

CUSTOMER SERVICE

Will Fix

THE US ECONOMY

(and a Few Companies, Too!)



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The US economy is still sputtering, but fortunately there is a solution that is guaranteed to turn things around.

This is not a solution that depends on any political movement, party or candidate. It's a solution we must implement in the marketplace, one customer at a time. Here's how it works.

- When you treat customers right, they come back.
- When you treat people right, they also tell others.
- When the other people find out how good you are, you get new customers.
- When you treat the new customers right, the whole process can start over again.
- When more customers come back, the company does better and hires more people.
- When more people have jobs, more people spend money and the economy gets stronger.

It all starts with customer service. Just treat the customer right...and yes, you can save the US economy.

Take a closer look, and you'll see exactly what I mean.

When you treat customers right, they come back.

We live in a world where people have become extremely value-conscious, where margins are tight, and where one of the only ways left to compete effectively is with customer service. Create a better experience for the customer, and you create better value, which means you create greater loyalty.

The companies that create the best experience and deliver the highest levels of customer confidence are the ones that stay in business longer. They are the ones that aren't forced to sell their goods and services at thin or losing margins.

These companies have figured out **who they are selling to and how to meet or exceed their customer's expectations consistently**. As a result, these customers continue to bring in business.

So the first lesson is simple: **Figure out who your customers are and how best to cater to them.**

Keep in mind that you can't be everything to everyone! Here's a case in point. Southwest Airlines doesn't try to convert the passenger who wants a pre-assigned seat or a first class upgrade. They don't even offer either of those things. Instead, they focus on the customers that accept their way of doing business. Then they give them the best experience they can.

Ask yourself: Why should someone do business with you instead of the competition? What is the one thing that really separates you from your competition?

BY THE NUMBERS

- ***Only 1% of consumers feel their expectations for a good customer experience are always met*** ⁽⁶⁾.
- ***Repeat customers spend 33% more than new customers*** ⁽⁹⁾.
- ***It costs 6% more to sell something to a prospect than to sell that same thing to a customer*** ⁽⁹⁾.

When you treat customers right, they also tell others.

Getting people to tell others about your company is about creating customer Amazement.

My definition for delivering Amazing customer service is simple: to consistently be above average. At a minimum, this is just a little above average. If you think about your own experiences, you will realize that that is what the best companies do. They are consistently a little bit above average, or better. Above-average needs to be an all-of-the-time experience in order to be Amazing. The customer must be able count on you and know what is going to happen. It is this trust that brings the customer back again and again.

To stand out, you simply have to go above and beyond what is expected, be consistent, and make conscious choices that create those above-average "WOW" moments for your customer. When you do this on a regular basis, it's Amazement.

Amazed customers tell other customers about you – and nowadays, they tell people via social media!

Let me give you an example of what I mean. I recently had the pleasure of staying at the Marriott in Plano, Texas for a conference. Alexandria Vanreenen was our sales representative for the event. Alex, as she prefers to be called, was consistently engaging and helpful. As our convention was her “customer,” she made a point of being there for us from first thing in the morning until our last function in the evening.

Now, this hotel loves to give their guests some of the best chocolate chip cookies I have ever eaten. And, let me tell you, they taste even better when you microwave them for 18 seconds. Alex noticed that I was taking the cookies and microwaving them for my friends. We started talking and I told her my secret recipe: 18 seconds for an individual cookie, or 22 seconds for two or three cookies.

At the final night banquet, just as we were eating dessert, Alex and the chef came out from the kitchen with a plate of cookies. In the middle of the plate was a little sign that read 18 Second Chocolate Chip Cookies.

WOW!

The cookies were delicious, and my friends at the table were impressed with Alex, the chef and of course the hotel. One person commented, “This hotel has the nicest people.” Another said, “The customer service here is very impressive.”

What Alex did wasn't hard. It was just a little extra effort that made a big impact. She engaged and interacted with her customers/guests and paid attention to their comments. Most importantly, she acted on what she heard and observed.

The ten guests that Alex delivered a “WOW” customer experience to will most likely share with others about their wonderful stay. **That is businesses want: to do so well that their customers tell others about their services.**

That is exactly what I did – I have told tens of thousands of people about my great experience with Alex! I did that via my blog, on Facebook, on Twitter, and through other channels too. Hopefully someone remembered my story about the Marriot when they travelled to Plano, Texas.

