



MORE Powerful Marketing Minutes
50 New Ways to Develop Market Leadership

Book Excerpt **Chapter 20**

Customer Retention: Don't Be Afraid To Ask Lost Customers

I had a phone conversation with the Managing Director of a service company last week whose business has taken a sudden turn for the worse over the past few weeks. To say that he was in panic mode would be putting it mildly!

Only a few weeks ago, I had met with him and his board in Singapore to begin mapping out business and marketing strategies for the next three years. In the interim, his business had all but fallen off the table, and the need now was for immediate short-term survival tactics, without which there would be no need for long-term strategies.

We discussed the re-launch of a customer loyalty program that he had been working on and, in passing, he mentioned that he hardly saw many of his previously most loyal customers any more.

I suggested that he spend the first two days this week calling as many of his formerly loyal customers and ask them three questions:

- 1) have they experienced any problems or disappointments with the quality of the product delivered?
- 2) have they experienced any problems or disappointments with the service delivery?
- 3) what would it take to get them to return with their patronage?

Lastly, he should thank them for their past business and for their frank answers to these three questions.

At first, he said that there was no real need to do this, as he hadn't heard many quality or service delivery complaints in recent months. How many had he heard in the past month, I asked?

“About four or five”, he replied.

“Well, that means you probably had somewhere between 80 and 100 service quality

issues in the past month,” I told him. Which, for a business that probably handles less than 400 customers a month, means over 20 per cent of his customers were experiencing a service-related problem when interacting with his company.

This shocked him.

So I explained that customer research surveys show that only 50 per cent of all customers complain about service problems. Ninety per cent of these complaints are made just to the front-line person serving them, or perhaps to their immediate supervisor. Only 10 per cent of the complaints are given directly to senior management.

Hence, top management typically hears only about 5 per cent of all customer service issues! So in a typical organization, such as this client’s, the true customer service problem situation can be 20 times greater than senior management thinks.

Very few organisations ever call former customers to ask why they have taken their business elsewhere. Most are either too afraid to ask or are too hurt that customers have actually left.

I say don’t be afraid to ask. If you don’t ask, you’ll never know the true reasons for customer attrition.

First, you may find a common cause or problem that can be fixed, or you may uncover a customer need that your product and/or service can meet with some minor modifications.

Second, almost everyone likes to have their ideas solicited. The reason for asking customers what it would take to have them return to your business is to give your customers an open opportunity to express their ideas, opinions, or comments.

Listening to your former customers, and seeking their inputs, is the first step in winning them back.

KEY POINT:

The true customer service problem situation in the typical organization can be 20 times greater than senior management thinks.

TAKING ACTION:

When was the last time senior managers took a day away from their daily routine to concentrate on nothing other than calling former and current customers? What could possibly be more important than doing this at least once a quarter?

What percentage of customer problems is your senior management aware of? Should this be increased? How could it be increased?

Do you have a formal process for soliciting feedback from customers and former

customers? How well is this working? How could this be improved? Are the inputs received worthwhile? How could these be made more worthwhile to your organization?

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

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