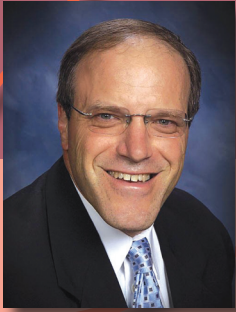


Signature Press

HOW TO KEEP CUSTOMERS FOR LIFE



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By **Barry Himmel**
Construction Equipment Distribution

For as long as I can remember, my father has driven a Cadillac, so you can understand my shock when I pulled into his driveway and saw a gleaming new Lexus. My father explained that, while he still thought Cadillacs were great cars, he was convinced to buy the Lexus because of the experience a close friend had with the dealership — no high pressure sales, always a loaner car when his was in for service and free carwashes for life! His friend raved about how well he had been treated, not to mention how well his car drives. So my father — a man who has driven the same brand of car since JFK was in office — decided to check it out. He ultimately switched, not because he was dissatisfied with Cadillac, but rather because he wanted to experience the acclaimed Lexus culture.

As a leader in the equipment industry, you surely understand the importance of quality customer service and probably do a good job of satisfying your customers. And you know that loyal customers are likely to return more often, spend more money and tell their friends about you. However, new customer behavior research proves customers who are merely satisfied aren't particularly loyal.

A survey from the Harvard Business Review found that up to 80 percent of "ex-customers" reported being satisfied with a company they left. So, if satisfied customers are likely to leave when a more convenient, affordable or just different option presents itself, what more can you do to keep them?

The answer, according to Customer Experience Management (CEM) thought leaders, is to look past product, price and location to focus completely on creating emotional experiences at every customer touchpoint. CEM focuses on qualitative components — the emotional responses of a customer. Study after study has shown that humans are driven by emotion, not reason. According to Neurologist Donald Cayne, "Reason may lead to conclusions, but emotion leads to action."

Giving every customer a legendary experience certainly isn't new for many dealerships, especially those that have been in business for decades. Often family-owned, dealerships likely start with a solid, customer-centric philosophy, which is then shared through the generations. But just because a customer has worked with you for years, doesn't mean he always will, especially as the economy struggles and all expenditures are scrutinized. Customers want total value and take more than price into consideration.

Obviously, all companies strive to provide satisfaction and pleasure — very powerful emotional ideas. But managing the customer experience so every single customer loves every single aspect of your business requires more than ideas. It requires a unique commitment and a systematic, company-wide approach to excellence that makes it virtually impossible for employees to deliver anything less than an exceptional experience at every customer touchpoint.

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In a survey of our customers, over 90 percent of Signature's clients indicated that consistency in delivering a high level of service was one of their top challenges. As dealerships have grown and even contracted, the customer-centric message has been lost or diluted. Dealers are relying on their frontline staff to deliver great service, and it is just not happening all the time.

Commitment to CEM starts with a different way of looking at satisfaction and loyalty. While many managers conduct customer surveys, they often view the results too positively. Successful CEM managers know that customer satisfaction isn't a goal — it's an absolute necessity. They know there is very little connection between mere satisfaction and true customer loyalty, so they set higher standards and analyze data much differently.

For example, if 85 percent of survey respondents say they're "somewhat satisfied" or "completely satisfied" with your company, is that reason to celebrate? Perhaps it is. But doesn't that mean 15 percent of your customers are disappointed? And remember, research suggests merely satisfied clients are not particularly loyal. So while you congratulate yourself for a job well-done, many customers may be making plans to switch to a competitor.

Once you establish CEM as a top priority for your company, it's important to build a three-step system that helps every member of your team deliver consistently exceptional customer experiences. The first step is working with customers who love you most so you can identify the ideal customer experience. Through market research, focus groups or just old-fashioned conversations with your most loyal customers, find out what your staff is doing to regularly create those emotional bonds. What you learn will help you build the ideal experience, one that your best customers can't wait to have again and again.

Next, compare that ideal to the way your people are working today. Regular customer surveys and mystery shops can help you evaluate employee behaviors and the customer impressions those behaviors create. Observing employees in their work environment can also give you insight to how customers are being serviced. Many dealers also contact customers to review their customer experience. The more you can capture the customer voice, the better you can evaluate the actual customer experience.

You may even want to focus on a net promoter score. Developed by loyalty business model expert Fred Reichheld, the concept of a net promoter score is essentially to find those customers who are evangelists for your business. They are "promoters." Based on a 10-point scale, when these clients are asked how likely they are to recommend your company to a friend or colleague, they answer nine or 10, with 10 being the most likely to recommend. If those survey results show that you don't have a lot of promoters and that you're not consistently creating the ideal experience, your third step is a training program that arms every employee with the tools to get better.

Start by making sure your team knows exactly what a great experience feels like. Don't be vague or conceptual. Every single employee must understand and accept his or her role in the experience and the specific behaviors needed to always meet and exceed client expectations. You are working to build a culture and that culture does not happen by accident. It requires a determined leadership, comprehensive training and reinforcement.

Regularly hold fun, interactive training events that stress participation and practice. Create a learning environment that encourages participants to be open and identifies obstacles to their success. If employees suggest changes to procedures that will help delight customers, have the courage to implement those changes. Most important, remember that training is

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a journey, not a destination. Support skill development by measuring performance with ongoing mystery shopping and surveys. Use those results to coach for improvement and recognize success. Don't compromise when it comes to providing exceptional service that will build loyalty.

Because today's customers are more informed and more volatile, it's much easier to get more from your loyal customers through upselling and cross-selling. It's this loyalty — created through legendary

experiences — that will have a huge impact on your company's bottom line. In fact, a survey from Harvard Business Review reports that 97 percent of all customers who report being loyal to a company do not leave.

If you want to stay ahead of your competition, start improving your company's customer experience today. If you'll excuse me, I'm off to look at new cars!