

# Building Customer Loyalty Online

*Using the Internet's Power to Serve Your Customers and Your Goals*

The Internet is the revolutionary structure of our time, not least in its potential to supercharge customer service. This is true for small businesses as well as large now that, as Chris Anderson, editor of *Wired* says, bandwidth, storage, and processing are becoming too cheap to meter.<sup>1</sup>

But don't imagine that the Internet is your guaranteed ally. Many otherwise superb customer-oriented enterprises have marred their reputations by letting the Internet ride *them* instead of saddling its power. How do you harness the power of the Internet to benefit your customers and your business?

## The Internet's Double Edge

We recommend focusing on two issues. First, use the Internet correctly and robustly, as expected by your customers. Some of them, after all, are "digital natives," never having known a world without the Web. Such Web-savvy customers expect you to understand the Internet's

power and perils just as well as their other favorite companies do. Second, use the Internet's power in a way that celebrates each customer's individuality. Like Luke Skywalker in the presence of the Force, or Bilbo Baggins and his ring, the hidden risk of the Internet's unprecedented capacities is that so much power can pull you toward anti-customer behavior. When the Internet pulls you toward the Dark Side, it will take the discipline and preparation of a Jedi entrepreneur to resist it.

### Managing Public Feedback Online

The speed that information travels on the Internet can turn even your "least important" customer into an instant public relations land mine—or gold mine. The phenomenon is different in speed and scope from how brand reputations are made and unmade offline. Online, things can change significantly for your company—positively or negatively—much faster.

Shoe merchant Zappos has benefited from this Internet wildfire. When Zappos offered special return shipping assistance, beyond their company policies, to a woman who couldn't figure out how to handle their standard return shipping procedures in the aftermath of her mother's death, the good word about the company spread quickly throughout the blogosphere.

On the flip side, when a hotel in the Southwest denied Tom Farmer and Shane Atchison hotel rooms at 2 a.m. that they had been guaranteed, they presented their complaint to the hotel as a bitterly funny PowerPoint presentation—and also emailed copies of the presentation to a couple of friends, who then emailed it to a couple of *their* friends, and on and on it spread. Within weeks, the hotel had a public relations fiasco on its hands.

Simple misunderstandings and reasonable differences in viewpoints with customers can become public so quickly on the Internet that you must take measures to anticipate the possibility. We recommend five components to your strategy:

1. *Make yourself unusually easy to reach.* You want your customers to reach out to *you*, not to their blog's readers or their Twitter followers. *You* are who can help them best, and if you help them quickly enough, their frustration is unlikely to be immortalized online.

2. *Respond to public complaints personally, as a human being would.* You'll be amazed how a personal response changes the tenor of an online discussion. After a much publicized, brutally hilarious online skewering of Virgin Atlantic food by a passenger, Richard Branson responded by inviting that passenger to be involved in future menu choices for the airline. Public sentiment turned in Virgin's favor at that point.

We recommend you—or an executive at your company who is terrific at such things—get in there online and let your complainant know that you care, you're paying attention, and you're glad to clarify and assist. (Set up a Google Alert [[www.google.com/alerts](http://www.google.com/alerts)] for your company and for your product name, including any likely misspellings, so you will be notified immediately upon such postings.) The complainant may alter the original posting if convinced by you that it's unfair—if this is done quickly enough, there's a chance the original version of the posting won't even get indexed. If not, we still recommend you get into the discussion. Place contrite, explanatory comments on the site if it accepts comments. Come across as a real person—a very, very nice one—and most discussion participants will treat you like one.

3. *Control who in your company responds—and who doesn't.* When an Internet PR crisis emerges, you need a lockdown mentality, so that one "designated driver" can handle it. The first employee who notices the crisis should alert the designated driver, and nobody else should respond unless so instructed, to avoid unauthorized and potentially inflammatory or contradictory responses.

4. *Be careful not to be too "clever" online—it may not turn out how you'd like.* There is a specific cyber term for disguised online

cleverness, like posing as someone you're not in order to goad the competition: *trolling*. Avoid being branded as a troll.

5. *Use your evangelists—but with care.* If you have loyal customers, then you have at least a few precious *evangelists*: people who want to stick up for you and spread the word. If you feel comfortable imposing on some of them, you can ask them to stick up for you online with a few well-placed “*I’m sorry you experienced that; I’ve never had anything like that happen to me. Perhaps it was a misunderstanding.*” You don’t want to pile it on and, again, these need to be sincere, credible postings by real customers who are willing to identify themselves online—not staffers posing as customers. (See trolls, above.)

