



## CHAPTER 7

# Extreme Customers and Customer Retention

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*Your most unhappy customers are your  
greatest source of learning.*

BILL GATES, CHAIRMAN, MICROSOFT CORPORATION

### OBJECTIVES

1. Discuss approaches to use when handling extreme customers, both quiet and vocal.
2. Describe the activities involved in proactive problem solving and customer self-service for extreme customers.
3. Analyze the uses for and types of feedback survey instruments.
4. Identify customer retention strategies and why they are important for quiet and vocal customers.

## Hewlett-Packard

Do you dread calling the customer support line to help solve your computer or printer problems? If so, do you then question whether or not you should remain a loyal customer of the company who manufactured the product in the first place? One manufacturer in particular has emerged as a leader in providing exemplary support for their customers. HP® (Hewlett-Packard) has been recognized recently by the Service and Support Professionals Association as a corporation that is committed to service and fully satisfying their customers. HP is aware that disillusioned customers frequently take their computer buying and service needs elsewhere and therefore makes a conscious effort to listen to and learn from their customers.

From an article entitled “Five Tips to Keep Customer Service up When the Economy Is Down,” here are two of several strategies that HP uses to retain customers.

**1. Know your customers—and former customers, too.** The article states: “HP’s Customer Services Group uses third-party surveys, industry benchmarks and

input from customers to get a clear picture of their needs, says Ofelda Gomez, customer innovation and advocacy manager for HP’s Personal Systems Group Americas.” For example, Gomez says, HP discovered that, when calling for technical support, some of the company’s more “tech-savvy customers” considered answering basic questions posed by support personnel to be “a waste of time.” Gomez reports that “HP fine-tuned its call-in process so these customers could quickly order the specific part they needed.”

**2. Reduce the need for customer service.** The article also observes: “Many times, a few issues generate a large number of requests for customer support. Taking care of these identified issues immediately reduces the need for increased customer support and promotes customer retention.” If, for example, the company receives frequent calls about billing issues, it tries to provide ways for customers to find answers to billing questions on their own.

SOURCE: “Five Tips to Keep Customer Service up When the Economy Is Down,” <http://h71028.www7.hp.com/enterprise/us/en/messaging/feature-ent-customersupport.html> accessed March 23, 2011.

## EXTREME CUSTOMERS

Everyone has tales of very bad service. Customer service seems so simple—treat customers with dignity and respect, and they will reward you with purchasing your product. Customers indicate that getting a fair resolution during a product or service dispute is a reason for continuing to do business with a company. For example, L.L. Bean built an empire on the simple rule that “no customer should have a product that

isn’t completely satisfactory.” Marshall Field, founder of the Chicago-based department store Marshall Field and Company, said, “Those who come to me with a complaint, teach me. Right or wrong, the customer is always right.” Field wasn’t saying that the customer is truly *always* right; some customers are very wrong. What Field meant was that, in dealing with complaints, you are dealing with people’s perceptions. Although a customer’s perception of a

problem may be shortsighted or distorted, in his or her eyes it is a legitimate concern.

That challenge is heightened when a CSR has to deal with “extreme customers,” that is, either profoundly quiet or vocal customers, whose modes of expressing those perceptions do not resemble those of the average customer. While average customers may get annoyed, they can, in some way, be dealt with fairly easily. When dealing with extreme customers however, CSRs need to apply special skills in order to access and respond to complaints.

Part of the challenge is that, while many CSRs have been annoyed, even angry customers themselves on occasion, they have never been to the silent or vocal extremes peculiar to the customers this chapter will discuss. It is more difficult, therefore, for the CSR to put himself or herself in the customer’s shoes, because they have never been to those emotional edges. For that reason, CSRs must approach them and problem solve in a different way. They need specific strategies in dealing with these customers, reaching out to them, and recovering from them.

## The Quiet Customer

Should a CSR settle for the old axiom that “no news is good news?” Just because a company isn’t hearing complaints, doesn’t mean that all of its customers are completely satisfied. While some customers shout, many customers just leave quietly. Silent attrition is deadly, because companies do not have the opportunity to remedy problems and retain customers.

Quiet customers are the ones who don’t communicate problems—they let their complaints build up to the point that they think it’s easier to simply leave rather than attempt to address the issue. These types of customer complaints are problematic because a company has no tangible suspicion that anything is wrong. According to Andrea Obston, silent customers usually fit into one of these five categories:

1. *The Satisfied Client.* This is what we’d like to assume we have when we don’t get complaints—service is fine and customers are happy. There may, however, be four people in this category

2. *The Accumulator.* These customers allow problems to mount up. Then something sets them off and they spout off, listing a string of wrongs that have been building up since their first purchase.
3. *The Thinker.* As Obston describes them, “These customers are the ones who say to themselves, ‘They (the business) must know this already so I’m not going to say anything.’”
4. *The Runner.* These customers find conflict so distasteful that they will do anything to avoid it. They would rather run and seek out a new vendor rather than directly communicate their problem.
5. *The Busy Bee.* Obston notes: “These customers use the excuse that pointing out a problem will take up too much of their time and energy. They tell themselves, ‘I’m too busy. I’ll find the easiest way out.’”<sup>1</sup>

The quiet customer is best characterized as a silent threat because they are dissatisfied customers who don’t reach out, and thereby contribute to a picture that everything is fine when in fact it is not. They are at one end of the continuum while the vocal customer is at the other.

