

Ten Steps to Completely Restoring Customer Confidence After Any Service Mishap

It is time for organizations to think of complaint handling as a strategic tool...rather than as a nuisance or cost.

Janelle Barlow, Author, A Complaint Is A Gift

In a landmark study, TARP, Inc. found that complaining customers who are satisfied are 8% more loyal than if they had no problem at all. This means complaints that result in quick satisfactory resolutions actually drive more loyalty than if things had gone smoothly in the first place. And it gets better: Frederick Reichheld, author of *The Loyalty Effect* and his Bain & Co. colleagues studied dozens of companies over a 10 year period and found that companies can add 25% - 95% net increase to the bottom-line by retaining just 5% more of their customers. One company in the study had a sixteen-fold increase in profits over an eight-year period by cutting their attrition rate by 5%. Position your employees to regain the goodwill of five percent *more* customers than you retain today and your company could realize up to a 95% net profit to the bottom line.

As a head of customer service operations, you can capitalize upon your department's unique position to drive loyalty with complaining customers and maximize this position to add net profit to the bottom line. You can create a strategy based on value creation to turn your cost center into a profit center.

The ultimate goal of the complaint resolution process is not to simply resolve the problem, but much more importantly, to retain the customer. A company's response to complaint situations should not only resolve the problem, but should also keep the customer from even thinking about defecting to the competition. Here are 10 field-tested and proven strategies for turning complaining customers into loyal goodwill ambassadors.

1. Equip frontline customer service professionals with complete product and service knowledge

This is critical. Customers, particularly customers who have experienced a problem, want to talk to knowledgeable professionals who can quickly and completely answer questions. While it is not possible for your staff to know everything customers want them to know, you should strive to keep consumer affairs professionals in the know in such areas as current promotions, warranties, recalls, policies and procedures. This knowledge creates value for customers, which leads to satisfaction and loyalty and it expedites transaction time, which cuts costs.

2. Resolve complaints immediately

Recent research has found that 95% of complaining customers will remain loyal if their complaint is resolved on the spot. That number drops to 70% if there is a delay in resolution. The faster the resolution, the better the chances for maintaining loyalty. TARP, Inc. found that ninety-five percent of complaining customers would remain loyal if their complaint was resolved on the first contact. That number dropped to seventy

percent when the complaint was not immediately resolved. In fact, the speed of resolution has a greater impact on future loyalty than the resolution itself. Strive to resolve complaints on the first contact and when that isn't possible, final resolution should occur within 5 – 10 business days in order to maintain and build loyalty.

3. Make it easy for customers to complain

The mere voicing of a complaint, even in the absence of resolution, actually increases the chances an unhappy customer will return. TARP, Inc. found that customers who complained and did not receive a satisfactory resolution to their problems, were 10% more likely to remain loyal than dissatisfied customers who did not complain.

4. Give Customers Goodwill Token Items

Coupons and product samples have a definite impact on loyalty after a service failure has occurred. A study for the Society of Consumer Affairs Professionals found that 58% of complaining consumers who received something in the mail following their contact with consumer affairs departments were delighted, versus only 40% of those who did not receive anything. Giving customers token items, such as

coupons or product samples, after a service failure both increases the perception of value and serves to maintain loyalty.

5. Make customers feel like their feedback is welcomed and appreciated

Customer feedback adds value to organizations: Customers are giving you a second chance to satisfy them and they're giving you feedback that can help you make business improvements. Express your appreciation for this valuable contribution by saying something similar to, "*Thank you for taking the time to tell us about this. We appreciate customers who let us know when things aren't right.*" Many customers will be shocked. All will remember you with goodwill.

6. Apologize

In a recent consumer survey, 50% of customers who voiced complaints to an organization said they never received an apology. If your company is wrong, admit it quickly and emphatically. This will help you disarm your angry customer and reduce defensiveness. I also encourage customer service professionals to apologize even when they are not at fault. An apology does not have to be an admission of fault. It can be offered to express regret. For example, "*I'm so sorry for any*

inconvenience this misunderstanding has caused you."

7. Listen with the intent to understand

Allow the customer time to vent and while they vent, really listen with the intent to understand how the problem they have experienced has affected them. Has the customer experienced embarrassment, inconvenience, or a loss of money or time as a result of this problem? Work hard to uncover the root problem with your listening skills. Your objective is to listen to the customer with the intent to understand their viewpoint before making them understand you.

8. Express empathy

Empathy can be a powerful tool used to disarm an angry customer and show that you genuinely care about the inconvenience the customer has experienced. Not to be confused with sympathy, empathy is Identification with and understanding of the customer's situation and feelings. You can express empathy by saying something similar to, "*It must have been very frustrating for you have waited 5 days for your order and for that I am sorry.*"

9. Tell the customer exactly what you are going to do

This is especially important if you must put the customer on hold or if the resolution will take some time. For example, *“I’ll need to pull a copy of your agreement and speak with the location manager. I expect this to take about 30 minutes. As soon as I’ve spoken with the location manager, I’ll give you a call back with an answer.”*

10. Follow up after resolution

The company’s idea of problem resolution may not necessarily be the customer’s idea of a satisfactory resolution. For this reason, it’s a great idea to follow up with customers 30 – 90 days after you’ve resolved the problem to ensure they are satisfied with your resolution. This extra step helps you capture problems that weren’t identified at the initial point of contact and helps you completely regain customer goodwill after service mishaps.

Take the next step in turning complaints into profits

If you have a serious interest in turning complaints into more goodwill and profits than you ever thought possible, explore our *Ultimate Customer Recovery Guidebook*. The Guidebook includes step-by-step instructions

for implementing a company-wide customer recovery plan, tips, tactics, and techniques for dealing with difficult customers, and **7 media-rich videos** you can use to train your employees. [Go here](#) and scroll down to *The Ultimate Customer Recovery Guidebook*.

Conclusion

Given the fact that it cost 4 – 5 times more to win a customer than to keep a customer, it makes sense to view the complaint handling process as a critical component of the organization’s sales process. Each time you resolve a complaint to the customer’s satisfaction, you have sold your company back to the unhappy customer. In other words, you have retained customers who were at serious risk for defection and saved the company the tremendous cost of replacing customers. Implement these 10 easy steps and you’ll be well on your way to turning complaints into profits.

About the Author

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