

Your customers love you – *or do they?*

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There is a gap between how organisations *think* customers rate their relationship with them and how customers *actually* rate that relationship. This paper outlines the findings of a survey to understand the scale of the gap, the impact on the bottom line and what can be done to close the relationship gap.

The Survey

We've discovered that the impact of the relationship gap on a company's profitability is often very significant. So with the help of 66 companies we researched the gap in more detail. We asked the companies how they thought their customers would assess them against a range of relationship questions designed to identify the major points of difference. We then compared the answers to our total database of customer's responses from previous assignments and measured the gap.

The major finding – Misplaced optimism

Comparing the estimated ratings from the companies to the actual ratings from customers it's very clear that companies thought they would be rated higher than they actually were. Companies are not as well loved by their customers as they think they are. In spite of optimistically talking about the importance of Customer Experience and being more customer focused it appears that implementation still has a long way to go.

In the survey question about customer focus the companies thought that the number of customers who would strongly agreed that their supplier was customer focused would be 35% higher than it actually was. The relationship gap on some other questions was even wider.

Customers hate – Not knowing what's going on

Simply keeping in touch both during the transaction and after it is a key factor that drives customers to stay with, or leave, a supplier. Somewhat surprisingly 23% of all the companies stated that they were not good at keeping in touch with their customers. A similar percentage of customers agreed with them!

On the other hand some positively minded companies were a bit optimistic about how many customers would *strongly* agree that they were good at keeping in touch. The actual customer result was 30% lower than they estimated. Whichever way it's looked at keeping in touch is a relationship gap issue that needs investigation.

Just supplying an excellent product or service is not enough

There are a lot of companies that from a customers perspective (rightly or wrongly) are very similar. Therefore customers are increasingly drawn towards suppliers who can also help them in other ways. One example is suppliers coming up with ideas to help improve their customers own business. Less than a fifth of customers strongly agreed that their suppliers had come with those types of ideas. Companies thought that the customer rating would be at least 50% higher.

The top way to add extra value to customers is to provide them with useful contacts or leads that turn into revenue. Do this successfully, ongoing, and it becomes almost impossible for competitors to dislodge you. 77% of companies claimed that they did this but only 48% of customers agreed with them. Understanding this major relationship gap and doing something about it does not take much time or money. However, the positive financial impact on the business can be very significant.

Would you *really* recommend your supplier?

Typically most customers say that they would agree to recommend a supplier, but in reality how many of them actually do? It's much more likely that the 27% who would *strongly* agree to recommend a supplier would make a specific recommendation. The companies in our survey thought that nearly twice as many customers would choose a strongly recommend rating than actually did.

Customer who choose the *strongly* recommend rating believe they have an excellent relationship with their supplier and gave high ratings for all the other questions in the survey. Overall though the relationship gap between suppliers and customers is wider than we expected it to be.

“Yes, but we're different – we know our customers love us”

How do you know if you are different? Around three quarters of organisations do some form of annual customer survey and the results usually show little change or marginal improvement year on year. Therefore many organisations assume that apart from the odd glitches customers are happy and no further actions need be taken. But, are all those customers really happy? Do they love you?

If they never leave you, continue to buy more from you and strongly recommend you they must love you. Unfortunately not many companies are in this highly enviable position and very few are able to view themselves from a customers point of view. If they could the opportunities for improving processes, reducing marketing and selling costs and growing profits are significant.

What you can do in the next 60 days

If you see the benefits for your organisation of being more customer focused you can start to get things moving quite quickly and without spending huge sums of money. Simply work though the following six steps which are a core part of the process that we use with our clients.

- Step 1:** Tell all your staff that future success depends upon everyone better understanding the wider needs of customers and taking appropriate actions.
- Step 2:** Build a customer relationship survey with appropriate questions about the overall relationship, not about how well an individual transaction was carried out.
- Step 3:** Get a cross section of staff to complete the survey how they think customers will respond.
- Step 4:** Send the survey to customers, analyse and compare the results.
- Step 5:** Build an action plan sharing it with staff and customers.
- Step 6:** Implement it and feedback to staff and customers.

I wish you success and many more customers who love you.

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Helping organisations profit from being Customer Focused

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