



Routes to Success 4: Customers!

Never mind what you sell. Concentrate on customers wants and needs. help them to find what's best for them and send them away feeling positive about what you have done for them. That way, they'll become not just customers but customers for life

Marketing is the art of attracting potential customers to your business. It plays a pivotal role in any enterprise, yet there is something more important - the way people are dealt with once they have given you their custom.

We are all customers, and should all understand the importance of this point - yet the fact that we all have a raft of 'bad service' tales to tell shows that it is not a lesson that has been universally understood.

The way we all feel and behave after a bad experience as a customer makes it easy to understand the following research findings:

- most businesses will only hear from 4 percent of dissatisfied customers. The others quietly depart, many never to return.
- when asked why they had switched allegiance from one supplier to an alternative, 68 percent of customers said it was because of indifference to their concerns by the owner, manager or an employee.
- the typical seriously dissatisfied customer will tell ten people about their problem. It takes up to 12 positive experiences to make up for one negative incident.
- If their problem is resolved on the spot, 95 percent of complaining customers will do business with you again. And it costs the average business six times more to attract new customers than to keep existing ones.

Don't aim at making sales, focus on meeting people's needs

There's no question of it: the most valuable resource your business can have is a satisfied customer - one that will recommend you to others, and will return to buy again. It is easy to recognise this fact in the early days of the life of a business - but all too often complacency can set in.

This can be caused by 'success syndrome'. Dan Scoggin, a former president of restaurant chain TGI Friday's has described what can happen.



When a new business starts, everyone is nervous. Will the venture succeed? The cost of failure is so great that the business owners and staff can't do enough to look after the customers. All efforts are focused on rewarding each customer and this works - they come back.

Once the business has been trading successfully for a year or so everyone's efforts are paying off. People gain in confidence; they have all the business they can handle. OK - maybe you did upset that last customer but no matter: another one will be along soon...the success syndrome is up and running!

The next stage of the process sees service quality falling and the managers will probably be the last to notice. Repeat custom falls, sales are harder to win. The temptation is to blame it on new competition, the weather, the recession - any respectable-sounding explanation will do. It's time to start controlling costs - lay off some staff, cut costs on the product.

Finally stunned into action by plummeting figures, the managers try some costly advertising, cut price specials and all the traditional lures of the marketer - but the customers who had a bad experience just won't come back.

This syndrome hit TGI Friday's in its early days. They opened seven restaurants in quick succession: they were hugely successful launches with people queuing out of the door, yet within six months, in each outlet business had fallen by 50 percent.

The problem was that they had not been looking after the customers - flushed with the arrogance of success, they had failed to reward them. The prosperity of a business arises from the behaviour of customers, and this is dependent on how the individuals in the business treat them. Look after them properly and they'll come back for more. Don't, and you're out of business.

Can it really be that simple?

It's easy to measure the success of an enterprise by today's management reports - look at the sales, the margins, the net profit we're making! Yet those are often the result of efforts initiated months or years earlier. If the product and service quality that brought you all the custom deteriorates, it will not be evident in the numbers at once, but without satisfied customers you will soon be out of business.

Francis Rogers, former head of marketing at IBM has said 'the secret is to understand the customer's problems and provide solutions so as to help that customer be profitable and feel good about the transaction'.

Or, don't aim at making sales, focus on meeting people's needs. This is not a utopian dream. It is the only way to guarantee continuing business success.

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