

5 Tips for Building Loyal Clients

*Louise S. Dunn
Snowgoose Veterinary Management Consulting
1955 Indian Wells Trails
Pfafftown, NC 27404
336-945-0208
snogoose@infionline.net
www.snowgoosevet.com*

Relationship Building

Building relationships is what client service is all about. Your marketing endeavor is more than simply trying to get the word out, it is about getting the attention of both old and new clients, it is about bonding with clients and building your brand, and it is about converting shoppers into loyal clients. Have you ever considered the cost of attracting new clients? The cost of building loyal clients?

Statistically speaking, it is easier to maintain existing clients than to constantly search out new clients to replace the departing ones. Rather than simply “maintaining” a client base, successful practices look for ways to build loyal clients who provide value to the practice. Loyal clients with a high lifetime value is not just about the money they spend with you. It is also about the effort that you put in to enhancing a relationship that benefits the client, the business and the pet. Consider the following tips when trying to build high client lifetime value (CLV) relationships.

Tip #1 Identify loyal clients and what they are “worth” to the business

It used to be an easy way to think about driving profits or practice growth was to capture the clients who were behind in vaccinating their pets – as a matter of fact, many businesses considered the lapsed user, aka customer, an easy target to grow business (Yoon, Carlotti, Moore). When, in reality, customers who would increase sales and spur growth are part of that colloquial 80/20 rule (20% of your clients and responsible for 80% of your sales). This statistics begs one to question if it is really worth the time and expense of tracking down lapsed users, offering discounts and coupons to get them to come in only to have them disappear again.

What makes a loyal client? Does a client actually have a monetary value to the practice? A loyal client is one who regularly uses the services of your practice, complies with recommendations, makes purchases from your practice, refers friends and family to your practice and promotes your practice to others. Is this client valuable to your practice? You bet. But what is the dollar value?

Calculating the lifetime value of a client (CLV) and the value of any referral they may make is valuable information to you. Valuable in the sense of knowing which clients are active in the practice, how much money is spent every year at your practice, budgeting limits for marketing to loyal clients or acquiring new clients and how much their referral is worth to your practice.

An easy method for calculating CLV is (Average Sale) x (Number of Repeat Transactions) x (Average Retention Time In Years). So, if we assume that a dog owner spends \$225/year (according to The American pet Products Association survey), and a dog lives for 10 years then the CLV is approximately \$2,250.00. If that client also has other dogs and/or cats, then the CLV increases. If the client is a promoter and refers at least 2 new clients to you every year, that original client has an even higher value.

Knowledge of a loyal client helps you to concentrate on satisfying the needs of clients who are bonded and loyal to your practice, allocate resources to improve their loyalty and to calculate budget items such as marketing to acquire more clients like them.

Tip #2 Measure client satisfaction and what they value

An increase in client satisfaction correlates with an increase in their CLV. How do you know if your clients are satisfied with your practice? You ask them. You conduct a survey to find out how you are doing, what you may be missing, identify opportunities to improve and find out what would be a catalyst for change.

Methods to measure satisfaction and value are: Net Promoter Score, Customer Effort Score, Customer Satisfaction Score and input from your Advisory Board. You will need to promote your survey efforts to your clients either via a website link, direct mail, email or information provided on their invoice with the survey link.

Do not forget about your employees. Surveying employees is an excellent way to gain information about your clients. After all, only 4 out of 100 clients will complain about an issue to a key authority figure in your business (Lee), however, many of your frontline team members hear from clients on a daily basis. Ask your team what they are hearing.

Tip #3 Improve client loyalty and client retention efforts

Improving client retention by a mere 5% will increase profits by 25-95% (Beard). Therefore, it would behoove you to make improvements based on what you are hearing and measuring. Upon gathering the information on CLV and satisfaction, your next step needs to be to respond, take action and implement changes. Once you have implemented changes, don't forget to review and assess to be certain your changes are having the effect you desire.

