



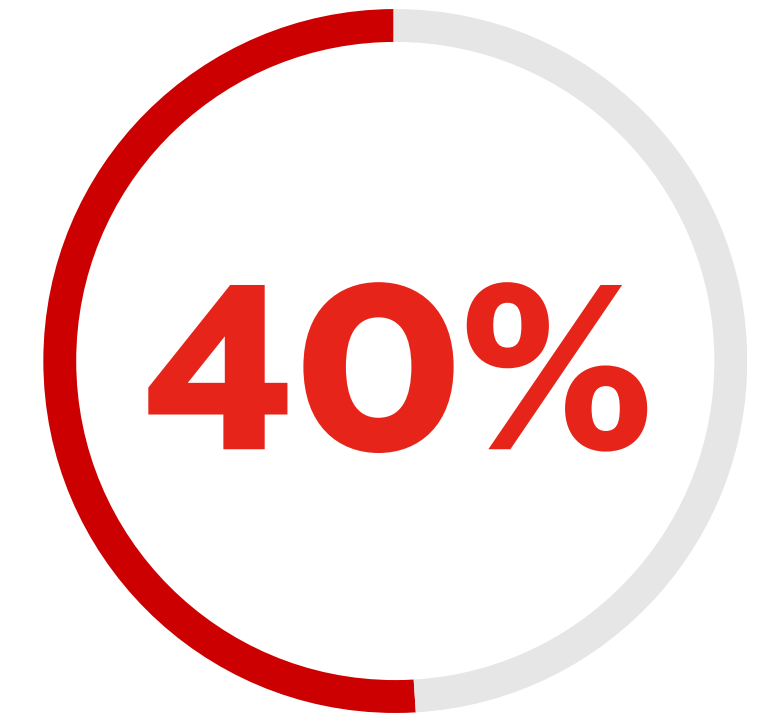
**The modern model:  
Why & how to better integrate  
your independent contractors**





# A spike in self-employment

Short-term, on-demand labor fueled by independent contractors — or, self-employed individuals providing goods or services to another entity — is on the rise.

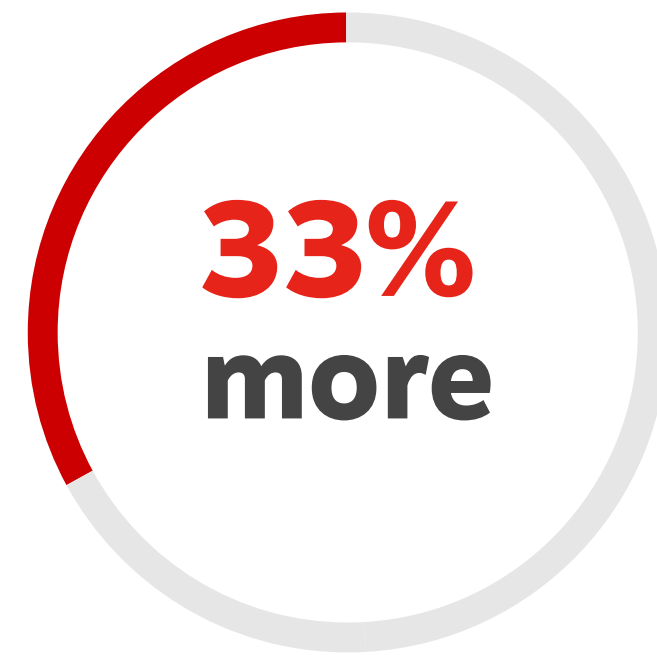


In fact, a study conducted in 2016 shows that by 2020, roughly 40% of American workers will operate as independent contractors (ICs), representing a seismic shift away from long-term employment.

# Here's why:



The likelihood of selling to an existing customer is **60–70 percent**. For new prospects, it's just 5–20 percent.



Repeat customers spend **33 percent more** than new customers.

**5–25x**

Depending on your industry, the cost of acquiring a new customer is anywhere between **5 to 25 times more expensive** than retaining a current customer.

# Retention starts and ends by building strong brand loyalty with your customers.

It's easier to nurture relationships with your first five customers, but you can still connect meaningfully once you've reached 1,000. Here are four tried-and-true ways to make every customer feel as special as your first.



01

# Express gratitude with handwritten thank-you notes

Handwritten thank-you notes are a low-cost, high-impact method of making customers feel appreciated — especially in a digital age. In addition, they build brand advocates and drive word-of-mouth marketing, which influence purchasing decisions by 20–50 percent.



# Handwritten notes at work



**Wufoo**, a software company, capitalized on the rarity of handwritten notes within the tech industry. The result? A 50 percent better retention rate among customers who received cards.



DonorsChoose.org

**DonorsChoose**, an educational nonprofit, found that 38 percent of donors who'd received a thank-you note were more likely to give again, generating an additional \$3 million in annual donations.

# Handwritten notes when you have 10 customers

When it comes to efficacy, “it’s the care and creativity involved,” says Gary Vaynerchuk, *author of The Thank You Economy*.