## The Vocal Customer

Occasionally, every business will encounter a customer who is best described as vocal, angry, even unruly. No matter how carefully you explain your position, this customer will misunderstand and take great offense. Unlike other customers, those who are especially vocal or angry do not respond to reason or goodwill and might become abusive, personal, even threatening. Although these situations are never pleasant, they require self-awareness for the CSR as well as tact and diplomacy. Attempts to understand a customer’s emotions and identify what actions and words trigger anger can help a service provider work better under these adverse conditions.

A CSR might encounter these customers online, a forum that might seem to provide escape but

<sup>1</sup>Andrea Obston, “Getting Customers to Complain,” *Entrepreneur*, October 14,

in fact poses a particular challenge. Online customer interactions automatically create a distance between the customer and the CSR because it eliminates the opportunity for any interpersonal, face-to-face exchange. Dealing with an angry customer on the phone or online (chats, e-mails, or online forums) denies you the ability to read nonverbal signals when a customer is upset. It is a big challenge for CSRs to determine customer emotions when they are not interacting face to face. Managing these types of distant interactions will be covered in a later chapter on communication.

**Why Customers Get Angry** Dale Carnegie said, “The only way to get the best of an argument is to avoid it.” Although customers become dissatisfied for a number of various reasons, they generally have one thing in common: The perceived value of a product or service is less than the customer expected. Here are three shortcomings that can cause customers to view products or services negatively:

1. Someone was rude to the customer. Whether the employee realized it or not, this was the customer’s perception. Remember that a customer’s perception is his or her reality.
2. Someone was indifferent to the customer. An employee projected a “can’t-do” attitude and left it at that—with the customer feeling frustrated.
3. No one listened to the customer. This reason is the most troubling. Failing to listen to a customer is a tragic waste of an opportunity for feedback and comes across as insensitive because it hurts a customer’s feelings.

Although customers’ anger or emotions may not be directed at you personally, you are the one who receives them. To help defuse anger, CSRs must understand why customers get emotional, upset, and angry. While the following five reasons do not constitute a complete list, they are among the most important reasons that explain why angry customers behave the way they do:

1. They have had prior bad experiences.
2. They felt as if they would get the runaround.

3. They resented potential loss of money.
4. They disliked being inconvenienced and having wasted more of their time.
5. They felt a loss of control.

**How Customers Get Angry** The behaviors of angry customers manifest in various ways. The following are some actions you can expect to see when an angry person lashes out. When customers are angry, they

- blame others,
- can be loud and demanding,
- try to make you angry too,
- have little regard for the rights of others,
- take charge of the conversation by insisting they be heard,
- tend to interrupt the other person,
- refuse to do what you ask,
- threaten to go to your manager or supervisor.

Even the most experienced CSR has dealt with a customer who would only be satisfied by talking to a supervisor. When this occurs, first collect all the information relevant to the problem at hand and present it to the manager. He or she will then have some prior knowledge of the situation and will be able to handle the customer more effectively.

**Abusive Behavior** If a customer’s behavior escalates and is verbally abusive, a suggestion is to move to an office or another enclosure that offers privacy, where the customer can vent without disturbing others. If the customer is particularly problematic, it is advisable to have someone else present as a witness. Once the customer is calm, then decide



#### CUSTOMER SERVICE TIP

Customer complaints are like medicine. Nobody likes them, but they can make us better.



Image Source/Getty Images

How can you communicate effectively using empathy and tact with an angry person?

what can be done about the problem. Specialists state: “Keep in mind that in a confrontational interchange, it doesn’t hurt to agree a little. When you ease a complainant by saying, ‘I understand’ or ‘What can I do to help?’ you are not necessarily agreeing with the customer’s position, only with his or her right to be angry.”<sup>2</sup>

When working with customers, always focus on determining “how can we?” When a customer is irritated, first discontinue what you are doing and present him or her with your full attention. Actively listen and empathize with the customer, *even if you think he or she is wrong*. It is a natural response to take it personally, but remember: The customer is annoyed about your company’s products or services, not with *you*. You can stay in control of your own behavior by staying cool, calm, and collected. Finally, ask as many questions as it takes to understand the full scope of the issue.

When the facts are gathered, tell the consumer what steps you plan to take to solve the problem. Always follow through on your promise to get the problem resolved.

### Dealing with Customer Emotions

What CSRs must realize is that an angry customer might not respond to logic. In fact, the more logical

<sup>2</sup> “Resolving Customer Conflicts,” *Frontline Learning*, [http://www.frontlinelearning.com/Article\\_Customer\\_Service\\_Resolving\\_Conflicts.html](http://www.frontlinelearning.com/Article_Customer_Service_Resolving_Conflicts.html) accessed January 14, 2011.

