

75

CUSTOMER SERVICE

Facts, Quotes & Statistics

How Your Business Can Deliver With the Best of the Best

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01 THE COST OF BAD CUSTOMER SERVICE



78% of consumers have bailed on a transaction or not made an intended purchase because of a poor service experience.

Source: American Express Survey, 2011

A TYPICAL BUSINESS HEARS FROM 4% OF ITS DISSATISFIED CUSTOMERS.



Source: "Understanding Customers" by Ruby Newell-Legner



On average, loyal customers are worth **up to 10 times** as much as their first purchase.

Source: White House Office of Consumer Affairs

5-20% → Probability of selling to a
new prospect

60-70% → Probability of selling to an
existing customer

Source: Marketing Metrics

It takes **12** positive experiences to make up for one unresolved negative experience.



Source: "Understanding Customers" by Ruby Newell-Legner

News of bad customer service reaches more than **twice as many** ears as praise for a good service experience.



The Takeaway

Take the time to address unhappy customers and do everything in your power to remedy the situation. It's not only worth keeping their business, but also avoiding any negative word of mouth exposure.

Source: White House Office of Consumer Affairs

It is **6-7** times more expensive to acquire a new customer than it is to keep a current one.



Source: White House Office of Consumer Affairs

For every customer who bothers to complain, **26** other customers remain silent.

The Takeaway

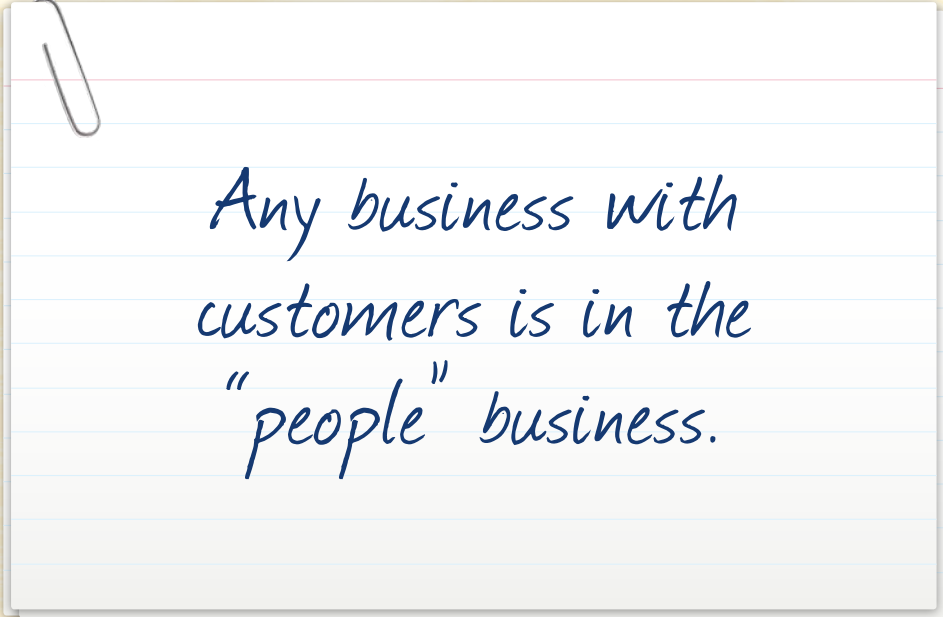
Customer feedback is gold! Come up with internal processes to track complaints and go about fixing them. Also, do everything in your power to make it really easy for customers to give feedback and tell you about problems they are having. It takes time to sift through feedback, but the value added to your business is worth it!

Source: White House Office of Consumer Affairs

3 in 5 Americans (59%)
would try a new brand or company
for a better service experience.



Source: American Express Survey, 2011



*Any business with
customers is in the
"people" business.*

Losing even a single customer can be very costly. It's critical for companies to turn a complaint into a positive for the customer and for the company moving forward.

02

WHAT
CUSTOMERS
THINK

In 2011, **7 in 10** Americans said they were willing to spend more with companies they believe provide excellent customer service.



Source: American Express Survey, 2011

“

When customers share their story, they're not just sharing pain points. They're actually teaching you how to make your product, service, and business better. Your customer service organization should be designed to efficiently communicate those issues.”

Kristin Smaby, “Being Human is Good Business”

According to consumers,
customer service agents failed to answer
their questions **50%** of the time.



Source: Harris Interactive



80% of Americans agree that smaller companies place a greater emphasis on customer service than large businesses.

The Takeaway

Small companies can differentiate themselves from large competition and win over new customers with great service.

Source: American Express Survey, 2011



In the last year, **67%** of customers have hung up the phone out of frustration they could not talk to a real person.

The Takeaway

Eliminate unnecessary barriers between you and your customers.
They will happily do business with you if they feel valued.

Source: Consumer Reports Survey, 2011

WHAT GOES INTO A HAPPY CUSTOMER EXPERIENCE?



