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perfect harmony sells

Successful B-to-B loyalty
is built on partnering
with customers

BY JENNIFER HAUPT

Reward programs can play a role in deciding where consumers will order pizza on a Friday night or which drug-store they'll frequent for toothpaste and soap, but when it comes to business-to-business marketing, the rules of loyalty change significantly.

While many businesses think frequent buyer cards, co-op dollars and other reward programs are the key to B-to-B loyalty, a recent survey by RightNow Technologies found they do little to stop business customers from leaving.

Programs based on price reductions or rewards don't work, in fact, because price isn't the major reason businesses leave vendors. A recent survey of B-to-B customers found price was a reason for leaving among only 25 percent of those polled.

In the B-to-B world, you need to develop a long-term relationship where you treat customers like partners.

"If your customers see you not just as a vendor but as a real partner in building the best possible value proposition for both their company and their customers, that's when they'll stick with you for the long-run," says Kevin Sullivan, president of CCS Printing, a large commercial printer in Bellevue, Wash.

MOVING LOYALTY BEYOND THE PRICE PROGRAM

"As soon as your point of difference goes to price, you've lost your B-to-B customers — and that strategy can be suicide for your business," confirms Jill Griffin, author of *Customer Loyalty: How to Earn it, How to Keep it*. "There's always going to be someone else out there who will go even lower and even lose money in order to temporarily boost sales."

All too often, businesses don't differentiate their brand from the competition by providing a value proposition, which results in customers viewing it as a commodity.

"If buyers can't compare your brand to others and see a measurable difference, they see sameness," Griffin says. "And the moment they see sameness, they're going to go to price. The way you know you've failed is when price is the only way buyers are evaluating you."

CCS learned that as part of a recent effort to rework its brand image. The company, which counts Microsoft, Intermec and other Fortune 100 companies among its clientele, spent a lot of time talking about how to keep those customers loyal.

CCS quickly discovered that loyalty was intrinsically linked to how businesses perceived its services.

"Our customers are loyal, but a focus group found that they didn't see us as a one-stop service provider — those who used us for producing marketing materials didn't think of us for human resources printing projects," explains Sullivan.

The challenge for the company was to reposition itself as a "guide" for its customers, educating them and offering its expertise at all levels. As part of its solution, CCS invited customers to an educational seminar it developed to demonstrate how to better manage their printing projects.

The seminar offered CCS customers information on all aspects of print production — from coming up with a concept and design to selecting paper to essentials for print production, binding and distributing materials.

The company used Seattle-based Parker LePla to design two direct mail pieces to drive people to the seminar. One version used a personal salutation and a pop-up die cut of a Hollywood-explorer-style fedora — tied into the company's brand promise to help guide customers through the print management process.

The other piece, mailed or hand-delivered to high-volume current customers, was a box with a map inside a bottle directing people to the seminar. Both mailers pushed customers to a Web site where they could register to attend the seminar and get a free fedora.

"The fedoras are an emotional link that reminds customers of the company again and again," says Lynn Parker, principal at Parker LePla. "The educational value of the seminar, which is not promoting CCS, keeps customers loyal because of the value they receive and can pass along to their customers."

The invites had a 16 percent response rate, which resulted in enough new business to compensate for the cost of the seminar.

"Sales cycles for the solutions we're selling are long — typically, more than two years," says Sullivan, who adds that sales are up 19 percent since the seminar. "If we get one customer within the next year, we'll make back the money we spent on the branding and loyalty program."

GREAT RELATIONSHIPS TRANSLATE TO LONG-TERM LOYALTY

At the crux of creating a winning B-to-B customer loyalty strategy is creating a deep partnership based on trust, value, quality and service.

"It's not just about offering the short-term satisfaction of points and coupons, but about boosting the savings on their total cost of doing business," says Sullivan.

Critical components include brand development to improve messaging and image, an expansion of services



beyond your product offering, and use of your communication opportunities, including direct mail.

"In B-to-B customer loyalty programs, one needs to nurture and protect your relationship with decision-makers," Griffin says. "Direct mail can play a role in supporting your brand image, expanding your customer support services and collecting useful data about clients that will tell you how to better serve them."

Too often, she notes, B-to-B suppliers focus their attention on what the competition is doing instead of focusing on what really matters.

"You need to get away from thinking simply of your competition and focus on your customers," she says. "What is your value proposition to customers? What are you doing to stand out?"

Another mistake common to loyalty programs is chasing the wrong customers, Griffin says.

"There is always going to be a segment of customers who care about nothing but price — that is not a group of customers that you want to keep.

"Those people will never, ever be loyal to you. They will leave you for a lower price, just as they left someone else to come to you."

Instead, businesses need to segment their customers effectively, differentiating them by looking at their long-term value to the business, not just the immediate revenue they would furnish.

Once that is done, start building a relationship with them by communicating — and gathering information from them, too, she says.

"People don't become loyal to you overnight. It happens over time," she says.

That's an area where direct marketing — and especially direct mail — can be highly effective, she notes. Not only does a communication stream with your customers keep you top of mind with them, but it also allows you to gather information about them, details which help you better serve their needs and deepen the relationship.

"Direct mail is a great way to get them dialoguing with you," adds Griffin. "You're looking for ways you can understand more and more about the customer."

That's the secret to moving them along the progression from a prospect to a first-time customer to a loyalist and, ultimately, to an advocate for your business.

Of course, it's easier to talk about the theory of developing loyalty than to make it an actual reality, she says.

"If it was easy to do, you wouldn't have so many people out there today forced to compete on price."

It's all about building long-term relationships — you can't put a price on that. ☒