## Opinions: Everybody Has One. Evangelists: Every Company Needs Them

Last year on a short-lived reality television show, the great British restaurateur Marco Pierre White tricked his apprentices into single-mindedly sucking up to a mystery “food critic”—and then scolded them for doing so. In fact, there was no single critic at the restaurant. Chef White had given *each* of the customers that night a Zagat-style rating card to fill out. Our opinion? He was preparing his apprentices for the Internet age by doing so. While even a few years ago, people might find their best hope of generating buzz in gaining the ear of one well-placed critic, someone like a *New York Times* reviewer, a *Today Show* correspondent, or a talk show host, nowadays, in most markets, the road to success is to strive to please *every* critic—which is to say, every customer—rather than one elite keeper of the key. And to do so before the winds shift against you online.

On the other hand, building evangelists for your company is as important as ever. “[Your article] did a disservice to composers and players,” began a response recently in one of the largest forums covering the sector of the entertainment industry<sup>2</sup> in which Micah’s company, Oasis, operates. What was the “disservice”? The article had dared to

positively mention one of Oasis' competitors—while neglecting to mention Oasis in the article. This unsolicited letter was the kind of publicity that every company yearns for, so Micah looked back to see how they had created such an evangelist. The source? A veteran saleswoman at Oasis, in no fewer than 20 back-and-forth online exchanges over a period of weeks, had taken it upon herself to patiently answer each question this gentleman had posed, having no idea the dividend it would ultimately pay.

## The Internet Can Promote Commoditization. Avoid This Through Individualization.

Use the incredible distributed power of the Internet, but balance it with individualization. For a simple example, consider the standard way that online FAQs (Frequently Asked Question lists) conclude by asking, “*Did this answer your question?*” For the most part, this approach works: You’ve served many customers with a single response, your customers have avoided waiting in a queue, and you get to ask each of these customers whether your answer was effective, so you can refine it for the future.

What’s not to like? Nothing—if you go the extra step of individualizing this feature of your website. You need to have a way to identify and reach out to the frustrated customers who answered “No” to the concluding question. (Remember, “No” here means the question wasn’t answered, so it should be read as meaning “*Heck no!—Help!*”). That way you can get back to them in some fast, effective, individualized way that says, “We care that this didn’t work for you!”

To build loyalty, build this kind of individualized content into each online service feature.

## Long Copy/Short Copy

One way the Internet helps address your customers’ individuality is by allowing them to choose between “long copy” (in which you spell out all the fascinating/grueling details) and “short copy” (the short, snappy

advertisement-like summary version). Since you can't know which version a particular customer wants, provide both and let them choose.

To quote Mark Penn (the formidable pollster known best for identifying the emergence of the “soccer mom” demographic trend) on the subject:

Be careful before you accept the conventional wisdom that Americans can't concentrate, that we are too distractible for sustained narrative, and that political office always goes to the candidate with the cleverest tag line. In fact, a sizable number of us—often the most interested key decision makers—will listen for as long as you can talk, read for as long as you can write, and follow for as long as you are willing to explain something.<sup>3</sup>

Like Penn, you may have noticed a diversity of reading styles and attention spans among your customers. With the capabilities of the Web, you no longer need to impose a single writing style on, or suppose a single reading style for, all of your customers. You can let different customers choose what works for them. The “short copy” will, of course, be what you put up front: a brief product or service description and pricing. As this may be all that many customers need, they won't be slowed down by any minutiae. Other customers can click on a “learn more” button for a few paragraphs of additional insight. But don't necessarily stop there: Why not include “white papers” or other background material you have available for those customers or prospects who want to do more thorough research on your offering? On the Web, with good design these additional resources do not need to add significantly to the clutter of your layout.

## Online, the Window in Which to Show You're Extraordinary Can Be Small

The Internet makes it relatively easy for companies with no tradition of good service to provide at least *tolerable* service—by buying or building

a highly usable web interface and battle-testing it regularly. While this is good for consumers, it presents a dilemma for us: If tolerable self-service is becoming widely available, how do we distinguish ourselves online?

In large part, by augmenting technology with direct, loyalty-building care and attention.

### **The Finishing Touch for “Perfect” Websites: Human Contact**

Netflix, as we touched on in Chapter Six, boasts a superbly designed online self-service system that makes “perfect purchasing”—lending, actually—possible, generally without any human interaction at all. Nonetheless, the bottom line is that in a competitive market in which perfect products are emerging all around you, it’s not enough to offer a perfect online experience. To develop customer loyalty, you must *also* provide outstanding human-to-human touch points, whenever they may be called for.

