



The Raphael Report

**Observations on marketing,
advertising, sales and
promotions
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CUSTOMER SATISFACTION

We just finished a seminar in Anaheim, California and had breakfast in the hotel restaurant. We went to the cashier to pay our bill. He looked at me with a big smile and gave me the practiced line, "Good morning, sir! And how was your breakfast?"

I told him. "The coffee was so bitter I couldn't drink it. The melon was so hard I couldn't cut it. The pastry was so stale I couldn't eat it. Now, what are you going to do about that?"

He looked at me, continued smiling and said, "Well, I sure as heck ain't gonna ask anybody else!"

A recent Yankelovich survey asked 1,000 people if they agreed with this statement: "Most of the time the service people I deal with for the products and services I buy don't care much about me or my needs." Six out of ten said, "That's true."

Worse: Nine out of ten said, "I feel the prices I pay for goods and services entitle me to the highest level of customer service." What they're obviously not receiving is customer SATISFACTION.

Service is what you do to cars. SATISFACTION is what you do to people not only during but also AFTER you make the sale.

We recently read an ad for a seminar titled, "Measuring & Improving Customer Satisfaction" from the Institute for International Research. Your cost to attend the two-day conference: \$1,995. For someone who asks at this point, "Who would spend \$2,000 to attend a conference on customer satisfaction?" you should know this was for their eleventh consecutive year.

Listen to titles of some of the seminars offered:

"Enhancing the Accessibility and Usability of Customer Satisfaction Tracking Research."

"Why Online Certification Authorities Are Critical To Measuring and Improving Online Customer Satisfaction."

"Integrating Customer Satisfaction into an Organization."

The speakers were from Federal Express, Toys "R" Us, Victoria's Secret, Nordstrom, Anheuser-Busch . . .

Is all this important?

British Airways thinks so. This is a company whose service was once known to their customers by the BA initials as "bloody awful."

They now advertise themselves as "the world's favorite airline."

What did they do?

First: they contacted their customers to see if they were unhappy with any of the airline's services. They were swamped with "you bet-and-how and here it is" replies. Based on this information, they set up new customer satisfaction programs. These included telephone check-ins,

faster immigration clearances, free access to VIP lounges for Frequent Flyer members and (ready for this) a promise to resolve 80 percent of all complaints within three days. They empowered their agents to make decisions including immediate compensation to unhappy customers.

The results: Customer satisfaction for "having the complaint handled properly" went from 40 percent to 80 percent.

To realize what that means to the bottom line, consider this fact: A 5 % increase in customer retention creates a minimum of a 25 % increase in net profits.

Encouraged by these satisfaction results, British Airways launched a new program for their high profit Business Travelers. If any customer is unhappy with any part of their flight, they simply write British Airways, state the reason and they will receive, without any question, a free round trip ticket to anywhere in the US. Only a tiny percentage of passengers took advantage of the offer. But what great publicity. What great customer satisfaction!

The Three Rules For Customer Satisfaction

Rule #1: As the price of an item increases, so does the satisfaction level.

Buying a pair of shoes for \$29 does not demand as high a "satisfaction" level as buying a pair of shoes for \$300. The buyer of the higher priced pair might not be "satisfied" unless you point out the special style and workmanship.

This customer wants each foot measured separately. They want your undivided attention during the sale. No also taking care of another customer at the same time or answering a phone call.

Rule #2: Follow up calls are expected.

A recent study said from 30 percent to 60 percent of businesses use toll-free telephone numbers, focus groups, mail or phone surveys, point of purchase surveys and comment cards.

What do the other 40 percent of businesses do? Answer: Nothing!

We bought new kitchen appliances from a local retailer that cost several thousand dollars. We never received a "thank you" phone call or personal note.

Three months later, we received a form letter saying if we didn't buy their "extended warranty" policy who knows what horrible expense we might have with the products I bought only three months earlier.

No customer satisfaction here. And I repeat this story and the name of the store to everyone I know interested in buying kitchen appliances.

Obviously this salesman never read a Xerox study in the Harvard Business Review that said, "Customers who said they were very satisfied are six times more likely to buy again."

Rule #3: Job titles make a difference.

It starts with the personnel department. It continues with the "relationship building" department (formerly "customer relations"). Your staff members are no longer "clerks," they are "sales associates."

You can't have "customer satisfaction" in your business unless you also have "employee satisfaction."