

Companies that 'wow' their customers are wasting up to 20% of operating costs

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Companies are wasting up to 20% of operating costs trying to delight their customers according to research from member-based advisory service, CEB. In a study of 97,000 customers from around the world, it was found that consumers are on average 400% less loyal after any customer service experience, confirming that companies trying to dazzle customers by overcompensating them for problems may in fact be wasting their money.

The findings are revealed after recent news from the British Ombudsmans' Consumer Action Monitor Service, that 38 million customer service complaints were lodged last year. This, coupled with on-going reports of poor customer service from companies such as NPower and TSB, are evidence of the British intolerance for poor customer service. Against this backdrop, it may come as a surprise that one third of companies are actually putting too much effort into the customer service experience. Whereas 89% of organisations believe delighting their customers will lead to greater loyalty, a customer is likely to be 400% less loyal after a customer service interaction. As a result it would appear that customers are more concerned with getting their problem resolved than being compensated for their inconvenience. Matt Dixon, author and a Managing Director of CEB says: "The most common approach to customer loyalty today is devoting limitless time, energy, and resources trying to dazzle people and inspire customers' undying loyalty. But our research reveals that the 'dazzle factor' is wildly overrated. Consider this: what do customers really want from their cable company, a month of free movies when it screws up, or a fast, painless restoration of your connection? Do they want a personal relationship with their bank teller, or quick in-and-out transactions and an easy way to get a refund for an accidental overcharge? Most customers don't want to be 'wowed'; they want an effortless experience." Rather than plunging extra resources down the drain, companies can take a few easy (and inexpensive) steps to providing a fast and effortless experience for their customers. This includes ensuring fewer transfers between different departments, improving information on the company website so people don't need to call in the first place, or even coaching service reps to use their judgment to best solve a customer's problem. T-Mobile, Sprint, Discover and American Express are all examples of those getting it right. If others can follow in their tracks, they could find themselves with a much healthier cash pile to spend on things that really matter. For more information please visit: <http://www.executiveboard.com/>