To this end, Netflix not too long ago decided to buck the trend of trying to minimize service costs: It actually set for itself the goal of providing far more human-to-human contact, any time a customer seemed to be looking for it, than its competitors do. They did away with Internet-based customer service responses altogether, instead displaying their 1–800 service number prominently on their site, and they refused to farm out any of those telephone service jobs to subcontractors overseas. Rather, they built a massive new telephone customer service center in the greater Portland, Oregon, area. Portland was picked specifically as a trait-based hiring move: In encounters with the existing Portland work force, Netflix executives had discovered an unusually high proportion of people with great customer service traits such as “politeness and empathy”<sup>4</sup> already located there.

Search for automated and human-powered ways to provide personal attention to your most needy online customers:

1. *Encourage personal interactions at every juncture for customers who may desire them—no matter how “perfect” your site seems without them.* Provide live chat buttons on every page. Post your toll-free service number prominently, and keep the line open as far into the night as you can effectively staff it. Provide an “urgent email” button. (As we’ve mentioned, some people prefer to correspond by email, and for people with disabilities it is often the best option.)

2. *Design the elements of your site with sensitivity, so you don’t exclude any of your customers.* Customers with disabilities, ranging from subtle to daunting, are at least as active online as they are in the physical world. There are specific ways to make your site more widely usable to these customers that you should be sure to follow. For example, each fancy graphic element on your site should have an “alt” tag (similar to a caption) that can be read by a text reader, so that you can serve customers with visual impairments. More broadly, older customers are rapidly becoming more comfortable online, and yet many sites look like they’re still being designed exclusively for twenty-somethings, with tiny buttons and confusing layouts. If there’s somewhere you want someone to click, make it obvious. This is the Internet version of being sensitive to the “pace” of your customers.

3. *Make the self-service elements of your site fun and interesting.* Self service can be engaging too. Think about comedian Demetri Martin’s idea for a coin change-making machine that behaves like a slot machine: Bells ring and lights flash, just as though you’ve struck the jackpot—even though you still get back the same amount of money you put in. Incorporate that vision into how you think about designing self service, and you’ll never think it has to be a dull experience for your customers again.

4. *Make any automated correspondence you use more engaging, personable, and, if appropriate, funny.* If you use automated follow-up emails, consider a lighthearted approach, perhaps like the follow-ups Micah resorted to during understaffed periods in the early years:

*Hi! This is your friendly robotic follow up (sorry about that, but almost everything else about Oasis is 100 percent personal, so if you hit “reply”, you’ll get a real human being immediately, so you can bond with someone of your own species.) . . .*

CD Baby, a sister company to Oasis, uses even the smallest of opportunities to show how personable they are: They turned the email confirmation that lets you know a CD has shipped into friendly, campy comedy. Their whimsical email helps buyers realize that this company is different—that it’s staffed by people whose priority is being creative, joyful human beings just like themselves:

*Your CDs have been gently taken from our CD Baby shelves with sterilized contamination-free gloves and placed onto a satin pillow. A team of 50 employees inspected your CDs and polished them to make sure they were in the best possible condition before mailing. Our packing specialist from Japan lit a candle and a hush fell over the crowd as he put your CDs into the finest gold-lined box that money can buy. We all had a wonderful celebration afterwards and the whole party marched down the street to the post office, where the entire town of Portland waved “Bon Voyage!” to your package, on its way to you, in our private CD Baby jet on this day, Monday, April 6th!<sup>5</sup>*

“I made no haste in my work,” declared Thoreau in *Walden*, “but rather made the most of it.”<sup>6</sup> Haste seemed like a clear negative in Thoreau’s world. But what about in ours? In a sense, our customers *want* us to make haste: They want us to generate great results with a minimum of their time and effort. Meanwhile, we strive to bind our customers to our brands—largely by making the very most of each en-

counter with them. We need to lavish time and attention on them to help the attachment process along. To reconcile these goals, do what CD Baby has done with a simple shipping alert: Design each online step to get the most positive human connection out of it that you can—without slowing down or inconveniencing your customers.

