Introduction

If any part of your business enterprise relies on your relationship with consumers, beware of the "Age of Endangerment." At no point in history has your customer base been more vulnerable to poaching than it is today. A recent global consumer study by Accenture states that an ongoing steady erosion in customer loyalty is "one of the most compelling findings of our research." In a digital, self-reliant era, choices and competition are immediately accessible on a 24-hour basis, serving what Accenture terms the new "nonstop consumer." Today's consumers have more choices and are better informed and more likely to switch to competing providers than ever before. The result is a global "Switching Economy" that Accenture estimates is worth $6.2 trillion—revenues lost for some companies and gained for others.[1]

The Switching Economy is growing fast—up 26 percent in just four years.[2] Now the challenge every company faces is how to stifle this ominous consumer trend. How can you prevent the loss of your endangered customers while capturing new customers? There will be winners and losers in the $6.2-trillion annual contest for the endangered customer. This book provides a battle plan for winning.

I have spent my entire working life in the customer service industry and 28 years ago created The Center For Client Retention (TCFCR) to address this growing problem with Fortune 500 companies. The lesson learned from my experience is that companies, of any size and in any consumer channel, can survive and thrive in the Switching Economy by making human connections that build sustainable customer relationships even in the consumer-driven demand chain, where every customer knows best. In order to generate repeat business and avoid customer attrition, companies must constantly create customer experiences that nurture positive, personalized, and human connectivity on the web, in the store, or with a mobile device. Quite a paradox indeed!

The goal of this book is to offer a road map for continuously creating emotional bonds that generate the very highest levels of customer loyalty. My hope is that readers will come to see that it is still possible to create extreme customer loyalty in a highly threatening consumer ecosystem. By the time you've finished the last chapter, you should be asking yourself the same question in every service delivery discussion and at every staff meeting: "Where is the human connection?"

Research shows ample evidence of how losing companies are failing in the battle for the endangered customer. Too many companies are reactive only in their customer relationships and often fail to deliver a prompt resolution of service problems they create. A 2014 American Express study found that 61 percent of customers say they have switched to a competitor due to bad service.[3] Accenture's studies echo this finding. Fifty-three percent of US consumers told Accenture that bad service prompted them to switch to a competing company, but *80 percent* of these switches would have been avoided if the poor service had been met with prompt resolution.[4] Poor service followed by more poor service—that's how you endanger your customers into becoming someone else's customers.

When Accenture researched the specific customer service failures consumers find very frustrating,[5] these familiar six situations ranked at the very top of the list:

1. Having to contact the company multiple times for the same reason.
2. Being on hold for a long time when contacting the company.
3. Having to repeat the same information to multiple employees of the company or through multiple channels.
4. Dealing with employees or self-help sites/systems that cannot answer my questions.
5. Having a company deliver something different from what it promises up front.
6. Dealing with employees who are unfriendly or impolite.

In my own informal poll of customer pet peeves, I heard:

1. You watch people cutting into the line and the business does nothing to prevent it.
2. You find out that the person next to you on the plane paid $200 less than you for the same flight.
3. You unsubscribe to an online site that continues to e-mail you twice a day . . . forever.
4. An appliance or tech accessory fails one week past its warranty expiration date and the company refuses to honor the warranty without so much as a sincere apology.

5. You try to get a new license or other government document and you need to visit five service windows to complete the transaction.

6. Your cell number is entered in the National Do Not Call Registry and you still get annoying sales calls.

7. The restaurant automatically adds a 20 percent gratuity for fair to crummy service.

8. You are waiting in a long line for the only open bank teller window and five other tellers and bank managers are busy doing paperwork in the background.

9. Your dry cleaner insists that the spot on your new outfit was already there.

10. The waiter takes away your plate before others in your party are finished.

All of these frustrations share one vital common thread. Each one represents a customer touch point in which the business has broken its "human connection" with the customer. These slights and irritations, which can seem rather minor when described in isolation, create negative feelings that are hard for customers to shake. And in the Switching Economy, where "nonstop consumers" have no shortage of alternative choices, the quickest and most natural balm for hurt feelings is to make a switch to a competitor. The lifetime value of a customer can be lost in one fumbled interaction. This is why today, in the words of Jack Mitchell, chairman of Mitchell Family Stores, "it's more important to know your customers than your merchandise."

In my first book, *The Welcomer Edge: Unlocking the Secrets to Repeat Business*, I described a simple three-step model for making a human connection with each and every customer interaction: the greet, the assist, and the leave-behind. You begin by welcoming each customer into your place of business as you would welcome that customer into your home. Then you engage the customer in conversation, in order to know the customer as a person first before discussing what that person needs as a customer. And, finally, upon each customer's departure, you invite that person to return by expressing a sincere wish to see him or her again. These are the frontline fundamentals to starting and maintaining the human connection.

