

Who cares?

We live in a world in which customers are outraged and managers are delusional. **Ashley Campbell** discovers that marketers do not necessarily understand the concept of the brand as a promise. (*Marketing*, August 2007)

There's this power company with lofty brand ideals. Its website says it is "a 100% New Zealand owned company with a strong heritage", a "trusted energy supplier" and was "recently named best customer service provider in the energy retail sector".

It strives "to provide our customers with the most appropriate energy solutions for their residential and business needs". Not only that but "Making a difference in the communities we operate in is an important part of our business".

Nice brand. And all it took was one customer contact gone tragically wrong to destroy it.

Now, as far as a large part of New Zealand – and the world – is concerned, that energy company's brand is one of a heartless power company that puts money before humanity.

Yes, we're talking Mercury. No matter what really happened in that South Auckland home when the power was turned off, no matter what the contributions of those involved to the death a few hours later of Folole Muliaga, there's no denying that a brand of community care and involvement was destroyed in one day.

But, says customer care expert and author Dr Ian Brooks, here's the thing. "What they [Mercury] have done is just about what every other company in New Zealand does 1000 times a day. Because of the tragic consequences, they are being pilloried, but essentially they are no different, and they are probably, in fact, better than most.

"The tragedy is that every company isn't put under a similar level of scrutiny and held to account to the same degree."

Whatever your brand – or whatever you hope is your brand – it is useless if your customers' experiences don't match your ideals. And for many customers, they don't.

Brooks quotes American company Bain & Co, which last year found that 80% of managers believed they did a good job in looking after customers. "Eight percent of customers agreed.

"We live in a world in which customers are outraged – they are not disappointed, they are outraged – and managers are delusional."

Colmar Brunton found much the same thing in New Zealand during 2005 and 2006 (see box story "Unhappy Customers"). With more than 70% of those interviewed having at least one particularly bad customer service experience in the past year, it's obvious that New Zealand companies aren't putting enough effort into keeping the customers they have – which is a waste of the money they spent gaining them.

Do the sums. Let's take a customer who spends \$10 a month, has a bad experience and leaves. You've just lost \$120 a year. The lifetime of a customer is considered to be 15-25 years – if this one's bang in the middle you've just lost \$2400. The customer tells 13 others. Canadian research shows that 50% of people avoid a company because of bad stories they have heard about it. Six

other customers now avoid the company. You've lost \$16,800 because of one bad customer experience.

Now imagine the average customer spend is \$100 a month.

One of the reasons customer care isn't given the priority it deserves is that managers don't understand those economics, says Brooks.

Another, says marketing author and consultant Reg Price, is that we don't really understand the concept of the brand as a promise.

"Generally marketers, if you said to them is a brand a promise, they would say yes, it is. But they might not take that idea through to its full potential."

It's not good enough to have a core promise, he says, there also have to be several layers of supporting promises so that employees know how they can support the brand.

"What if this promise could be articulated in a way that people in the customer service department could pick it up and use it? [What if] someone in the call centre could say 'that's part of the promise I could play a part in delivering'?"

In his new book with Professor Don Schultz (*Reliability Rules*, to be published early next year by Racom Chicago), Price quotes from a Mori poll that shows half of all employees don't know what their brand promise is and three-quarters feel they haven't had the right training or tools to deliver what they have been hired to do.

Yet it doesn't have to be that difficult. There are, says Price, three levels to a brand's promise: the industry promise, the unique brand promise and the supporting promise.

Take, for example, Singapore Airlines. The industry promise, common to all airlines, is that they will get you from A-B long-distance faster and safer than any other form of transport.

Singapore Airline's unique brand promise might be couched as: You will receive excellent in-flight service for around the same price or a little more than other airlines. That contains several supporting promises. It promises its flights will cost the same as, or just slightly more than, others on that route. There's a promise individual employees can play a part in delivering – they have to source inputs at a low enough cost to let the airline meet its price promise.

There's a few quality promises in there, hidden in the "excellent in-flight service". Perhaps a couple of them are: The plane you fly in will be modern and your cabin attendants will serve you with Asian grace and charm. Once those promises are made explicit, employees responsible for fleet purchasing and in-flight care know just what they have to do.

Communication is essential for this understanding of a brand promise, says Price. "Where does brand sit? It generally sits with the marketers and the agency. Where does customer service sit? It generally sits in the customer relations and operations silo. They don't generally talk to each other.

"The silo structure of most companies gets in the way of working cross-functionally. But having a successful brand is a cross-functional challenge." To marry marketing and customer care, your people have to talk to each other.

Price doesn't buy the argument that marketers know this already but can't convince bottom-line-driven senior management.

"Marketers just expect senior management to take a leap of faith – they don't ever do enough to show what the benefits are in senior management language, which generally means bottom-line language. [They need] to show what their contribution is.