## MAKE IT A HABIT

### Managing Complaints Professionally

You create loyal customers each day when you make every effort to:

- Admit immediately any mistake on your part. It shows you are human and instantly diffuses most emotionally charged situations.
- Look for common ground with the customer. By doing this, you will find solutions that work for all parties involved.
- Stand behind any guarantees and promises you make.
- Handle criticism diplomatically.
- Stress what you *can* do, not what you *cannot* do.



### CUSTOMER SERVICE TIP

The best time to deal with a customer’s criticism is while the complaint is happening.

you are, the angrier the customer may become. At such times, no matter what you say or how you phrase it, you simply will not be able to penetrate the customer’s emotional barrier. Therefore, before you can work on the customer’s problem, you must be able to deal with the customer’s emotions. To regain the customer’s confidence, you need to communicate in a way that renews his or her faith in the relationship. Such communication usually begins with a genuine apology.

Make sure you listen to more than what is being said, because when people are upset, they don’t always convey what they mean. Ask questions to gather more information, and use **softening techniques**, which are positive approaches that

**REMEMBER THIS****Figure 7.1 Trigger and Calming Phrases**

AVOID TRIGGER PHRASES	USE CALMING PHRASES
"It's our policy."	"Here's what we can do ...; Here's how we can handle this ... ." (Quote the policy; don't call it "policy.")
"I can't; we don't"	"I can; we do"
"What seems to be the problem?"	"How can I help?"
"I don't know."	"I can find out."
"You should have. ..."	"Let's do this." (Move to the future, not the past.)
"Why didn't you. ..."	"I can see why. ..."
"The only thing we can do. ..."	"The best option, I think, is. ..."
"I don't handle that; it's not my job."	"Let's find the right person to handle your concern."

help when interacting with customers. Softening techniques include:

- an open posture (no crossed arms),
- kindhearted eye contact (no eye rolling),
- moving the customer to a private area, if needed.

The critical step in calming an angry person is to stay composed yourself. Try to keep your voice relaxed. If you hear your voice sounding rushed or panicked, take a few deep breaths to help you regain your composure. If you notice your jaw clenching, relax your facial muscles. Once *your* emotions are under control, turn your attention to calming the customer. Use calming phrases to describe what you can do for the customer to help solve the problem, and avoid trigger phrases that may further agitate the customer. Examples of trigger and calming phrases are listed in Figure 7.1.

### Recovering from the Angry Customer

Most of the time, service mistakes result from situations that are completely out of the control of a CSR. Regardless of whether it is a computer glitch or a mistake that a co-worker has made, it is important to remember that placing blame will not fix a customer's problem. Instead, focus on how you can

help your company to recover from the mistake. Without top-notch service recovery, you will lose customers that were so hard to acquire.

A customer who feels betrayed will be looking for **service recovery**, that is, some gesture of atonement or compensation. To be effective, service recovery should be specific to the situation so it doesn't appear like you are making a concession just to get rid of an angry customer. Typically, when a service failure occurs, a customer can be compensated for the inconvenience in the form of any combination of cash refunds, credits, discounts, or apologies. Two crucial recovery steps that customer service representatives should follow are:

- *Acknowledge the receipt of every complaint immediately.* This shows that you are sufficiently concerned about the problem to contact the customer and that the customer service team is on the job to resolve any issue that concerns customers. Depending how the complaint was presented, either one or a combination of the following actions are appropriate: a verbal acknowledge or a written message (e-mail or letter).
- *Explain in writing exactly how you will remedy the problem.* Tell your customer what will be done to correct the problem and when he or she can expect full resolution.

**The Impact of Extreme Customers** The following findings from a summary of several studies conducted by Technical Assistance Research Programs, Inc., a company devoted to helping businesses measure and manage the customer experience, should be sobering to any customer service professional. These findings were collected and published by Bruce Temkin, who refers to himself as a *customer experience transformist* and consultant, in his Internet blog.

- About 50 percent of the time, customers who have a problem with a product or service are not likely to tell a company about it.
- Between 50 and 90 percent of these “silent critics” will probably take their future business to a competitor.
- Even when a customer does complain, one out of every two will not be thoroughly satisfied with the company’s efforts to solve the problem.
- Dissatisfied customers typically tell eight or more people when they have had an unsatisfactory experience with a company.
- Negative statements have twice the impact as positive information when customers finalize a purchasing decision.
- Word-of-mouth advertising is one of the most important factors influencing a customer’s decision to buy from a company.
- It costs between 2 and 20 times as much to win a new customer as it does to retain an existing customer who has a product or service complaint.<sup>3</sup>

## WHAT DO YOU THINK

### 7.1

Have you personally ever complained to a business about its product or service? Was it handled to your satisfaction? Record your recollection of this situation in your journal.

