

THIRTEEN CUSTOMER SERVICE FACTS

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Over the years our firm has had extensive dealings with all aspects of industry. Two big questions always surface when industry huddles to make decisions on marketing their products.

First, why do people do business with a particular firm? In today's highly competitive industrial environment, customers have literally dozens of choices in most cases. Why choose you?

The second question that surfaces is why do they keep coming back? In the course of our research to try to answer these questions, we uncovered at least 13 customer service facts.

First, our research shows that you can't motivate anyone. People have to be motivated on their own, or they won't do that which you wish them to do. Motivation is an internal thing, not an external thing. We concluded that rarely could a particular company in a particular industry truly "motivate anyone to do business with them.

The second thing our research tells us is that all people are motivated. Hold it...one minute you say people can't be motivated and then you say all people are motivated. Which is it? People are motivated - many times negatively, but none the less, they are motivated.

The third thing we've learned about the business of motivating people to buy from you is that they will do business with you for their reasons not yours.

As a successful company, your job is to become a problem solver for the instruments and laboratory industries.

This happens also to be one of SAMA's main goals...to help you accomplish this through market-focused programs and articles. In this article, we hope to focus on thirteen key customer service facts that affect your market every day.

To that end, our research indicates a number of key "Customer Service Facts" about why clients buy and why they do or don't remain loyal to the people with whom they initially do business. Here are the thirteen of the facts.

Fact Number One

Dissatisfied customers tell an average of ten other people about their bad experience. Twelve percent tell up to twenty people.

In very simple terms, bad news spreads rather quickly. Don't think for a moment that your poor performance in servicing your client goes unnoticed. Not only does it go unnoticed, but you pay a very dear price for that kind of publicity.

Fact Number Two

Satisfied customers will tell an average of five people about their positive experience. Conversely, the good news, unfortunately, doesn't spread so quickly. To the contrary, the bad news moves twice as quickly as the good. While customers do appreciate good service, they either don't reward it quite as soon or they don't reward it at all.

In most cases, customers have come to expect good service as "part of the deal." While they do expect it, rarely do they get it. The "bum wrap" here is that the bad apples are causing problems for the whole bushel.

Fact Number Three

It costs five times more money to attract a new customer than to keep an existing one. Before you go out investing hundreds or even thousands of dollars chasing after new clients, think about the acres of diamonds in your own back yard.

The people that you've done business with previously thought enough of you at some point to buy from you. Why not go back and re-cultivate that relationship? It will cost you one-fifth of the cost of finding a new client.

Fact Number Four

If 20 customers are dissatisfied with your service, 19 won't bother to tell you. Fourteen of the 20 will simply take their business elsewhere.

Most customers just don't want the hassle of having to straighten a problem out. They know, that in many situations, it's their word against the word of the company. Who needs the aggravation? They simply take their business somewhere else.

Unfortunately for the salesperson, they will end up losing the business and may not even know the reason why. That's why it's critical to do follow up surveys to check on your performance. Ask questions like:

-Were you satisfied with our service?

-If not, what can we do to improve?

-Had you been the sales/service person, what would you have done differently in this transaction?

-Why did you choose to do business with us?

-Is there any other way we can be of service to you?

Many will say, "by asking these questions, you are just opening yourself up for criticism." Perhaps you are, but that is the intent of the questions...to find out what's going wrong.

Always remember to separate the criticism of the performer and the performance. When the performance is under attack, there's room for growth. When one attacks the performer, many times that criticism is "value judging" in nature. We should listen to those remarks but not support them. Usually they are not constructive in nature.

Fact Number Five

Up to 90% of dissatisfied customers will not buy from you again, and they won't bother to tell you why.

Statistically speaking, you would be lucky if 10% of your unhappy customers would come back and do business with you again. Most customers become dissatisfied when the salesperson violates their trust.

Trust, in any relationship, once violated, negates the relationship. It takes a mighty forgiving customer to let you stick him or her twice. Honesty in any relationship is not conditional. Lincoln said you are either unconditionally honest or you are not honest at all.

Fact Number Six

Ninety six percent of dissatisfied customers do not complain of poor service. They figure, "What's the use? Nobody's listening!" Maybe they're not used to getting service after the sale. Many feel they are victims of a crime. The sales person has their commission. Now he or she will simply ignore the please of the client.

As a sales or service person, your responsibility is to return calls the same day when a complaint comes in.

So when a sale is made, make it clear to the client that you welcome their input and that you would be disappointed if a problem exists that you were unaware of. This permits the client to let you know that they are experiencing a problem.

Fact Number Seven

In many service industries (yours included), quality of service is one of the few variables that can distinguish a business from its competition.

In the Scientific Apparatus Makers Association, your members may be competing with dozens of other similar companies that make similar products.

