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LEADERS & SUCCESS

Build A Loyal Customer Base The Way Apple Does

By MICHAEL MINK, FOR INVESTOR'S BUSINESS DAILY
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The average **Apple (AAPL)** Store generates \$5,600 in sales per square foot, making it the most profitable retailer in America in that category, according to Carmine Gallo, author of "The Apple Experience: Secrets to Building Insanely Great Customer Loyalty." He also contends that Steve Jobs, who died last year, opened the outlets to boost market share and customers' lives.

Tips on earning that loyalty:

• **Change the culture.** Stop selling and start enriching, Gallo says.

"When you start with the vision to enrich the lives of your customers, magical things start to happen," he told IBD.

Firms must move from a process that is "product obsessed to one that is customer committed," said Bryan Pearson, author of "The Loyalty Leap: Turning Customer Information Into Customer Intimacy."

• **Serve the customer.** Empower employees to act in what's the best interest of shoppers. Gallo offers this example: "Apple Store employees will not sell a customer a fully loaded \$3,000 MacBook Pro if a \$1,000 MacBook Air is more than enough to meet their needs."

• **Create an experience.** Microsoft (MSFT), Disney (DIS), Tesla (TSLA), AT&T (T) and other companies are copying elements of the Apple Store, Gallo said: "Each of those brands have learned that the secret to success has less to do with the product than with the experience people have when they walk through the doors."

Each Apple Store is clean and open, notes Gallo. "Clutter is bad for business, in the physical world and online. Keep your store, office and website free of distractions."

• **Hire for smiles.** The Apple Store values a "magnetic personality more than proficiency," Gallo said. While you can teach an employee to explain an iPad, you can't teach that person to be friendly.

• **Educate.** Gallo likes that Apple offers customers one-on-one, personalized training sessions to help customers "unleash their potential. This program is an add-on to the purchase of a Mac and is intended to build a customer for life. Offer free workshops, videos or training classes to help people use and appreciate your product."

• **Use loyalty technology.** Verizon (VZ) knows how often a customer might call his parents. Hilton Hotels' data show if you prefer a higher floor and a room away from the elevator.

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Contrast that with a Pearson friend who shopped at the same grocery store every week but found the layout cumbersome, the employees ill informed and the prices nothing special. Her loyalty card recorded her purchases, but she never received coupons for things she bought. "My friend was hardly loyal to this merchant, though I suspect that it thought she was," the author said. "When a competitor opened nearby, she quickly changed stores."

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