Source: "The Cost of Poor Customer Service" by Genesys Global Survey, 2009



75% of customers believe it takes too long to reach a live agent.

The Takeaway

If you offer some sort of live service (phone or live chat), it's paramount that you get customers to a live person in 2 minutes or less. Otherwise it creates frustration that can lead to a seriously unhappy customer.

Source: Harris Interactive

“

**ALTHOUGH YOUR CUSTOMERS WON'T
LOVE YOU IF YOU GIVE BAD SERVICE,
YOUR COMPETITORS WILL.”**

Kate Zabriskie



70% of buying experiences are based on how the customer feels they are being treated.

Source: McKinsey

80% of companies say they deliver “superior” customer service.

8% of people think these same companies deliver “superior” customer service.

The Takeaway

Decide what metrics are critical to measuring customer satisfaction. Don't just go with your gut; prove that you provide great service with data. Also, don't hesitate to survey customers for feedback and measure success that way.

Source: “Customer Service Hell” by Brad Tuttle, Time, 2011

FACT



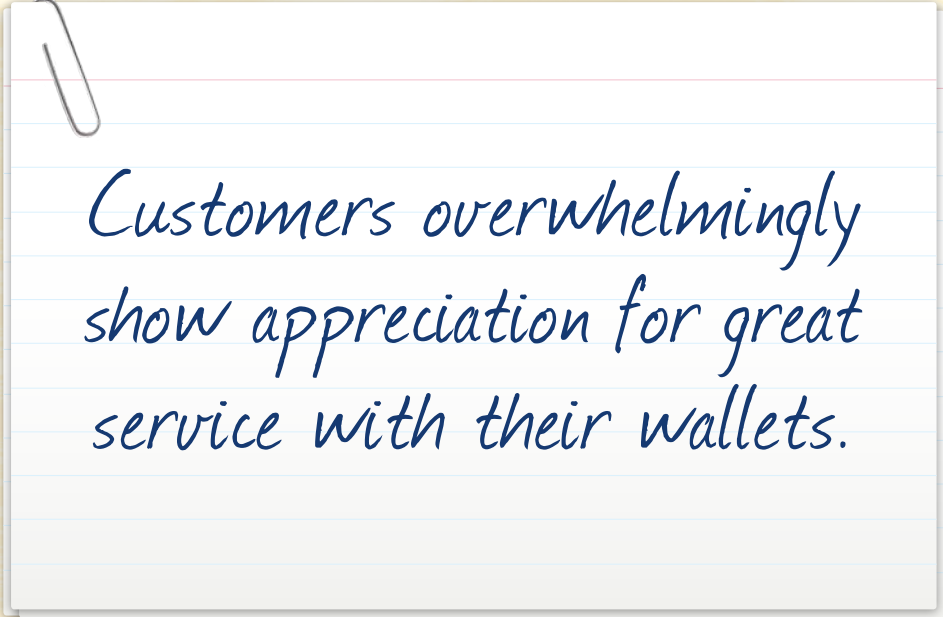
91% of unhappy customers will not willingly do business with you again.

THE BRIGHT SIDE



Resolve a complaint in the customer's favor and they will do business with you again **70%** of the time.

Source: Lee Resources



Customers overwhelmingly show appreciation for great service with their wallets.

Your company should invest heavily in measuring customer satisfaction over time and work to consistently give better service.

03

POWER IN A
PERSONAL
TOUCH



Stellar service should be non-negotiable and merchants shouldn't hide behind self-service tools and technology when it comes to knowing their products and taking care of their customers.”

Lauren Freedman, President of The E-Tailing Group

Almost **9 out of 10** U.S. consumers say they would pay more to ensure a superior customer experience.

The Takeaway

Competing on price isn't the most effective way to build an enduring business. Great service, delivered time and time again, is defensible against the stiffest and most well-funded competition.

