

How To Earn Long Term Customers?

Four steps to loyalty and higher margins

 By Peter Meyer

If you want consistent revenue growth for your business, it makes sense to systematically build long-term customer relationships. Customers typically buy from you because:

1. They truly like and trust the salesperson.
 2. Your rep gives them exactly what they want. This usually means discounts and special terms.
 3. They want real business value and you consistently deliver it.
- When these customers feel good about buying value from you they can have intense loyalty to you. If that is what you want, keep reading.



Your Choice: Charm, Discounts, or Value

In the first case, having charming salespeople does work. It succeeds because people buy from people. If you are in a highly competitive market, having a charming salesperson can be the difference between making your sales numbers and missing them. However, you are at risk because likable salespeople can be out-charmed by someone from another company. Worse, your competition might hire your rep.

When you rely on charm, you leave your business vulnerable. In the second case, you can earn the business. However, it comes with higher administrative costs with less revenue. Then, it spreads to other customers. It's a downward spiral that crushes your margins. Delivering value as individual customers see it will demand a different strategy.

For this, you focus on identifying, with each customer, exactly what he or she needs to grow his or her business. Your margins and top line improve when a customer buys for him or herself and chooses you to be part of that. This is where you earn long-term loyalty and you protect your margins.

Four Simple if not Easy Steps

To earn long-term customers, a best practice is to build a virtuous cycle of:

1. Learning each customer's needs to grow his or her own business,
2. Delivering against those needs,
3. Showing that you listen, and then
4. Getting to hear about the next set of essential needs.

To make this work, your sales team need not focus on product knowledge or on being charming. Have them focus intentionally adding value to the customer's business, as the customer perceives it. This should be about helping the customer grow their business, not just saving money. It's about supporting their gain, not just resolving their pain.

When you do this, you become part of the individual customer's own internally driven growth process. You integrate into his or her business plans and assumptions.

Implementing the Best Practice

The best practice works like this:

1. Your rep goes to the customer but doesn't pitch your company or your products.
2. Instead, she asks questions about the customer's business. Some are obvious, but if she focuses on the future as well as the present, she can ask questions that will bring thoughtful silence.

These questions can be as simple as asking:

- Where will you get your new customers next month?
- Where will you get your new customers in 12 months?
- Where will you get your new customers in 24 months?

When your salesperson asks the right questions, she learns what really matters to the customer for his or her business future. The closing question then becomes, "If we can help you resolve this, would you like to know more?"

With this practice, you combine adding value with helping the customer feel good about themselves when he or she works with your team. You earn loyalty that lasts, with margins that reward you. **SSE**



Peter Meyer is a founder and principal of The Meyer Group. He has done speaking tours on management, technology, and strategies throughout the United States and in Europe, the Far East, and Australia. He has also twice addressed the Commonwealth Club of California and guest lectured at the University of California and at Santa Clara University. He has published articles in Excellence Essentials, The Wall Street Journal, The Canadian Business Review, Business Horizons, Dateline, Internet Business Journal, Executive Female, and The Recorder as well as a profile of him in Entrepreneur.

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