In many cases, there's not a nickels worth of difference between the vast majority of products and services that you and your competition offer.

The only appreciable difference is in the service rendered by the sales and service people. For 99.9% of your clients, the SALES AND SERVICE PEOPLE are the company. Most of the time, they are the only people with whom the client will ever be in contact.

Fact Number Eight

The first thirty seconds of a call or meeting sets the tone for the remainder of the contact. The last 30 seconds are critical to establishing rapport.

You only get one opportunity to make a first impression...don't screw it up! If you want to be accepted as a professional, you must look and act the part. If you look and act shabby, you will be perceived as shabby. If you plant peas you get peas, not corn. People will expect of you what you expect of yourself: what you've invested in yourself

Fact Number Nine

Providing high quality service can save your business money. The same skills that lead to increased customer satisfaction also lead to increased employee productivity. You can kill two birds with one stone. The same things that make customers happy make your employees happy.

Have your employees put a big smile on their faces. People want to do business with winners. They want to do business with happy people. People don't smile because they're happy, they're happy because they smile.

Fact Number Ten

Customers are willing to pay more to receive better service. You remember...Marketing 101. What do you get when you have a high demand for something and an extremely low supply? The price goes up, of course. The price (in case of service) is the loyalty the client has to you and your firm. If you provide good service, they pay you loyalty.

Loyalty means they will do business with you again. And remember, it only costs one-fifth as much to do business with an existing customer as it does to find a new one.

Fact Number Eleven

Ninety five percent of dissatisfied customers will become loyal customers again if their complaints are handled well and quickly.

Let's face it, people don't want to admit they made a mistake initially when they decided to do business with you.

Eighty percent of the decision to purchase is generally made on emotion. Only twenty percent is made on logic. But they use logic to justify their reason to do business with you.

They want to say to themselves that their decision was a right one, a logical one. They are more willing to forgive, if for no other reason than to ratify their initial decision to do business with you.

Fact Number Twelve

A good sale is GOOD SERVICE.

Part of every sale should be an extensive overview of the service you intend to render as part of the sale.

You should promise and do a periodic review of the client's situation. You should deliver periodic reports on the progress of the contract. You should stay in touch with periodic "non-sales" visits designed to build good will with the customer.

In telling the client this in advance you prepare them for your eventual follow up contact. But you must follow up. Promise them a lot, but deliver a little more!

Fact Number Thirteen

Good service leads to increased sales.

People love to talk about rare experiences, like getting good service from a sales or service representative. Work hard to earn their respect and they will repay you royally by telling their friends and associates.

First, when we better understand our customers, we can accomplish a number of worthy objectives. We will certainly be better focused on their needs. Better focus means better service.

Secondly, we will build and enhance loyalty with good service. Part of the reason why the Japanese have dominated us so since World War 2 is the fact that they have been willing to out work us. Here are just a few facts about our Japanese counterparts:

-Japan is geographically about the size of the state of Montana but has a population of over 115 million people.

-Ninety-seven per cent of the Japanese people graduate from high school and less than one per cent are illiterate. Latest estimates place the illiteracy rate in the U.S. at over 27%

-The Japanese send their kids to school 240 days per year compared to 180 days per year in the U.S.

-The Japanese revere their elderly. In America, the greatest fear our elderly have is that they will be forsaken. The good news is we're living longer. The bad news is that we're living longer, and in some cases outliving our estates.

-The Japanese have the highest regard for their teachers. They pay them well and respect their place in society. In America, our teachers should be getting combat pay in some schools.

-The Japanese respect their young and encourage them to follow in the footsteps of their parents. American children seem to be tuned into what Speaker/Consultant Joel Weldon describes as station W-I-I-F-M, meaning "What's in it for me?"

The third thing that improved service will do is ease the export license requirements. If you're turning out a better product, there's less likelihood that some government body is going to tell you how to build and service it. This is an area where the Japanese have hurt the American economy most. For years we talked about the Japanese junk. No more. Today, they are turning out better products at lower costs. Yes, export licenses should be eliminated on many of your products, but let's first start by building a better product.

The fourth thing that improved customer service affects is Product Liability Insurance. When quality improves, liability goes down. When liability goes down, rates closely follow.

The scientific apparatus industry faces many problems today--tuning into the customer, understanding the market, managing a company in a changing economy, expanding into international markets, getting the government to understand the industry's special problems and yes, getting the government out of your business. Couple these problems with ever-changing tax laws

and a stock market that's described at best as volatile and you have challenges that this industry has never seen before.

Many of these challenges are beyond the control of most of us. The trouble with the future is it ain't what it used to be. We can't really do anything to change most of these challenges, and since change is the only constant in our society today, we can do little to affect it. We can, however, do something about the way we react to change.

It starts with good customer service. After all, our customers are the lifeblood of our business.

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