

Auckland Chamber of Commerce

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Debbie Mayo-Smith: Pleasing customers an investment, not an expense

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If you operate in a competitive market, it can improve your bottom line to implement good, customer-focused processes and service.

How so? The goal of every business is profit. Every business plan will have goals of increasing income and lowering operating costs. Improving the customer experience can be a clever and specific tactic to achieve both those goals.



If people have a good experience doing business with you they will come back. Think of the long-term value of this. If you read my last article, you might remember I said to the supermarket manager that I represented \$500,000 in business to the store. Of the 700 emails I received in reply to the story in my newsletter, more than 200 wrote of their experiences and the majority said they wouldn't go back to the establishment in question.

Let's say you run a cafe in a business district. A regular client might spend \$60 a month on takeaway coffees. If something chases them away - like a snippy employee - your lost income is at least \$660 a year (\$60 for 11 months); almost \$2000 over three years.

Just from one customer. Now, what if that customer tells his colleagues: "Don't go to that cafe". Multiply business lost by people told. Bad service or processes that chase people away has an actual cost to you.

Once you get someone through your door, never let them go. Meaning, of course, collect their details and keep a database. This enables you to lower operating costs by implementing your own marketing and communication plan with them. The result is more income from the people who already know and use you. Bring in more referrals from the people who know and have used you. Database marketing helps you slash your advertising costs.

Referrals are the lifeblood of many businesses. Going back to the cafe example, what if they had a great counter person? Or a fun environment, or gave someone a free coffee every now and then as thanks for being a regular. If that one takeout coffee customer, instead of leaving, spread the good word, each referral would have a three-year value of \$2000.

The last column also generated a phone call from Grant Wolliams about the Awesome Service Awards (www.awesomeservice.co.nz). This website calls for nominations, and recognises and rewards individuals in business that go the extra mile. Sponsored by ASB Bank, the Auckland Chamber of Commerce and Newstalk ZB, winners receive public recognition, advertising and dinner at Hammerheads restaurant, among other rewards.

One of the winners from the website archive is Peter Jacobsen, owner of...



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Exclusive Suit Hire in Auckland. A client, Jeremy Brew, hired three wedding suits from Peter for delivery to Napier on a Friday morning. The suits were sent Thursday by overnight courier. Only one had arrived by Saturday morning, the day of the wedding. Though it was the courier company's fault, Peter personally chartered a plane to deliver two new suits from Auckland to Napier for the wedding. The suits arrived with 15 minutes to spare.

Don't you think the word of mouth generated by the client in the Napier area will create enough new business to compensate for the cost of the plane hire?

Compare this to the letter Vodafone's customers received.

To paraphrase the letter I got: "It is for the trees. That's why we'll no longer send you monthly statements. Instead we will text you your balance owed and due date. You now can go online for your statement details and itemised calls. If you want to continue to receive it by mail, it will cost you \$1.50 a month." How stupid do they think we are?

Perhaps because they operate in an oligopoly they didn't have to think of the repercussions, or how inconvenient it is for their customers. With a snap of their fingers they have transferred to their customers the burden of doing business with Vodafone.

Now we have to take the time to go online. Print the statement if we want to check the details. We bear the cost of printing, or have to sit chained to the computer checking the calls. It's harder to pay with no envelopes or amount owing detailed on paper. The entire change is focused on saving Vodafone money, or making it more. They're doing it for the trees? Hogwash!

I wonder what their accounts receivable will look like in six months' time.

Good customer service – putting in customer-focused business processes – should not be viewed as a cost of doing business. Instead view it as a means to achieve your end of more income and lowered costs. Someone please tell Vodafone.

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