What Do Customers Want? Your Competitors May Have the Answer

Don’t let profitability walk out the door with an unhappy customer.

By Alain J Roy

MUCH HAS BEEN SAID IN THE BUSINESS WORLD about the value of getting close to customers, listening to their needs, and meeting their expectations. However, little has been done to improve the art of employee-customer communication in even the most basic settings, such as the local grocery store, restaurants and the consumer retail sector.

Another major management topic has been customer satisfaction. If you fail to satisfy your customer, the only way to know what went wrong may be to listen to your competitors’ message and pay attention to the way their employees communicate with their customers.

Another well-known fact: “Customers cost a bundle to attract and retain.” Few customers will actually take the time to share their views with the employees or managers unless they are “extremely” unhappy. Thus, the ill-served customer will usually leave, wasting an opportunity to improve your customer-employee interaction processes. The opportunity to communicate and further solidify a bond with that particular customer has been lost.

Where does this unhappy customer go? Straight to your competitors. He or she may have only visited your place of business once, but a bad experience will prevent a return visit. To make matters even worse, the lost customer is now sharing with his or her friends the story about a former unpleasant experience and/or a newfound and now “favorite” spot. As this lost customer becomes “loyal” to one of your competitors, potential profits for your business go down the drain.

What happened? How can you find out so that you may solve the problem? What can you do to prevent customer defection?

First, ask yourself: “What does my competitor offer that attracted my customer?” Remember, you once had that customer. You succeeded in attracting that customer. You had an edge. What was it? Why were you unable to retain that customer? What made your customer look to and stay with your competitor?

Many customers are motivated to frequent a specific place of business by an enticing marketing message and/or a positive word-of-mouth referral. Something in that marketing message (a promise, an incentive) appeals to their needs and their expectations. Once there, they expect those promises and incentives to be fulfilled. Period. Whether it’s fresh food, fast and friendly service, fair prices, a clean environment, or any number of motivating factors, if they do not get what they were originally expecting, they may simply leave without sharing their disappointment with members of the establishment. They may never return and they may also engage in casual “bashing” of the establishment with others in their circle, depending on how extreme their level of disappointment may have been.

A Personal Case Study

Within a three-mile radius of my residence, I have easy access to four grocery stores (Vons, Henry’s Market, Albertson’s, Ralph’s). I spend on average $150-$200 for groceries each week. Over a period of 10 years, this number adds up to more than $95,000. Nowadays, only one of these four stores gets my money and I am very happy to give it to them day after day. Given my line of work, I did on a few occasions convey my needs, expectations and disappointment (in writing as well as verbally) to the management of the other three. When they failed to adequately address the issues, I simply gave my repeat business to Vons. Not only have I become “extremely” loyal to that grocer, I’ve also communicated my $atisfaction with that establishment to several of my friend$ and neighbor$. Further, I freely share my views of the other three as well. Repeat business and word-of-mouth is the key to business success.

In retrospect, the other grocers could have earned my loyalty and my dollars. When informed of weak performance on their part, they could have listened to my valuable customer input in order to prevent a measurable loss. But they weren’t listening. Instead they turned away, in effect forcing me (and my friends) into the arms of their competitor.

But that’s not the end of the story. As a repeat customer and a source of word-of-mouth advertising for the establishment, imagine that I remain a loyal, happy and satisfied customer for life. First, let’s assess the 10-year lifelong significance of such a customer. Based upon the frequency and extent of each transaction derived from such a customer, take into account the word-of-mouth factor, which you can logically multiply by 2. Tally the new sum by the average number of customers per day that you may lose, and then factor the average sales amount.

The total should equate to the lifelong desirability and the importance of communicating with your customers on a regular basis. What is your average annual profit per “loyal” customer? How long would you like to retain that customer? What’s the cost of losing an unhappy customer to your competitor?

The significance is clear: if you look at each customer as an *appreciating asset*, you are likely to reconsider your hiring, training and compensation programs. With this in mind, you are also very likely to invest in support tools to aid the employee-customer communication process.

When you buy a new cash register, it starts depreciating the day it is acquired. The “well-served” and “well-listened-to” customer is an appreciating asset. Every small act on his or her behalf drastically increases the likelihood of repeat business, positive word-of-mouth referral and measurable business performance improvement. Add the following to the list of benefits: simplicity of operation, reduction of employee turnover, increased profits, etc.

Take one of your front-line employees or “Courtesy Clerks,” as Vons calls them, and imagine that he/she is “managing” your future each time this employee comes in contact with a customer. Are you sure you still want to brag about your company’s low wages? Are you certain that taking time away from your busy schedule to chat with a customer is too unproductive?

The idea of "listening to the customer" and the importance of repeat business is not new. Listening to the customer and the competitor is much easier than most people would like to admit. Here are a few inexpensive and very effective ways to achieve this:

1) Walk around the store/restaurant and interact with your customers. "Tell me how we can best serve you, Mrs. Smith." If you are genuine and listen attentively, this may be the most efficient and least expensive approach.

2) Display the traditional customer satisfaction/complaint card. Put it in a prominent location where your customers will be tempted to fill it out and return it. Inexpensive and still reasonably effective.

3) Implement an automated customer feedback monitoring solution. Customized to meet your needs, these solutions are extremely effective and affordable, and easy to implement and monitor. Months ago I discovered Mindshare Technologies' CONNECT 2.0 (www.mindsharetech.net). Mindshare Technologies will develop and implement a pilot solution free of charge (for a limited time) so that you may immediately identify customer satisfaction issues and trends that did not appear on your radar screen. Access this valuable data from your desktop and share it with your team. Then, take it a step further—find out what customers have to say about you and your competitors, and why they visit your competitors from time to time. And then do something about it!

Mr. Alain J Roy has worked as a business and customer relations consultant for more than 30 years – helping business leaders solve customer service, personnel, and operations problems. As a leader in the customer service field, Mr. Roy has developed an effective approach which values the "intangibles" by showing the true contributing factor between specific frontline personnel investments, marketing expenditures and bottom-line results.