Now, there is a flip side to this. Your customers can spread both good and bad stories about companies in a very short time. For instance, a couple of years ago, Dave Carroll's guitar was damaged by the baggage handlers at United Airlines. They refused to fix it, so he wrote and videotaped a song, “United, You Broke My Guitar.” He put the recording on YouTube and it went viral; millions of people watched it. United eventually fixed his guitar, but they would have saved themselves a lot of headaches – and a ton of bad PR – if they had simply done that the first time he asked.

BY THE NUMBERS

- *Nearly half of consumers tell someone about their good customer service experiences all of the time* ⁽²⁾.
- *Referrals among repeat customers are 107% greater than new customers* ⁽⁹⁾.
- *Customer experience leaders have more than 16 percentage point advantage over customer experience laggards in consumers' willingness to buy more, their reluctance to switch business away, and their likelihood to recommend* ⁽⁸⁾.

When other people find out how good you are, you get new customers.

The hallmark of a truly effective Amazement campaign is impossible to miss. You generate evangelists.

There are hundreds of examples of market leaders who excel at creating evangelists, but I will share just one with you now. Morton's, the upscale restaurant chain, claims to sell the "best steak anywhere." The steak is consistently excellent, as are the rest of their menu items. But Morton's has much more to offer than just an excellent meal. Morton's is a fine example of Amazement in Action, the kind of Amazement that generates both external and internal evangelism.

Several years ago I had the privilege of being a speaker at the Morton's annual managers meeting. I was given a look behind the scenes of a truly first-class operation. I learned that there is a whole lot that goes into creating a great meal. The food and preparation are a big part of it, but without the service, Morton's would not stand out! I was privileged to hear Morton's former Chairman/CEO/President Tom Baldwin speak about two critical business philosophies he has built into his business model, principles that can be adapted to any business.

- Tom has the belief that the road to good service is "mistakes well handled." In other words, no matter how great you might be, one mistake that is not handled well can destroy the brand promise. (That is especially true in our era of social media!) The Morton's strategy for handling problems is simple: Don't let the problem walk out of the restaurant. **Deal with it right away, quickly and to the satisfaction of the customer.**
- According to Tom, the Morton's marketing strategy is simple. Rather than invest millions in advertising, Morton's relies on a 5,000-person marketing department. In other words, every single one of their employees! Each and every employee recognizes that he or she plays an important role in creating a great guest experience. **When the marketing department (i.e., all the employees) does its job, then the guests, in turn become walking advertisements for your company.**

Don't let the simplicity of these strategies fool you. They are powerful and they work.

Use your happy employees and customers to help promote your business. Be actively engaged with them through social media, mail and any other form of communication that is appropriate.

BY THE NUMBERS

- *What makes consumers fall in love with a brand? Friendly employees or customer service representatives (73%). Easy access to information and support (55%). Personalized experiences such as knowing what customers have bought in the past and service issues they've raised, as well as sending timely and useful updates (36%) ⁽⁶⁾.*

When you treat the new customers right, the whole process can start over again.

A business that builds customer loyalty will develop. Recently I was asked, "How does one create loyalty?" I discovered a formula:

Loyalty = Great Service + Confidence

Provide great service. That's expected. Do it consistently, and you will create confidence. Consistently great service builds confidence and will eventually lead to loyalty. In the end, we don't want just satisfied customers, we want loyal customers!

Getting loyalty from customers is simply a matter of giving customers what they really want. What the customers are after is a consistently positive experience. If the experience isn't repeated in the short term, the long-term relationship won't happen!

Sometimes we can get a little distracted with analyzing the customer's "lifetime value." While that is important to understand, customer loyalty isn't really about a lifetime. **It is about the next time – every time!**

When a customer or client complains or asks for his or her money back, how do you handle it? Do you work at getting him or her back the next time? Loyal customers are built on how you respond when there are problems and you find yourself in "recovery mode." In these situations, we sometimes need to think less about who's right and who's wrong, and more about what it would take to get the person to come back next time. Calculating the lifetime value of the customer only makes sense if it helps you **make intelligent and reasonable decisions that get the customer to come back next time – every time.**

Here is an example of what I'm talking about. Someone I know—we'll call him Bob—took his car to be serviced at one of the better-known auto service centers, a large chain of stores with locations in multiple cities. The service and repairs were just over one hundred dollars.

Several days later, Bob drove out of town on a family vacation. Somewhere along the way, the car broke down. The problem was the same one that had just been fixed—but obviously, it wasn't fixed.

Fortunately, there was a guarantee. That guarantee, however, was restricted. It said Bob had to bring the car back to a store in the chain for it to be fixed, but Bob was now two hundred miles from the nearest store. Reluctantly, he paid for the repair at a competing car repair shop.