Source: Customer Experience Impact Report by Harris Interactive/RightNow, 2010

“

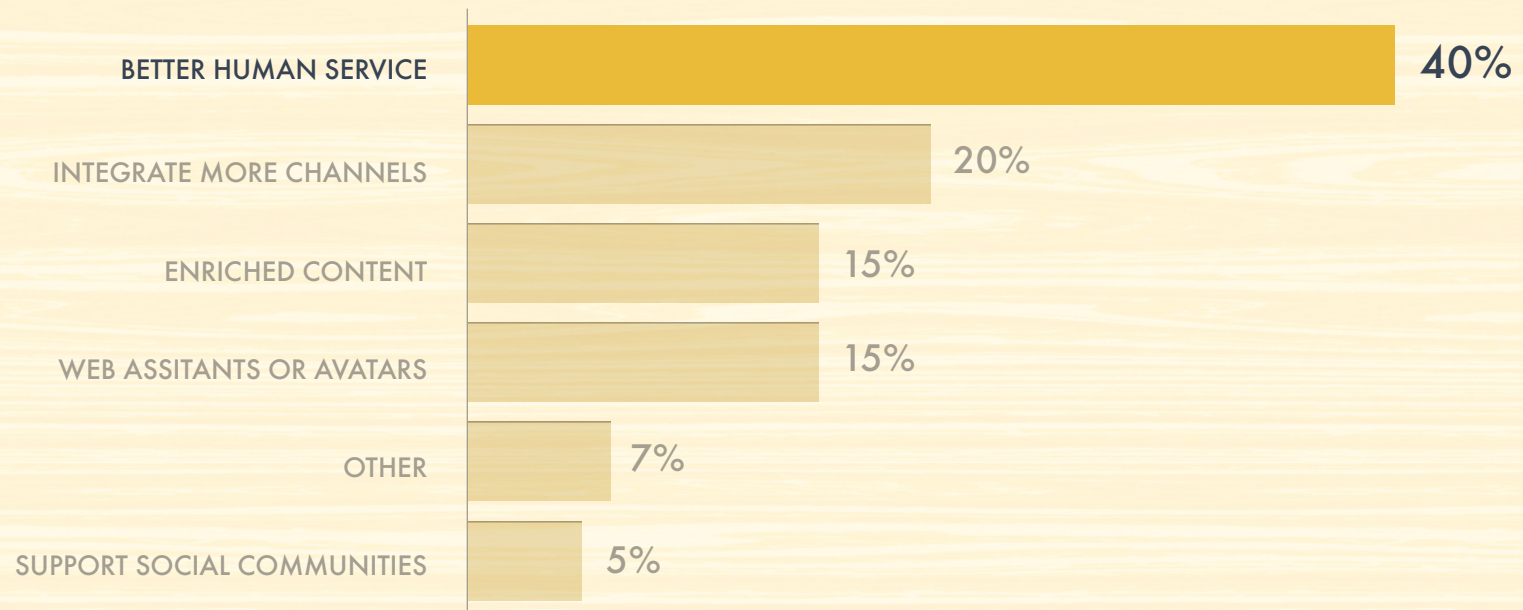
People want this level of engagement from the companies with which they do business ... even the best of what formerly passed for good customer service is no longer enough. You have to be no less than a customer concierge, doing everything you can to make every one of your customers feel acknowledged, appreciated, and heard. You have to make them feel special, just like when your great-grandmother walked into Butcher Bob's shop or bought her new hat, and you need to make people who aren't your customers wish they were. Social media gives businesses the tools to do that for the first time in a scalable way.”

Gary Vaynerchuk, “The Thank You Economy”

DID YOU KNOW?

By far, the MOST requested improvement from customers was

“BETTER HUMAN SERVICE.”



Source: “The Cost of Poor Customer Service” by Genesys Global Survey, 2009

In 2011, **86%** of consumers quit doing business with a company because of a bad customer experience.



Source: Customer Experience Impact Report by Harris Interactive/RightNow, 2010

“

While automation can be expedient, the resulting impersonal tone and risk of poor information are formidable ... most importantly, merchants are missing an opportune moment to connect with current and prospective customers.”

Annual Mystery Shopping Study by The E-tailing Group, 2010

MOST CRINGE-WORTHY PHRASES CUSTOMERS DON'T WANT TO HEAR:

“We’re unable to answer your question. Please call xxx-xxx-xxxx to speak to a representative from xxx team.”

“We’re sorry, but we’re experiencing unusually heavy call volumes. You can hold or try back at another time.”

“Your call is important to us. Please continue to hold.”

Source: American Express Survey, 2011

“

If anybody ever called our number, it would be picked up in less than 2 rings with a friendly voice answering, 'CD Baby.' From 7 am to 10 pm, there was always somebody to pick up a call in 2 rings. No voice mail system; no routing to different departments. We treated our customers like our best friends. You don't route your best friend's call to an automated system!”

Derek Sivers, CD Baby



Employees only ask for the customer's name **21%** of the time.

HINT: The person has a name 100% of the time, and they like hearing it.

Source: ContactPoint Client Research

“

In an era when companies see online support as a way to shield themselves from 'costly' interactions with their customers, it's time to consider an entirely different approach: building human-centric customer service through great people and clever technology. So, get to know your customers. Humanize them. Humanize yourself. It's worth it."

