BUILDING MEMBER LOYALTY Sharpening Your Competitive Edge



Presented by:

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Helping companies link positivity to profitability through exquisite customer care and positive leadership practices

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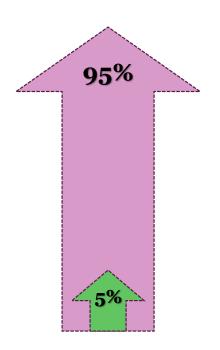
Why is Loyalty Important?





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Loyalty Changes Economics



An increase of only 5%

in retention of profitable members can increase your bottom line up to

95%

Depending on your
____fixed costs

Loyal Members Are Critical To "Profitability"

It could cost 5 - 30 times more to get new members than to keep the ones you have (and keep them happy)





Referral business is like
"free" new customers —
there's virtually no
marketing
and advertising expenses

Loyal Members Refer Others, Sing Your Praises, Give Valuable Feedback, Usually "Buy" More and Are Easier To Serve

The New Math

- * How much does it cost you to get a member?
- *** \$300 \$400**
- * How long does it take before making profit over the cost of acquisition and service of member?
- * Over 4 years!
- * How many will you keep / lose?
- * What's YOUR share of wallet?

Your First Assignment

- * What is the lifetime value of your member?
- * Calculate the LTV of your members

Attrition

Could be one of your largest costs

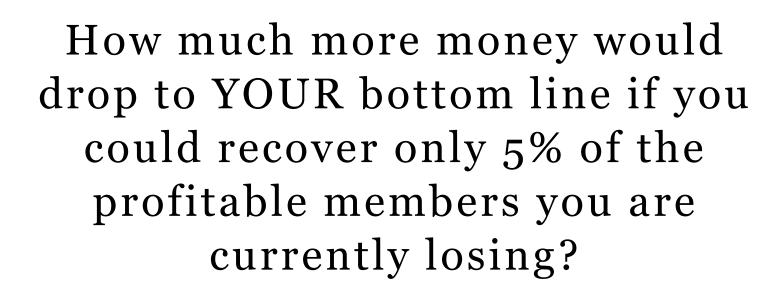
But how would you know?

Average companies lose between

10% - 30% customers a year

Could take almost 2 years to make back acquisition costs

Think About It...

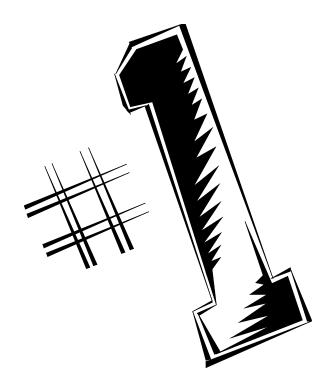


Your Competitive Edge

THE MEMBER EXPERIENCE

The sum total of the **feelings** evoked as a result of any interaction at any touch point in your organization.

It's based on the customer's **perception** of the value delivered, tangible and intangible.



Most Companies Don't Have A Strategic Plan For Keeping Customers

Even though "Customer Loyalty" has been named a #1 CEO concern, sadly most companies have no plan for how to do it.

Even Worse...



Most companies don't deliberately define or design the kind of customer experience that will keep them coming back

Promoter or Detractor?



How likely are you to recommend us to a friend or colleague?



Calculating Your Score

% of Promoters

-% of Detractors

= NPS

Remember the "Passives" are thrown out of the calculation!

Reminder: Scored Based on O - 10

- * Promoters (9 or 10) are so enthusiastic about a firm or brand that they increase their own purchases and refer their colleagues or friends.
- * Passives (7 or 8) are satisfied but can easily be wooed away by the competition. It's rare that they will refer you. Their scores are thrown out of the calculation.
- ❖ Detractors (o − 6) are unhappy customers who feel badly treated. They cut back on purchases, switch to the competition, and warn others to stay away from you.

Promoters v Detractors

Promoters

- * Longer relationships
- * Less price sensitive
- Increase buying and interest in new
- * 80-90 % referrals and positive WOM

Detractors

- * Shorter, less profitable
- * More price sensitive
- * Complain frequently
- * Credit problems
- * 80 90% of negative WOM



Get Past The Satisfaction Trap

The Behavior:

- * 84% Of customers may claim to be satisfied
- * 41% Will come back and buy again-loyal

