Cultivating customer loyalty is powerful retailing. Consider the following:
- About 50% of Macy’s annual revenues come from the top 10% of its customers.
- More than 90% of sales at Ulta, the country’s biggest beauty retailer, come from customers who are part of the loyalty program.
- Amazon Prime is a loyalty program used by more than 50% of American households, with Prime members spending on average $1,700 annually, versus $700 spent by non-members.
- A 2017 report by Visa found 81% of consumers stayed with brands because of loyalty programs; 66% modified spending to maximize loyalty benefits.

Building a loyal customer base is not only profitable, it also saves money. The cost of acquiring business from new customers is typically 5-9 times more than the profit gained by return business. And the typical repeat customer spends 67% more than a new one. Repeat customers are obviously a win-win.

Though building up customer loyalty may take some work, the good news is that a brand doesn’t have to have Amazon-like tech and informational algorithms to cultivate repeat business. All you really have to have is a reason for your customers to come back.

*Continued on page 50*
Communication – In Store and Out

Loyalty begins with communication. And it’s critical you establish this communication the minute the customer sets foot in your store. Companies that do not have an open, ongoing dialogue with their customers risk those customers turning on them should any product issues arise. Companies with a good rapport encourage customers to reach out, which is an opportunity to solve issues and be the hero. Trust pays dividends.

Toby Jones, manager and buyer for Rapp’s Luggage and Gifts in Metairie, LA estimates her return customer percentage “in the high 80s or low 90s,” and attributes that to trust. “Nobody leaves our store until they know how to operate their luggage – they need to know the handle system, if it’s Briggs & Riley they need to know the compression system.” But communication isn’t just about what your company has to say. It’s also about listening to the needs of your customers. As Jones points out, “We don’t sell luggage for a (particular) trip; we sell for now, and down the road.”

Email is the communications medium of post-sale engagement, so building an email database is vital. “Thermal paper receipts don’t last,” says Airline International’s Jerry Kallman in El Paso, TX. “I tell customers, ‘Register your transaction with email.’ I’ll verify their email address on the next visit and see their purchase history – if they’re a Briggs & Riley customer I can show them new colors, a lighter-weight carry-on, etc.”

Email newsletters are a way to give customers a reason to return. Whenever possible, you want to tailor that content – “If you favor travel accessories, we’ll see the pattern and gear toward your likes,” says Kallman. “If you’re a loyal brand follower, we’ll let you know what’s new with that brand.” Off-the-shelf software like Constant Contact – used by a number of retailers we contacted – simplifies email broadcasts and keeps you connected, for little effort and low cost.

Repairs are Hot

The goal of every customer visit is a sale, but you can give customers other reasons to return, like repairs. “I take in four or five repairs a day, it’s got to drive business. And it takes up a small footprint,” says lifetime travel goods retailer Steve Rooten of Rooten’s Luggage in Irvine, CA.

“Repairs is like throwing chum to sharks,” quips Chuck Weisbart of It’s… In The Bag! in Palm Desert, CA. “If we can do the repair in 30-45 minutes they’re in the store, waiting, walking around and picking stuff up. If the bag has to be left we charge a shipping fee ahead of time, and after seven days we ship it. Otherwise we end up storing it until their next trip. Oftentimes people forget they paid for shipping, and when we give them the refund, guess what? They’ll buy something with that credit.” Sometimes simply offering a repair-while-you-wait service is enough to encourage walk-ins. “We try to have quick and easy stuff, like handles and wheels, on hand,” says Ryan Dallon of Shapiro Luggage in Murray, UT, adding that they also send a lot of repairs out. “Repairs do drive repeat business. Anything that gets someone back in your store is well worth it. The other thing you can do is say, ‘Hey, this bag has lived its life, it’ll cost you $35 to ship and it’s outside warranty. Let’s put that money toward a new piece.’ It’s an opportunity to sell another bag.”

Think Beyond the Bag

“Luggage is an every-10-year sale,” contends Sam Hirsh of TripQuipment in Falmouth, ME. “Accessories are the comeback things for customers. There’s always something they need; DEET product. Electrical adapters. Underwear and socks are huge repeats for us because they do wear out. The little Woolite packets and Good Wipes work for us – and luggage tags; people always come back for luggage tags because they get torn off and lost.”

