



Are Your Employees Empowered to Improve Customer Loyalty?

Equip employees to handle the six most common problems they encounter.

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ATLANTA – It may seem counterintuitive, but the complaints you don't hear are the ones doing your business the most damage.

"We can only solve problems we know about," said John Goodman, vice chairman of Customer Care Measurement

and Consulting, who presented "Turning Problems into Customer Loyalty." Goodman's research stems from more than 1,000 separate customer service studies, including a White House-sponsored evaluation of complaint handling and studies of word of mouth and consumer education sponsored by Coca-Cola USA.



Getting to the root cause of complaints and empowering employees to participate in the process can break barriers to ensuring customer loyalty. Goodman's studies find most organizations assume one of four myths to explain unhappy customers.

Myth 1: Employees cause complaints

Research contends the employee is often not the problem, but is a participant in a bad, or unclearly defined process. Goodman recommends employers, "Build processes that don't make your employees look stupid. Give them good, clear explanations why you're asking them to do what you're asking them to do." Provide opportunities for employees to report a problem for input and direction, and recognize employees who solve problems.

Myth 2: Very few customers don't complain

"If you're servicing 10,000 customers a month, what we find is about 20% of your customers are having some kind of a problem. If you're really lucky, a quarter of them are complaining, and you may be satisfying 50% of those," Goodman said.

Research found customers with a complaint, who've had their issue satisfied, are actually more loyal than ones with no problem. "If I'm satisfied, I'm telling two people positive things about your store. If I'm dissatisfied, loyalty drops about 20% and five people are hearing bad things about your store," he said.

Customers want to be assured the problem will not happen again and expect an explanation for why the problem occurred in the first place, Goodman said.

Myth 3: It's expensive to give great service

Goodman is well known for originating the sayings, "It costs five times as much to win a new customer as to keep an existing one," and "twice as many people hear about a bad experience as a good one."

Myth 4: Don't explain your policies

"You can give customers bad news," Goodman notes while recommending positive communication with customers. "At Lexus, we talk about when you're saying 'no' to the customer or giving him bad news, the object of the game is to tell the customer to go to hell in such a way that he looks forward to the trip." He assured attendees a best defense is a good defense. "Anticipate the customer's next question before they ask it and eliminate complaints," he said.

Problems into solutions

Goodman's biggest advice includes asking employees for the six most common customer grumbles and frustrations. Ask yourself, "How can we prevent those complaints with customer education and good processes?" Then equip your front-line employees to handle at least one of those issues at a time to improve customer loyalty.

The Association for Convenience & Fuel Retailing (NACS)

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