Look Who's Talking…It's Your Customers

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Convenience store retailers not in touch with the needs of their customers risk far more than losing repeat business and sales. They risk extinction as customers gravitate toward chains that provide superior service and anticipate their needs.

That was the key message delivered by John Goodman, vice chairman of Customer Care Measurement & Consulting last month at the NACS Leadership Conference in Miami. Goodman provided expert customer commentary with his session on strategic customer service. His insights included:

1) A store's staff doesn't cause most customer dissatisfaction. Marketing, inferior products, company processes and poor conflict resolution lead to the greatest amount of dissatisfaction among new and existing customers.
2) It is cheaper to give great service than to just offer good service. The revenue payoff for outstanding service is 10-20 times the cost.
3) No news is not good news. If you are not getting regular feedback from customers you are missing opportunities to improve. The old saying that you cannot fix 100% of the problems you do not know about applies here.
4) People are still—and always will be—paramount.
5) Use technology to improve the customer experience and to communicate with them.
6) Sensibly create a delightful experience every time you engage your customers.

"What is the payoff for customer engagement?" Goodman asked. "Quite simply, 75% of the customers that don't complain will never come back. Retailers may not realize or appreciate this. The largest revenue hemorrhage is from customers that never tell you that you have a problem."

Furthermore, problems increase sensitivity to price. "If customers have one problem with service, their price sensitivity doubles," Goodman said. "You don't want your customers thinking, 'I am not going to overpay and get bad service.' That is a perception that is very hard to overcome."

Cost of Bad Service

Customers, especially in the age of social media, love to talk about a bad experience. According to Goodman, if you are serving 10,000 customers per week and 80% of your customers are satisfied, the 20% that were dissatisfied can easily offset your hard work. For example, of the 10,000 customers, if:

- 10% were delighted they will tell 2% of your audience or 200 people.
- 70% were satisfied they will tell 1% of your customers or 70 people.
- Of the 20% that were dissatisfied, they will tell 60% more people, up to 1,200 customers.

Goodman suggested other payoffs for a better customer experience, including:

1) Marketing. Retain good customers and capitalize on their word-of-mouth advertising.
2) Finance. Slight margin adjustments and cost reductions can go a long way toward retaining customers in a weak economy.
3) Human Resources. Smarter hiring practices leads to fewer problems, happier frontline employees, and thus lower turnover rates.
4) Product Development. Conduct market research with your customers through panels and surveys. Get their feedback on their likes and dislikes and respond accordingly.

Never ask for their opinion unless you are truly ready to act on it.

“C-stores are getting much better at providing great service,” Goodman told me after his session. “The industry needs to work at establishing consistency so customers can walk into any c-store and get special treatment.”

So therein lies your challenge. A great customer service plan will get you to the goal line. Make sure your frontline employees are executing the game plan so you score high marks each and every time your brand interacts with your customers.

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