Kristin Smaby, "Being Human is Good Business"

TOP TWO REASONS FOR CUSTOMER LOSS

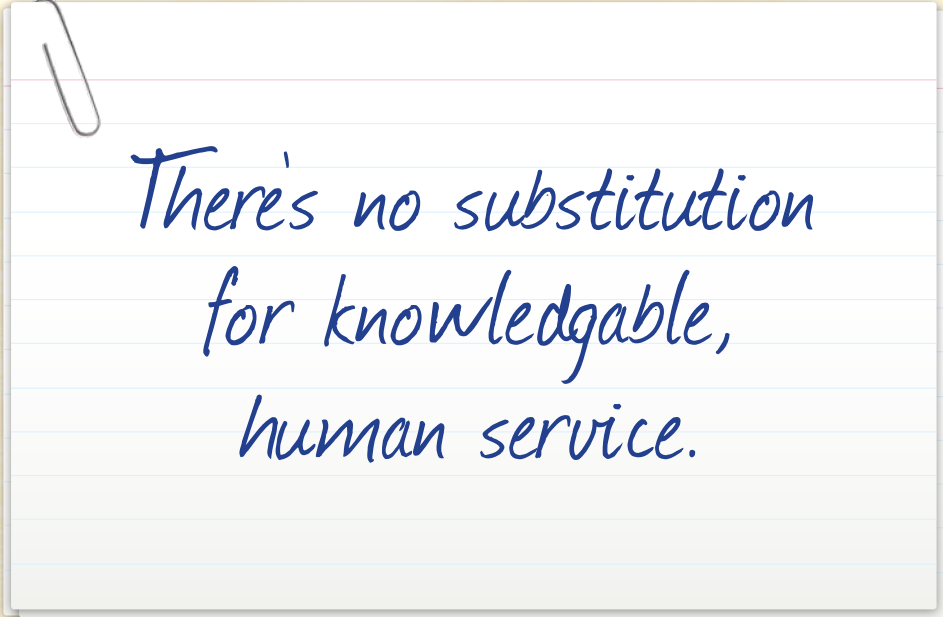
1. Customers feel poorly treated.
2. Failure to solve a problem in a timely manner.

Source: Customer Experience Impact Report by Harris Interactive/RightNow, 2010

“

ASK YOUR CUSTOMERS TO BE PART OF THE SOLUTION, AND DON'T VIEW THEM AS PART OF THE PROBLEM.”

Alan Weiss



*There's no substitution
for knowledgeable,
human service.*

You'll be amazed at what happens when you go out of your way to be an available and authentic voice on the other end of the line.

04 THE SOCIAL GRAPH



Customers are **75%** more likely to purchase from a brand they follow on Twitter.

The Takeaway

Engaging with your customers on Twitter is a great investment. Follow and promote them to your own followers when you have the opportunity. Most importantly, be there to listen if something goes wrong.

Source: Touch Agency

“

The rise of the citizen review site is a sobering development. No longer are you on top of the mountain, blasting your marketing message down to the masses through your megaphone. All of a sudden, the masses are conversing with one another. If your service or product isn't any good, they'll out you.”

David Pogue, *Scientific American*, 2011



58% of Americans perform online research about the products and services that they are considering purchasing.

Source: Jim Jansen, Pew Research Center's Internet and American Life Project, 2010

Knowing what's being said about your company online allows you to see **where you're succeeding and where you need improvement.**

The Takeaway

Unfiltered feedback from customers is a positive even when it's negative. A bad or so-so online review can actually help you because it gives customers certainty that the opinion is unbiased.

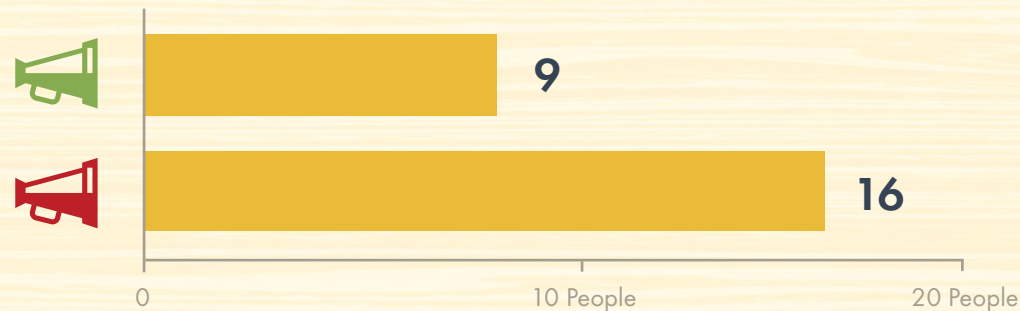
Source: Gail Goodman, Entrepreneur, 2011

“

Friends and colleagues' endorsements, discussed in real life or through Twitter and Facebook updates, are more likely to drive sales than even a positive user review posted on a site like Yelp or Amazon (but those matter, too).”

Jason Mittelstaedt, CMO at RightNow

Americans tell an average of **9** people about good experiences, and tell **16** (nearly two times more) people about poor experiences.



Source: American Express Survey, 2011



24% of American adults have posted comments or reviews online about the product or services they buy.

Source: Jim Jansen, Pew Research Center's Internet and American Life Project, 2010

OVER 1 MILLION PEOPLE VIEW TWEETS ABOUT CUSTOMER SERVICE EVERY WEEK.




Roughly **80%** of customer service tweets are negative or critical in nature.

The Takeaway

Monitor your brand's mentions on social media channels so you can respond to customer complaints before they escalate. It's an opportunity to wow them!