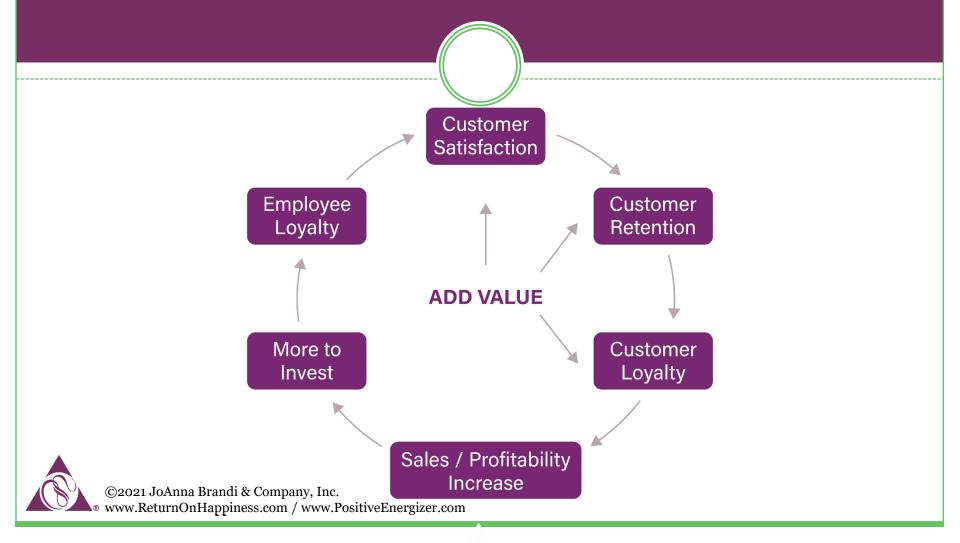
The Reported Attitude:

* 60-80% Of customers who defect reported they were "satisfied"

Frederick Reicheld



Appreciating Cycle

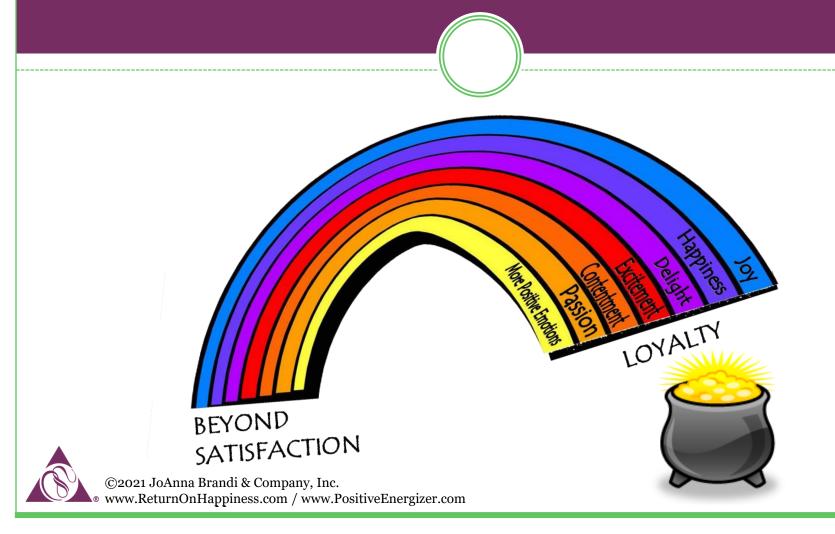


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WHEN YOU CHANGETHE **WAY YOU** LOOK AT THINGS, THE **THINGS YOU** LOOK AT CHANGE.



Get Beyond Satisfaction



Loyalty Is An Emotional State



POSITIVE EMOTIONS



Relaxed,

Confident,

Competent,

Comfortable,

Pleased,

Нарру,

Special,

and Even

Pleasantly Surprised.

NEGATIVE EMOTIONS



Frustrated,

Disappointed,

Let Down,

Confused,

Neglected,

Angry,

Unimportant,

Ignored.

Positive Emotions

- * Make us smarter
- * Make us healthier
- * Make us more socially adept
- * Make us wealthier
- * More likely to achieve the upper levels of our potential when we experience positive emotions

Harvard Business Review



JANUARY-FEBRUARY 2012

66 The Big Idea

Runaway Capitalism
(Beware the Peacock Effect)
Christopher Meyer and Julia Kirby

39 Managing Yourself

The Skills Every 21st-Century Manager Will Need

1 EC Life's West

Kareem Abdul-Jabbar

PLUS Audacious Ideas 2012

SPECIAL DOUBLE ISSUE

THE VALUE OF HAPPINESS

HOW EMPLOYEE WELL-BEING DRIVES PROFITS





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Co's with High Engagement

27% Higher profits
50 %Higher sales
50% Higher customer
loyalty

Drivers of Loyalty

Emotional Elements

Interaction With Organization

Technical Performance

Process & Support

Core



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Level One

The Core Product or Service

The essence of what you offer

Could you offer more?

Credit Cards? Loans? Other financial instruments?

Level Two

Processes and Support

Delivery systems, billing, pricing policies,

warranties, scheduling, complaint handling, electronic service access

and other features that enhance and support the core

Level Three

Technical Performance

Adherence to standards,

delivery on time,
living up to promises,
lack of product and process failure

Level Four

Interaction with the Organization

Level of personal service,
attention, speed of service,
general quality of the contact;
how people are served and treated.
How your website works.

Level Five

Emotional Elements

The feelings and emotions
that are communicated;
essentially how we make them feel.

Our Members Need to Feel..

MEMBERS HAVE TWO SETS OF NEEDS

RATIONAL/BUSINESS

PERSONAL/EMOTIONAL

What are 7 Levers of Loyalty you can use immediately?

