
What Are They Really Thinking?



Do you really know what your customers think of your business, *or do you only think you do?*

The Difference Could Be Costing You a Fortune!



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What Are They Really Thinking?

What Are Your Customers' Opinions Costing You in Lost Business?

Do you really know what your customers think of your business, or do you only think you know? If you're like most business owners you are only guessing (or estimating at best) at what your clients or customers really think of your business and your operation. And the difference could be costing you untold thousands in lost business. Can you really afford that?

The problem is often that you are *too close* to the business to have the right "feel" for what your customers are thinking. In fact, business owners commonly rate their operation 20 to 30 percent higher than how their customers rate them on the same customer satisfaction surveys.



Customer Satisfaction Begins with Truly Understanding Customer Expectations.

A good place to start is to find out what customers are complaining about. Identifying and fixing complaints is powerful because on average, only one person in ten will voice a concern or a complaint. That means that for every

complaint you hear about, nine more people are thinking the same thing! Don't you want to know that?



There Is More To Understanding Customer Expectations Than Just Fixing Their Complaints.

Every interaction with your customers has a direct impact on their decision to choose your business, or to buy somewhere else. Everything about your business—your product or service options, policies and procedures, operations, employees, pricing, handling of special orders and problems—determines what your customers will tell others, and if they'll come back. And even though customers are still "walking through the door" it would be misleading to assume that everything is satisfactory with your business. To get the idea, just ask yourself these questions:

- How often could your customers buy from you again but don't?
- How often could they recommend your business to others, but don't?
- How many customers are dissatisfied and never tell you they're unhappy with your offerings or how you conduct business?

You probably believe you know what your customers think, and especially how satisfied they are with your business!

And like most owners you probably think that you only get a few complainers and that the vast majority of your customers are happy with you and will keep coming back. But what if these assumptions are wrong!

How Satisfied is “Satisfied”?

First, never assume that your average customers are all that “satisfied.” Incredibly, 65 to 85 percent of customers that defect say they were “satisfied.” In other words, your regular customers... the ones most businesses take for granted... are less satisfied than you think! In fact, repurchase rates can be as low as only 40 percent, even when up to 95 percent of your customers say they are satisfied with you. One reason is that they have many other choices, so if they have second thoughts about you they probably won’t buy from you again.

As discussed above, creating loyalty starts with the experience. If you offer a great product or service, and exceed the expectations your customers have, you’ll start building loyalty. Creating and keeping loyal customers can have a huge impact to your bottom line. In fact, raising customer loyalty and retention by only 5 percent can return a 35 to 95 percent increase in profits? Loyalty pays!

Why Ask Your Customers? Because...

- ✓ More than 90 percent of your unsatisfied customers don’t complain.
- ✓ On average, only one person in ten will voice a concern or a complaint.
- ✓ For every complaint you hear, nine more people are thinking the same thing.
- ✓ Customers with unresolved problems will tell up to ten other people about the problem.
- ✓ Learning from your customers what they like and don’t like will help you improve your operations and create an even better experience for them.
- ✓ Resolving customer issues, and constantly improving the experience, creates loyalty.

But then there are also the customers who are dissatisfied? Every business has dissatisfied customers, regardless of your efforts. Most business owners would prefer to ignore these folks because of the “headaches” they cause. Often the basic approach some owners take is to *placate* complainers just to get them out the door, and hope they never come back.

Don’t make this mistake. This small group of customers has a gigantic impact on your bottom line because each problem a customer encounters causes, on average, a 20 percent decline in long-term loyalty. In fact, about 81 percent of customers with unsatisfactorily resolved complaints involving purchases of \$100 or more do not intend to repurchase. That number drops to about 55 percent if you’re able to resolve the complaint.



Complaining Customers Talk!

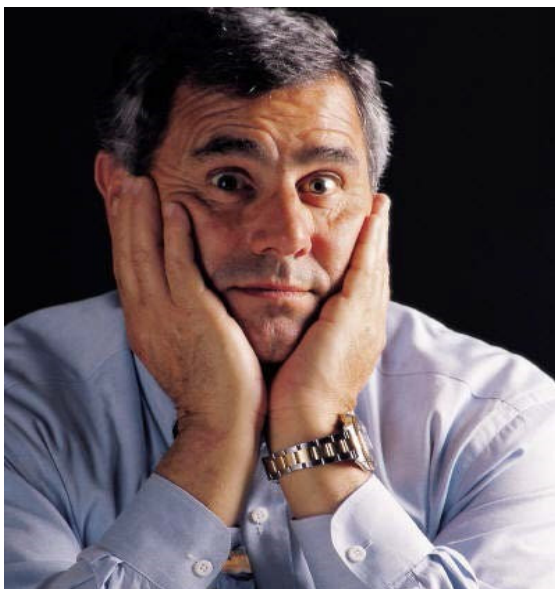
The real harm comes from how many people your complaining customers will talk with about the problems they’ve had with you. If you are able to resolve the problem, the complaining customer will, on average, probably tell 4 - 5 people about the problem. But if you fail to resolve the problem, the disgruntled customer will likely tell from 9 to up to 16 other people about their unsatisfactory experience with your business. Can you afford this type of negative publicity?

