



MORE Powerful Marketing Minutes
50 New Ways to Develop Market Leadership

Book Excerpt

Chapter 26

Customers Are Not Stupid!

Creating customer satisfaction is the best way I know of creating customer loyalty.

The wrong way to go about this is by treating your customers like morons.

Unfortunately, that's what too many marketers appear to be doing these days, particularly by reducing their service levels or product configurations.

The legendary David Ogilvy once said, 'The customer's not stupid, she's your wife!' He was referring at the time to how women would view and react to advertising.

I tell you today, 'The 21st century customer is not stupid, the customer is king.'

And if today's customers feel they are being cheated, they are very likely to walk away. For there are many choices out there that can satisfy customer needs and rectify customer problems.

Cutting back on what you deliver to customers may help the short-term bottom line, but it's also likely to have longer-term negative consequences on your revenue line. Too many businesses are cutting short-term costs without realising that when they lose a customer, they are losing long-term revenue.

I read recently that one of the world's most famous candy companies has reduced the size of its most popular chocolate bar from 250 to 240 grams, apparently in the hope that customers wouldn't notice. Similarly, a bread manufacturer in Australia has reduced the size of its standard loaf from 650 to 600 grams. Neither, of course, has reduced the price for its products.

One of my favourite airlines no longer gives toiletry kits to Business Class passengers, even on long haul flights. And their in-flight menus now often comprise less expensive 'Asian cuisine' than the four-course elegant western meals that helped build their international reputation.

Do these ‘management geniuses’ really think that customers are so stupid these changes will not be noticed? Sure, these companies are saving money and reducing costs with smaller sizes or reduced choices. And yes, these moves are undoubtedly having short-term positive impacts on their bottom lines.

But, customers are not stupid. They notice these changes. And while they may not vocally complain about these cutbacks and shortfalls, they do make mental notes about them (notes that will be recalled the next time a buying decision needs to be made). And, most importantly, customers talk about these changes to other customers.

What happens when customers move their business, purchases, and loyalty to a competitor? Revenues will decline and the respective companies will be forced to find more ways to cut costs. Only this time, the cuts are going to be more drastic, as the future revenue shortfalls are a result of a reduced customer base.

Managing to the bottom line is important. But so too is increasing customer loyalty by delivering customer satisfaction.

Without increased customer satisfaction, there will be no bottom line to manage in the future.

KEY POINT:

The best way to create customer loyalty is through the creation and delivery of customer satisfaction.

TAKING ACTION:

What alternatives are available to you besides reducing your service levels or product configurations?

How are customers likely to react to any changes (even if small) to your service or product delivery?

How are your competitors likely to react to any changes (even if small) to your service or product delivery?

This Chapter is excerpted from MORE Powerful Marketing Minutes by Steven Howard.

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