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## Customer Loyalty and Choice

By *Dennis Gershowitz, Principal, DG Associates, and Sam Klaidman, Principal Advisor, Middlesex Consulting Group*

If business growth and profit are driven by a combination of customer loyalty (as measured by intent to recommend), overall satisfaction, and intent to repurchase, then what factors are driving them? And which one gets little exposure but is critical to overall success? When we think of satisfaction, loyalty, and repurchase we usually think of some or all of these attributes:

- Employee engagement.
- Communications.
- Product design.
- Price.
- Service responsiveness.
- Website ease of use.
- Perceived value.
- Ease of doing business.
- Honoring commitments.

But embedded in many of these attributes is the strategy about how we conduct business with our customers. And here's where we identify the unspoken "secret sauce": *choice*. Why choice? Because in the deep, dark, distant past—pre-2000—we all followed the golden rule, "Do unto others as you would have them do unto you." After the advent of social media and other resources enabled by the Web, our golden rule morphed into "Do unto others as you would do unto your own mother." This was a positive step, since it took the focus off of you and moved the spotlight to someone else. Unfortunately, your mother was not your customer, nor was she representative of your customers. And your customers are not a homogeneous group but are, in fact, a group of unique individuals with individual needs and wants, which may overlap each other from time to time, but are often perceived by them as being unique to them.

So what is the new golden rule?

"Do unto others as they want to be done unto."

That's right—give them what they want, when and where they want it, in the way they want it. In other words, give them *choices*. We think this is one of the most valuable aspects of your value proposition, but yet, it's also unique or even innovative, as it is often not the route we take. It seems so evident, but oftentimes many don't grasp the full value that can be derived by offering our customers choices.

For example, we recently met with a client who was very disappointed that their satisfaction survey results for the question "How easy is it to place and order with this organization?" came back with a very low score. As we discussed what was going on within the company, they said that they had recently shifted from taking telephone orders to taking orders via the Web. When some customers complained about the change, the client explained to the customers that it was easier for customers to order online. And while this might be true for some customers, there are others who prefer to speak with a real person to discuss availability, discounts, and the like. Others might prefer to fax in their orders, while some even opt for the traditional face-to-face interaction with a sales rep.

If you think the above scenarios offers choices, think about this one: reading a book. There are many ways you can obtain the content of a recently released bestseller:

- Buy it at the store (various locals).
- Check it out of the local library.
- Download it to a tablet (iPad).
- Listen to it on audio CD.
- Download audio to a computer.
- Borrow it from a friend.
- Download it to an e-book reader.
- Download it to a smartphone.
- Download the audio book to a smartphone.

But what do placing orders and reading bestsellers have to do with customer loyalty? Most SMBs have one or maybe two methods of getting service delivery. But, one size does not fit all.

Let's look at the semiconductor business. Uptime is critical in the semiconductor manufacturing space. For many fabricators, uptime is so important that they have their own maintenance team to repair tools because most companies do not have enough equipment in one fab to justify 24/7 OEM on-site support. So some fabs want OEM on-call service, some want parts, some technical support and maintenance training, and some want on-site support from either the OEM or a third party. But, all need exceptional support; otherwise they will not recommend or purchase from the OEM again.

The medical device industry tells a similar tale. Hospitals have biomed technicians to take care of medium-complexity, high-volume equipment such as digital thermometers, ECG monitors, and pulse oximeters. For very complex equipment such as x-ray machines, CAT scanners, and MRIs, many hospitals either rely on the OEM or a third party to support all of their highly complex equipment. In either case, the service organization expects parts, technical support, training and certification from the OEM. If your equipment cannot be maintained in the way the hospital chooses, you will not sell into the hospital (or you may lose repeat business, if the hospital changes its strategy after you are installed).

What does this mean for the OEM supplier? It means understanding and delivering to those elements of value proposition and relationship that relate to choice of performance. This is what completes the customer's set of expectations. To do this, we must understand what will be preserved as a benefit by our customer. To accomplish this, we must—at a minimum—*do unto others as they want to be done unto*. How?

- By understanding what the customer sees in our brand commitment.
- By being innovative in what choices we give and how we deliver our products and services.
- By creating value and fulfillment for our customer, remembering that one size does not fit all and that we can accommodate this.
- By determining our customer's preference.

So, it often comes back to knowing our customer. What makes them happy? What will cause them to leave? How must I tailor my delivery to them to fulfill their perception of the value proposition? This is just another aspect of segmentation. It makes it easier for you to give them a choice that they will appreciate.

Let our customers have that option of choice, and watch their loyalty move to an even higher level. There is a conversation we used to have with customers when we discussed contract offerings. If they did not see the value in what we offered, we asked what they were looking for, and worked hard toward meeting their expectations. We may not have gotten all of the business all of the time, but we did get more than we would have by being more rigid. Choice...it's a wonderful thing!

#### **About the Authors...**

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