

Ten Ways to Increase Customer Care Profitability

In our call center consulting work, we spend a lot of time helping managers make their customer service operations more profitable and to demonstrate this profitability throughout the organization. In this Special Report I share some of the strategies we share with our clients to help them increase customer care profitability. I encourage you to incorporate these strategies in your own call centers and departments to realize increases in profitability.

1. Focus on Problem

Prevention (not simply problem resolution). Not only do customer care departments and call centers respond to complaints and questions, they can also prevent future problems from occurring. You can prevent problems by first, educating customers during inquiry or complaint calls. For example, a bank customer service center can discourage use of debit cards (and encourage credit card usage) on the Internet, thereby decreasing the number of problems customers have with recouping losses after money is stolen from a personal checking account. A second way call centers can prevent problems is to feed back critical information from customer complaint data to Training & Development, Sales & Marketing and Research & Development Departments.

The return on investment from problem prevention is significant and quantifiable. TARP has found that a problem experience reduces customer loyalty by 10 – 30%. Expressed another way, on average, for every five customers who perceive they have had a problem or an unpleasant surprise, your risk losing some, if not all, of the future revenue from at least one of those five customers. **If your call center is successfully preventing problems (by educating customers and feeding back critical information to key departments), for every five problems you prevent or fix, you get to take credit for the revenue retained.**

2. Resolve Problems on the First Call.

Again quoting research from TARP, in general, if you call the customer back or the customer has to call a second

time, satisfaction and loyalty are decreased by 10 percent (and your costs are doubled due to the second call and related telephone tag). **Resolving problems on the first contact protects you from the risk of decreasing loyalty (by 10%) and saves operations costs.**

3. Remember, Your Job is More Than Answering Questions and Solving Problems. It is entirely possible to completely answer a customer's questions and resolve problems without restoring their confidence in the company and regaining their goodwill. Often, an employee's human relations skills (friendliness, sense of urgency, empathy, willingness to help, etc.) is what determines the level of satisfaction with the way the problem is handled. **If you can move a customer from dissatisfied to completely satisfied, you usually get a 50 percent increase in loyalty,** according to TARP.

4. Encourage More Customers To Contact You With Problems. In a study projectable to the US population (TARP), 37% of consumers who experienced a minor problem, but did not complain stated that they would continue to buy the product. An amazing 46% of

customers who did complain but did not receive satisfactory resolution said they would remain brand loyal. This demonstrates that **loyalty is actually increased with the mere voicing of a complaint, even in the absence of resolution.** Just getting customers to complain will increase loyalty among customers with problems by 9%. This research suggests that we should make it as easy as possible for customers to contact us via toll-free numbers, websites, comment cards, etc.

5. Decrease complaint response time. The faster the response the better. According to TARP, Inc., 95% of complaining customers will remain loyal if their problems were resolved immediately. That number drops to 70% if the resolution is offered, but not immediately.

6. Give token items. Coupons and token items have a definite impact on loyalty. In a study of more than 5000 customers who had contacted a consumer affairs department for resolution, 58% of complaining customers who received a coupon or token item reported feeling delighted with the complaint handling process versus only 45% of those who did not receive a token item. The more delighted a complainant feels, the more likely they are to remain loyal.

7. Follow-up after complaint

has been resolved to ensure satisfaction. Proactively contact customers who have complained 30, 60, or 90 days after the complaint was voiced to make sure the problem was resolved and to find out if there is anything more you can do to completely regain customer goodwill. This simple gesture will take customers by surprise and generate and strengthen loyalty.

8. Conduct root-cause analysis/preventative analysis on all top complaints.

Don't simply resolve complaints. Take the data you get from customers and analyze it, learn from it. Use it to cut problems at the root and improve processes.

9. Develop "at risk

customer" profiles. The data you capture about unhappy and defected customers could help your company strategically market to retain customers at risk of defecting. For example, in *Customer Winback*, authors Jill Griffin and Michael W. Lowenstein discuss customer turnover at a large bank. The bank found that a significant proportion of its lost customers were the affluent, older and long-term customers. When these customers defected, they took all of their accounts and services with them. Conduct analysis of complaining customers to determine which of your customers are most likely to encounter

problems and then develop a plan to eliminate (or reduce) the problems they are likely to encounter. Your data could not only reduce problem occurrence, but can result in a decrease in customer defection.

10. Expand services to include customer winback.

Studies show that companies can successfully sell back to 20 – 40% of lost customers (but can only successfully sell to 5 – 20% of prospects). Customer win back is simply identifying customers who have defected and contacting them. Customer win back can be added to a call center or customer service department easily:

- Track customers who have left.
- Call them up and ask why they left, what attracted them to the competition, and then try to overcome any objections they present.

If you don't win them back, you at least have very good data for process improvement.

These ideas, when fully implemented, will help you improve and demonstrate the economic value of customer service/customer care to your company's bottom line. I urge you to really see customer service as a profit center and always manage your (customer service) operation with profitability in mind.

Take the next step in increasing customer care profitability

One of the absolute best ways to increase customer care profitability is to position the employees who are responsible for resolving problems to respond to complaints in such a way that they completely restore customer confidence in your brand after any service failure. Given the fact that it costs 4-10 times more to win a customer than to keep a customer, it only makes sense to develop a strategy that helps you retain more customers through expert complaint response. Take a look at the strategy we provide our clients for turning complaining customers into customers for life [here](#).

About the Author

Myra Golden is one of the service industry's most prominent trainers and a highly regarded business growth strategist. Organizations hire Myra and her team to help them increase profits through building, recovering and strengthening customer relationships. She can be reached at 866-873-8419 or www.myragolden.com.