Retain clients and give them something to shout about by giving them a memorable experience that engages them on an emotional, intellectual and spiritual level (Lee). Think about the times you, yourself, gave a shout out in social media about a business. Was it because they treated you as a unique and special individual? Perhaps they remembered your name and what you liked. Maybe they went that extra mile to take care of a request you had. The point is that your practice must deliver excellent client service that goes beyond simply meeting expectations and turns the client into an active promoter of your practice.

Tip #4 Designate someone to monitor changes

The best person to conduct client satisfaction surveys may be right within your practice – usually, a manager or other team member may have the experience or the passion for this work. If not within your practice, an outside third party can be contracted. A helpful suggestion

may be to create a “Client Satisfaction Team” and compose it of a key management person and one or two other employees involved in working with the practice owners to develop surveys, implement the survey process, gather data and present information to the team. This key “team” will also play an important role in spearheading change, coordinating efforts to identify and fix service casualties, and training the team on melding together good medicine and good management.

Tip #5 Maintain team involvement

Your team plays an important role in building relationships with your clients. “Companies often live or die on the quality of their workforces (Frei, p.75). Is your team on-board with the plan to build relationships with new clients, and develop and maintain loyal clients? Every flea product sale, every telephone interaction, every exam room encounter is an opportunity to improve loyalty and CLV.

Your practice culture tells your team how to treat clients. Spend some time checking your culture and getting input from your team about your client service efforts. One way to accomplish this is to perform a job mapping exercise. Job mapping is looking at every step in a particular event involving a client. Explore what the client needs, what the team needs to do a great job, where preferences come into play and how to build a loyal relationship.

A well-trained team with low turnover can increase client loyalty and boost profits by as much as 55%. The team provides services valued by the client, satisfied clients are more loyal, and loyalty improves profit. It is not hard to see that a poor CLV calculation may have the team to blame and not the spending habits of your clients.

Conversion of a new client into a loyal client with a high CLV cannot be happenstance. There are necessary steps to take to convert this first-time new client into a client who is not only loyal to your practice, but becomes a practice advocate to others.

By treating clients as an asset, the practice can establish a strategic goal of improving client retention and the client lifetime value numbers. Not only can this be a goal to achieve, CLV can also be used as a metric to monitor the impact of different strategies and changes implemented in the practice, and how to budget resources for marketing and client retention.

References and Recommended Reading

Beard, R. October (2013). Customer Lifetime Value for Beginners (4 Step Guide). *Client Heartbeat Blog*. Retrieved from <http://blog.clientheartbeat.com/customer-lifetime-value/>

Beard, R. November (2013). 5 Strategies to Increase Customer Lifetime Value. *Client Heartbeat Blog*. Retrieved from <http://blog.clientheartbeat.com/increase-customer-lifetime-value/>

Beck, A. August (2012). How Do You Define a Loyal Customer? *Click Z Marketing News & Expert Advice*. Retrieved from <http://www.clickz.com/clickz/column/2196728/how-do-you-define-a-loyal-customer>

Customer lifetime value. Wikipedia. Retrieved from http://en.wikipedia.org/wiki/Customer_lifetime_value

Frei, F.X. April (2008). The Four Things a Service Business Must Get Right. *Harvard Business Review*, 70-80.

Lee, F. *If Disney Ran Your Hospital: 9½ Things You Would Do Differently*. Second River Healthcare Press, Bozeman, MT. 2004.

Sugars, B. August (2012). Value of a Customer. *Entrepreneur*. Retrieved from <http://www.entrepreneur.com/article/224153>

Hughes, A. October (2014). How to Compute Your Customer Lifetime Value. *Database Marketing Institute*. Retrieved from <http://www.dbmarketing.com/articles/Art251a.htm>

Toporek, A. November (2011). Understanding Customer Lifetime Value: A Non-Geek's Guide. *Customers That Stick Blog*. Retrieved from <http://customersthatstick.com/blog/customer-service-techniques/understanding-customer-lifetime-value-a-non-geek-guide/>

Yoon, E., Carlotti, S., Moore, D. March (2014). Make Your Best Customers Even Better. *Harvard Business Review*, 23-25.

Service-Profit Chain. *Harvard Business Review*. July (2008).