

## Your Customers

# The ultimate competitive advantage

CAROLYN B. NANKERVIS

After reading the editorial, "How to Keep People Out of Your Store," in the September issue of NATIONAL CLOTHESLINE, I have



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some additional ideas for cleaners to consider:

- If the cost of acquiring a new customer is \$1, the cost of retaining an existing customer is 20 cents.

Marketing and advertising budgets generally target new customers; very few budgets earmark customer retention dollars.

- Marketing cannot create a

loyal customer — only customer service can do that. My definition of "loyal" is those customers who will proactively refer others to your stores.

- Loyal customers are 85 percent more likely to purchase than satisfied customers.

It seems to be a fairly straightforward business decision to spend time, money, and effort to retain existing customers. Using mystery shoppers to evaluate customer experiences will identify

what's going right and what needs help. Mystery shoppers will mirror your customer's experience, so facility and staff changes and corrections can be made proactively.

Some ideas for measuring your customer service drop-off and pick up are:

- What does the exterior appearance look like to a customer? Clean and neat?

- What does the interior look like? How does this look affect

sales?

- What are your employees wearing? A uniform? Clean? Pressed? Neat?

- What kind of service skills do your CSR's use? What are the differences between new hires and long-term employees?

- What do CSR's know about cleaning? How does this knowledge translate to the customer?

- Value proposition of the company — how does this show?

Please don't confuse mystery

shopping with a customer complaint (or kudos!)

Mystery shoppers are given a list of criteria that they are to look for during the drop-off, pick up and evaluation of the cleaned clothing. They provide objective observations.

Here's a real-life situation from a client of ours in the Midwest. In August, a mystery shopper wrote these comments about the exterior of one store location:

*"There were two employees sitting outside directly in front of the store windows as I drove up. The brunette was reading a magazine and the blonde was smoking a cigarette. The doors to the store were propped wide open. Many cigarette butts were on the sidewalk and curbside. As I got out of my car, the blonde proceeded to put her cigarette out and went behind the counter to help with my transaction."*

After the drop-off, (where the CSR scored 40 percent out of a possible 100 percent) these were the next set of mystery shopper comments:

*"While the blonde counter person was friendly (smiling and courteous), she did nothing over and above what was necessary to obtain my garment and it seemed as though she was in a hurry to finish my transaction. She did not suggest any services or ask about anything special I wanted or needed."*

*"In fact I had to make her aware of the stains and special instructions for cleaning, as well as the coupon I had placed on the counter. After the blonde counter person took my dress to the back, she then went outside and sat next to the other employee in front of the store windows. Before I drove away I noticed she was smoking another cigarette."*

Armed with this objective information, our client did the following:

- Eliminated one CSR from that location — they determined the store was overstaffed.

- Designated a smoking area away from the front door.

- Identified what attributes suggest the employee was friendly: smiling, courteous.

- Identified what attributes suggest the employee was hurried: didn't suggest services; didn't promote other services; didn't ask about stains; didn't ask about special instructions.

Once a mystery shopping program is in place, the most important next step is to prepare CSR's for customer service.

Based on a nationwide telephone survey of 1,000 people, with statistics prepared by the Second Annual Retail Customer Dissatisfaction Study 2006, the Wharton School of Business and the Verde Group painted a dismal picture for service:

- 25 percent of consumers report they were ignored outright by CSRs: no greeting; no smile; no

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**Only 39 percent of the time did the CSR ask if there were any stains! Everyone is in the cleaning business, right?**

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eye contact.

• Being ignored by a CSR is the customer gripe most likely to be shared with others through Word of Mouth.

We reviewed scores from 300 individual surveys from two cleaners who use mystery shopping. These were the results:

### 1. Did the CSR engage you in conversation?

Sixty-one percent of the time the CSR did engage them, but that leaves 39 percent of the time nothing was said to the customer by the CSR. There are some interesting differences between drop-off and pick up as shown in the graph at right.

### 2. Did the CSR use your name?

Fifty-five percent of the time

CSRs did use the customer's name.

### 3. Did the CSR ask if there were any stains?

Only 39 percent of the time did the CSR ask! Everyone is in the cleaning business, right?

This is not to imply that these

Midwestern scores are representative of an entire industry. However, the adage, "You can't manage what you don't measure"

makes me wonder about developing a national mystery shopping program for cleaners and tracking the results.

Word of mouth (telling the story) is what will make or break the loyalty of customers. Remember, how a story gets told is dependent on how a CSR handles the situation. Word of mouth from a negative standpoint can cripple a business for three reasons:

1. Embellishment. Story telling hurts you and entertains others.

2. Forty-eight percent of the story tellers' audience will avoid the establishment because of the experience

3. Forty-six percent of the story tellers who had a problem expect to have the same problem again

Finally, if customers have a bad experience, the Wharton survey suggests that the business loss is between 32 percent and 36 percent.

Here are some of the ways our clients use their mystery shopping reports and scoring:

- Reports sent to managers each month and used in management meetings.

- Bonus programs for managers and employees.

- 60 day reviews. Set targets for scores 90 to 100 percent

- Monthly employee rewards. \$10 gas cards for 100 percent employee scores

- Training. With employee turnover it reinforces what they want to do in each store for service

- Target scores for important actions: name, carry clothes to car, conversation...

Cleaners are about service. When the actual cleaning of clothing is evaluated, the aggregate score is 97 percent (out of a possible 100 percent). Mystery shopping takes the mystery out of service by defining what it means – and that will help retain customers.

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## Speechless at the counter

How many CSRs engaged the customer during mystery shopper visits?

