



# Loyal Following

*Operators experiment with how to keep their current customers happy.*

By Laura Williams-Tracy

If you're giving discounts to customers who refer new business, you could still be doing something wrong. At a minimum, you aren't doing all you could to turn a few satisfied customers into legions of loyal occupants.

Everyone, including storage occupants, is looking for a deal; but those discounts may not engender enough good will to keep your customers coming back.

Taking a cue from supermarkets, airlines and hotels, small businesses continue to adopt customer loyalty programs, according to *Local Commerce Monitor*, an ongoing survey of the advertising habits of small and mid-sized businesses. Among those businesses surveyed, 38 percent said they currently offer a customer loyalty program, with an addi-

tional 21 percent saying they will likely add such a program in the next 12 months.

Such news is encouraging but invites managers to fall into an easy trap, said Jeanne Bliss, a customer experience expert who formerly led customer experience efforts at Lands' End, Inc., Allstate Corp., Microsoft Corp., and Mazda Motor of America.

Today she's a consultant to large corporations and author of the *BusinessWeek* best-selling book, *I Love You More Than My Dog: Five Decisions that Drive Extreme Customer Loyalty in Good Times and Bad*. The book provides many examples of small businesses offering the best customer service.

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## Programs Are For Computers

Bliss warns self storage operators against falling into the trap of creating a sophisticated loyalty program with points and rules. "Make it less of a program and more about recognizing and honoring your best customers," Bliss said.

Unlike those grocery store programs built on repeated visits and multiple purchases, self storage operators face the challenge of rewarding loyalty with fewer opportunities for interaction. Infrequent interaction makes those customer experience touch points even more important. It's up to operators and managers to identify those interactions and make them memorable.

Take notice when your best customers come and plan for those interactions. Bliss's ideas: Leave a note on top customers' units telling them there's a cooler in the office with cold drinks for them; expect customers coming for their holiday decorations and offer hot chocolate or coffee; have garbage bags ready for customers that are cleaning out or moving units.

"You have to start thinking about how they are intersecting their lives with your business and what you can do to make it a moment," Bliss said. "You've got to create the interaction. It doesn't take much. People aren't expecting a lot."

Joe Niemczyk, president of Colorado-based Executive Self Storage Association Inc., with 15 facilities under management, said he encourages managers to put coffee pots on golf carts and drive around the facility on cold days offering customers a warm drink. The same goes for coolers and cold drinks on hot days.

When a new tenant is scheduled to come by to sign their first lease, Niemczyk directs managers to put out a sign with that customer's first name reserving a special parking spot for them. Tenants are usually wowed when a manager gets an umbrella and walks them to their car on a rainy day.

"Once you've done that, you've created a customer for life, because no one will do that for them," Niemczyk said. "Customer loyalty to me is created by not what you give a person materialistically but how you make them feel."

Anne Ballard, president of Universal Storage Group in Atlanta, which manages 54 facilities, said facilities can make those connections happen with commercial customers, who typically account for 20 percent of a facility's tenants and who more regularly visit their unit.

One of her properties under management spent a week meeting commercial customers at the keypad each day with toasted bagels, coffee and juice.

"To have someone meet you at the gate with a little yummy means a lot," Ballard said.

## Money Talks

That's not to say that customers don't value discounts or a check coming in the mail. At the start of each new year, Niemczyk sends a thank you letter and a gift card, as much as \$100 to a local restaurant, to tenants who have been in his facilities for 10 years or more. The cards come with a letter of thanks.

In an industry that offers tenants the ability to store it and forget it, some worry that reminding tenants of their longevity might spark the idea for the tenant to eliminate that monthly rental payment.

"Reminding them of how long they've been here with a note may be a mistake and may not have the benefit you hope it will," warns Lance Baker of Morris Piha Real Estate Services Inc. in Bellevue, Washington, which operates 12 facilities.

Niemczyk said that's happened maybe a half dozen times in his career but it hasn't deterred the practice.

"The benefit you get greatly outweighs that risk," he said.

Baker has found success with rewarding tenants who refer new business with cash. He sends a \$50 check to existing tenants who refer new customers.

"For a guaranteed rental, \$50 is a great deal," Baker said.

Charlie Fritts, owner of Storage Investment Management Inc., based in Buffalo, New York, which operates 30 facilities in the Northeast and Mid-Atlantic, sends as much as \$100 to customers who referred new tenants.

"We've found over the years that it has to be enough money to make it worth remembering," Fritts said. "When we first started it, we tried to be economical and offered \$20. We didn't see a lot out of it."

Ballard takes the reward a step further, giving \$50 in cash to anyone who refers business to a property, whether they are a customer or not.

"It's one of the lowest cost-per-leases out there," Ballard said. "It's going to put money in our pocket and seed your message in your neighborhood."

Jay Wallace, president of Management BluePrints LLC, in Charleston, South Carolina, said referral programs are an easier way to track the cost of gaining new business, usually more clear than advertising. He's reduced ad spending over the years while emphasizing a reward of \$35 to referring tenants and new customers.

"Every single business that's well-run should look at all of their marketing and establish how much they spend per rental." ❖