Source: Touch Agency



*The customer service
landscape is changing.*

Customers expect to be able to reach a real person in your company, be it via a website, social media or the phone. Being responsive to those requests is critical!

05 ONLINE RETAIL



Always keep in mind the old retail adage: Customers remember the service a lot longer than they remember the price.”

Lauren Freedman, President of The E-Tailing Group



42% of online shoppers said they had contacted a retailer about an online purchase in the last 6 months.

The Takeaway

A high percentage of buyers on your website will have a question before completing their purchase. The speed, personal touch and accuracy with which you are able to provide an answer will make all the difference in whether they buy and keep buying from you.

Source: Jupiter Research/Forrester Research Inc

“

People now expect the same—if not better—level of service from online storefronts and service channels as they do from a visit to a retail store or a phone conversation with an agent.”

“Email Customer Service in North American Small and Medium Businesses”
by BenchmarkPortal, 2005



94% of all online retailers provide email customer service

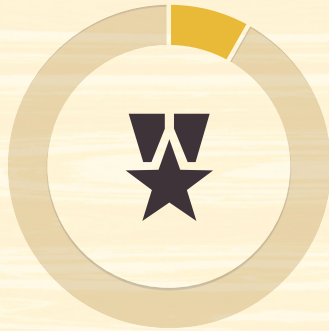


27% of email inquiries are answered incorrectly

The Takeaway

Knowledge of the product is more important than speed when emailing a customer, so do everything in your power to get it right the first time, every time.

Source: Zak Stambor, Internet Retailer, 2010



In a 2010 E-tailing Group survey, only **10 of 100** online merchants made the cut for stellar customer service.

Source: Annual Mystery Shopping Study by The E-Tailing Group, 2010

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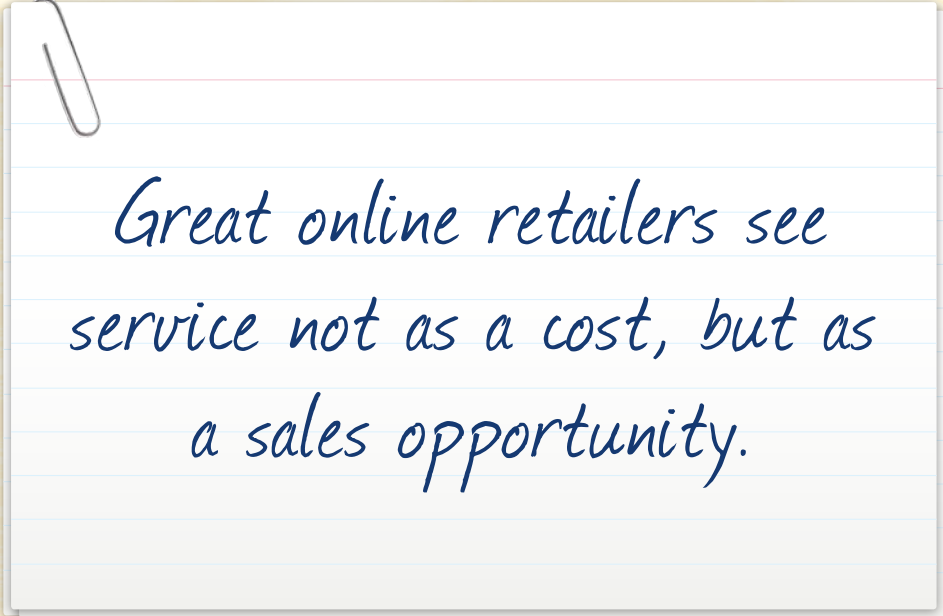
**A MAN WITHOUT A SMILING FACE
MUST NOT OPEN A SHOP.”**

Chinese Proverb

Customer experience quality could result in a swing of **\$184 million** for a large Internet retailer.



Source: Forrester Research Inc., 2008



Great online retailers see service not as a cost, but as a sales opportunity.

