

BTI Live Teleseminar

Monday, June 11, 2007

Customers For Life

Your ability to attract customers and keep them buying from you year after year is the critical determinant of your success in business and in sales.

What is the purpose of a business? The purpose of a business is not to make a profit. It is to create and keep a customer. A profit is the result of fulfilling this purpose in a cost-effective way.

What is the critical measure of the success of a business? It is "Customer Satisfaction." The purpose and measure of a business is to create and keep a customer in such a way that they are satisfied.

What is the true measure of a successful business? It is "Repeat Business." The only measure that counts in a business is how loyal your customers are, and how often they buy from you again.

What is the highest level of customer satisfaction? It is "Customer Advocacy." This is when your customers are so happy with your service that they eagerly tell their friends and tell their friends to buy from you as well.

The first sale is the hardest and the most expensive.

The first sale can be made with advertising, discounting and effective selling methods.

The first sale is when you exchange promises about your product or service, and what it can do for the customer, for money.

The second sale is the most important sale.

1. The second sale is proof that you delivered on your promises.

2. The second sale determines whether you stay in business.

The entire focus of customer service must be on achieving the second sale.

Customer retention is the true measure of business quality – both product and services.

It costs ten times as much to attract a new customer as it does to make a resale to an existing customer. The cheapest person to sell to, and the most profitable sale, is a satisfied customer.

What is the most powerful form of advertising? Answer: “Word of Mouth.”

Word of mouth advertising takes place when your customers sell for you, and tell other people.

1. Satisfied customers tell 3-8 other people about you.
2. Dissatisfied customers tell 8-13 people about their negative experience. Some tell 20-30 other people. Some even go onto the Internet and tell hundreds or thousands of other people how unhappy they were.

There are two rules for customer service:

Rule Number One: The customer is always right.

Rule Number Two: When in doubt, refer back to rule number one.

The most expensive customer of all is the one who just walks away and never comes back.

The main reasons for customer defections are:

1. Indifference on the part of someone in the company (68%).

2. Passivity – taking the customer for granted.
3. Lack of responsiveness to customer complaints.
4. Poor quality, high price – less than 20% of the reason.

There are four dimensions of any product or service, as viewed by the customer.

1. The generic product – this is the essential product stripped down to its bare essentials.
2. The expected product – this includes the generic product plus the various product and service features that are expected by the customer, but not written down anywhere.
3. The augmented product – this is the generic product plus the expected product plus the additional things you do to make your product or service more attractive to the customer.
4. The potential product – this is the entire product plus the things that you can do, limited only by your imagination, to make your customers so satisfied that they buy over and over again.

There are four levels of customer service:

1. You meet expectations – this is the bare minimum to survive in business.
2. You exceed expectations – this is where you do things that are beyond what the customer expected.
3. You amaze your customers – this is where you do things that are above and beyond what the customer expected.

4. You delight your customers – you add something to the product or service that is so delightful that it makes the customer want to tell others about their experience with you.

Excellent customer service begins with a customer service strategy – a vision of the ultimate customer experience.

Begin by defining your ideal customer, the kind of customer that you want to attract and keep for life:

1. Who exactly is your ideal customer? Age? Education? Income? Occupation? Financial situation? Family situation? Need? Problem? Goal?
2. Why does your ideal customer buy your product, from you or from anyone else? What does he or she consider value? What is more important to your ideal customer than anything else?
3. In what way is your product or service superior to that of your competitors? What is it that you do or offer that gives you a distinct competitive advantage in your market?
4. What is your Unique Selling Proposition? What is it that you do or offer for your customers that no other product, service or business can offer?
5. Who is your competition? Why do your customers buy from your competition? What value do they perceive? And how could you neutralize this perceived value?

Decide to create the ultimate customer experience. Begin by defining what that means to both you and your customers:

1. Begin with your own experiences; what are the best customer service experiences you have ever had?
2. What do excellent customer experiences have in common?

3. How do you want to be talked about, described by your customers? What exact words do you want them to use when describing you to others?
4. What aspects of your services do customers value the most? Ask. Listen.
5. How could you serve your customers better than any competitor?
6. What is your customer service quality ranking today? On a scale of 1-10?

Customer complaints represent a great opportunity to build customer loyalty:

1. If complaints are dealt with immediately, the customer will repeat purchasing more than 90% of the time.
2. The customer whose complaints are handled quickly and efficiently is usually more loyal than a customer with no complaints in the first place.

There is a specific methodology for handling customer complaints efficiently and well:

1. Make it easy to complain; invite feedback by asking and listening.
2. Hear it out completely; don't defend or explain.
3. Ask for complete details of the complaint before answering.
4. Apologize personally. Say, "I am sorry that happened."
5. Seek first to understand; say, "I understand exactly how you feel. If I was in your situation, I would feel the same way."

6. Offer to resolve the problem or complaint immediately.
 - Ask, “What would you like us to do?”
7. Reward the customer; do something extra in the course of resolving the complaint.

The return on investment in terms of additional sales and profits is as high as 400%.

Problems of customers are the “test” of your business and the customer relationship.

If you “Pass,” they will return and tell their friends.

Look upon every customer interaction as a “Moment of truth.”
Resolve to make every moment of truth a positive experience for the customer.

Customers describe top service companies three ways:

1. “They are really nice people.” (cheerful!)
2. “It is really a pleasure to do business with them.”
3. “I get the feeling that they really care about me and my situation.”

The most important determinant of gaining customers for life is their answer to **The Ultimate Question**:

The Ultimate Question is, “On a scale of 1-10, based on your experience with us, would you recommend us to others?”

Fully 85% of your resales and referrals will come from customers who gave you a rating of 9-10 on this question.

Top companies continually ask their customers to rate them on this scale. When they get a rating of less than 9 or 10, they ask what they can do to improve their score next time.

There are seven rules for creating customers for life:

1. Practice the Golden Rule with every customer.
2. Treat each customer as if he or she was your mother.
3. Always be pleasant, positive and cheerful.
4. Treat each person as a "Million Dollar Customer."
5. Say, "Thank you" as many ways as possible.
6. Respond and react quickly to customer complaints.
7. Continually look for ways to build customer loyalty, and increase customer retention.

Just think! If you could get every customer that you sold to, to come back and buy from you again, and bring a friend, you would eventually have more customers than you could handle.

The most important sale is the second sale. From the very first contact with the customer, be thinking about how you could earn that second sale.