



The game just **got tougher**

Kiwi businesses must dramatically improve the way they look after their customers says Dr Ian Brooks.

Customers today are outraged. A recent study suggests two-thirds of New Zealanders are typically unhappy with the service they get. Research by Colmar Brunton found that 52 percent of Kiwi customers getting a bad experience rate their rage at five or more on a scale of one to ten and 26 percent as eight or higher. University of Queensland research suggests customer rage is caused by rude, uncaring or incompetent staff. Outraged customers progress from shock, to frustration, anger, exhaustion and hurt. Consequently, they make threats, slander the company, look for revenge or even become violent. In England, an angry customer recently drove his car through a plate glass window at Tesco. In Australia, people sent out to cut off electricity have been threatened with being shot and customers whose appliances failed have threatened to blow up the manufacturer. Give your staff a hug each day before they go out into the marketplace or onto the shop floor because they may not come back!

Of course, you may believe your organization is an exception to the rule. Perhaps you are right – or perhaps you suffer from delusions of adequacy. One study found 75 percent of managers rated their customer service as being between good and excellent. Unfortunately, 57 percent of their customers rated it as being between good and poor.

An American study found 80 percent of managers believed they were doing a good job of looking after their customers but only eight percent of their customers agreed.

Why is there such a disconnect? Studies show 67 percent of companies do not measure customer satisfaction. Many of those that do ask customers only about what they think is important. Also, often when managers review survey results, they are quick to look for ways to explain away the results.

To make matters worse, many managers do not understand how the quality of their customer care affects their business. An American study found that nearly 70 percent of managers did not know the cost of getting or losing a customer, or the cost of handling a complaint.

In New Zealand, Colmar Brunton research found customers having a bad experience tell 13 others and 56 percent recommend the listener avoids that company. On the other hand, when they have a good experience they tell nine others and one-third recommend the company. London School of Economics research found that organizations having a large number of people saying good things about them and very few saying bad grew four times faster.

Most disturbingly, we still do not seem to get it. A recent PwC study found only 44 percent of 620 New Zealand managers surveyed plan to grow their business next year by improving their 'customer focus'. Fifty-six percent are planning to grow by cutting costs, which long-term will not grow your business – or by entering new markets, which is the most expensive and difficult way to grow. Ironically, the survey also found the biggest positive impact on business performance over the last year was gained through better customer focus.

Meeting expectations

As if all that is not bad enough, the game just got tougher. A recent study from the Nelson Centre for Service Excellence examined how customers rated the service they received from retailers in and around Nelson. Thirty-seven percent said they were disappointed the shop assistant had not been able to exceed their expectations!

The implications of this research are quite significant. Customers whose expectations are met are merely satisfied and satisfied customers often defect. To turn a customer

into a loyal customer, they must be very satisfied and to turn them into a raving fan, they must be delighted. But the Nelson research suggests, for a significant number of customers, when their expectations are exceeded they are really only met. To delight them, a business would have to exceed their expectations to a degree they did not expect! Now there is a challenge!

Lately, I have found when I talk about how the game just got tougher, many businesspeople tell me the problem is really the customer because customers' expectations are continually rising. The solution, they say, is to manage down these 'unrealistic' expectations.

But attempts to reduce customer expectations are doomed to fail. When I studied at the University of Stockholm nearly 40 years ago, the Swedish government recognised a phenomenon they called 'rising expectations'. They had learned that whatever they did for their citizens this year was not going to be enough to keep them happy next year. In business we have yet to understand that our customers are always asking themselves, "what has this business done for me lately?"

In short, we must dramatically improve the way we look after our customers. Minor improvements will not be enough. The key to making such a step change is to ask yourself these three questions:

- What would we have to do to delight our customers?
- How could we improve the way we look after our customers so in six months we will be embarrassed by what we do now?
- Which problems do our customers have that they would just love us to solve but do not expect we will?

If you do not know the answers, ask your staff and your customers. They'll tell you everything you need to know to succeed.

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