### **Online, the Golden Rule Is *Permission***

For a decade, Seth Godin has been drawing attention to the concept of “permission marketing,” which he defines as the privilege of delivering *anticipated, personal, relevant messages to people who actually want to get them*. Seth emphasizes that treating people respectfully is the best way to earn their attention. In his worldview, when people choose to *pay* attention, they actually are paying you—giving something valuable to you. Once they’ve spent some amount of attention on you, it’s lost to them forever. So Seth emphasizes that we must think about a customer’s attention as an important asset—something to be respected and valued by us, not wasted. Meaningful permission is different from technical or legal permission:

*Just because you somehow get my email address doesn’t mean you have permission. Just because I don’t complain doesn’t mean you have permission. Just because it’s in the fine print of your privacy policy doesn’t mean it’s permission either. Real permission works like this: If you stop [contacting them], people complain, they ask where you went.<sup>7</sup>*

Jonathan Coulton, an Internet indie-music phenomenon, can email nearly any customer who buys one of his CDs or MP3 downloads online and have them be happy to hear from him. Coulton has real *permission* to contact his fans—they *want* to hear from him. But what if your company sells someone a replacement cell phone charger through Amazon Marketplace? It’s

a lot touchier: Odds are good your customers are not obsessive cell phone charger fans. You almost certainly don't have their real permission to flood their in-boxes. Your messages are unlikely to be anticipated, personal, or relevant.

## Amazon.com: A Brilliant Company, but Not the Most Realistic Model to Emulate

In online commerce, there's Amazon.com and then there's everyone else.

Amazon's astonishing ability to create loyal customers is a wonderful and enviable thing to behold—but it's not a directly replicable model for the rest of us in business. Amazon's success is based at least in part on a much riskier and more expensive approach to loyalty than our anticipatory service model: an incredibly well executed version of the *repetition* strategy. Get the basics of satisfactory service exactly right and then repeat the customer's exposure until loyalty occurs. The repetitions in Amazon's case come fast and furious, because their perfect product eliminates friction like nobody else can.

Here are just a very few examples of Amazon's friction-free service:

- ▶ Your credit card is stored in its entirety for your convenience. (In fact, if you ever need to register a new credit card, Amazon doesn't even make you *flip the card over* to find and input the security code.) What's more, you can choose "one click" purchasing and make an entire purchase without re-entering, re-selecting, or re-considering anything: type of payment, delivery address, billing address, or method of shipment. All in all, there is almost nothing payment-wise to interfere between your brain desiring to make a purchase and your ability to instantly do so.

- ▶ Your order is transmitted instantly to the shipper, often UPS in Lexington, Kentucky. This makes it possible to order well into the eve-

ning and—in a pinch—receive that item early the next morning with nearly 100 percent accuracy.

► Amazon can help direct you to precisely the right product for you, thanks to its unparalleled use of the power of customer rankings from its millions of customers.

Amazon has a unique combination of attributes that are probably not realistic goals for most of us: being first; being huge; having abnormally deep pockets. For example, Amazon's packages can be transported to customers more quickly and cheaply than competitors' products because leading carriers will agree to almost anything to get Amazon's *extraordinarily* high-volume shipping contracts. Furthermore, Amazon's near-monopoly gives it the freedom to let customers post critical comments about merchants' products without losing any good merchants (for good merchants, it's much more profitable to stay on Amazon and take their critical lumps on a few products). To create a friction-free payment and account experience, Amazon had to spend unknown amounts of money developing extremely strong, often proprietary, and always obsessively enforced security strategies (their Chief Technology Officer hints that Amazon makes internal use of "a group of hackers whose goal in life it is to break into"<sup>8</sup> their system, thus proving its strength). It's only through the very expensive efforts of some of the top programmers and security experts in the world that Amazon has been able to deliver a friction-free Web experience *and* deliver extreme account security.

Amazon is also powerful enough and perfect enough to deemphasize human-to-human customer service on a day to day basis. In a crisis you may be able to reach a fantastic employee at Amazon (we absolutely have), but it's just as likely that you will be affronted by someone with limited people skills deploying a form letter when you're frustrated and irate (that's happened to us, too, more than once). You may get away with that for a while, probably a long while, if you're a near-monopoly delivering the most perfect product in the world. But all others—the rest of us—need to strive instead for a consistently superb human touch.

While there's always something to learn from this brilliant merchant, (including how to build a truly "perfect product" and how to keep up and keep improving upon such a high standard for self service), overall Amazon.com is not the most realistic model for most of us. In most industries, it's not realistic to aspire to a catalog as extensive as Amazon's or an online experience that is as friction-free. (Or to working on such a scale: We'll wager you're not going to be selling and shipping a reputed 2.5 Nintendo Wiis *per minute*.)<sup>9</sup>

So we expect your path to loyalty online will be different from Amazon's. Aim for perfection on a smaller scale—imbued with caring at each of many human touch points.