Presentations to groups are another repeat driver. Petra Rousu, owner of The Savvy Traveler in Edmonds, WA, works with tour operators to put on travel seminars. At the time of this writing, there were 19 seminars on the store’s calendar for September through November, like Ultimate India and Travel Photography 101. “The typical seminar lasts about an hour,” Rousu reports, “and draws 20-50 people.”

Betsy Borden of Peninsula Trading Co., in Grand Rapids, MI, does packing clinics with local high schools, community colleges and other groups. “I just did a packing presentation for a group
from the community college going to Morocco." She also mentioned a local Catholic school that sends their choir to Rome every four years. "That group turns into 140 people because all their loved ones join in."

Borden has witnessed firsthand how groups spawn other groups. "I was asked to speak to a senior group here in town with 1,000 members. One of the women in the group put together a travel group called We Travel. I'm speaking for them next week – that's a cruise 40 people are going on," Borden enthused.

"We do missionary seminars all the time," says Ryan Dallon, who's deep within the heartland of the Mormon church. "We understand what they need, where they're going. It's fun! Those nights still feel like you're outfitting people. We do packing seminars with travel agencies, incentivize their customers to come here, we'll provide a free luggage lock, it brings them in."

Weisbart – a longtime Rotarian – gives presentations to Rotary clubs and Soroptimists, noting they're always looking for speakers. "Rotarian travels three times more than the average, and Rotaries are a great way to meet people who are more upscale and community minded."

**Get Social**

Online media has replaced television as the dominant conduit for reaching consumers. Like TV advertising, an online presence is optional – but it can net good results if you manage your message and your expectations.

A strong social media strategy needs to be built to draw the desired audience. "It's not likes or followers, it's quality. You need an objective – who's following you? How do you reach them?" says Chuck Breger, owner of Jet-Setter in Montreal, who posts informational videos to YouTube and shares them via social media and email newsletters.

Facebook, Instagram and Twitter are the dominant social media platforms, but they play different roles and reach different core audiences. In many ways, Facebook has assumed the role once held by store websites. It’s a branding and identity statement first, and a news conduit second. Instagram is more like a current events feed, emphasizing your newest posts, and Twitter even more so. "Facebook caters to 26-45, maybe 50-year-olds. Instagram attracts a younger customer, 17-30. Twitter might reach up to 60," notes Moses Berger of Portmantos in Metuchen, NJ. So this means you don't have to be on all of them – just the ones where your customers congregate.

**The Future of Loyalty**

Points – or credit-based loyalty programs – are commonplace; grocery stores, movie theaters and department stores all have them. And with computerized POS systems, implementing one is easy – most already have one baked in or can use third-party programs.

"We use a plug-in on Magenta," notes Portmantos’ Berger. Portmantos also started a program with Trust Pilot. "They send out product review requests. If a customer responds, they'll receive a $20 gift card," says Berger. "We used to ask in an email, but now we give them an incentive. It's a much better program." This brings the customer back to Portmantos and builds the site up with favorable reviews, helping net new customers.

The future of loyalty programs is going beyond purchases. "When someone makes a purchase and earns points, they're accumulating currency with that store," says Jai Rawat, co-founder of Zinrelo, a loyalty program vendor that services independent retailers but also counts Jelly Belly among its big-name customers. "Points invite customers to start discovering other products." Zinrelo rewards purchases, but also social media mentions like reviews and shares, promoting greater engagement and social network bounce. It provides structure and strategy for something smart retailers already do automatically.

When you get down to it, points systems are really an artificial construct for building customer retention. "You can do things to ensure loyalty just by being nice and thoughtful," says Sam Hirsh. "If somebody buys 3-4 pieces of Briggs from me, they'll ask if I can do any better? I'll say no, I can't, but I'll give them something, like their passport photos."

Hirsh believes this type of loyalty system leaves a lasting impression. "A discount is forgotten the minute they walk out the door; but by giving them something, every time they use it, they're reminded of you. It's just a little more personal, and that's what brings people back." Something personal being, in this case, an euphemism for exceptional customer service – the true foundation of all customer loyalty.