And it gets worse. With effective use of email and websites, *motivated* disgruntled customers can do vastly more public relations damage against your business.

Even more troublesome is that the percentage of customers who will not come back is even *higher* for people who don't complain at all! Bottom line - silent dissatisfied customers are devastating to your business. And by the way, did you know that when customer satisfaction goes down, employee satisfaction also decreases.



So why do customers become disgruntled in the first place? About one third become dissatisfied over unfulfilled expectations about the product or service. Another one third become dissatisfied due to differences they have with your policies and procedures. And a final one third of customers become unhappy because of customer service problems. Most of these areas can be minimized by focusing on the experience you give your customers, and by constantly surveying them. You need to be asking what they are thinking and how you are doing.



Obviously it makes sense to operate your business so that you reduce the number of complaints, and if you do get complaints, to respond to them quickly, to each customer's satisfaction. But if you only respond to verbal complaints, you're not being as proactive as you should be to build customer satisfaction. Routinely asking customers what they think, and then acting on the feedback is the best way to improve customer satisfaction and loyalty. That's because loyal customers tell other people about your business. In one study by a large manufacturer, they found that up to 86 percent of customers recommend their products to an average of seven other people. Increasing the number of loyal customers leads to new customers.

Loyalty Pays in Lifetime Value

Another way to look at the importance of customer satisfaction is to consider the *lifetime value of your customers*. Most business owners calculate customer lifetime value by multiplying the average purchase amount by the average number of times a typical customer will re-purchase over a five to ten year period (or maybe longer). The problem is that this *underestimates* the true lifetime value of loyal customers, who will tell others about your and bring you more customers. The real customer lifetime value is several times more when you add in referrals.

Do You Survey?

The simple idea of surveying your customers to find out how satisfied they are, and what suggestions they may have for making your business better, is completely overlooked by most business owners.

Is that you in your business?

The problem is that you might be doing everything you think you should to provide a good product and service, and still not be giving your customers all of what that they really want.

It's the difference between what you think, and what they think. And the only way to find out is to ask!

Need a simply survey system?

The other problem is that most business owners don't have a simple system in place to quickly and cost effectively survey their customers and collect this vital data.



Building Customer Loyalty Starts with Asking... and Listening... to Your Customers

So it's time to get started building better customer satisfaction and brand loyalty. And the best place to start is with a survey.

The simple idea of surveying your customers to find out how satisfied they are, and what suggestions they may have for making your business better, is completely overlooked by many owners. Some owners are reluctant to survey customers about what they want because they fear that their customers will have unrealistic expectations about their product or service. But customer expectations are basic: do what you say you'll do, and give them the best value for the money they're spending. If you know what's bothering your customers you have a chance of correcting problems, retaining sales, and preventing further damage.

But also remember that surveying customers about their expectations heightens the belief that you'll do something with the information. The worst mistake you can make is to survey and then not act to make improvements.

Customer satisfaction surveys are a powerful tool to build brand loyalty. Find out what your customers want, give it to them, and then ask how well you are doing. It's a simple and extremely effective way to become better than your

competition. No wonder some of the fastest growing companies, and most successful companies (Southwest Airlines, Lexus, BMW, IBM, Xerox, and most major hotel chains), have made surveying an on-going part of their operations. If they do it to improve and grow, so should you in your business.

10 Reasons to Survey Customers

1. If you don't ask you won't know what to improve, or how to improve it.
2. If you don't ask, you won't know if your improvement efforts are working.
3. Not all silent customers are satisfied. Don't mistake silence for satisfaction or loyalty.
4. More than 90% of unsatisfied customers don't complain to you in person but they will tell you in a survey.
5. Unhappy customers will tell up to 16 other people about their problem with you.
6. It costs ten times more to get new customers than it does to keep your existing ones.
7. Loyal customers buy more and are less likely to switch to a different business.
8. Uncommitted customers can become loyal, long-term customers.
9. Loyal customers make referrals and bring you more business.
10. Achieving high levels of customer and brand loyalty raises the professionalism of your staff, and reduces turnover

The KLE Group offers turnkey solutions for customer satisfaction surveying and customer loyalty program design and implementation. For a free consultation go to www.TheKLEGroup.com or call 650-296-3606