When Bob returned from vacation, he stopped by the repair center and told the manager that he'd had to pay for the same repair a second time. The manager credited the customer for the next time. Bob was delighted. The manager knew Bob had been doing business with his store for years. The priority was not figuring out the "letter of the law" – it was holding on to the customer. In other words, this hundred bucks was a small percentage of all of Bob's future business with the chain.

Notice that the manager didn't simply pay out the money, but he issued a credit for future work. This means that the only way Bob could get his money back was to return to the store. The manager didn't argue or question Bob. He just took care of him. The credit toward future service was a reasonable way of giving both sides what they wanted. Bob eventually got his money back, and the manager got to keep Bob as a customer. **Win/Win!**

BY THE NUMBERS

- ***Happy customers who get their issue resolved typically tell between four and six people about their experience*** ⁽³⁾.
- ***89% of consumers began doing business with/purchasing from a competitor following a poor customer experience with another vendor*** ⁽⁶⁾.
- ***A 10% increase in customer retention levels result in a 30% increase in the value of a company*** ⁽³⁾.
- ***Price is not the main reason for customer churn; it is actually due to the overall poor quality of customer service*** ⁽³⁾.
- ***Dissatisfied customers whose complaints are taken care of are more likely to remain loyal, and even become advocates, than other customers*** ⁽³⁾.

When more customers come back, the company does better and hires more people.

Companies that build the principles of customer loyalty into their company's DNA have a significant competitive advantage. This advantage allows them to grow more quickly and hire more employees than companies that don't. My favorite example here is the online shoe and apparel company Zappos.com.

Zappos was founded in 1999. Today, it is world-renowned for great customer service. They pay shipping costs – both ways if necessary. Customers love that! And that's not all they love about Zappos.

Internally, Zappos has a saying: "We are a SERVICE company that happens to sell shoes. And apparel. And handbags. And accessories. And eventually, anything and everything."

Zappos is all about service, and Zappos only wants people working there who want to be there. They have an incredibly successful company, and it's built on the realization that what they are doing is not all about selling stuff. Zappos is all about creating an experience that people love. No matter how great their website is or how great their products are, their people must support the entire customer experience. And they do!

According to Tony Hsieh, CEO of Zappos.com, "...in addition to trying to WOW our customers, we also try to WOW our employees, and the vendors and business partners..." In that one quote lays the secret to growing a great company.

Zappos has created a culture that has employees saying, "I love working here." How do they do it? First, everyone knows the "mantra." They're all focused on delivering WOW. Second, Zappos trains well. Third, there are some really cool perks that WOW the employees. No, I'm not talking about the usual corporate perks. They have pot-luck lunches, bowling parties, haunted houses at Halloween, holiday decorating, karaoke, picnics, go-carting and much more. The point is the culture is fun. Most important, they have an environment where people can just be themselves.

How does all that translate into a positive customer experience? I can only share my own experience. Recently I placed an order with Zappos.com. Shortly afterwards, I got an e-mail confirmation. Nothing special, right? Well, yes, actually, there was something special. I noticed that the message shared a piece of very good, totally unexpected news.

Here's what the e-mail said:

"Although you originally ordered Standard (4 to 5 business days) shipping and handling, we have given your order special priority processing in our warehouse and are upgrading the shipping and delivery time frame for your order.

Your order will ship out today and be given a special priority shipping status so that you can receive your order even faster than we originally promised! Please note that this is being done at no additional cost to you. It is simply our way of saying thank you for being our customer.”

I placed the order on a Wednesday, and it arrived on Thursday.

WOW!

Don't just focus on the outside customer. Do something for your internal customers. Remember my Employee Golden Rule: The best companies treat their employees the way they want their customers treated – sometimes even better.

Take care of your internal customers, so you can better serve your outside customers. Zappos is a real role model in this area, and their numbers show it. Creating a better company culture translates to your customers and in turn allows your business to grow.

Zappos has grown from being a small startup to a company that employs over fifteen hundred people. It went from zero revenues to \$870 million in under ten years, fueled primarily by word of mouth marketing! Then Amazon bought them!