I think the customer journey should be one that starts and never ends. Jon Stewart, on his final show, spoke elegantly and summed it up: "An artist I really admire once said that he thinks of his career as a long conversation with the audience, a dialogue. Nothing ends; it's a pause in the conversation. So rather than saying good-bye or goodnight, I'm just going to say I'm going to get a drink. And I'm sure I'll see you guys before I leave." So, too, with the customer experience; it is like a long conversation with some pauses but should always be resumed.

In *The Endangered Customer* expanded model, there are eight crucial stages in every customer's journey, from the moment he or she encounters your place of business (in person, by phone, or online) to the time following the purchase, when customer loyalty is put to the test. Each of the following eight chapters corresponds to one stage in that customer journey.

Chapter 1, "Make Me Feel Welcome," explores the ways companies should make each customer feel wanted and appreciated from the first encounter. Chapter 2, "Give Me Your Full Attention," discusses the challenges of providing appropriate attention to customers in an age characterized by distraction. "Answer More Than My Question," chapter 3, takes a deep look at the customer's desire for care and responsiveness in the shopping experience.

The next two chapters address the customer's need for your active involvement in the shopping experience. Chapter 4, "Know Your Stuff," emphasizes the extreme importance of giving your staff access to the knowledge necessary to satisfy the ever-growing information demands of today's customers. Chapter 5, "Don't Tell Me No," shows how to avoid the damaging effects of indifferent or inadequate responses to customer inquiries.

The final three chapters of the book reflect the most commonly ignored portion of the customer journey—what happens after money changes hands. Chapter 6, "Invite Me to Return," explores a common-sense step in building customer loyalty that is very often overlooked. Chapter 7, "Show Me I Matter," discusses the many ways to make gestures of customer appreciation that remind customers of their importance to you. The final chapter, "Surprise Me in Good Ways," takes a look at the significance of surprise throughout the customer journey and its particular value in generating loyalty among your very best customers.

All eight of these principles can be universally applied because the essential ingredients to build loyalty are no different from one sales channel to the next. The e-commerce sites that we return to again and again are the ones that offer us the same feeling of being valued that we get from the best, most service-oriented brick-and-mortar stores.

At the end of each chapter you will find a recap with power points that can be implemented by any organization. Most are "low-hanging fruit" and virtually cost free. Others require technology, staffing, or training and development. In order to prevent your loyal customers from becoming someone else's, additional investment in customer experience is inevitable, and accountability for results should start at the top. Salesforce CEO Marc Benioff has gone so far as to say that in this new era, "the CEO is now in charge of the customer relationship."

After the final chapter, you will find the Repeat Business Scorecard that's been created by TCFCR based on its 28 years of research. There are two survey questions for each of the eight customer journey stages described in the book. These 16 questions in total, when included as a part of your ongoing customer survey processes, will establish a baseline for your performance and help determine which action items require your immediate attention or offer opportunities to further leverage your company's strengths.

Improving your company's performance in all eight of these customer journey stages will generate levels of customer loyalty that you have never seen before. The eight steps are also designed to complement all the customer experience work you are already doing. By utilizing the principles behind each of the stages, you can better assess the effectiveness of your current customer experience initiatives.

If you manage to improve your performance in all eight of these areas, you will discover, to quote Aristotle's maxim, that the whole is much greater than the sum of its parts. On the other hand, if you neglect any one of these areas, you might be endangering your customer base. Inattention to any one of these eight phases drains your company's effectiveness in executing on the other seven. It's critical to *inspect what you expect*, allowing your organization to determine its strengths, opportunities, and shortcomings to help your associates focus on those priorities that will positively impact your percentage of repeat patrons. The recommended survey questions will help accomplish this goal.

Ultimately, your entire organization must fully recognize the importance of investing in customer loyalty because the digital age has made it so fragile. Today, for many enterprises, the connection between customer experience and profits is finally becoming clear. Analysis by Forrester Research showed that 10-year investment returns from public companies ranked at the top of Forrester's Customer Experience Index outperformed the S&P 500 by a sizeable margin, while consumer experience laggards on the Forrester index generated negative returns.[6]

I know firsthand how easily a company's management imperatives and short-term financial goals can undermine customer service while taking customer loyalty for granted. Although my first lessons about customer loyalty were learned as a teenager in my dad's men's clothing store (where customer loyalty was valued above everything else), I experienced the other side of the coin years later, while working for a Fortune 500 company.

