

The Importance of Satisfying Customers

Satisfied, repeat customers are the core of any successful service center.

It costs 5-6 times more to acquire a new customer than to retain an existing one.

And loyal satisfied customers are more apt to provide word-of-mouth advertising – the most effective and least expensive sales promotion there is – by recommending your shop. High customer satisfaction saves money and increases sales and profits.



Achieving high customer satisfaction is a critical success factor for every shop. It's a key to building a healthy, growing,

prosperous business.

Customers are retained when they are satisfied with the performance of their service center.

This does not mean performance based upon what you think or hope will satisfy them, but performance that fulfills what customers actually want, expect, and today demand.

It can be hard to believe that, with all the hard work and effort that goes into operating a shop, retaining customers can have the biggest impact on your bottom line. In fact, it can be so hard to believe that many shop owners simply refuse to look at it. What they don't realize is that customer retention is still impacting their shop.

Customer retention is the most expensive or most profitable aspect of your business.

THE STAKES ARE HIGH

1. The value of a customer.

- The average customer spends about \$1,200 per year on vehicle service and repairs. At a 50% margin, that's \$600 in gross profit.
- 65% of business comes from existing, satisfied customers. *Pepperdine University*
- "Repeat buyers spend more than first time buyers." *50 Simple Things to Save your Customers*
- A *Harvard Business Review* study showed that a 5% increase in customer retention can produce a 25%-85% increase in profit. Profit increases of this magnitude are possible because:
 - Loyal customers are less likely to defect for bargains.
 - Retained customers increase purchases and are willing to pay higher prices.
 - Long-time customers provide free advertising through referrals (92% referral retention rate vs. 68% advertising retention rate - *Pepperdine University*).
- "Studies have shown that an increase in customer retention of only 2% has the same profit impact as a 10% reduction in operating costs." *Unisys Customer Retention Research*

2. Why customers quit doing business with companies.

- The Harvard Business School conducted a study to determine the customer satisfaction criteria used to retain or change a provider of products or services.

The customer satisfaction criteria were:

- Commitment to the Customer** 31%
- Product Performance and Quality 29%
- Knowledge of the Customer** 21%
- Customer Service Performance** 19%

71% were customer relations criteria.

- A consumer study on why customers quit doing business with a particular company showed:
 - 1% Die
 - 3% Move away
 - 5% Do business with friends
 - 9% For competitive reasons
 - 14% Product dissatisfaction
 - 68% Poor treatment by the company**
- “When asked why they took their business elsewhere, more than two-thirds of all customers said they felt ‘neglected’ by the previous supplier.” *Hallmark*

Service centers that do not pay close attention to what satisfies customers risk losing 68% - 71% of their customers.

3. The cost of a new customer.

- “The cost of finding a new customer is 5 – 6 times more expensive than keeping a current one. Thus, effective customer retention strategies translate into profits.” *Pepperdine University*
- “When a good customer leaves, you need at least 3 new customers to replace the revenue stream.” *The CPA Journal*
- “Each customer you keep represents at least three you don’t have to attract.” *Pepperdine University*

Are you prepared to lose what you’ve worked so hard to build by ignoring the role customer satisfaction plays in your survival or success?

4. What customers tell others.

- A Bell Telephone study determined that satisfied customers tell an average of 4 people. Dissatisfied customers tell an average of 27 people.
- “It is estimated that defecting customers will tell 8 to 10 people about their negative experience with your company. One in five will tell 20 people. *Pepperdine University*

Today’s Customers

“One size fits all” does not work with today’s customers. Each generation and gender of customers has their own service expectations that must be met in order to retain them as customers.

VETERANS (1922-1945)

- Declining segment that still holds 75% of U.S. assets.
- Appreciates formality.
- Guarded and private.
- Puts a premium on close customer relations.

BABY BOOMERS (1946-1964)

The majority of today’s customers are Baby Boomers.

- There are approximately 70 million baby boomers between the ages of 36-55.
- Twenty-one million are ages 36-40.
- Median income is \$47,300.
- They are sometimes referred to as the “spend, but don’t save” generation.
- They want a personal relationship with vendors.