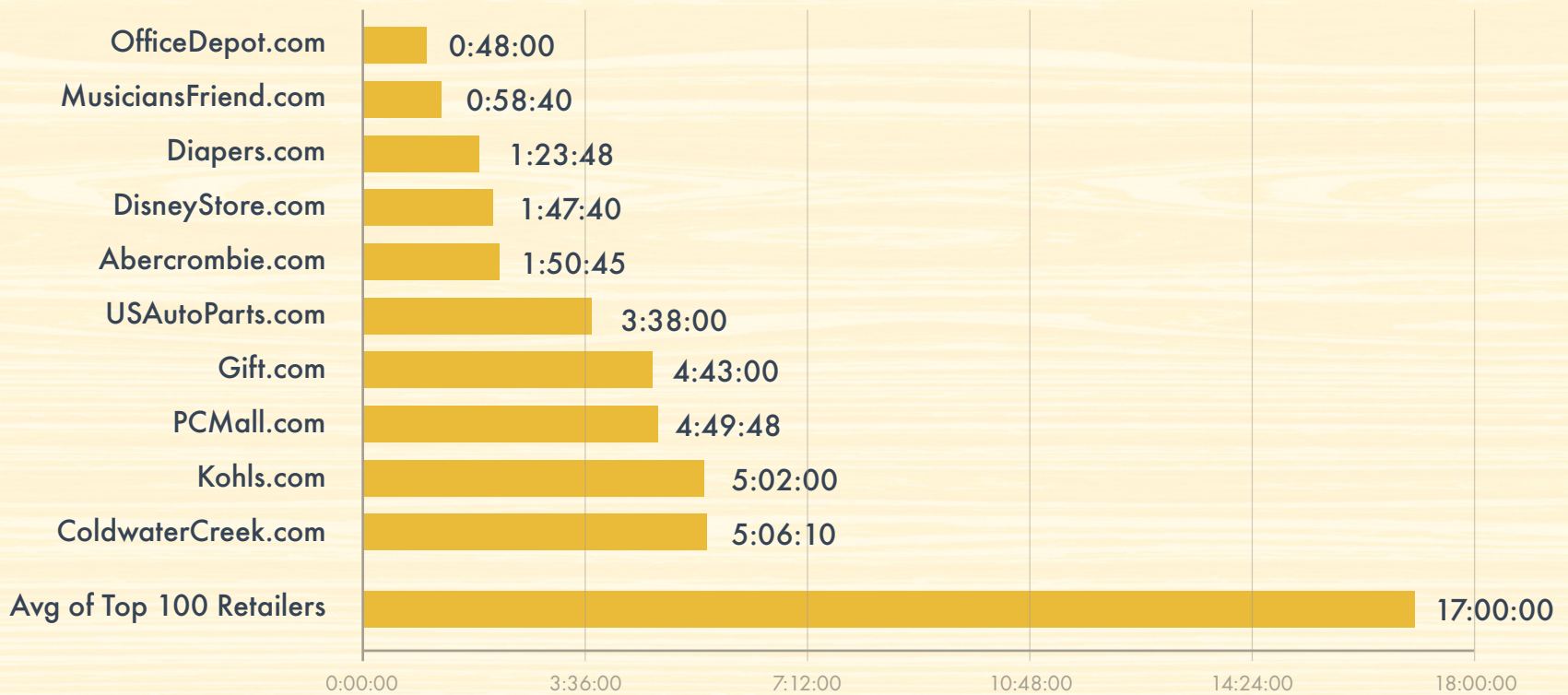
Service is how they differentiate themselves from competition and earn their customers' business over and over again.

06

EMAIL
CUSTOMER
SERVICE

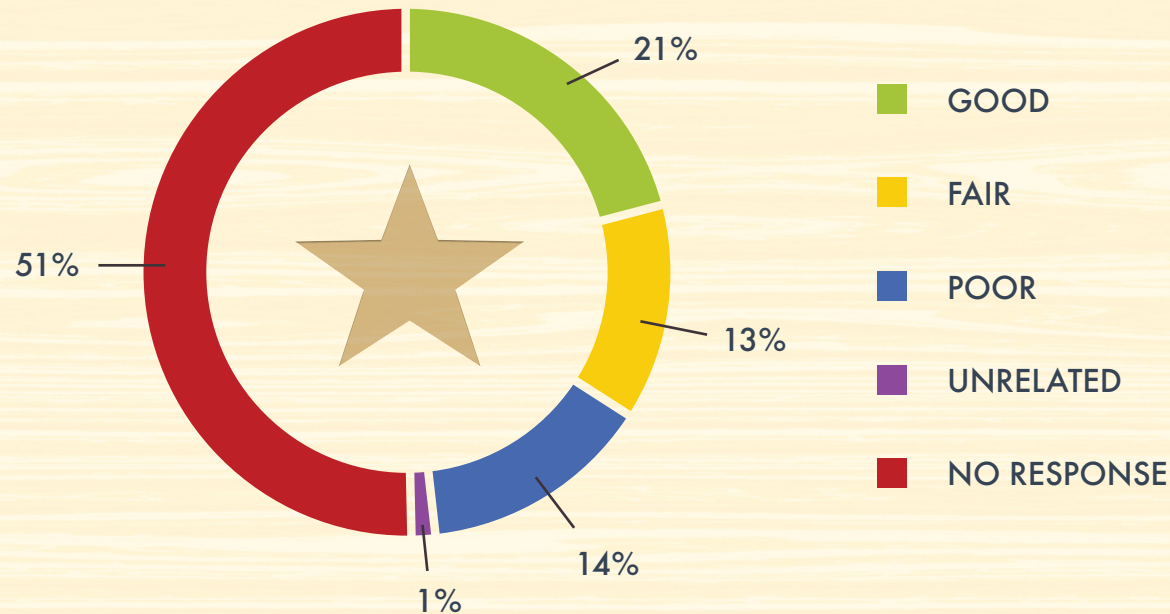
MEASURING PERFORMANCE:

The Top 10 Average Email Reply Times of the Largest 100 Internet Retailers in the US



Source: Internet Retailer/STELLAService, 2011

The quality of your email response matters just as much—if not more—than timeliness.