## PROACTIVE PROBLEM SOLVING

If you can put your finger on a customer’s problem, you can solve it. Solving problems is one of the primary goals of any customer service professional. When we think of problem solving, however, we generally think of dealing with problems *after* they arise—a sort of crisis-management approach. This is the traditional view of problem solving; however, to exceed customers’ expectations and provide exceptional service, successful companies try to anticipate and solve problems *before* they occur. This process is called **proactive problem solving**. To effectively use this process, CSRs are on the lookout for customers who may be dissatisfied. This requires teamwork with and communication among departments and intentionally building a sensitivity to and awareness of both quiet customers and angry customers and how best to serve them.

## Customer Self-Service

Being proactive means taking the initiative by *acting* rather than *reacting* to events. When you solve customer problems proactively, you attempt to manage customer expectations and clarify incorrect assumptions the customer may have about the product or service. As you work with your customers, try to anticipate any problems that could arise. For example, at the time of the sale, educate and inform buyers about extra costs and possible delays.

**Customer self-service (CSS)** is a popular proactive approach in customer service that empowers customers to go to a company’s website and initiate most of the queries and functions normally handled by a call center, issues that might include reviewing account transactions, making payments, and investigating various company policies. CSS is not a substitute for person-to-person service options; rather, it offers customers a convenient alternative in response to their demands for responsive and reliable service.

In this way, companies encourage customers to acknowledge and address their own service issues rather than either avoid them or allow them to build to a boiling point. An attractive and informative website that is easy to use and accessible to customers is a critical component of self-service. Used

<sup>3</sup>Bruce Temkin, “The Hot Ratings Blog,” September 14, 2010, <http://hooratings.com/blog/category/statistics/>, accessed December 28, 2010.

**REMEMBER THIS****Figure 7.2****A Customer-Oriented Website**

- **Frequently asked questions (FAQ).** A FAQ page is a place your customer can visit to find answers to the questions most often asked about your products, services, and business. Use FAQs to answer questions about your return or shipping policies or store hours, for example.
- **Your contact information.** Be sure to include either an e-mail address, toll-free telephone number, or mailing address for your business on every page. Make this information effortless to find.
- **A customer feedback form.** Provide an online form that your customers can fill out with specific questions they didn't find in the FAQ. Make sure that you assign a staff member to respond promptly to any queries several times a day.
- **A live chat.** One of chat's great advantages is that reps and customers can literally be on the same page. Customer service chats can give reps the chance to either "push" Web pages (by including links in their chat messages) or actually take over the customer's browser—with his or her permission. Both can be effective ways to give customers targeted information about products and services.
- **An online customer forum.** Online forums provide an environment where customers can quickly respond to each others' questions. The answers customers give each other are often better than answers from company staff. Often, you can learn of problems with your products quickly if you monitor postings.

SOURCE: "How to Provide Customer Service Online" *INC*, [http://www.inc.com/guides/cust\\_self/200909.html](http://www.inc.com/guides/cust_self/200909.html) accessed December 29, 2010.

properly, a valuable website can act as a resource for customer "self help," because customers like being able to find answers easily that they're looking for, 24/7/365 within a single, accessible source. To ensure user-friendliness, websites should be designed simply and made intuitive for consumers to navigate. Figure 7.2 describes customer service

components that every business should incorporate into their websites, according to an article in *INC* magazine.<sup>4</sup>

One of the most important items self-service systems contain is an accurate and well-written knowledge base. The **knowledge base** is a database created and used by CSRs that contains information on how to resolve common service issues. When a customer submits a question about a service issue, the question goes to a live CSR, who responds to it, subsequently refines the response, and adds it to the computerized knowledge base for the benefit of everyone.

Businesses like self-service because it is a cost-effective way to provide 24/7/365 customer support. Customers similarly like self-service because they can find what they are looking for without delay (call waiting times to speak with an agent, e-mail response lag time). It is an effective win-win proposition for both entities.

**WHAT DO YOU THINK****7.2**

When you access a company website, which website features do you find helpful and use the most? List those features in your journal.

**MEASURING CUSTOMER SATISFACTION**

From cost control and customer retention to employee productivity and competitive intelligence, every business has its own unique set of objectives. One thing remains consistent—gaining insight into a customer's needs and expectations is paramount to reaching those objectives. With customer acquisition

<sup>4</sup>"How Can We Increase Customer Retention While Reducing Service Costs?", <http://www.destinationcm.com/Articles/Older-Articles/Experts-on-Call/How-Can-We-Increase-Customer-Retention-While-Reducing-Service-Costs-44326.aspx> accessed January 20, 2011.



### CUSTOMER SERVICE TIP

Surveys should not be designed to tell you what you want to hear but rather what you *need* to hear.

costs high and getting higher, customer defection is a serious burden to a company's bottom line. Measuring customer satisfaction is a useful proactive approach for all customers—especially the quiet and angry ones. **Customer satisfaction** is the mental state that customers have about a company and its products or services when their expectations have been met or exceeded. Most of the time, customer satisfaction leads to customer loyalty and product repurchase.

Many companies believe that, after years of working closely with customers, they know what their customers want. Not until some of these companies face a customer service obstacle do they think about spending the necessary money to solicit customer feedback or to hire someone to monitor customer comments, complaints, and compliments from social media websites. This is a tragic “too little, too late” approach to customer service.

