



EBOOK

**WHEN IT COMES TO CUSTOMER LOYALTY, IS
YOUR BUSINESS FLOURISHING OR FAILING?**

Three Critical Mistakes Your Organisation May Be Making

Providing an exceptional customer experience is critical for an organisation to boost customer loyalty and improve their competitive advantage.

But when it comes to providing great service, most organisations are overlooking key elements that can make the difference between so-so and stellar service.





The ability to provide great service is dependent upon how well the organisation supports and trains the individuals who serve the customer.

Without training, your employees can't always do their best for the customer, and your organisation could miss the boat on improving customer service. Poor customer service leads to poor business results, diminishing customer loyalty, and reduced profitability.



In addition to providing training for customer service individuals, organisations must create and maintain a service culture. A *Forbes* article stated that customer service is not a department—it's a philosophy to be embraced by every employee, from the CEO to the most recently hired.



The High Cost of Poor Service

- Poor customer service costs organisations **\$338.5 billion** a year globally
- **Seven out of ten** buyers have ended a relationship with a company or brand due to poor service
- Customers typically tell **twice as many people** about a bad customer service experience as they do about a good one



And ... it doesn't stop there

- **Seventy-eight percent** of consumers have bailed on a transaction or not made an intended purchase because of a poor service experience
- It takes **12 positive** experiences to make up for **one unresolved negative** experience
- It is **six to seven** times more expensive to acquire a new customer than it is to keep a current one

Sources

White House Office of Consumer Affairs

"Understanding Customers" by Ruby Newell-Legner

American Express Survey, 2011



In addition to these startling statistics, Blanchard research pinpoints three mistakes organisations may be making when it comes to developing a mindset of service:

1. Failing to provide adequate training to employees
2. Failing to measure customer loyalty
3. Failing to clearly define a service vision



MISTAKE #1

Failing to Train Employees



Most organisations agree that customer service is everyone's job, not just those who are closest to the customer. In a recent Blanchard survey, 76 percent of respondents said that in their organisation, this philosophy is widely shared. Yet 20 percent said they provide training as a means for improving levels of service and only 15 percent provided training to managers responsible for managing customer-facing personnel.

Training your employees teaches them how to communicate effectively, become proactive problem solvers, and take ownership for creating a stellar customer experience. But without training, your people won't know what's expected of them or what good service looks like, so they won't know how to best serve the customer and that can undermine the customer experience and your organisation's profitability.

A woman with long dark hair, wearing glasses and a black leather jacket over a red top, is looking down at a tablet computer. She is in an office environment with a blurred background showing another person and a computer monitor.

MISTAKE #2

Failing to Measure Customer Loyalty

WHEN IT COMES TO CUSTOMER LOYALTY, IS YOUR BUSINESS FLOURISHING OR FAILING?



While many organisations have some sort of system to measure customer loyalty, too many others don't. Blanchard research shows that almost 12 percent of respondents said their organisations didn't measure customer service and another 16 percent said they didn't even know whether their organisations measured customer service.

Fifty percent of those organisations that don't measure customer loyalty responded that it isn't seen as important. This leaves the organisation blind to customer needs and opinions, unable to make improvements to current products, and lacking the information to innovate with future products and solutions to meet untapped needs, in jeopardy of losing customer loyalty.



MISTAKE #3

Failing to Define a Service Vision



When it comes to serving the customer, organisations must clarify what they want their service vision to be. This establishes clear guidelines regarding the key behaviours and values they want their employees to emulate when interacting with the customer. Blanchard research reveals that 19 percent of organisations only had some degree of defined service vision. And another 14 percent said their organisations had little to no service vision.

If your organisation doesn't articulate clear standards, guidelines, and a picture of how they want employees to interact with the customer, your customer-facing employees will be left to define this for themselves, which undermines the ability to create a consistent and cohesive customer experience. All of which can leave your customers frustrated and searching for alternatives to doing business with your organisation.

Creating a memorable customer experience gives your organisation a significant competitive advantage and is crucial for distinguishing your organisation's brand.

Companies that have excellent customer service are more likely to earn repeat business from customers, to garner more referrals, and to have greater customer loyalty than those that don't.

But to achieve this, organisations must focus on creating a service-oriented culture and providing the training to support those closest to the customer. Providing training allows employees to better understand the impact their role has on the organisation and to develop the ability to empathise and connect with the customer.



Organisations that invest in training show their employees that they care about their continual development and progress.

In turn, this can impact the degree to which employees become more engaged in the company and understand how their role can enhance the overall customer experience, thereby boosting profits.

Every day, with every interaction, your organisation can either gain or lose a customer. For more information about how you can create a customer experience that wows, visit blanchardaustralia.com.au/services/legendary-service.

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