

Why Companies Are Throwing Good Money After Bad in Trying to Delight Customers

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Companies are spending a fortune attempting to delight and engage customers and enhance their customer experience but CCMC's latest [National Rage Study](#), however, found that service and customer satisfaction are actually lower than in the 1970s. At a minimum, \$75 billion in revenue is lost by companies just from the poor handling of what the American households surveyed identified as their single most serious problem in the past year.

Companies are spending and focusing on the wrong aspects of service. Many companies are still motivated by the 1990s Nordstrom story of the clerk taking back tires when the store never sold tires. While this did happen once, it is not necessarily good policy. The real difficulty for customer service executives is that *finance executives* have also heard the story and surmise that wowing customers is an unrealistic, wasteful concept. A customer experience strategy is needed rather than a few band-aids that make executives feel that they are taking action without addressing the hard systematic dissatisfiers.

Six prevalent activities that are damaging and executives do not want to address include:

1. Allow the marketing department to make promises/set expectations that will probably not be met.

2. Annoy customers before they ever get to the service area by not having easy web access to answers and directing the customer on phone-hold to go to the website “for faster service.” Our research suggests that 70-90 percent of customers calling have already been to the website. Analyze your website search failures – it’s a list of what you don’t have that customer want.
3. Continue to survey customers yet take no action based on the results and not give customers feedback on actions you have taken.
4. Solicit complaints but not empower staff to handle the complaints resulting in the customer being passed on to someone else or making it necessary for the customer to call another number for assistance. You frustrate your staff while angering the customer.
5. Empower staff but requiring them to execute ineffective processes that waste time and do not fully respond to the customers’ needs.
6. Require staff to follow scripts that likely anger the customer – my favorite is requiring the CSR to ask, at the end of the call, “is there anything else I can do for you,” when they have not helped on the original reason for call.

I’ll bet your company is doing at least three of the above activities. You’re wasting *serious* money!

Alternatively, there are many opportunities to empower staff and use technology to inexpensively enhance service:

- Proactively educate customers on how to avoid problems – welcome letters and onboarding videos and packages are effective tools to prevent problems. But keep the material short – each video or fact sheet short - requiring no more than 60 seconds to understand.
- Identify with the customer – almost all PetSmart staff own pets and are encouraged to spend a minute discussing them with the customer.
- Show genuine interest in the individual customer by asking an open ended question or giving a complement. Caution – do not keep reusing the same exact device, customers will pick up on it. I believe that an airline I fly frequently has suggested to flight attendants that they complement mens’ ties and womens’ scarves – this hit me the sixth time a flight attendant told me she liked my tie with turtles.
- Proactively give extra service – Chick-Fil-A has hired your grandmother to roam the dining area pouring tea and schmoozing. Her job description is to create micro-bursts of connection.
- ServiceMaster apologizes via email in advance for the inconvenience of the hot water heater repair, producing a 20 percent rise in Net Promoter Score.
- Give the customer an unexpected value – e.g. make the drink free “just because you are a regular.” Caution, you do not want the unexpected to become the expected, so do it sparingly.
- Take the high road – tell the customer no when their request is not in their best interest and tell them why.

There are five actions companies can take to improve customer service and reduce cost, customer attrition and negative word of mouth:

1. Empower and support staff to **assure consistent resolution of the top three issues customers are calling about** – ideally create universal CSRs – Harley Davidson has created universal reps in a very complex environment.
2. **Educate customers proactively on top three unpleasant surprises** they may encounter.
3. **Commit to take action on at least one issue raised by the latest survey** before you send out the next survey. Then communicate your action to customers and employees as well in the invitation to the next survey.
4. **Gently solicit complaints in one small geography** or market segment to see how much unarticulated dissatisfaction exists. Make sure the complaints are handled by fully empowered CSRs.
5. **Create a rough estimate of the revenue being left on the table due to less than perfect service.** This will win executive buy-in. *A good rule of thumb is that one-half of your customer attrition is due to quality and service issues and unmet expectations – that is a big number.*

Summary: Knee-jerk, unsystematic actions to improve customer satisfaction can be expensive and actually result in higher costs and lower customer satisfaction. Strategy is critical before you take action.

One other fun fact: The National Rage Study found that Independents voters swear at companies the most, followed by Democrats, with Republicans swearing at companies the least.



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