

# Customer Service is the Beginning, Not the End



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*If the acquisition cost of a customer is much higher than the retention cost, then customer service costs should be seen as an investment in retention, not an expense*

Every transaction with your customer is a chance to delight or to disappoint, and thus to expand or extinguish trust. Delight or disappoint. Those are the options. No gray area, nothing in between; anything less than delight is mediocrity - which swings the door wide open to your competition.

The good news is that even in a bad service situation, you can still turn it around to leave an impression of delight. By transaction, I am not simply referring to an exchange of money. Every interaction with a customer is a transaction - and hence, an opportunity to delight. Let's look at an example of a situation gone wrong to illustrate this point.

Bro & Sons Furniture has just sold a living room set to a young couple. Ecstatic, Mr. Customer tells 10 friends about his new purchase, as does Mrs. Customer. One of Mr. Customer's friends asks, "So when is delivery?" Mr. Customer responds, "3-4 weeks. They'll call us when they have a specific date". Then four weeks go by, and not a single call from the furniture store. Mr.

Customer gives the benefit of the doubt. He waits two more weeks before finally deciding to call.

The person at the other end, a customer service agent,

uninterestingly announces to Mr. Customer that his furniture will be delivered next week on Wednesday, between 8 a.m. and 12:30 p.m. Bro & Sons cannot confirm a specific time.

If you are Bro & Sons, here is what your customer is probably feeling and thinking:

- 1) *He feels lied to. He was told 3-4 weeks and now it'll be 7 before he sees the living room set that he paid for.*
- 2) *He feels like another number. No one called him. He had to call you.*
- 3) *His wife really isn't going to like hearing about this.*
- 4) *He's REALLY tired of the hand-me-down furniture that's been sitting in his living room all this time. Where's the furniture he paid for six weeks ago?*
- 5) *He feels embarrassed that he shared his excitement with 10 of his friends about the great store he bought his furniture from, which now isn't living up to his expectations.*
- 6) *He feels like it was easier for the store to take his money than to deliver what he purchased with it.*

Finally, the furniture guys show up at 10:15 a.m. on Wednesday. Mr. Customer signs the invoice and sees them off. No apologies, no awareness, no love.

Now, what is the likelihood that Mr. and Mrs. Customer will do business with Bro & Sons again? Certainly, Bro & Sons hasn't locked in the happy couple as life-time customers, even though potentially, they could be worth in the thousands of

dollars in the years to come. Think of the difference if any or all of the following had been offered:

- 1) *A nice, easy to maintain, decorative plant is added as a gift when the furniture is delivered.*
- 2) *The deliveryman gives the couple a hand written note from the sales person or the store manager apologizing for the delay, wishing the couple well and hoping to see them again soon.*
- 3) *A follow up call from the manager or salesperson is made to apologize again and see if everything is now to the couple's satisfaction.*
- 4) *A 10% off coupon as a token of good faith on the couple's next purchase at the store.*

What is now the likelihood that Mr. and Mrs. Customer will consider Bro & Sons when they need a new dining room set, washer and dryer, or bedroom set? Probably pretty high. And what is the cost of such an endeavor? A 20\$ plant, a five minute phone call, a one page note and 10% off on - by the way - another sale. You see, what jeopardized the lifetime customer relationship was not the late furniture. It was the indifference and lack of responsibility that ensued.

Great customer service is about making bad situations right, accepting responsibility, and valuing customers' patronage at every turn. That is what creates a positive association to your brand in your customer's mind. People like to shop where they feel they are the only patron.

If you want to improve the customer



service in your organization, look at your system from the customer's point of view. Are there frequent delivery problems? Are your telephone agents empowered to resolve legitimate issues? How well is your sales department linked to your delivery and support departments? Does the customer have to call an offshore, third party service company with a language difficulty in order to get technical support on a computer gadget? If the more expensive customer care system works better from the customer's perspective, then maybe the difference is worth it: they'll buy more from you, and then sell you to others.

If the acquisition cost of a customer is much higher than the retention cost, then customer service costs should be seen as an investment in retention, not an expense. Studies show that for every dissatisfied customer who voices a complaint, there are nine others who remain silent - to you. They will, however, each inform nine other people about their misfortunate experience.

Have you ever had a bad experience at a restaurant? Did you ever go back? How many people did you tell? And have you ever avoided a restaurant that you've never been to because someone related a negative experience? It's an unfortunate reality that



we can judge an entire brand based on a single experience. That is why transaction with a customer is a chance to delight or disappoint.

While dissatisfied customers do not represent a majority of customers as a whole, they represent an important opportunity to study your business from the customer's perspective, and to differentiate yourself with concern, responsibility and action.

Think of the word customer for a minute. Custom-er. Custom: habit, tradition, recurrent behavior. Isn't that the whole point of the lifetime customer relationship? To keep them coming back for more? A sale is not a static point in time; it is a dynamic process that needs to preciously value the customer. Investing in retention keeps happy customers buying, and decreases customer acquisition cost through word-of-mouth advertising. In the end, it's just smart business.