## First Time Online: A Nuts-and-Bolts Case Study

Suppose you have a traditional brick-and-mortar business, and you want to add an Internet presence for the first time. How should you go about it, step by step? We find it helpful to work with each of our brick-and-mortar clients individually, when establishing them online. But many of the principles we apply with them are universal. To illustrate, let's consider a semi-hypothetical rug cleaning business, one that has never before ventured online.

First, why go online? Well, a lot of homeowners now prefer to begin researching topics like rug cleaning online. (How often is it needed? How common are overcharges and scams? How much does it cost?) So before using the Yellow Pages, they venture onto the Web and search for "rug cleaning."

An approach you might consider to attracting business is well removed from starting with a hard sell. Rather, it's providing reliable, free information. Think about it: As an expert in the business for multiple years, you've got to know pretty much everything there is to know about rug cleaning. Your opinions are valuable. Why not become the online go-to source for free, expert advice on rug cleaning? Give away this information and revenue will come back to you—in the form of

customers who stumbled across you even before they thought they were searching for your service.

There are many ways to create an online informational presence (YouTube videos; guest blogging; an information-only area of your commercial website interwoven with links to your services and products; etc.). Being the go-to place for free information online is terrific. It magnifies your perceived trustworthiness. It appeals to potential customers, because giving away expert information makes you an expert—their expert. And it brings potential customers to your virtual doorstep.

Just be careful not to make these same offerings into explicit advertisements for your own product. Consumers often prefer to have a feeling of separation between their information-gathering sessions and their service-selection sessions online. (Don't make the converse mistake either of making it unclear that you're open for business should homeowners be looking. Just keep that information segregated tastefully.)

What should your business's own *commercial* website look like? Overall, your site should feature friendly introductory information highlighting what's better about your approach, your technology, your background, your people—whatever is important to your prospective customers. Base your approach on the long copy/short copy model: Keep it brief up front, but make additional information accessible as desired for those who want more.

Next, use the power of computer-driven modeling to make it easy for your visitors to compute a realistic estimate of the cost of your services. They should be able to enter the basics (X number of rooms, X number of flights of stairs, entry hall or no entry hall) and immediately receive a clear and thorough report.

To make your site feel welcoming, customers should be able to use such features *without* entering their password, geographic location, or other personal information. Once customers are accustomed to the site and using it appreciatively, *then* offer a chance to password-protect, store, and annotate their sessions. Give them a chance to buy *themselves* in to your company.

## Less Can Be More with Preconfigured Software “Solutions”

If you buy powerful Web technology preconfigured by a specialized software company in your industry, your best service outcomes may result from *turning off* features that make things difficult for the customer, like requirements to immediately log in with a password, and other similar stumbling blocks for prospects when you are just “meeting and greeting” each other.

Let a customer who wants to be contacted choose her contact time and submit it on a Web form. Monitor the workings of this form on a regular basis (make sure your methods of monitoring include our recommended [Chapter 3] idiot-proof method—i.e., try it yourself) to ensure that the form gets to your scheduling department.

*Now, finally, comes the first human touch point.* Here is your chance to start building loyalty. Call at the appointed time. And have your nicest of nice, best trained person do the calling: someone sensitive to the fact that the person being called may not even immediately recall having made this “appointment,” multitaskers that we all are. You need someone with impeccable telephone manners. Someone sensitive to the resistance that any business phone call, even a previously requested one, may elicit at home. Her call should sound approximately as follows: *“Good morning, this is Mary from Fuzzy Rug Cleaning. I received a request to call this morning, to speak with Ms. Sinclair. Is she available?”*

The next human touch point will be when your cleaning technician arrives at the Sinclair residence. Have the *same* nicer-than-nice employee call to confirm the appointment:

*Hello, Ms. Sinclair. Good morning. I’m calling again from Fuzzy Rug. This is just a courtesy call. I want to reconfirm that*

*our technician will arrive at your house between 5:00 and 7:00.*

Think how refreshing this Internet-originated experience has been. Without intrusion, without inconvenience, a customer has found the information she needed: specific, personalized, customized information. She has decided for herself how much personal information to reveal. She has used Internet scheduling to ask a company to work on *her* schedule—not to conform to theirs. And when the time came, a warm person, with impeccable telephone manners, moved the exchange gracefully into the human dimension.

Let's assume that your technician arrives on time and does an excellent job. And that your billing is fair and handled effectively, with a thoughtful thank you and farewell given at the end of the project. At this point, you have made excellent strides toward winning a powerful ally for your company—someone who will be a loyal repeat customer and also recommend you to her friends. You've done this by harnessing the power of the Internet to draw her near to you—and by using the power of skilled and caring personal contact to keep her close.