

Video Transcript

How Poor Customer Service Can Lead to Big Losses! by Shep Hyken

Are you living up to your customers' expectations or will they leave you for your competition because you aren't?

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Hi, this is Shep Hyken, customer service and experience expert. Today I'm going to discuss how poor customer service can lead to big losses. About two years ago I reported on New Voice Media's "Serial Switchers" report that indicated that 62 billion dollars was lost due to poor customer service. Now that number, in their new report, has increased to 75 billion dollars. Now that is a lot of lost business. Here's my take on this...customers want and expect more than ever before because we taught them to. The customer service rock stars, with the accolades and rewards that they've received, and when our customers visit these businesses they experience what great service looks like and then they come to us. Now we promise our customers that we will deliver amazing service and we may, but whether or not we do, is for the customer to judge. Here is where the judging gets interesting. They are no longer comparing us to our direct competitors, they are comparing us to the best service they ever received from anyone, and what happens is when a customer doesn't receive the customer service they expect, well, according to New Voice Media, they switch. The report that brands are failing to create the positive, emotional experiences that drive customer loyalty. That failure results in 67 percent of customers becoming what they call, "serial switchers." As simply put, these customers are willing to switch brands because of poor customer service, and that's a 37 percent increase since their last report. Customers are grading the companies and brands they choose to do business with, and it's simply a pass/fail grade, where fail means the customer moves on.

The main reasons customers switch are obvious, they feel underappreciated, they are not able to speak to a person who can provide answers, they experience rude employees, and they are put on hold for unreasonable lengths of time. Now I hate holding for a long time while the company recorded message states, "Your call is very important to us." However, it's not all gloom and doom, there is some good news in this report, 86 percent of surveyed customers said that if there was an emotional connection with the customer support agent and the customer felt they were cared for and valued, they would be willing to continue to do business with the company again. If the company provided good service, 66 percent of customers would be more loyal, and 65 percent would be willing to recommend the company. My favorite stat, 48 percent of these customers would spend more.

Now while the New Voice Media survey focused on customer support centers and B2C, don't think that B2B customer won't switch. The numbers are different in the business-to-business world as the customer may have fewer options. Yet, when the B2B customer is ready to renew a contract or reorder supplies don't think they aren't comparing you to other companies outside of your industry because they are, and some of those companies have created higher expectations than you, at a minimum must meet, but even better exceed.

Well, I hope you enjoyed this short lesson. Please be sure to visit my website which is www.hyken.com there you will find more information about my speaking program as well as hundreds of customer service articles that you can read and share with your colleagues.

Thank you very much for tuning in. This is Shep Hyken reminding you to always be amazing.