DOs & DON'Ts OF SELLING BABY BOOMERS

- DO** try to get to know each boomer customer by name. Personal interaction with their favorite vendors is important to them. Be prepared to spend more time with them, and don't rush or pressure them. They resent "just being a number" and being treated like they're an item on an assembly line. Treat them like family.
- DO** create a customer profile and mailing list of boomer customers, and send out personalized greetings at all seasonal sale events, including birthdays.
- DO** set up a customer loyalty program (such as the Preferred Customer Program). Boomer customers like to be rewarded for being loyal.
- DO** sell and show boomers value. They want good and honest value for the money they spend. Boomers are big spenders and are willing to pay for good value. But, be careful. They are very knowledgeable and are astute in spotting real value vs. hype.
- DO** sell up. Boomers will buy top-of-the-line products and services. They like to buy the highest quality because they identify themselves with what they buy. Being "things" oriented, sell the **tangible** benefits of your services. Explain how the top-of-the-line is the best value in the long run.
- DO** sell experience, not age. Boomers care more about the depth of your knowledge and experience than how long you've been in business.
- DON'T** treat boomers all the same. Their ages range from 36 to 55. While some have grandchildren, others have young families. Some are winding down their careers while other are only beginning to make their mark.
- DON'T** treat boomers as if they are getting old. They still want to believe they are twenty-somethings and thirty-somethings.

- DON'T** make your shop difficult to do business with. Make sure customer areas are easy to enter and move through. Make sure your shop processes are convenient for them – but not at the cost of being thorough or selling value.
- DON'T** slack off of top-notch customer service, cleanliness, and a friendly attitude by you and your staff.
- DON'T** try to push token value promotions or specials on boomers. They are savvy enough to recognize real value.
- DON'T** assume boomers are brand loyal. They're relationship loyal.
- DON'T** assume older boomers will retire soon. They will remain a strong economic force for 25 years.

GENERATION XERS (1965-1980)

Generation Xers are now old enough to be a significant emerging force as customers for service centers.

- There are approximately 80 million Gen Xers between the ages of 20-36.
- Xers have approximately \$140 billion a year in spending power.
- Xers are waiting longer to get married and raise families – average marrying age is 27 for men and 25 for women.
- Xers are considered to be the most ambitious and entrepreneurial generation yet. (they were initially considered "slackers" because they don't play by conventional rules).
- Xers are much more individualistic, independent, self-reliant and pragmatic than their more idealistic boomer parents because they were raised as latchkey kids.

- Xers tend to shop at smaller independent businesses instead of highly commercialized chains (partially because they are entrepreneurial minded and partially because they don't trust big business).
- Xers can appear rude because of their more blunt approach to communication (lack of social skills from being latchkey kids also contributes to this).
- Xers are more environmentally, economically and socially concerned than previous generations.
- Xers are comfortable with technology and demand convenience.
- Xers have a "take what you can get for yourself because no one is going to give you anything" attitude. They have a "look out for yourself" spirit.

DOs & DON'Ts OF SELLING GENERATION XERS

- DO** keep all your communication simple and to-the-point. Avoid "blue sky" or "simply trust me" messages. They want promotions that "...*tell us what it is, tell us what it does, and tell us 'what's in it for me?'* in simple language and without any hype or patronizing 'BS'."
- DO** educate Xers on what you are doing, need to do, or have done to their vehicle. They have a high need for information – they just want it down-and-dirty with bullet point, straight-talking answers.
- DO** sell Xers on practical solutions, how your services will increase peace of mind, and how your services can enhance leisure enjoyment.
- DO** sell Xers on environmental benefits (less pollution, etc.) when possible – just make sure they are valid benefits and not contrived.

DO promote and comment on your technological advancements and your use of technology. Xers have a high regard and high comfort with technology. They will feel you are more up with the times if technology is a part of your relationship with them.

DO provide opportunities for Xers to interact with each other if possible (educational mini-seminars, etc.). Create an environment at your shop (or sponsored by your shop) where they can socialize and learn with each other.

DO provide all conveniences possible.

