to advocates who advertise your products and services without your paying a dime

Summary

So far in this chapter, we have talked at length about customer loyalty which we defined as a repeat purchase. We also said the components of customer loyalty are perceptual and transactional.

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We also discussed ways of creating customer loyalty which we said must be intentional, consistent and different. They must be ready to add values to their customers.

Finally, we talk about the brand promise which is what people had in mind before they purchased your product. If you fall short of their expectation at any given time, they are likely to look V the direction of our competitors.

Brainstorming Session

1. What is a call centre?' do you think that the establishment of a cell centre translates to the fact that an organisation is customer centred.
2. Explain Segmentation and Profiling in relation to Etisalat products and services.
3. Why do you think that organisation needs to segment and profile their customers?
4. "Without a proper customer strategy, a CRM strategy cannot succeed" how truth is this assertion.

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Action Point

PS: I know you might agree with some of the points raised in this article or disagree with some of the issues raised.

Please share your thoughts on the topic discussed. We would appreciate it if you could drop your comment. Thanks in anticipation.

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