



How To Quickly Increase Customer Loyalty

The Psychology Of Receiving A "Perceived Deal" - Increasing Customer Loyalty

Increase customer participation in frequency programs...

Give your customers a head start

Example: A **car wash** required 8 purchases and punches on a card to earn a free car wash. They discovered that when they gave a customer a card with 2 out of 10 required punches already "pre-punched," that 34 percent would persist with the program and complete the additional required 8 punches. Contrast that to those who were given a card that only required 8 punches in the first place—the same number as required on the other card—but with ZERO freebies. The final redemption rate plummeted to a mere 19 percent.

There are several reasons why this head start story works. One is that people think "hey I'm already 20% of the way done, I might as well keep going." The other has to do with the psychology of getting a "deal," which simply means that people act differently when they think they're getting a special, personalized favour.

A **business owner** recently exploited this in his business when he'd tell his favourite prospects that the contest on his website had a programming error, and that if they'd hit their back button on their browser, they could enter the contest as many times as they wanted without having to re-enter their information. "You can enter that contest 2 or 3 hundred times in a minute if you can click fast enough... and you're almost for sure going to win something in our weekly drawing." He would track the prospect entering the contest 2 or 3 hundred times, and surprise! They'd win a \$100 Outback Steakhouse gift card.

Bottom line is this: everybody wants a win. Everybody wants a head start. Everybody wants an inside deal. So give your prospects a win, a head start, and an inside deal.

Turns out, giving customers (what they perceive to be) preferential treatment works in all kinds of situations. Take the case of **waiters** using candy to increase their tips.

First, the expected stuff: According to Monmouth University researcher David Strohmerz, waiters can increase their tip by giving customers a piece of candy with their check (19.59% average tip vs. 18.95% with no candy). They can increase their tip even more by doubling up and giving two pieces of candy: 21.62%.

But here's the twist: Strohmerz found that the tip could be increased even more by first giving a single piece of candy, then after turning to leave, turning back around, and offering a second piece of candy. This artificial drama evidently makes diners feel like they've received special treatment—something ostensibly outside of the normal candy-giving protocol—which was rewarded with an average tip of 22.99%.



Think about that for a minute. First of all, if I'm a waiter, I'm headed straight for Costco and loading up on Andes mints. They only cost 6 cents each, and on a \$50 check, the double mint-fake out is worth an extra \$2.02 in tips. Look for ways to apply this some principle in your business.

A **magazine advertising sales rep** could offer a 2nd, smaller ad to be run in the back of the publication for free. KEY: wait until after the customer signs for the first ad, THEN give the free ad as an unexpected thank you gesture.

A **siding sales rep** could ease an indecisive prospect into a decision by pulling a \$250 gift card (for his company) out of his wallet and saying, "We had 5 of these to give away in a drawing at the home show last weekend, but this one went unclaimed. My boss gave it to me and said to give it to anyone who's ready to buy—we were going to give the discount to someone anyway."

An **upscale hotel clerk, bellman, rental car company, etc.** could give their customers a little lift after handing the room keys / car keys by offering a bottle of water with the explanation of, "there's water in your room / at our rental counter, but it's like \$4 a bottle; I found a couple extra bottles up here... if you want one, it's yours".

A **lawn service company** could unexpectedly knock on a customer's door and ask them if they'd like a flat of flowers that were "left over" from another job planted in their beds.

Just find something that you can GIVE to your customers for free that appears to be done as a special favour and watch their reaction. They'll become more loyal. They'll talk you up to their friends which will lead to referrals. And they'll like you more.