Why customer criticism is a business's friend

Many companies approach customer satisfaction incorrectly. In nearly every market, businesses prioritise profits, and by doing so miss out on valuable opportunities to either a) provide excellent experiences customers will remember or b) rectify bad experiences they won't forget.

Temps de lecture : minute

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Unfortunately, bad experiences, especially when unaddressed, almost always lead to customer churn. Dissatisfied customers will ditch your brand in favour of your competitors. To make matters worse, some of them will rant about their dissatisfaction on social media, effectively launching a negative publicity campaign for your product.

Never ignore customer churn. Left to itself, a runaway churn rate can easily escalate into a death spiral for a business. The reason is simple: it costs a lot more to pick up a new client than to keep an existing one. Depending on your industry, acquiring new customers could range anywhere *from five times to twenty-five times* the cost of keeping those you already have in your portfolio.

Change how you ask for feedback

Bain & Company's Frederick Reichheld published a paper in the *Harvard Business Review* that showed a *direct link between customer retention rates and corporate profits*. According to their research, decreasing churn rate – or increasing customer retention rate – by 5% can increase your profits by 25% to 95%.

Incidentally, this research comes from the author who introduced the concept of Net Promoter System to the business world.

The Net Promoter System is a method for measuring customer satisfaction and is a stinging slap to traditional customer satisfaction surveys that only seem to feed a company's false sense of greatness. You know the ones – you get to pat yourself on the back, defy reality and say, 'We're not rubbish.' The truth is, traditional surveys are complicated, take too long to process and don't say much of anything that can help your company grow.

Reichheld found that a single question embedded in a customer satisfaction survey can serve as an indicator of company growth: 'How likely are you to recommend our product or service?' The more customers you have who are eager to recommend your brand, the bigger you can grow your business.

Among other things, NPS is about preventing customers from moving to your competitor. That is why you don't gouge people with all sorts of charges, because when some of your customers can move over to your rivals, some of them will. So don't even try to maximise your profit for the short term. If you do, you'll likely just lose out when another company comes along with a better proposition that you can't afford to match.

Embrace negative comments

If you're a decent company, you'll certainly get a lot of positive feedback. That's OK, and it's good to know exactly what you're good at, and which aspects of your offering customers really like. But don't give in to complacency. There's always room for improvement: take the cue from customers to identify exactly where this should be. To achieve this, your organisation needs to be set up to embrace bad news. In fact, you have to deliberately look for it, to gather it both from staff and customers.

Former Intel CEO Andy Grove wrote a fascinating book, *Only the Paranoid Survive: How to exploit the crisis points that challenge every company*. In it, he introduces the idea of a strategic inflection point – a milestone where imminent change can make or break a business. He argues for seeing such points as opportunities to win in the market and become stronger as an organisation. Receiving bad news is an opportunity to drive positive change and improve your brand.

If you want your company to be the best in the world, then you'll need excellent coaches (critics) to conduct post-mortems about your performance. This is the case for all top-notch business teams, just as it is for musical soloists and highly competitive sportspeople. In his autobiography, *OPEN*, Andre Agassi recounts how he battled negative feedback to become one of the greatest tennis players in history. Having started playing tennis as a young prodigy, Agassi managed to thrive within an environment of obstacles and sharp criticisms, going on to win eight Grand Slams over two decades.

Mediocre companies are scared of bad news. The best ones are comfortable with criticism. After all, true confidence grows out of adversity. For business organisations, that means traditional customer satisfaction surveys are out. They are costly, inefficient, and rarely lead to actionable insight.

Instead, ambitious companies must rethink their engagement strategies and go beyond customer feedback. To get ahead of the pack, they must proactively seek criticism. The trouble is some customers don't want to upset you and will just tell you what you want to hear. To get a more objective picture of customer sentiment, you need to reframe your feedback mechanism and integrate NPS in your customer communications.

Say sorry when you mess up

There’s no perfect product or service. One way or another, at some point in time, something will happen that will frustrate, disappoint or anger your customers. If you don’t take action, or fail to make the right moves, customer churn will surely spike.

During these scenarios, conveying that you regret the incident and that you’re taking remedial action will help. Words like ‘sorry’ and ‘confess’ often help prevent massive customer attrition from happening. When customers see your honesty, they’re much more likely to stick with you.

To create a customer-centric culture means to accept feedback of whatever kind or calibre. To be the best businesses, customer service is everything. Seek feedback from your customers to continuously improve – and remember, negative feedback is of far more value to you than positive reviews as it tells you where you’re going wrong.

It’s all about talking to your customers. Find out what they want and give them it. Hear them when they present their problems to you. Say sorry when you mess up.

This is an adapted book extract from *Mind Your F**king Business*by Dominic Monkhouse.

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