## To write a meaningful thank-you note:

- Focus on conveying gratitude. Avoid language or tokens that feel promotional
- Personalize the card, noting details specific to the customer.
- Choose stationery that’s relevant — subtle branding is OK, but it shouldn’t feel too promotional.

02

# Delight with acts of kindness

As consumer values shift, qualities such as kindness, empathy, trust and social responsibility have more power to make or break a business.

In fact, 86 percent of customers cite “likability” as a key component of brand loyalty — something that’s easily achieved through small acts of kindness.



# Acts of Kindness at Work



**Interflora, a flower delivery network, made a splash on social media when it scoured Twitter for users having a bad day and offered to send them free flowers.**

**The benefits of this effort were substantial:**

- Free publicity (especially when the offers went viral)
- A positive brand image

# Acts of Kindness When You Have 10 Customers

Acts of kindness don't need to be over the top. In fact, the smallest kind gestures can have the biggest impact. To succeed, they simply need to be authentic without the expectation of anything in return.

**For example:**

- A hairstylist provides free umbrellas for customers on rainy days.
- A home furnishings store includes a small housewarming gift with items purchased for a new home.



# Acts of kindness when you have 1,000 customers

As your business grows, lean on employees to maintain authentic methods of customer retention. Develop a company policy and culture that empowers staff to fulfill acts of kindness.

- **Incentivize their participation:** Motivate employees to act kindly by rewarding their participation. For example, for every positive Yelp review that mentions their name, they receive an extra vacation day.
- **Establish boundaries:** Make sure employees understand what's appropriate and what isn't; offering a discount to a customer is OK, but not to a friend.
- **Communicate trust:** Allow employees to act autonomously, notifying you (or a manager) after the fact with a clear “what” and “why.”



03

# Invite your customers to co-create

Brand loyalty is achieved through two-way conversations — not one-way transactions — and consumers are eager to contribute to the development of goods and services.

That's why 44 percent of U.S. consumers cite greater loyalty to brands that call on them to co-create new products or services. Put simply: Feeling heard makes customers smile.



# Co-creation at work



**LEGO** encourages co-creation by inviting customers to join an online community where they can submit ideas for new LEGO sets. Ideas that receive enough votes are reviewed by LEGO and, if selected, turned into actual products.

Furthermore, the creator approves the final product, and receives a percentage of the sales. It's a win-win scenario that paves the way for customer-driven innovation and an active online community.

# Co-creating when you have 10 customers

Making customers feel involved is as easy as asking for direct feedback. When conversing with customers, pose questions such as:

- *Why did you choose our product?*
- *How could we have done better?*
- *What would you like to see next?*

You could also invite regular customers to sample products that you're testing to gather opinions on the spot.



# Co-creating when you have 1,000 customers

A boom in business may mean less face time with customers, resulting in a sense of distance. Keep customers involved through these tips:

- **Host workshops:** Invite customers to participate in the creative process through entertaining and informative workshops.
- **Tap into crowdsourcing:** Post questions via social media to gather opinions, engage and celebrate your customers.
- **Offer product or service customization:** This will generate a richer experience for your customers. Forty-one percent of American consumers actually prefer products that are bespoke.

**04**

# **Develop a customer loyalty program**

**When it comes to the consumer-brand relationship, the concept of loyalty is a two-way street — brands that are loyal to their customers gain a loyal following in return.**

**In fact, 73 percent of consumers believe brands should demonstrate their loyalty to tried-and-true customers by generating a valuable rewards program.**



# A Customer Loyalty Program at Work



Sephora created an insider rewards system that matches every dollar spent with points redeemable for members-only products, in-store beauty tutorials, and limited-edition items.

Today, the Sephora loyalty program boasts more than 10 million members.

# A Customer Loyalty Program When You Have 10 Customers

A recent study by the Data & Marketing Association found that 63 percent of the time, customer loyalty diminishes as a result of feeling undervalued.

When building your initial customer base, a basic customer loyalty program, such as a punch card system, will do the trick. Just make sure:

- The rewards are valuable to the customer and your business, driving awareness or sales.
- You're engaging your most profitable customers (if not all).
- The program is sustainable — not just a short-lived campaign.



# A Customer Loyalty Program When You Have 1,000 Customers

**As your customer base expands, develop a more sophisticated approach to remain sustainable and competitive. Consider:**

- **Going digital:** Services, such as Perkville, Belly and SpotOn, make this simple for small businesses.
- **Partnering with relevant, local brands:** For example, a health food store might partner with a nearby fitness studio to form a dynamic loyalty program.
- **Introducing gamification:** This added element helps keep customers engaged.



# Conclusion

**Ultimately, 82 percent of small business owners agree that loyal customers are the key to growing business.**

**When you express gratitude, surprise customers with acts of kindness, co-create, and develop a customer loyalty program, your customer base will respond with repeat sales, continued support, and trust in your business.**



**For more tips on how to retain customers, visit the**  
**[Staples Business Resource Center.](#)**





# Sources

- [digiday.com](https://www.digiday.com)
- [tongal.com](https://www.tongal.com)