

Smart Ways to Improve Customer Loyalty & Frequency

By Kyle Doyle

The “Great Recession” has affected businesses across the globe and carwashes have been far from immune. One big reason why is although consumers are still shopping, they are doing so less frequently. The key for carwash operators is to attack customer loyalty head on and make sure they are doing everything possible to improve customer frequency.

To illustrate the importance of frequency let's do some math. Let's assume Acme Car Wash is washing about 50,000 cars a year at an average of \$10 per car. Let's also assume that the average customer comes in once every 12 weeks, or 4.33 times per year. If Acme Car Wash can reduce the average time between visits from 12 weeks to 10 weeks (or 5.2 visits per year), the wash will add another \$100,000 in sales.

Wouldn't we all like to find an extra \$100,000 in sales? This is why an effort to increase customer frequency should be on every operator's priority list.

Loyalty vs. Frequency

In this discussion though, we need to recognize an important difference between frequency and loyalty. People often talk about “loyalty” programs and “loyalty” promotions; however, what they really mean is “frequency” programs and “frequency” promotions.

Frequency is the number of times a customer visits over a period of time. Loyalty is a person's conviction to remain firm in support of someone or something. Loyalty connotes allegiance. While it is important to pursue both frequency and loyalty, keep in mind that separate tactics are required to accomplish each.

This was illustrated perfectly during a *Seinfeld* episode in which Elaine loses a sandwich “punch card.” She had earned 23 punches on her card and the next one would have entitled her to a free sub. Frustrated that she lost the card, she laments, “I've eaten 23 bad subs; I just need one more!” While this card worked for frequency, it certainly didn't create any loyalty.

We've all had punch cards that accumulate in our wallets. In the vast majority of cases, once we get the reward or realize we're going to earn it, we stop going to that store or business.

This is in stark contrast to customers who are loyal to a company. Loyal customers will go out of their way and usually pay more simply because of their loyalty. People don't buy Apple computers because Macintosh is the cheapest computer or because the fifth computer is free. They buy Apple because they are loyal to the brand.

Similarly, people don't buy Starbucks coffee because it's the cheapest coffee or because a Starbucks location is the closest to their neighborhood. They buy Starbucks because they're loyal to the brand.

This is hugely important for carwashes because loyal customers visit more often and spend more per visit.

Creating Loyalty

How, though, does a carwash go about creating loyalty? Customer loyalty is built the same way that all loyalty is created — by sharing and relating.

Think about the people in your life that you would say you're loyal to. In every case it's because you share something in common with them. Maybe it's a shared bloodline or a shared commitment. Maybe it's a shared childhood, a shared employer, or some other shared experience. Whatever the circumstance, sharing enabled you to get to know their personalities and helped you relate to them.

Through these shared experiences and the discovery of each others personalities, loyalty was created. You became firm in your support of these people and developed feelings of allegiance.

With that in mind, the first step in creating loyal customers is expressing the personality of your carwash. This is the essence of branding — the effective communication with your market about the unique personality of your business in a way that highlights the valuable differences between you and the competition.

The problem for most carwashes is, even if they have a clean site with effective equipment, there is usually little personality shining through — they are just a carwash. Apple isn't just a computer company. Apple has a personality, a style, a value set, a way of looking at the world, and these come across in everything the company does. The same is true with Starbucks.

When a company shares its personality, certain people will relate to it and want to enter a loyal relationship. As long as that perceived personality is proven to be authentic over time, those customers will remain loyal.



Loyalty is critical in this economy because carwashes that successfully build a brand and establish a personality will not experience the same declines in sales and decreases in customer frequency as others. This is because loyal customers visit their favorite washes because they relate to the brand, not because they are seeking the cheapest wash in town.

Of course, this is easier said than done. It is vital to realize that consumers are changing and demanding strong brands. Gone are the days where you could simply open a business, do a decent job and rely on the continued patronage of your market.