"If they [marketers] are not engaging senior management and not getting the support, they are not talking the right language and are simply not selling it the right way."

One marketing department that has sold it the right way is Fuji Xerox NZ. Becoming marketing manager – product and programmes in November 2005, Richard Penny had a challenge: to create a real point of differentiation that would give the company a sustainable competitive advantage.

Technology wouldn't do it – everyone was becoming technologically more impressive. It had to be in the customer experience.

The structure was already there – the business model had a large number of people interacting with the customer, from the salesperson, installer and trainer through to the contract administrators and customer service people who dealt with orders for new consumables such as cartridges and paper.

This support infrastructure offered huge potential to give customers great experiences – and many opportunities to annoy them.

First step: Fuji Xerox surveyed its 3000 customers and got 444 responses. As well as the quantitative "rank us on a scale of 1-10" questions, it asked open-ended questions to find out what customers really thought – such as "if you were the marketing manager of Fuji Xerox, what thing would you do to grow their business with an organisation such as yours?"

On average, says Penny, customers rated Fuji Xerox 7.5 out of 10. But that meant "there's still far too many people below 6".

Customers told the company what annoyed them – and wouldn't you know it, having to deal with so many different people, who often didn't seem to know what the others were doing was high on the list. They found the company's processes too complex, their initial expectations were too often not met and they wanted the company to help them grow their businesses.

A cross-functional group was brought together to make the necessary changes. They were divided into two teams of eight to 10, one to change the annoying things, so moving dissatisfied customers to being satisfied customers, the other to look at ways to create "spikes" – or experiences "that are going to exceed their expectations".

By tackling the first area, Fuji Xerox will stop customers from being detractors – from having a bad experience and telling 13 others. But it's the second area that will create delighted customers – who tell nine others.

Already the company's made changes – mainly in the way teams talk to each other, ensuring the left hand knows what the right hand is doing. Staff now know how their work affects others and the overall customer experience, and already customers are giving favourable feedback.

The second team is now working on projects to create experiences that will truly delight its customers – based on what customers say they want.

The whole point of this exercise, says Penny, is to deliver on the brand promise. "One part of our core promise is to develop ongoing partnerships with our customers. So, many of the initiatives are to help us achieve that."

Not only that, but the whole project was sold to management by speaking in management language.

There's no point in creating delighted customers if the company goes broke, says Penny. "You can spend a lot of money delighting your customers, but you've got to get a return on that. The overall goal of the thing is not just delighted customers."

So what is it? It is "service differentiation that drives profitable growth".

Now, what bottom-line driven senior manager isn't going to buy into that?

Unhappy customers

In 2005 Colmar Brunton interviewed 700 people; in 2006 it gained 3000 responses to an online survey.

- In 2005 82% said they had a particularly good customer service experience in the past year. In 2006 that rose to 89%.
- 77% of them told nine other people
- They expressed joy and relief at their good experience – they had been ready for a confrontation.
- In 2005 70% had had a particularly bad customer service experience in the past year. In 2006 that rose to 72%.
- 80% of them told 13 others.
- They said such things as: "It took me ages to get over it", "I wondered how they could do this to me".
- Of those who had a bad experience, about 25% complained, about 27% decided never to deal with that company again, about 25% reduced their business with that company.

At the coalface

In 2006 Colmar Brunton aimed to find out if companies were committed to customer care, or simply paying lip service. It found:

- 77% of employees worked for a company that had a customer service goal or vision that was talked about

- 83% felt that the leadership was genuinely committed to customer service
- 64% said their companies had customer service goals and genuinely committed leadership
- 23% had no goals
- 13 % had goals, but they were not communicated by leadership

But

- Only 12% could say what their distinct customer care goal was
- The goals were largely vague and meaningless, says Colmar Brunton chairman Dick Brunton. "Most companies are trying, but what they are trying to do is improve basic service parameters, like answering the phone more quickly. When you ask employees 'What's special about your customer experience?' it's usually couched in terms of being better or the best. They are all trying to be better, and so they all stay the same. People are focused on being better rather than being different."

Asking the right questions

Customer care, or customer satisfaction, is a passive concept, says Dr Ian Brooks. It involves those inside the company defining what customers want, and then trying to give it to them.

But a truly customer-driven company will actually ask customers what they want.

He gives the example of a hotel that put a brochure in his room titled "Help us get to know you ...". The first question was "How would you rate the friendliness of the staff?"

Brooks didn't bother. "It's what do I think of them on the things they think matter. Nobody says to me 'When you check into a hotel, what are the most important things to you?' They are not researching the right things."

There's one simple way to improve your customer focus, says Brooks. Bring customers and staff together, and ask the customers three questions:

- What does the company do well and what problem does that solve for you?
- What does the company do poorly and what difficulty does that cause you?
- What do you expect of the company?

You'll notice a change overnight.