At this particular company, cost cutting was uniformly applauded as a very good thing. General managers for each of the 40 regions were rewarded with large bonuses and lavish vacation trips if they exceeded their monthly goals in revenue and profits. To achieve those objectives and win the bonuses, managers found that the most tempting area for "improved efficiencies" was in the customer service budget.

Over time, I learned that service cutbacks proved to be a very reliable leading indicator of high customer turnover. The pattern became predictable. Regions that reported the highest profitability in one quarter would inevitably show a rise in customer churn rate and a drop in customer satisfaction survey scores during the following quarter. Within a year, that region would fall into the lower ranks of profitability. The customers who were responsible for making the region a winner for that one quarter felt so ill served that within a year, many of them had moved on to our competitors.

Customers are very quick to catch on to a company that is saving money at their expense. As important as it is to work within your budget, the temptation to boost short-term profits by cutting customer service needs to be acknowledged and addressed. New customers are very difficult and very expensive to find, as any sales and marketing professional will tell you. Retaining the customers you already have by treating them well is a great deal easier and more cost-effective than searching for new ones. It also happens to be more fun and personally fulfilling.

Preparing for the future

Sitting on our dining room table, about the size of two stacked soup cans, is a black cylindrical device that answers to the name of Alexa. It is the Amazon Echo, an always-on, always-listening device that responds to our every whim. Alexa provides us with music, sports scores, weather, and other information, whenever we ask. It's an artificial intelligence device, and because she's connected to Amazon's cloud servers, Alexa keeps getting smarter.

Alexa; her Apple counterpart, Siri; and Google Voice all represent what I consider to be the greatest threat imaginable to any consumer business. Soon, while watching TV, you'll be able to idly ask for a price on the best available TV with a larger screen. Alexa, Siri, or Google Voice will send you your new TV without a second thought. With Alexa, you won't even need to touch your mobile phone.

Consumer expectations for these forms of ease and convenience are escalating at a geometric rate. No one knows this better than Amazon CEO Jeff Bezos, who might be considered Alexa's father. "It's our job every day to make every important aspect of the customer experience a bit better," Bezos has said. He pushes his people to keep expanding the boundaries of what makes an exceptional customer experience.

"We watch our competitors, learn from them, see the things that they were doing for customers, and copy those things as much as we can." Bezos knows that e-commerce makes it easier than ever to lose customers if they feel ill served or mistreated, so he emphasizes the importance of making an emotional connection, even if it's through artificial intelligence. "We see our customers as invited guests to a party," Bezos says, "and we are the hosts."[7]

Companies can no longer succeed by differentiating themselves along the age-old standards of price, quality, and service. New developments on the horizon are poised to wipe those differentiators away. Disruptive start-ups are undercutting established firms on pricing because the nature of their funding doesn't require them to turn a short-term profit. The global economy continues to level the playing field on the matter of quality. And prompt, efficient service is now the gold standard and new differentiator, particularly among the rising Millennial Generation. College debt and changes in the economy indicate that Millennials as a group have less disposable income than their parents had at the same age, so they tend to be price-conscious shoppers. But studies show they are also willing to pay a little more for better service and are willing to spend more with companies that are socially responsible.[8]

All these changes suggest that the value created through making human connections will continue to grow in magnitude. Advances in shopping technology make it virtually impossible to predict what the future of customer experience will look like. What is certain, however, is that the human spirit can't be separated from human transactions and interactions—nor should it be. Customers do not want their lives filled with endless robotic encounters. As automated transactions become faster, easier, and more reliable, making the human connection will become increasingly rare—and therefore increasingly more valuable.

Those companies that will continue to deliver personalized service will create and sustain relationships that will positively impact bottom-line revenues and profitability. Organizations can meet these new challenges by employing technology that can be used to enhance, not diminish, the relationship. Hiring the right people and training them to recognize the customer as a person first will give your company a tremendous advantage. Equally important is keeping associates who know your customers. Employee appreciation and acknowledgment are just as consequential as focusing on great customer service. Paying employees to stay will truly nurture long-term customer relationships and produce significant dividends for any business.

The interesting paradox is the necessity to deploy technology in an environment in which the human-to-human touch will create a winning strategy. As automated transactions become faster, easier, and more reliable, only those companies that can deliver personalized service will be able to create and build loyal, lasting relationships to boost revenues and profitability over the long term. The big takeaway is that the human factor remains the primary determining force in the choices consumers make. We already said, and it bears repeating, that as human connections become increasingly rare, they also become increasingly valuable. The greatest differentiator for any company will be how well it makes that human connection with its endangered customers.