Customer feedback—formal and informal, solicited or voluntary—is one of the major forces in developing quality standards that helps prevent customer dissatisfaction and possible defection. The resulting data from surveys should serve as a compass to guide the development of products and customization of service offerings to meet identified customer issues and needs.

One type of survey strategy employed by confident companies is an internal survey. A customer-oriented internal survey is conducted as a way of “walking in the customer's shoes.” Managers and staff complete the same questionnaire as the clientele and answer the questions the way they *predict* customers will answer them. Customers are asked how they would rate the company's performance rather than how satisfied they are with the company.

Survey strategists then measure the gaps and share the results with managers and staff.

## Feedback Sources

There are few activities as important as finding out what your customers want for products and what they think of your service performance and current offerings. Fortunately, businesses can use a variety of practical and available resources to get customer feedback.

- **Employees** An organization's frontline employees are those who interact the most with customers. On a regular basis, ask employees and CSRs about products and services that customers are asking for and what issues they complain about the most.
- **Social media feedback** Social media has become a customer-driven feedback platform that is easily accessible to anyone with Internet access. Media websites, such as Facebook, Twitter, and online customer forums, open doors for organizations to increase their brand awareness and facilitate conversations that take account of concerns, complaints, compliments, and suggestions between and among their customers.
- **Comment cards** One of the best ways to find out what customers want is to ask them. Provide brief comment cards on which customers can answer simple questions such as “Were you satisfied with our services?” and “Are there any services you would like to see that don't exist?”



What are some advantages to customers when they provide service feedback to a business?

- *Competition* Ask people who shop at your competitors the simple question, “What is the competition offering that we could offer to serve your needs better?”
- *Documentation and records* Using inventory records and sales receipts, companies can take note of what customers are buying and not buying. If the data are captured on software (CRM, spreadsheet, database), they can be charted and studied to determine buying trends.
- *Mail surveys* Many people are willing to fill out and return feedback forms, especially if they get something of value in return. For example, offer survey respondents a coupon if they complete the survey form (online or via mail) by a certain date.
- *Telephone surveys* Hire summer students or part-time workers for a few days every few months or so to conduct random telephone surveys.

## The Mystery Shopper

Although many companies spend significant amounts of money on training their employees, few businesses reinforce the training with a monitoring program. One way that companies can improve the level of customer service is through mystery-shopping programs. A **mystery shopper** is a third-party person who anonymously and objectively evaluates a business for the purpose of analyzing customer service, product quality, store presentation, and other elements of the overall customer experience. Known as “undercover customers,” these shoppers visit every type of business



AP Photo/David S. Warren

Why are more retail businesses using mystery shoppers?

from restaurants to retail stores, movie theatres, hair salons, banks, and hotels.

Companies use mystery-shopping services for an assortment of reasons. Some managers believe it is a way to resolve potential problem situations *before* they reach higher-level executives. Other companies establish corporate monitoring programs to observe routine operations that ensure consistency. In still other instances, absentee owners monitor the actions of staff members who play an integral part in the success or failure of the business.

These evaluators follow specific instructions during their visits, complete written reports after leaving the store, and work with management to identify the strengths and weaknesses of the business. Usually, the mystery shopper prepares a final onsite visit report that outlines his or her shopping experience.

Mystery shoppers look at the overall task as though through the eyes of the business owner. They perform a variety of activities such as unannounced onsite visits to verify the proper handling of transactions and merchandise. They make random phone calls to a business to report how inquiries are handled, along with evaluations of websites, chats, and e-mail responses. Mystery shoppers are commonly asked to shop a client’s competitor so the client can compare its operation to others.

The use of mystery shoppers provides managers and employees with an unbiased evaluation of their operation’s quality, service, cleanliness, and value. The general goal of using a mystery shopper is to help in improving productivity, efficiency, and profitability for the company. Specifically, however, smart businesses use the information to reward good employees, identify training deficiencies, and make store improvements in an effort to retain loyal customers.

## Feedback Tools

Companies solicit customer opinions through a variety of ways—Web-based surveys, social media websites, mailed surveys, telephone interviews, comment cards, focus groups, and feedback forms enclosed with finished jobs. The obvious goal of most customer

feedback is to evaluate how happy customers are with service, product quality, delivery, and overall experience.

Company-developed satisfaction measurement questions typically include items like these:

1. Overall, how satisfied are you with (brand name)?
2. Would you recommend (brand name)?
3. Do you intend to repurchase (brand name)?<sup>5</sup>

People who create survey instruments struggle with the issue of how to measure service quality. Perhaps the most widely used set of measurements is based on five dimensions that are most important regardless of the service industry. These dimensions are as follows:

1. **Physical appearance:** the attractiveness of physical facilities, website, personnel, and communication materials.
2. **Reliability:** the ability to perform the promised service dependably and accurately.
3. **Responsiveness:** the willingness to assist customers and provide prompt efficient service.
4. **Assurance:** the knowledge and courtesy of employees and their ability to convey trust and confidence.
5. **Empathy:** the caring, individualized attention a business provides its customers.