BY THE NUMBERS

- ***Organizations providing superior basic customer service had a higher rate of customer retention (51%) than organizations delivering inferior basic customer service (33%)⁽⁴⁾.***
- ***Companies with a good customer experience have 2.5 times more engaged employees than companies with a poor customer experience⁽⁷⁾.***
- ***A 2% increase in customer retention has the same effect as decreasing costs by 10%⁽³⁾.***
- ***Did you ever wonder whether there was a statistical link between good customer service and market share? The Institute of Customer Service (<http://www.instituteofcustomerservice.com/>) has the hard numbers that prove the cause-and-effect relationship here. Their January 2012 report is the first study to demonstrate the link between customer satisfaction and business performance.***

The Missing Link: How Customer Service Drives Sales and Market Share

The Institute of Customer Service analyzed customer satisfaction, sales, and market share in the retail sector. Amazon had the best customer satisfaction (91.7) and achieved the strongest sales growth (20%). By contrast, the four retailers with the lowest customer satisfaction all suffered a serious decline in sales⁽⁵⁾.

When more people have jobs, more people spend money and the economy gets stronger.

Can you imagine what our economic picture would be if even half of the companies in our country had a workplace as engaged, as motivated, and as happily employed as the people who work at high-growth companies like Zappos and Amazon? Our economy would be in overdrive!

So here's the deal. We don't want to make the mistake of thinking that our political candidates or our election cycles or what is happening in foreign countries will fix our economy.

Let's get real. Anything our politicians can come up with is just going to be icing on the cake – if it works at all, which is, let's face it, not the surest bet in the world. At the end of the day, fixing this is up to us. People and companies with customer relationships are going to need to take the lion's share of the responsibility, and they will get to claim the lion's share of the rewards. That's how our system works.

The solution to our economic problems is ADDING AMAZEMENT TO OUR OWN WORKPLACES AND OUR CUSTOMER-FACING PROCESSES.

That is what is going to fix our economy, both on a small and a large scale. That is what actually works and what we need to invest in.

Doing this creates an instant competitive advantage. Most people and companies do only what they are supposed to do: the bare minimum that is expected by the customer. I believe that going beyond that level of service can make all the difference for our companies...and for our country.

When someone goes out of the way to help us, we are surprised. Our expectations are exceeded. But here's the secret: doing a little something extra or special is not all that difficult. Sometimes it means just doing whatever you are supposed to do with a positive attitude. At other times it might mean going out of your way or making an extra effort to help.

Let's face it. Anybody can be okay. Anybody can be average. It is the excellent people and the excellent companies that are willing to do the extra things that win not just satisfied customers, but LOYAL customers!

- ***Two-thirds of consumers state that they are willing to spend more with a company they believe provides excellent customer service. Specifically, they are willing to spend 13% more ⁽²⁾!***
- ***In a similar finding, a recent survey of more than 2,200 consumers indicated that 10% were willing to spend 25% more for good customer service ⁽⁶⁾.***

- ***Improving the customer experience led to up to \$382 million in gains over three years for US companies, depending on the industry*** ⁽⁸⁾.
- ***Thirty-one percent of consumers say that companies usually miss their expectations for customer service*** ⁽²⁾.
- ***Seventy-nine percent of consumers who shared complaints about poor customer experience online had their complaints ignored*** ⁽⁶⁾.
- ***Fifty percent of consumers give a brand up to one week to respond to a customer service question before the “breakup” with the company*** ⁽⁶⁾.
- ***Seventy-eight percent of consumers have bailed on a transaction or not made an intended purchase because of poor customer service*** ⁽¹⁾. ***Translation: Bad customer service can kill a company. Everyone must be on board and aligned. The customer must experience a consistent level of service from anyone he/she deals with.***

Let's end with a quote from James C. Penney, the legendary founder of the J.C. Penney stores. He said...

“It is the service we are NOT OBLIGED to give that people VALUE the most!”

We can add that it is the service we are NOT OBLIGED to give that lifts the larger economy. It all starts with customer service. Customer service takes your business to the next level

... and stimulates the economy.

Always Be Amazing!



SHEP HYKEN

PS: As I reflect on all of this, I can't help but mention the importance of creating a culture that focuses on both customers and employees. If you haven't already read ***The Amazement Revolution: Seven Strategies to Create an Amazing Customer and Employee Experience***, then at least go to the website (<http://www.AmazementRevolution.com>) and download – at no charge – the first three chapters. Take a look at chapter three and specifically the second strategy, which is focused on creating F.U.N. in the workplace. F is for fulfillment, creating a fulfilling employee experience. U for uniqueness, exploiting the unique strengths of individual employees. And, N is for Next, getting employees excited about what is next. ***Do that, and you will support a customer focused culture that will help save the US economy. (And, it won't hurt your business either!)***

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