Source: "Email Customer Service in North American Small and Medium Businesses" by BenchmarkPortal, 2005

BenchmarkPortal analysts, pretending to be prospective buyers, sent emails asking for information about high-value products and services through webforms or email addresses provided on the company websites.

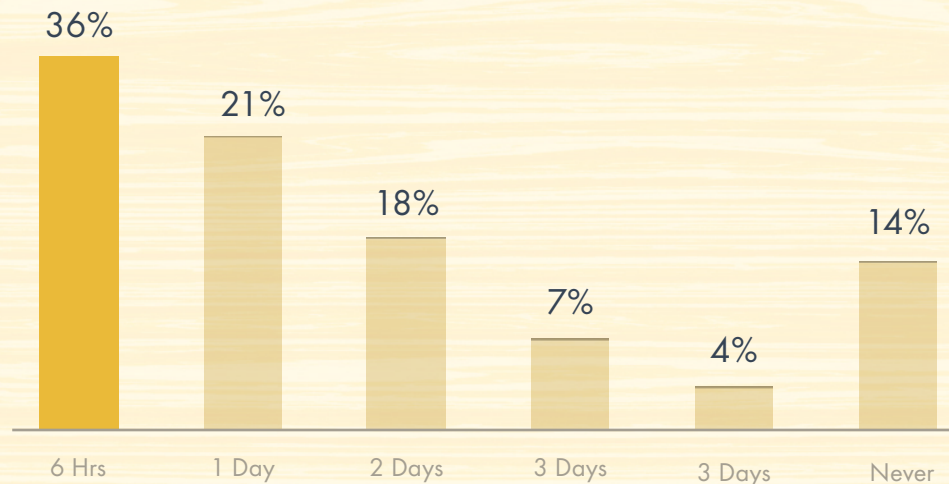


83% of small and medium-sized businesses responded with inaccurate or incomplete answers.

Source: "Email Customer Service in North American Small and Medium Businesses" by BenchmarkPortal, 2005

41% of consumers expect an e-mail response within six hours.

Only 36% of retailers responded that quickly.



Source: Forrester Research Inc., 2008

24 hours or less is widely considered an acceptable email response time.

HINT: Respond within an hour for a WOW factor with the customer.

Source: "Email Customer Service in North American Small and Medium Businesses" by BenchmarkPortal, 2005



The handful of companies that respond promptly and accurately to customer emails increase trust in their brand, bolster customer satisfaction, and boost sales both online and offline.”

BenchmarkPortal



*Email is a critical medium
for online customer service.*

The only thing more important than response time and personalization is the quality of your response. Go the extra mile to resolve questions in a single email.

07 THE BEST OF THE BEST

The Top 10 Companies

Rated as Giving Excellent Service in 2011



- | | |
|-----------------------|-----------|
| 1. Amazon | 6. Publix |
| 2. Trader Joe's | 7. Apple |
| 3. Netflix | 8. FedEx |
| 4. Nordstrom | 9. Costco |
| 5. Southwest Airlines | 10. UPS |

Source: MSN Money/Zogby International Survey

The Bottom 10 Companies

Rated as Giving Poor Service in 2011



1. American Airlines
2. US Airways
3. Delta Airlines
4. Days Inn
5. 7-Eleven
6. Bank of America
7. United Airlines
8. AOL
9. Kmart
10. Super 8

Source: MSN Money/Zogby International Survey

“

Smart businesses should come to realize that the customer service bar is lower—and that today, it's easier than ever to differentiate your company from the pack with (crazy as it seems) actual quality customer service.”

Brad Tuttle, “A Few Thoughts on the God-Awful State of Customer Service,” *Time*, 2010

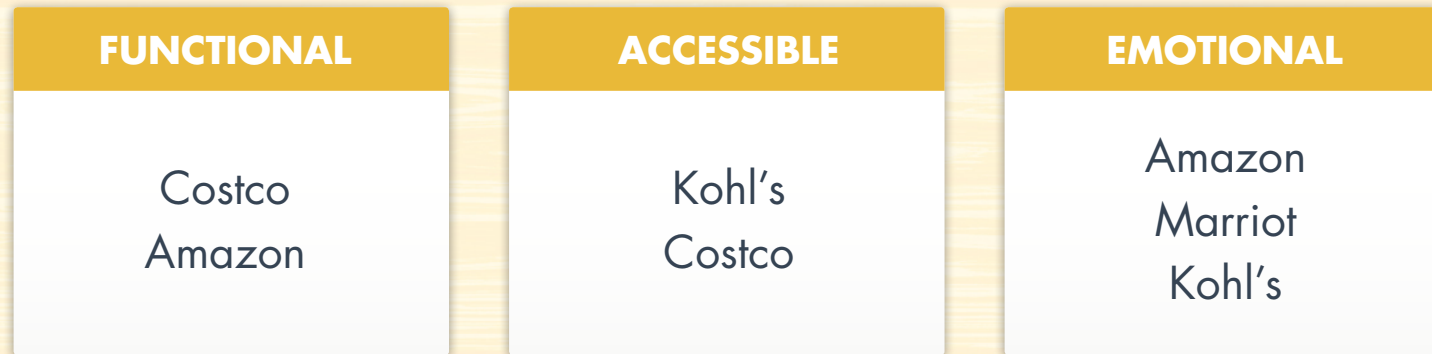
Temkin Respondents' Top 5 Companies for an excellent customer experience



