

Statistics that should change the world – but haven't

Introduction

One fact from the book by BBC Hard talk journalist Jessica Williams '50 facts that should change the world' (2007) is: "If you stand at the junction of Oxford Street and Regent Street in central London there are 161 branches of Starbucks within a 5 mile radius."

And 86 within 30 minutes walk – more than on Manhattan Island. In the UK we consume 1.2kg of coffee annually – considerably less than the 4.6 kg of our international peers, so there maybe plenty of scope for growth. One new store is planned in London every fortnight for a decade, as part of the plan for 40,000 stores globally (currently 15,000, McDonalds has 35,000 stores in 119 countries).

Of the typical £1.80 we pay for a cup less than 2 pence goes to Ethiopian farmers for the beans and they remain in poverty, often forced to sell their crop at a reduced price before it is harvested – just to stay alive. Their plight and the actions of Starbucks who (according to Oxfam, acting through the US National Coffee Growers Association) blocked an Ethiopian government bid to trademark three of the most famous beans which would have increased the price received by the farmers, was highlighted in film *Black Gold*. The buying process was clearly at odds with the company's stated goals - No.1 on the website is "We're passionate about ethically sourcing the finest coffee beans, roasting them with great care, and improving the lives of the people who grow them." Subsequently Starbucks withdrew their opposition to the trade mark (or should that be a coffeerright!) and now buys more Ethiopian Coffee and provides micro finance to growers.

Statistics and a small group of people can change a global business. Surely those involved with smaller businesses can make a significant difference to customer service in their own operations?

True or false

Our experience is that most people agree with the 'sentiment' of the following statements but doubt the statistics. In fact they are all true.

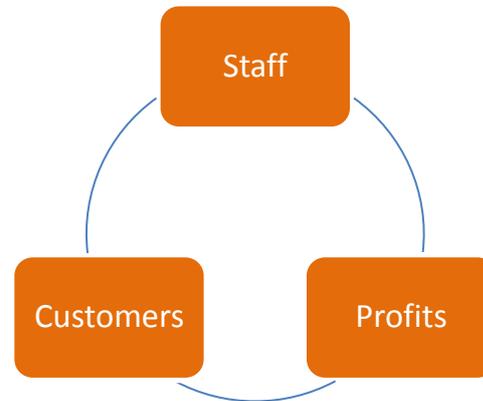
- A. Price is not the main reason for customer churn; it is actually due to the overall poor quality of customer service. (Accenture global customer satisfaction report).
- B. 55% of customers would pay extra to guarantee a better service. (Defaqto research).
- C. A customer is four times more likely to defect to a competitor if the problem is service-related rather than price or product related. (Bain & Co.).
- D. The probability of selling to an existing customer is 60-70%. The probability of selling to a new prospect is 5-20%. (Marketing Metrics).
- E. It costs 6-7 times more to acquire a new customer than retain an existing one. (Bain & Co.).
- F. For every customer complaint, there are 26 unhappy customers who remain silent. (Lee Resources).
- G. 96% of unhappy customers don't complain – however 91% of those will simply leave and never come back. (1Financial Training Resources).
- H. A 2% increase in customer retention has the same effect as decreasing costs by 10%. (Leading on the Edge of Chaos, Emmet & Mark Murphy).

- J. A dissatisfied customer will tell between 9-15 people about their experience. 13% tell more than 20. Happy customers tell 4-6 people. (White House office of Consumer Affairs).

Our experiences

We all have experiences of disappointing customer service. One report was of being asked to respond to a professional; adviser's client satisfaction survey, giving some honest constructive suggestions and then getting a decidedly frosty reception from the adviser at the next meeting!

As business owners it can be a challenge between keeping the elements opposite in balance. It's relatively easy to manage one or two. For example recruiting high calibre staff and paying them generously might result in happy customers and satisfied employees, but the business financial performance might suffer.



Practical tips to improve client service

- Acknowledge that service is much harder to 'correct' than product or price.
- Be clear about your core values and make sure these guide your daily actions.
- Communicate openly to establish needs and client / customer expectations from the outset. Respond promptly – even if only to agree when you will reply in full.
- Be clear about who your key customers are (commencement date, repeat businesses etc) and maintain relationships with them on a systematic methodical basis. Include an ongoing feedback process.
- Consider different 'service standards' for your customer groupings.
- Train your self and your people – including to imagine putting oneself in the customer's position and anticipating their needs. Backed up with good procedures and resources.
- Make occasional 'random acts of kindness'.
- Be receptive to feedback and complaints – regarding them as an opportunity to make improvements. Obtaining feedback at the point of services can be very effective if those involved in the 'blip' are empowered to put it right and the customer's concerns are addressed very quickly. It can help staff appreciate the customer's perspective, they can see the issue and positive outcome of solving it, and avoid future problems. Far better than a later reprimand.

Any questions? Please ask



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