The benefits of developing a meaningful survey and using an “ask the customer” approach are to

- *Identify unhappy customers.* The information gathered could signal customer relationships that are in jeopardy. This is important because, unfortunately, most dissatisfied clients ultimately walk away and either never tell companies why, or, in some cases, do so after unpleasant confrontations.
- *Pinpoint the products and services that customers want and need.* Surveying customers is a great way to identify new business opportunities and

to assess what customers *think* you offer. In many cases, customers may not be fully aware of all the products and services you offer.

- *Solidify customer relationships.* The act of asking customers their opinions shows that they matter. For example, customers may love your product but be annoyed by minor incidents such as how they are treated by the receptionist or the way a finished product is packaged. Companies may not be aware of these issues; but once brought to the surface they can be addressed and corrected.

When developing customer-satisfaction feedback tools, consider measuring the right issues from the numerous customer-satisfaction attributes listed in Figure 7.3. Remember to refrain from using the word “survey.” Few people want to participate in a survey; however, many are willing to give *feedback*.

A company-initiated customer response system should include comment cards, post-episodic surveys, and other methods described below.

## REMEMBER THIS

### Figure 7.3

#### Measuring Customer Satisfaction

- Ability to meet deadlines and on-time delivery
- Accurate invoice amounts
- Clear and helpful quotes, estimates, and proposals
- Communication of changes in delivery or back-order situations
- Follow-through on commitments
- Overall value, quality, and range of products and services
- Presence of competent employees and helpful CSRs before and after the sale
- Price
- Problem-resolution approach
- Prompt shipments that match orders and specifications

<sup>5</sup> “Customer Surveys,” Pure Survey, <http://www.survey.co.za/customer.asp> accessed January 10, 2011.

**Comment Cards** Hand the card to customers at the closing stage of the transaction. Ask customers to please provide their thoughts, as your company always wants to know how well customer needs are met.

**Post-episodic Surveys** A **post-episodic survey** gathers information from customers after they have completed a business transaction, such as opening a new account or getting a car serviced at a dealership. Essentially, this is a satisfaction survey dealing with just one service episode. Brief surveys are usually conducted by phone within 24 to 48 hours of the transaction.

**Other Methods** Electronic surveys, in-store shopper surveys, post-CSR call questionnaires, and on-site interviews can also be effective. In addition, create a forum for CSRs to provide anecdotal, subjective feedback from customers about a product's features, functionality, and pricing.

## Interpreting Customer Feedback

When customers stop buying from a business, it is important to ask *why*. Certain responses to this question can help you deal effectively with these likely issues:

- The quality of merchandise
- The quality of service
- An employee's lack of courtesy
- A mishandled complaint
- An invoice or billing problem

These concerns are problematic and compel companies to take action immediately. Further, when customers expand their responses by saying that they informed the company about the problem *before* they stopped purchasing, immediate action is even more important.

Following are four additional issues companies must be aware of prior to interpreting and acting on customer feedback:

1. *Use thorough data-gathering and analysis techniques before acting on complaints.* Often, a company will make a change based on feedback

from only one or two customers. That type of limited feedback is called anecdotal information and does not necessarily represent a trend.

2. *Do not spend a lot of time, energy, and money gathering complaint data and then do nothing with it.* This is perhaps the biggest error organizations can make when handling customer feedback. Use the information to improve the areas that showed customer concern.
3. *Do not take feedback results personally.* The fact is, surveys *invite* customers to criticize. Customers who complain the most and the loudest are really your best customers.
4. *Inform customers about the impact their feedback has had on the way issues will be addressed.* Clients who provide feedback appreciate the same in return. When companies that gather customer data research fail to provide this feedback, they lose credibility with consumers.

Many service-oriented businesses use customer feedback in a different way. In these companies, the object is to uncover everything that is going right. Managers are always on the lookout for "hero stories"—examples of employees going the extra mile to deliver delight and *wow* experiences. Such feedback becomes the basis for ongoing recognition and celebration. Employees see themselves as winners because someone is always being recognized as a result of customer feedback.

## Benefits to the Customer

Satisfaction, like quality, is in the eye of the beholder, so the best way to measure customer service satisfaction is to ask your customers. When customers tell you explicitly what you are doing right or wrong, and then follow up with suggestions as to how you can

## Ethics / Choices

What would you say to a colleague who wanted to put up in your department a cartoon customers could see that says, "The Complaint Department is in the basement"? Why might this quip be offensive to customers?

improve critical areas of your business, the information is precise and useful. This process benefits everyone—customers, CSRs, and the organization.

