



**All Customer Feedback
is NOT Created Equal:
A Guide for Dealing
with Disgruntled
Customers**

by Curtis N. Bingham

**CHIEF CUSTOMER OFFICER
COUNCIL**



All Customer Feedback is NOT Created Equal: A Guide for Dealing with Disgruntled Customers

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Curtis Bingham is the recognized authority on chief customer officers and the first to promote this role as a catalyst for competitive advantage. He is the creator of the CCO Roadmap, a groundbreaking work containing 100+ critical strategies essential for customer centricity. As an international speaker, author, and consultant, Curtis is passionate about creating customer strategy to sustainably grow revenue, profit, and loyalty.

Customer feedback is a gift – especially from disgruntled customers, because they represent customers that care enough to tell you what they *really* think rather than being frustratingly neutral in all of your surveys.

So, how do you take advantage of it?

The first question you should ask is whether or not you SHOULD take advantage of it. Not all customer feedback is created equal. Oh, no. Some of your worst customers are price buyers and negotiate away all your profits, are massive credit risks, waste call center resources, and abuse your customer service reps. It might simply cost too much to satisfy them. Cable TV companies found that even satisfied customers would switch for a 2% discount whereas big savings wouldn't placate some disgruntled customers. Too many companies place equal emphasis on all customer feedback and typically end up see-sawing back and forth as they make a change to satisfy one vocal set of customers that dissatisfies their best customers.

To protect your best customers AND your profits, you must do three things:

1. Prioritize customers according value
2. Tier the service offering
3. Address disgruntled customers according to their priority and service tier

Prioritize Customers According To Value

Most everybody will agree that some customers are more valuable to your company than others. Guided by your overall customer strategy, use your CRM system to prioritize your customers according to their value to you. Metrics might include profitability, share of wallet, lifetime value, cost to serve, strategic impact, or other metrics. Once you do so, it'll be clear at both extremes which customers you need to keep at all costs vs. those that you might just be better off if they took their marbles and went home.



Tier the Service Offering

Some customers will buy on price alone and purchase the cheapest products possible. World-class companies will tier their product offerings to address the low-price segment as well as a high-value segment. Service offerings must be tiered as well. If a customer isn't willing to pay for additional service, it is critical that the additional service not be offered or delivered!

This is incredibly hard for customer service professionals who pride themselves in providing top-quality service. One *very* large financial services provider attempted to charge a premium for premium service, but ended up giving away millions of dollars in premium service to everyone as their penny-pinching customers found out that the service levels were not actually differentiated. Their best customers were incensed and began cancelling service contracts, causing further revenue erosion.

Address Disgruntled Customers According To Their Priority And Service Tier

If the disgruntled customer is a low priority and has paid for a lower-tier service plan, after offering to upgrade their service plan direct them to lesser expensive self-service or online channels. The goal is to do just enough to prevent a tarnished overall reputation. If however, the customer is “high net worth” (i.e., high-priority and on a high-service plan), you then must do everything you can in a high-touch fashion to resolve the customer's complaint and ensure their perception of and loyalty to you is restored.

Here are five steps to do so:

1. Understand the customers' complaint
2. Determine how the customer would want it resolved in an ideal world
3. Develop and communicate an action plan
4. Deliver on the action plan
5. ***Communicate the results of the action plan***

It should go without saying that if you don't deliver on the plan after raising customer hopes, you ruin your future chances of getting this customer to collaborate with you—not to mention destroying loyalty and removing barriers to defection.

Too often, the one step that many companies leave out is that of communicating the fix/resolution to the customer. Even though you may have met or exceeded customer expectations, if you don't communicate the resolution as promptly as possible, you might as well have outright ignored the customer from the outset.

Customer feedback (even the negative kind) is a gift—if it comes from valuable customers—and it should be welcomed and addressed immediately to protect your reputation, customer trust, and your revenue. Feedback from the rest of your customers might be interesting, but quite possibly irrelevant.



About CURTIS N. BINGHAM

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About THE CHIEF CUSTOMER OFFICER COUNCIL

The Chief Customer Officer Council is the first of its kind; a member-led peer-advisory network offering unparalleled insight into the critical issues facing CCOs. It was created to provide a safe environment where CCOs can share ideas, concerns, and build best practices that will help them, their companies, and especially their customers succeed. The Council includes CCOs from diverse industries, purposefully cross-pollinated with the most forward-thinking companies, large and small. For more information, visit www.ccocouncil.org, email info@ccocouncil.org or call 978-226-8675.



Cut Anything BUT Marketing – In this article by Curtis N. Bingham, you'll learn how across-the-board budget cuts during times of recession can be detrimental to your bottom line and why the counterintuitive decision to increase marketing spend pays both short and long term dividends.

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