

some bureaucratic process that adds no value to their experience and they are off to visit a competitor.

So, what does the picky customer really want? According to the 2010 Convergys Scorecard Series Research, when customers were asked what they expected from companies, 29 percent of the 2500-plus customers surveyed selected “Quality of the Product;” 28 percent chose “Quality of Customer Service.” “Price” as a customer priority fell from 24 percent in the 2009 to 19 percent in 2010. While years of quality initiatives have almost made product quality an assumed table stake, the quality of the experience still lags customers’ expectations. Bottom line—a quality product at a fair price might bring customers in but it is the quality of their service experience that will retain them and transform them into advocates.

Post-Recession Customers are Fickle

What is the impact of a bad customer experience? Forty-four percent of customers stop doing business immediately and another 15 percent exit as soon as their contract is up! Some give warning before departing. According to the 2010 Convergys research, 57 percent of customers have had a bad experience in the last year and 66 percent have told someone. When the pocket book gets squeezed, customers are more assertive about letting someone know when they fail to receive value. Customers at the end of the recession were 14 percent more likely to complain than before the recession. The good news is that more are telling the company, not just their neighbor.

Smart organizations beg for candor—they make a big deal about getting customer feedback. They focus on getting their complaint rate up, not down. Complaints mean customers are talking—communicating with hope and courage. Complaints are gifts. Research shows customers who have had a problem and complain when solicited spend twice as much with a company as customers who have a problem and don’t complain. Win back the customers you regret losing. Research shows that with an effective win-back strategy, the like-

lihood of turning a lost customer into a returned customer is four times greater than turning a prospect into a customer.

Post-Recession Customers are Vocal

The Internet has increased customers’ assertiveness in voicing their views. Social

media is changing the landscape of communication. Social media drives five times the impact of traditional word of mouth. Think of it as word of mouth on steroids. According to Convergys research, 62 percent of customers who read about a bad experience on social media stop doing business with or avoid doing business with the



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offending company. This “secondary smoke” phenomenon will grow as the use of social media increases with more and more consumers being digital natives, not digital immigrants.

Smart organizations provide lots of vehicles and channels for customers to easily and register their feedback and suggestions. “Most good innovation comes from customers,” says Ebay CEO John Donahue. “The more time we spend thinking in the ivory tower in San Jose, the worse off we’re going to be.” Customers want to be treated as partners. *BusinessWeek.com* reported how Unilever assembled a group of consumers to help them design a new health-and-beauty product called Twist. As one executive involved in the highly successful project commented, “Often consumers take you to places that you would never thought of going had you used more traditional research methods.” Like the merchant in a small village, start a learning conversation with customers.

One might think that tough economic times would lead to a stronger focus on bettering the customer’s experience. However, customers say the “voice of the customer” has not been heard by

And, America’s e-marketplace, eBay, introduced in late 2009 a new iPhone app that allows customers to buy and sell from anywhere using your cell phone. In the first month, some guy bought a \$75,000 antique Corvette probably while waiting in the parking lot for his kids to come out of McDonald’s. There were 5 million downloads in the app’s first two months producing over \$500 million in auction transactions!

Customers want sparkly and glitter; a cherry on top of everything. Features have become more titillating than function; extras more valued than the core offering. It means that attracting post-recessionary customers requires viewing service as an attraction. Think about the service experience through the lens of another organization. Netflix did not pattern their strategy after Blockbuster Video; they looked at Amazon.com. Netflix is growing as fast as Blockbuster is going bankrupt. Bass ProShops did not see Bubba’s Bait and Marina as their role model; they modeled Disney World. If you thought of the service experience as a box of Cracker Jacks, what would be your “free prize inside?”

POST-RECESSION CUSTOMERS ARE PICKY—MORE CAUTIOUS IN THEIR CHOICES AND INTERESTED ONLY IN GETTING VALUE FOR THEIR MONEY. THEY ARE FICKLE—QUICKER TO LEAVE IF UNHAPPY.

most organizations. According to the Convergys research, over three-fourths of the customers surveyed stated that the quality of customer service provided over the past year has either remained the same or gotten worse.

And what do employees and executives think? Fifty percent of the 1500-plus employees and 120-plus executives’ surveyed by Convergys believe their service has improved! Perhaps it has. But, the expectations of customers have climbed even faster. Yesterday’s grade of B to the customer is today’s C. Thirty-nine percent of customers think companies do not listen to or act on customer feedback; yet, 87 percent of employees and executives think “we listen” to our customers. Coming out of the recession there is a major disconnect between what customers say and what service providers believe.

Post-Recession Customers are Vain

All customers are unique. They want personalized service delivered via their preferred channel. USAA is the highly popular financial services company to a special market niche—active or retired military and their families. They have just introduced an iPhone application that enables their customers (members) to deposit a check anytime from anywhere. Their customers endorse the check, take an iPhone photo of both sides, and send it to USAA for instant credit.

Avis Bell is a child of the Great Depression. She also happens to be my mother. Her stories of living through the worst economic times of the last century are sprinkled with joyful memories of special Christmases when there was no money to buy gifts. Handmade original surprises had to replace store bought. The restriction forced the giver to think about the uniqueness of the recipient; it enabled the receiver to appreciate the “labor of love” over the “expediency of purchase.”

Emerging from a time of layoffs, cutbacks and all types of subtractions, customers are picky about what they buy, fickle with their brand affinity, vocal in communicating their needs, and “local” in their expectation of personalized treatment. Like those who lived through the Great Depression, in this new era of the customer it is time to return to the core of what serving another should be—imaginative, valuable and handmade.

Chip R. Bell is a customer loyalty consultant and the author of several best-selling books. His newest book (with John R. Patterson) is *Wired and Dangerous: How Your Customers Have Changed and What To Do About It*. He can be reached through www.chipbell.com.