Customer feedback can help companies increase service quality, innovation, and most important, customer retention. As noted in a recent online article, surveys should meet the following criteria:

- To find and act on the issues which lead to innovation, employee or customer turnover, or other key operational outcomes.
- To motivate, guide change efforts, and identify the most promising opportunities for improvement.
- To record a baseline from which progress can be measured.
- To create a consensus on priorities or issues to be dealt with.
- To provide a two-way communication with employees or customers.<sup>6</sup>

It is true that you cannot change what you do not measure, understand, hear, and acknowledge. Customer-focused measurements are needed because they explain reasons for lost sales, retention problems, time-consuming and costly complaints, and cost redundancies. Without measurable performance standards, employees are left to guess what good service is. When that happens, customers become disappointed. The following are some common-sense examples of measurable customer service practices that good companies implement:

- Answer telephones by the third ring.
- Serve hot food at a temperature of at least 140 degrees.
- Smile and greet all guests within 10 feet of you.
- Respond to each shopper, so that he or she does not stand in line more than two minutes.
- Offer bellman or concierge service to every hotel guest.

<sup>6</sup>“Employee Surveys, Interviews, and other Data Tools,” *Toolpack*, <http://www.toolpack.com/surveys.html> accessed January 11, 2013.

## WHAT DO YOU THINK

### 7.3

What methods do you prefer using to give companies feedback on service and products? Record these in your journal.



- Speak professionally to clients and avoid the use of slang expressions.

## CUSTOMER RETENTION

Why would a company want to turn an angry customer into a loyal supporter? Is it worth the time and general hassle to deal with intense complainers like these customers? One very significant reason is because if you satisfy that extreme customer completely, then he or she may well become your best ally and willingly refer others your way. You have indeed gone that extra mile customers seek.

**Customer retention** refers to a strategy with the purpose of doing whatever it takes (legally and within reason) to keep a company's current customers on a long-term basis. As noted earlier in this chapter, HHP has done an astonishing job at growing its business and keeping customers via smart retention strategies. To be sure, it warrants more than “the customer is always right” rhetoric to satisfy today's savvy customers. Customers are not always right, but they always have feelings—sometimes intense, other times barely perceptible—when they make purchases or engage in business transactions.

Especially in a struggling economy, the enduring value of existing customers is considerable for any organization. When a company loses a customer, it does not lose one sale but a lifetime opportunity of profitability with that individual. The question becomes, “What could that customer have been worth?” To determine the average lifetime value of customers, first estimate how much they will spend with your company on an annual basis and multiply it by the number of years they could potentially use your products and services. For

**REMEMBER THIS****Figure 7.4 Customer Retention Strategies**

<b>Sell and then sell again</b>	So many businesses do an excellent job of making the initial sale, then drop the ball and get complacent and ignore the customer. On each service encounter, thank customers and remind them again why they've made the right decision to do business with you.
<b>Bring back the "lost sheep"</b>	Reactivating customers who already know you and your product is one of the easiest, quickest ways to increase your revenues. Finding out why they're no longer buying, overcoming their objections, and demonstrating that you still value and respect them will lead to loyal customers.
<b>Frequent Communications Calendar</b>	Use a programmed sequence of communication, such as letters, events, phone calls, thank-you notes, special offers, and cards or notes with a personal touch. This should occur automatically at defined points in the pre-sale, sale, and post-sale process. Communication such as this acknowledges customers and keeps them informed so they want to come back again and again.
<b>Product or service integrity</b>	Long-term success and customer retention belongs to those who do not take ethical shortcuts. Customers will be attracted to you if you are open and honest with them, care for them, take a genuine interest in them, don't let them down, and practice what you preach.

SOURCE: <http://marketingwizdom.com/strategies/retention-strategies> accessed December 29, 2010.

instance, if an average customer spends \$100 a month, 12 months a year, for 10 years, their average lifetime value is \$12,000. Now add on the value of all the new customers that your loyal customer will refer to your company. It is easy to see how increasing customer retention and loyalty translates into huge increases in profitability and long life to any company.

Though there are many types of customer retention strategies currently used in business,

Marketing Wizdom's website affirms that the easiest way to grow your customers is not to lose them in the first place. Additional retention strategies they suggest are described in Figure 7.4.

**WRAPPING UP**

When companies make a serious attempt to resolve conflict as part of their overall commitment to promote customer retention and satisfaction, they make forward-thinking efforts to stay in business and keep customers loyal. Doing this well requires service professionals to listen attentively and adapt service processes to the concerns and needs of extreme customers, that is, profoundly quiet and vocal customers. These efforts also require that CSRs implement deliberate customer retention strategies and continue to measure customer satisfaction through surveys and other feedback mechanisms. These skills require creative training, monitoring, and affirmation, all topics found in Chapter 8: Managing Customer Service.

**WHAT DO YOU THINK****7.4**

Is there a company that has seriously pursued you to be a long-term customer? As a result, do you buy more products from them and are you loyal to them? Record your experiences in your journal.





## FOCUS ON . . . BEST PRACTICES

### USAA

In the insurance industry, few companies are highly regarded by their customers. That is why it is an honor for one company to be singled out as valued and respected by its customers as one that encourages near perfect customer retention. According to an article in *Business Week*, USAA, a private company with \$68.3 billion in assets, has unrivaled staying power with its customer base with a client retention rate of 97.8 percent!