Building a brand that attracts loyal customers requires these basic steps:

1. Figure out who your target customer is or who you want it to be. It is imperative that you understand your customers and the people in your community.
2. Determine what your values are. This is the foundation of your carwash's personality. Do you support the community through fundraisers, special events? Do you believe in the environmental advantages of professional carwashing? Do you love cars? Do you value speed of service in an increasingly busy society?
3. Communicate through your marketing the personality of your carwash. Don't be afraid to show it. It should weave its way into every aspect of your business.
4. Create a style based on that personality. This includes your logo, standard fonts, sign template, design aesthetics, etc.
5. Tell the world about your personality through promotional vehicles.
6. Don't forget to be authentic. Nothing destroys loyalty like a company that claims to be one thing and then acts differently.

Improving Frequency

While creating a strong brand with a clear personality will definitely improve customer frequency, it's not the only way. Even without a strong brand there are ways to get your customers to visit more often.

One of the most important tools is a membership club. (These also are called loyalty clubs, but for reasons we've already discussed, I call them membership clubs). The premise of a membership club is that the customer has done something to "belong." This is a powerful motivational tool, even if there is no actual cost to join.

It is important to give the club a high perceived value by adding good features, discounts or even a free wash upon signup. I also recommend giving it its own logo and signage. In exchange for the value of club membership, it is imperative that you get as much information as possible from the customer. Ideally you should get their name, home address and e-mail.

This is essential because the biggest advantage to running a club is having a way to communicate with your customers whether through direct mail or e-mail. If you have a point-of-sale system with a customer-tracking option, you can examine purchase histories to analyze customer behavior over time — a tremendous

asset. I strongly believe that having an active opt-in list of your customers is a vital tool for any carwash that expects to be successful in today's market.

The punch card satirized on *Seinfeld* may be old-school, but it still works. The important part is to make it simple enough to understand and to make the reward reachable. If you have a POS system that can keep track of purchases great; if not, the old punch card method will work.

A frequency discount is another great tool to get people in more often. I like deep discounts with short expiration dates. For example, you might consider offering customers a discount for 25 percent to 50 percent off a wash if they bring in another car within 24-48 hours. The offer can be printed on the customer receipt or handed with the receipt.

This is the type of offer that might provide enough incentive for customers to bring in their second car even if they weren't planning on washing it. Or, they may give the offer to a friend who can't pass up the discount. Either way, you wind up washing another car that you probably wouldn't have washed without the promotion.

Prepaid wash books or cards are another good way to increase frequency. For example, a card with four washes for the price of three is a common strategy. In reality, this is a different pricing model not a promotion, but it often increases frequency.

The key is to make sure you're not rewarding customers who would have come in anyway. In other words, if you have customers who come in once a week, they would obviously be interested in a prepaid card. However, while the prepaid card gets customers to pay upfront, you might be hurting yourself by discounting customers who were already planning to pay full price.

It is important to track your dollar-per-car report and make sure prepaid cards are not lowering your ticket average. If they are, simply decrease the discount. Instead of buy three washes to get the fourth free, increase it to five washes for the price of four.

Unlimited plans are another growing trend that help increase frequency. Again, this is more of a pricing model than a promotion, but they work. The key is to get a system to manage the plans and promote, promote, promote.

Rain guarantees also entice customers to come in more often because they remove a common reason consumers use to delay getting their cars washed. Rain guarantees need to be well promoted so customers remember the offer when they're home deciding whether or not to visit you.

Finally, keep in mind that marketing should be as quantifiable as possible so you know what promotions are working and which are not. When it comes to customer frequency, you want to be able to measure quality visits. If you have a POS system that can track license plates, use it. Analyze the data and compare the results against different promotions to measure their effectiveness. Even just tracking your membership club will produce useful information.

No one in this economy can afford to ignore customer frequency. Give it some thought and come up with a plan to improve it. Your efforts will be well worth it.

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Kyle Doyle is president of Blue Sky Image Group, a full-service carwash marketing firm. He can be reached at 631.431.2600 or kdoyle@carwashimage.com.