

Is Your Customer Loyal to You or Your Price?

By [Shep Hyken](#)



What would happen if you were just a little higher priced than your competitor? How would your customers react? Would your loyal customers continue to do business with you, in spite of your higher price?

Unless your strategy is to always be the lowest price, one would hope the answer to the last question is, "Yes!"

These questions come from a conversation I was having with a client that resulted in me asking the question, "Do you think your customers are more loyal to your company or your price?"

The client said, "I hope they are happy with our company, in spite of our price."

I said, "Hope is not a strategy. You should know why your customers are [loyal](#) to you."

By the way, and this is important, if your strategy is to be the lowest price, that's okay. This client knew his company couldn't compete on price, so our conversation then focused on how he could compete.

Unless the customer just happens to call or visit your business for the first time and doesn't know much about you, your customers typically fall into one of these two categories:

1. **Price-sensitive customers** who are loyal to your price and not your company. Even if they appear to be loyal to the company, it's only because of price. The real loyalty is a benefit that overrides everything else: low price. Just realize that the moment that customer finds a lower price from a competitor, they will leave you. If your business model is to be the lowest price, then you know what you have to do to hold on to this customer.

2. **Value- or relationship-driven customers** who are loyal to the company. Price is less relevant to them as they appreciate the value that the company provides. That value can come in the form of customer service, convenience, expertise, bigger selection, quality of product and even a relationship with someone in the company—basically anything other than a low price. Keep building that relationship and offering value and the customer is more likely to stay with you.

With either of these two customer categories, there is a simple key to being successful, summed up in one word: consistency.

If you are the low price provider, you must be [consistent](#). Walmart, Costco, Home Depot, and other big box stores are known for low prices. If they don't stay competitive in that chosen area, the customer will find another place to get the lower price.

If you deliver value in the form of the areas previously mentioned, it better be consistent. Nordstrom and Apple are companies known for delivering a consistent above-average customer experience. And customers are willing to pay more for it. The consistency creates confidence and in turn creates loyalty. Realize that one or two missteps and the customer will go to a competitor.

You may have noticed that I used the word *consistent*. All of this is about being purposeful in defining and delivering the value proposition to your customer. What does the customer want? Is it just a low price? Is it [customer service](#)? Is it the quality? Is it the experience? Whatever it is, work to be best at it. Most important, be consistent about it. And when I ask you if your customer is loyal to your company or your price, you'll know the answer.