



The Cost of Disgruntled Customers



It can be difficult put your arms around actual costs related to losing a customer, but the fact remains the impact on your bottom line can be significant. It is common knowledge that holding on to existing customers is easier and less expensive than courting new ones. There is a good chance dissatisfied customers won't bother to say goodbye, or tell you why they are unhappy, they just stop coming back.

Once a customer leaves, you lose control over the situation. You cannot count on them remaining silent about their issues. They may not tell you why your company, product or service fell short, but they will tell others. Statistics show each disgruntled customer will tell eight to sixteen others. In a world of social media and sharing, negative reviews can increase exponentially, spreading to hundreds or thousands of potential customers in a nanosecond. That kind of dissatisfaction will become costly unless you intervene quickly.

I learned of a situation that clearly shows how much more reach customers now have thanks to the Internet and social media. A young man involved in customizing cars ordered parts from an Internet operation. The parts arrived in poor condition, due to the way they were packed for shipment. The box arrived with no external damage, but the parts inside had obvious paint damage from rubbing against each other in transit.

He contacted the company about exchanging the parts, only to be given the run around. They cited their policy of only allowing customers 24 hours to notify them of problems. When the package was delivered, he was out of town, so the box was received by someone else. With no obvious damage, the package was set aside. When he returned several days later, the 24-hour policy time frame was long past.

After several phone calls and e-mails with images of the damage, the company finally agreed to take back the parts -- at a 25% restocking charge. They even asked him to repack the individual parts in bubble wrap (which they never did) before shipping them back. Really! You can't make this stuff up. What are the odds this experience will bring him back in the future?

What the company didn't know was this young man is a moderator of two on-line car customizer forums. One of the forums has nearly 20,000 members, the other has over 6,000. What kind of costs to the parts supplier will be felt when he shares his unpleasant experiences with other car enthusiasts on those forums? Do you think their run around was worth the risk? I doubt it.

If you aren't aware what mistakes are being made, or what problems exist, your firm will likely continue to alienate customers. To ensure the continued success of your company, you need to know your customers are being treated in the very best manner. When they share information about your company you want it to be positive. They can bring more customers to your door and profits to your bottom line.

How often do you connect with your customers to determine their level of satisfaction - or dissatisfaction? Trust me; you can't do this too often. Some firms follow up shipped orders with a brief survey within a couple of days of the customer receiving their purchase to be sure everything arrived on schedule and met the customer's satisfaction. Others put in a call to the customer for a more personal connection. We're operating in a relationship marketplace where customers want connections to help them get to know you and your company better. They want to like who they do business with. Are you likeable? Can they trust you to provide the best products and service in your industry sector?

If you don't have a customer service policy, it's time to get one. Develop processes for getting constant feedback from customers. Set policies for handling negative situations. Plan now to devote time and resources to not only develop your customer service procedures and policies, but to train all your staff dealing with customers.

Maurer Consulting Group is a strategies firm helping clients evaluate and formulate strategies for success. For a conversation with Terri L Maurer about your firm and how we can help you get focused on growth and success, call 330.666.0802 or send an email to tmaurer@maurerconsultinggroup.com.