

# Creating long-term loyalty relationships



Marketing Management| Chapter 5Creating Long-term Loyalty Relationship| |

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Magister Management Universitas Gadjah Mada Creating Long-Term Loyalty

Relationships MAKARIZO A. Makarizo Customer Loyalty Program In order to

increase customers perceived value Makarizo apply what they called :

Seasonal Promo.

It is a promo where a bunch of products were sold as one package that comes with several extra benefit, such as : extra tools (hair dryer, flat iron, klips, cape, etc), extra free products, extra free training, extra workshop (colouring, rebonding, perming, styling), extra discount hair show ticket. With this way of communication, for example : a group of products that actually cost Rp 500, 000 looks cheaper with those extra benefit, and so it will maximizing positive difference gap between total customer benefits and total customer cost.

The bonding between salon customers and Makarizo are even better, as salons are being gratefull with Makarizo because by buying and using Makarizo products, they can have training and more knowledge about new hair technique and keeping up with hair trend, which will definitely at the end increasing their salon clients. This Seasonal Promo was sent to all Makarizo salon customers by mailingas a bulletin at the end of every month. Salons are free to choose and then place the order to a respective salesman.

Makarizo is able to do this because of its internal customer database that reach 20, 000 over salons data. It was developedinternally by Makarizo IT team using simple Sybase Power Builder (currently this brand has acquired

by SAP). Every year Makarizo also held Salon Management seminar in some main cities in Indonesia, where basically in this seminar salon owner will learned things such as : how to increase clients, prevent clients move to salon competitor, manage and nurture salon's employees, create effective in-house promotion, and manage their cash-flow.

So, it is not always directly related with the styling skills but also sharing about management skills. Further, purchased result of Seasonal Promo still can be included in the calculation points of Makarizo Customer retention program called Makarizo Quantum Promo, where salons will receive another catalogue from Makarizo that consist of gifts information that salon can choose and redeem at the end of the promo period. This is one strategy that used by Makarizo to tie-up and protect their sales from being " attacked" by other competitors.

The Quantum Promo are highly related with Makarizo's database management. Whenever a salon reach their ending time of the contract, Makarizo can see and verify all the invoices accumulated for that specific salon, as well as number of ' goods return' case and also the outstanding A/R, at the end justify whether the salon entitled to have their prize or not. Other way to bring Makarizo and salons distance closer is by build many Hair Studios across the country.

Currently, Makarizo has approximately 20 studios and mini-studios that are scattered in all region, from Medan to Manado. For small cities, Makarizo trainers are doing " fetching the ball strategy". They hold small road show in small city, utilizing one of spacious salon customer to held mini workshop

and training. Middle class salon in these small cities are very happy with the road-show. They are so flattered because treated by Makarizo as important clients as other big salons in big cities.

For big and top 10 salon customers, Makarizo involved them in any big hair show held by Makarizo. Makarizo gave them a chance to perform on the stage with their own creation with the top guess stylist from overseas (Italy, Japan, USA, etc). For local stylist who performed, this kind of opportunity are beyond their wildest dream. Their proudness are exceeding level that they can imagine. They really appreciated Makarizo on the opportunity. Makarizo can be proud of the all above because none of direct head-to-head competitors doing the all of above. Therefore until now, specially for Rebonding product, Makarizo is the top brand in middle class salon's mind. They really appreciate how Makarizo care and concern about salon management skill and expertise in hair styling. B. Analysis Base on information above, We can analyze the related of the makarizo's marketing strategy with the topic of marketing management especially on chapter 5: "Creating Long-term Loyalty Relationships".

Makarizo creates some program not only for getting more customers but it also focus on retaining its customer. All program was designed for maximizing customers value with excellent quality and superior standard of services to increase customers satisfaction and build customer loyalty. All Makarizo's Program is highly related with customer database , that gives many information to identify prospects, avoid mistakes, target offers and deepen loyalty. C. Room for Improvement

With those solid database Makarizo as for now has never tried to measure or quantified the satisfaction of each salons. Straight to the point, Makarizo should do this to understand precisely where is Makarizo position, and so be able to precisely identify the weakest point of the service and do all the necessary effort to make the improvement. Beside that, Makarizo can also use the database to capture information by analyzing the pattern of data in database (datamining) to get more valuable information to support a strategic decision.