Every Quest begins with a Question

Ask Different Questions



"How can we create a remarkable experience worth coming back for and worth telling friends about?"

"How can we create more positive emotions for our employees and members?"

Do We Provide A Consistently Positive And Caring Experience For Our Members?

CONSISTENCY

- * KNOW YOUR CUSTOMER'S EXPECTATIONS
 - * DEVELOP QUALITY STANDARDS
 - * What gets measured gets done
- * TRAIN AND CROSS TRAIN TO THE STANDARDS

Do We Embrace On Going Learning As A Part Of Our Customer Care Strategy?

LEARNING

- * GET INTO A LEARNING RELATIONSHIP
 - * KEEP A RUNNING LIST
- * Create opportunities for gathering feedback
 - **❖** KEEP STUDYING

Do We Respond Effectively To Customer Requests And Needs?

RESPONSIVENESS

- ❖ FIX PROBLEMS AND FIX THE RELATIONSHIP
 - * CREATE MINIMUM RESPONSE TIMES
 - * KEEP A LOG OF COMPLAINTS
 - ❖ USE YOUR DATABASE WELL
 - * Underpromise and overdeliver.

Do We All Bring Our Energy, Enthusiasm And Passion?

EMOTION

- * BECOME A STUDENT OF EMOTION
- * WALK A WHILE IN THEIR SHOES
- ❖ Understand emotional as well a business needs
 - * MUCH OF "ADDED" VALUE IS EMOTIONAL

How Focused Are We (Really) On Providing A Superior Customer Experience?

FOCUS

- * DEFINE WHAT THE WORD "MEMBER" MEANS
- * DEVELOP A CLEAR PICTURE OF THE EXPERIENCE YOU WANT TO CREATE
 - * PUT YOUR VISION ON YOUR CALENDAR
 - * TURN VISION INTO REALITY

Focus On Consistently Providing A Level Of Member Caring That Is Exquisite And Unequalled.



Focus on making exquisite care your personal signature.

You get what you focus on.

Resources for You



"Power Up Performance - Nine ways to Keep Employees Engaged"

and

"The Problem with 'No Problem'"

Can Our Members Count On Us?

DETAIL ORIENTATION

- **PAY ATTENTION**
- * LISTEN TO YOUR GREETINGS
- * LEARN TO READ AND TO WRITE
 - **❖** BE ACCURATE
 - * "IT'S MY PLEASURE"

How Does The Quality Of Caring Show Up?

CARING

- * IS IT "SERVICE" OR CARE?
 - ❖ WHAT SAYS "I CARE?"
- LEARN A RECOVERY STRATEGY
- * PEOPLE DON'T CARE HOW MUCH YOU KNOW UNTIL THEY KNOW HOW MUCH YOU CARE

Foundation Principle #1



When you want to change the way your organization delivers service to your members, you have to change your mind first.

Organizations don't change, people do.

Are We Working To Build Long-term, Positive Relationships?

RELATIONSHIPS

- * CUSTOMERS KNOW THE DIFFERENCE BETWEEN INDIFFERENCE AND CARING
 - ❖ WHAT SUPPORTS; WHAT ERODES?
 - * REMEMBER ALL THE STAKEHOLDERS

What Do Our Actions Say About Us And Our Values?

AUTHENTICITY

- * DEVELOP YOUR CODE OF VALUES
 - * WHAT MAKES YOU UNIQUE?
- * WHAT'S YOUR PERSONAL MISSION?
- ❖ BUILD YOUR BRAND THROUGH EXPERIENCE

How Have I Committed My Energy And Focus?

DEVOTION

- * BUILD A CUSTOMER COMMUNITY
- * PUT YOUR MONEY WHERE YOUR MOUTH IS
 - * FALL IN LOVE

"IF YOU'RE NOT ROMANCING YOUR CUSTOMERS, WHO IS? SM"

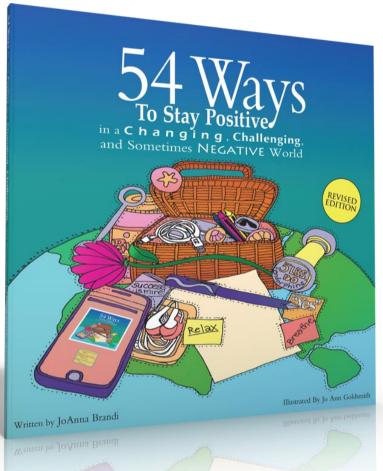
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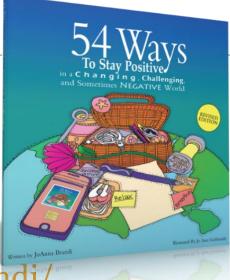
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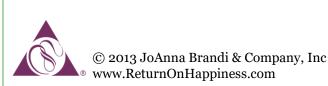
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54 Ways book – Amazon or <u>www.54Ways.com</u>



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Thank You For Attending. Remember...Dare To Care!!sm

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to help YOU create a Positive, Customer-Caring
company that Thrives, where your
Employees are motivated, Customers are loyal
and Competitors are nervous!!