1. Amazon
2. Kohl's
3. Costco
4. Lowe's
5. Sam's Club

Source: Bruce Temkin, Temkin Experience Ratings, 2011

Temkin Respondents' Top Companies for each rating category



Source: Bruce Temkin, Temkin Experience Ratings, 2011



81% of companies with strong capabilities and competencies for delivering customer experience excellence are outperforming their competition.

Source: Peppers & Rogers Group, Customer Experience Maturity Monitor, 2009



WHATEVER YOU ARE, BE A GOOD ONE."

Abraham Lincoln

According to the Temkin Survey,
customers believe ...

RETAILERS

deliver the best experience

TV SERVICE PROVIDERS & HEALTH PLANS

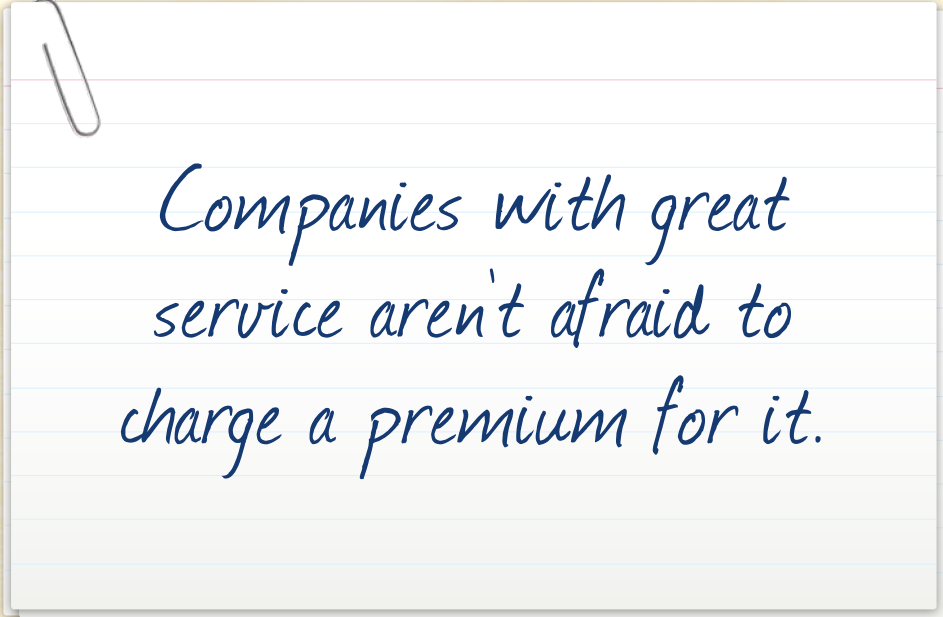
deliver the worst

Source: Bruce Temkin, Temkin Experience Ratings, 2011



**CUSTOMER SERVICE SHOULDN'T
JUST BE A DEPARTMENT, IT SHOULD
BE THE ENTIRE COMPANY."**

Tony Hsieh, CEO of Zappos



Companies with great service aren't afraid to charge a premium for it.

You can differentiate from competition by WOWing customers, not just trying to compete on price.

08

GREAT
QUOTES



The single most important thing is to make people happy. If you are making people happy, as a side effect, they will be happy to open up their wallets and pay you."

Derek Sivers, CD Baby



It's very logical: There is proven ROI in doing whatever you can to turn your customers into advocates for your brand or business. The way to create advocates is to offer superior customer service."

Gary Vaynerchuk, "The Thank You Economy"

“

Getting service right is more than just a nice to do; it's a must do. American consumers are willing to spend more with companies that provide outstanding service ... ultimately, great service can drive sales and customer loyalty.”

Jim Bush, Executive VP at American Express



**ALWAYS DO MORE THAN IS
REQUIRED OF YOU."**

George S. Patton

“

There are many who subscribe to the convention that service is a business cost, but our data demonstrates that superior service is an investment that can help drive business growth. Investing in quality talent, and ensuring they have the skills, training and tools that enable them to empathize and actively listen to customers are central to providing consistently excellent service experiences.”

Jim Bush, Executive VP at American Express



**CUSTOMER SERVICE IS THE
NEW MARKETING."**

Derek Sivers, CD Baby