

Aftermarket Advice

(MARKETING TALK)

The Power of a Satisfied Customer

Customer Loyalty Marketing is vital to the success of any RV dealership or shop.



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Imagine it's a sweltering hot summer day. A friend asks you to help him fill his new above ground pool — one bucket at a time. You think it would be smarter to run out and buy a long garden hose, but you agree anyway.

After about 20 minutes of tiring, sweaty work in the muggy heat you notice there's a hole in your friend's pool. What you're pouring in is pouring right out. So you tell him about the leak.

"Yeah I know," he replies. "I guess we just need to start filling it faster."

Sounds silly, huh?

Not as silly as you may think. A lot of prospects call my advertising agency for help filling their sales pool with customers — but they haven't spent any time or money on *Customer Loyalty Marketing* to keep customers from leaking out.

Understanding a Business' Attrition Rate

What's *your* attrition rate? That is, what percentage of customers do you lose every year? If you're like most marketers in the RV industry, you probably don't know. But knowing that number can make a big difference. A high attrition rate is like a gaping hole in a pool. No matter how fast you try to fill it, if it's gushing back out you're wasting a lot of time and money.

Don't get me wrong, I'm not overly idealistic. Some customers will leave every year. They'll move on or pass on. It's a fact of business. But if your attrition rate is in the double-digit percentages, you should ask yourself what you're doing to keep customers and earn loyalty — or what you're doing wrong to lose them.

It costs a lot more to get new customers than to keep current customers. Depending on your segment of the market and competition, it could cost 10 times more to get a new customer than to keep an existing one satisfied and returning. That doesn't even account for the value of customer referrals.

The first step in customer satisfaction is providing excellent customer service. Let me give you an example of awful customer service and show you a lack of attempt at making good on a series of problems. It's the true story of my family's first visit to a new Italian restaurant in our town.

"We'll Never Go Back There Again"

We were waiting forever for our 5-year-old son's meal. His original plate had to be sent back. We'd almost finished

our meals and were trying to keep him pacified with bread. Then the waitress appeared with his meal.

"Black chicken tenders?" my son PJ blurted out and giggled loudly.

"Looks burnt," said the new owner, overhearing PJ's comment and approaching our table. "That looks terrible."

"It's better than the first plate," my wife Beth said. "That one was still raw inside. He's too hungry to wait again. We'll make do with this."

"I'll have them take care of that," the owner said — without apology.

This was our first experience at the month-old restaurant. It featured a smoke-filled non-smoking section, a wobbly table, a cranky waitress, wrong orders, and unremarkable food.

Then, the check came to top things off.

PJ's black chicken was still on the bill. I flagged the waitress.

"I think the owner was going to take the chicken off the bill," I said.

"Why?"

"Uh ... is she around?" I asked, craning my neck.

"No," she said. "Listen, I'll just credit your coupon and we'll call it even, huh?"

"That's not really 'even.' It's not even close," I replied. "And about the coupon ... it says 'Buy One, Get One Free,' then in small print 'Up to \$7.95 value.' What was \$7.95 on the menu?"

"Nothing."

"We'll that's not really FREE, then is it?"

"Listen, I don't do the printing."

First visit. Last visit.

Most Dissatisfied Customers Never Complain, Never Return

Here's a fact: For every one complaint you get, an average of 26 customers have problems but haven't spoken up, according to a study by the Research Institute of America (RIA) for the White House Office of Consumer Affairs.

Only 4 percent of customers will bother to complain — most will just leave quietly and never do business with you again. But 70 percent of complainers will return if the complaint is resolved satisfactorily — 95 percent will return if the resolution was quick, says RIA.



So instead of treating a complaining customer as an adversary, think of them as an advocate for other quietly dissatisfied customers. Try to listen past their tone of voice and harsh words to find the reason for their frustration. Have a system in place to quickly resolve problems and make-up for mistakes. And make sure everyone is trained in your system.

It's also a good idea to document the problem and see if it's a reoccurring issue. Perhaps you've overlooked it.

Trying a new product or service is a risk for any customer. The bigger the purchase – like an RV — the bigger the risk. But remember, it's not just about their money, it's also about their time — which can't be refunded. Don't make a customer sorry they took a chance on you.

And think beyond the immediate customer. For instance: How many people will I tell about my bad restaurant experience? How much impact will my dissatisfaction have?

What's the best way to find out how satisfied a customer is? Ask him or her.

Measuring Satisfaction the Right Way

Beth and I recently bought a new mattress from a high-end retailer. They mailed me a follow-up survey a week or more ago.

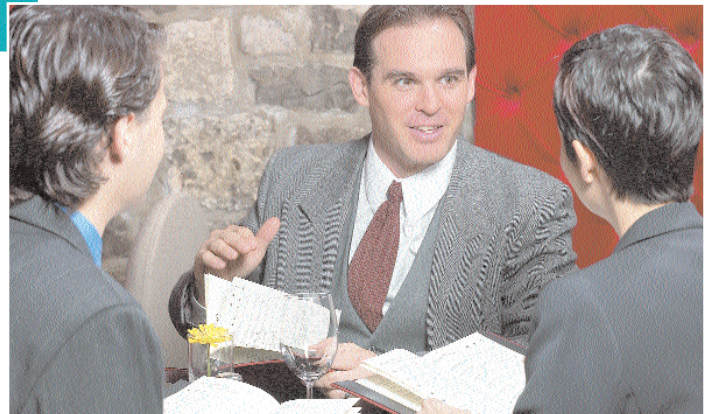
I haven't completed the survey, yet. It looks too long, so I keep putting it off.

Basically, the retailer only wants to know one thing: how satisfied am I? (If they'd sent a shorter survey, they'd have my answer by now.) In fact, to really learn how satisfied I am they only need to ask one question.

According to *Harvard Business Review*, knowing customer satisfaction is a powerful test of customer loyalty. However, the lengthy surveys and complex tools many companies use waste time and money gathering meaningless data. The results are usually ambiguous “and don't necessarily correlate to profits or growth.” The answer? Ask just one question that has proven to be meaningful and actionable.

Let me digress for a moment. Customer satisfaction is the cornerstone to building your business. It not only tells you how loyal your customers are but if they're a proponent or opponent. In my experience one very satisfied customer will tell seven others. Word of one unsatisfied customer will reach 22.

Why is that? I don't know for sure. Perhaps it's human nature to complain more than compliment. But, whatever the reason, the point is one unsatisfied customer can have three times the impact



of a satisfied customer. And that all translates to your image in the marketplace and your opportunity for sales growth.

Back to the Harvard question. It is simply: “How likely are you to recommend our company to a friend?”

Harvard statistics prove that the more “promoters” your company has, the bigger its growth. “Why is willingness to promote your company such a strong indicator of growth?” reads a Harvard briefing. “Because when customers recommend you, they're putting their reputation on the line. And they'll take that risk only if they're intensely loyal.”

Want to build sales? Build customer satisfaction. Start with a simple one-question survey. Then I recommend you use your findings to improve the way you do business until people are eager to refer you.

But sorry, I still can't recommend that new Italian restaurant here in town.

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