Based on a recent Forrester Research customer advocacy rankings survey of more than 4,500 consumers, USAA topped the rankings. In other words, the

perception on the part of consumers is that this financial services firm does what is best for its customers, not just the firm's own bottom line.

Forrester Research Vice President and Principal Analyst Bill Doyle commented, "Each year, our data shows that customers who rate their firms high on customer advocacy are more likely to consider their firms for additional products. Customers who rate their firms low on customer advocacy are most likely to say they intend to switch firms in the next year." USAA is a company that has sincerely made retaining its customer base a cornerstone of its success.

SOURCES: <http://www.forrester.com/ER/Press/Release0,1769,1322,00.html> and [http://www.businessweek.com/magazine/content/10\\_09/b4168040782858.htm](http://www.businessweek.com/magazine/content/10_09/b4168040782858.htm) accessed January 20, 2011.

## SUMMARY

- CSRs need special skills to deal with extreme customers, customers who are profoundly silent or vocal.
- Proactive problem solving means anticipating and solving problems before they occur.
- Understanding and recognizing customer emotions as well as handling their complaints fairly can help bring the conflict to a satisfactory resolution for both sides.
- The goal of most customer feedback is to evaluate customer satisfaction with service, product quality, delivery, and overall experience.
- Customer retention strategies are intended to keep a company's current customers buying from them on a long-term basis.

**KEY TERMS**

customer retention	knowledge base	proactive problem solving
customer satisfaction	mystery shopper	service recovery
customer self-service (CSS)	post-episodic survey	softening techniques

**CRITICAL THINKING**

1. Think of a time when you or someone you know walked away from a business rather than staying to complain about its service or products. Explain why the situation was handled this way.
2. In what ways is it more productive for CSRs to use proactive problem solving when dealing with customers?
3. Think of a time when you observed an angry customer at a grocery store, retail outlet, or bank. Describe the behaviors of the person you observed. How, in your opinion, could this anger have been avoided? Once it occurred, how should it have been handled by a service professional?
4. What companies do you buy from that, like USAA, make it a practice to retain customers? What actions do these companies take to retain you as a loyal customer?
5. If you were designing the best feedback survey for the following businesses, which type would you create and why? For a car repair shop? For a four-star hotel? For a hair and nail salon?

**WHAT DO YOU THINK NOW?****Project 7.1**

Assume you are doing a classroom presentation on *customer retention strategies*. Reread your responses to the *What Do You Think?* questions that you completed throughout this chapter. What are some service attitudes and practices that promote retaining customers? What service issues must be carefully addressed by CSRs to retain customers over a long period of time? Which skills should CSRs demonstrate that keep customers returning for more products? Compile your responses, as directed by your instructor.

**ONLINE RESEARCH ACTIVITY****Project 7.2 Customer Service Survey**

Create a 10- to 15-question customer service feedback survey for an industry or a company of your choice. Research several websites and locate sample customer service survey questions you might use as guides in completing this assignment.

## COMMUNICATION SKILLS AT WORK



### Project 7.3 Handling Emotions

Form a group of 3–4 people and pool your ideas to respond to the following four emotionally charged situations. Describe how your group might handle each situation and why each approach is the right one to take. Role play each situation in a professional manner. As an alternative, follow your instructor’s directions to join a group and use the instructor-designated discussion board to complete the group project.

1. A customer throws a product on the counter and says, “I want my money back now!”
2. A customer attacks your personal integrity and you can feel your anger ready to erupt.
3. A customer says, “I’ll never do business with you again!”
4. A customer says, “You have done this completely wrong. You are incompetent. I want to see your supervisor immediately so I can have you fired.”

## DECISION MAKING AT WORK

### Project 7.4 CSR Reaction to Customer Complaints

Cliff, a fellow CSR, is noticeably upset at work this morning. Yesterday, work was incredibly difficult for him because it seemed he had to deal with *the worst of the worst* customer complaints. Today, Cliff has confided in you that, after talking with his wife last night, he is thinking about quitting. According to Cliff, he doesn’t think “employees should be expected to take whatever the customer doles out.” You are aware that Cliff has other things going on in his life—most notably, his aging mother has recently moved in with Cliff and his family.

1. If you were having a private conversation with Cliff, what would you say to try and calm him down so that he can approach the situation rationally?
2. What do you think is really behind Cliff’s desire to quit his job?

## CASE STUDY

### Project 7.5 “If There’s a Rule, I’ll Follow It”

Carson, a utility company CSR, recently experienced a very frustrating civil brush with the law concerning boundary lines between his and a neighbor’s property. As a consequence of this negative legal experience, everyone at work recognizes that Carson is a bit strict when it comes to following rules. However, the situation is beginning to affect his work because his narrow-minded attitude is antagonizing customers.

1. In what ways do situations in someone’s personal life spill over and affect service attitudes and behavior on the job? Describe some examples you’ve experienced.
2. If you were Carson’s supervisor, how would you explain to him the best way to interpret which rules he is required to follow to the letter and which ones allow him some flexibility? What steps would you take to help Carson overcome this attitude and get back on track with customers (i.e., simply talk to him, reprimand him, enroll him in training, or...)?