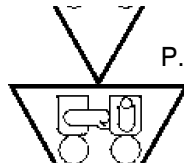


CONNECTION

WE CARE
Monthly

Volume 17 Number 9
Sept. 2007



Jack Parr Associates, Inc.
P.O. Box 1335, Salina, KS 67402-1335
Phone: (785) 827-0404
Fax: (785) 827-4000
<http://www.jackparr.com>
E-mail: jpa@jackparr.com



Turning More Buyers into Referrers

The science of managing customer associations has become quite sophisticated. With database software tuned to the right channels, companies can design statistical models that predict when customers are likely to buy through which of the company's venues and how they impact future customers via referrals. This data is used to determine a customer's lifetime value and whether and how to manage each customer relationship.

But, many warn, the value of any one customer is not determined only by what that person buys.

In these interconnected days, how customers feel about an organization and what they tell others about that organization influences sales and profits just as much or more than outright purchases. This leads to an interesting question. What is the correlation between what customers buy from a company and

what they say about the company? What is more valuable to an organization? The purchases or the referrals?

This may be a chicken-and-egg question, but serious studies show that an avid referring customer may bring in more revenue than an avid purchaser. After all, one customer can buy only so many new cars or install only so many media devices in a particular amount of time. Whereas, that same person, out in public, talking about exemplary customer service or response time or attention paid to purchase details may bring in multiple shoppers and buyers quickly.

When a telecom company wanted to know about purchasers and referrers, they compared their customers' lifetime pur-

Continued on back

chase values with their referral values. The customer who bought often and referred continually was called a Champion. A loyal buyer, but one who had low referral value was named an Affluent, and the opposite – low purchaser and high referral was termed the Advocate. Those who tracked low in both sales and referrals were called Misers. The results, surprising to some and expected by others, showed that many low-level purchasers were almost as valuable as those who are high-level purchasers. The difference was in the referral value. For instance, the Affluents' referral value averaged only \$49, whereas the average Advocate's referral value was \$670. The relationship between the two values is loose, changeable, and yet one that organizations must pay attention to.

Next the organization looked at the everyday habits of their customer service personnel. Regarding the basics: Did they greet each customer with genuineness and enthusiasm? Did they smile often and convey a pleasant, relaxed disposition and an openness to conversation? Did they reinforce recognition of the customers' importance by thanking them for their business? Then the listening and follow up skills: Did they pay attention to detail by being efficient and proficient in the day-to-day tasks such as handling correspondence to computer data entry to handling money? Did they ac-

tively listen to customers, allowing them to speak and reveal their situations before stepping in with solution suggestions? Did they comfortably pass on customer concerns to management and follow up on solutions that kept problems from reoccurring?

Next they addressed the more difficult customer issue – customers who are angry. Did they respond immediately, knowing that the longer a customer waits, the angrier they may become? Did they keep customers informed of their progress? Keeping customers posted so they don't feel forgotten saves increased hassles as well as time. Did they stress what they CAN DO? Customers are not interested in what you can't do. Did they avoid challenging customers by taking the blame themselves when appropriate? This attitude sidesteps accusing customers of making mistakes and moves problems toward resolution. Did they avoid arguments? The customer venue is not the place to exhibit debating skills. Did they look for something for

which they would agree with the customer? First, tell the customer you can agree with their dissatisfaction and assure them you are on their side to fix the problems. Show how rules and policies are intended to be benefits, not inhibitors.

The wise company looks at both customer basics and how to handle more difficult customers. It knows the customers' impression of service immediately impacts purchases and sets up much greater chance of positive referrals.

Nonetheless, it becomes clear that in many situations companies need to rethink their customer management strategies and tactics, ensuring that they not only focus their efforts on increasing purchases but also make it easier for their customers to communicate positive information about a firm's products and services to others. Customers want good products and services, and they want to tell others about their good fortune.

If you are a certified trainer, you are invited to attend CTS for that program (at no cost) to "refresh" your skills and learn what we may have learned since you were certified!

Please call for details.

CERTIFICATION AND TRAINING SEMINARS

WE CARE Teaming, Relating Skills for Quality

December 11-14, 2007 Salina, KS

WE CARE CONNECTION — Share this newsletter with friends via jackparr.com web site.

© Copyright 2007, Jack Parr Associates, Inc., all rights reserved.

Editor: Ann Parr

Limited use is permitted if source is cited.

Layout/Design: Pistora Graphics