DON'T try to build Xers loyalty to you – build their loyalty to your usefulness to them. They will be loyal to each other, but not to you. They'll keep coming back as long as you are useful.

DON'T try to build a personal relationship with Xers. Just do a high quality, quick, efficient job for them.

DON'T stereotype Xers or expect them to stay as they are now. 36-year-old boomers are not the same as the 55-year-old boomers (some younger boomers might even think Woodstock is traded on the New York Stock exchange). And, just as most older Baby Boomers evolved from "flower children" into workaholics with a voracious appetite for materialistic things, Xers will change as they age.

*The cost of finding
a new customer
is 5 – 6 times
more expensive
than keeping
a current one.*

FEMALE CUSTOMERS

Nationally, 65% of service center customers are female. That's up 60% from two years ago, and continuing to increase. Many service centers report 70% or more of their customers are females. This shift in gender of customers is the single biggest change in the service center business. And most service centers have not made the changes necessary to satisfy female customers.



If 7 out of 10 customers are female, have you made your shop “*female friendly*?” Do you know what “*female friendly*” includes? How does your shop compare with other retail stores females do business with?

Generation Xers and females are today's new key customers.

DOs & DON'Ts OF SELLING FEMALES

- DO** treat female customers with respect.
- DO** keep all your communication simple and clear. Speak plain English (not tech talk).
- DO** be patient and explain thoroughly (use visuals whenever possible). Many females have to go home and explain to their husband what was done to the vehicle and why. Making it easy for female customers to communicate to their husbands will endear you to them.
- DO** be patient when communicating and ask often if they have any questions. Women expect to be able to ask questions until they understand. Once they understand, they are more apt to trust you.
- DO** provide a clean vehicle check-in area, rest rooms and waiting room. Keep your waiting room floor clean enough for infants to crawl on and restrooms supplied daily with adequate supplies.

- DO** provide reading material for females and children as well as for males (male reading material should not be offensive to women). Have toys or games available for young children (up to age 6).
- DO** remove all sexually suggestive materials from the shop (including the back room).
- DO** make sure your shop has good “curb appeal.” Females are more apt to choose or eliminate places to do business based upon the facility's appearance from the street.
- DO** have a female customer or other female not in your family to determine if your shop is “*female friendly*.” Have a different female review once a quarter if you are staying “*female friendly*.”
- DON'T** patronize or talk down to female customers. Make sure everyone knows how to communicate appropriately.
- DON'T** allow any of your staff to be rude or crude, tease, belittle or “just have some fun” at the female customers' expense.
- DON'T** allow unnecessary foul odors (such as burnt coffee pots). Women have a more sensitive sense of smell than men.
- DON'T** allow your staff to use foul language or tell dirty jokes while within earshot of customers (male or female). Also, don't use insulting language to address females (such as “cutie,” “honey,” etc.)
- DON'T** “body scan” or stare at a woman's chest while speaking to her. Maintain eye contact while conversing.

Today, retaining customers by providing top quality service and not only necessary to succeed, but also necessary to survive.

Ten Commandments of Serving Customers

“Customer service” is a phrase that is talked about by a lot of people but very rarely put into action. Delivering professional customer service is an everyday way of life that every member of your team should support. You must serve every customer in the following manner:

1 Always greet customers with a smiling face.

As simple as this seems, it is the cornerstone of letting your customers know you appreciate their business. When greeting customers who come into the shop, immediately acknowledge their presence with a smile and a “hello.” Also, when answering the phone, make sure you have a smile on your face. Customers may not be able to see your smile, but they can always feel your smile and hear it in your voice. Greet customers by name, when possible.

2 Show genuine interest when listening to customers.

Being a good listener is the start of developing good customer relationships. When customers have something to say, give them your undivided attention. Never interrupt, and wait until they are done speaking before responding.

3 Be patient and courteous at all times.

Customers spend their money where they feel they have been treated with respect and courtesy. They do not want to be rushed when making their purchases. If a customer wants to chat and another customer needs to be served, use the proper tact to let them know you need to attend to the other customer.

4 Never lose your temper or make light of customer’s complaint.

Your business is to satisfy the customer’s needs. This can never be accomplished if you argue with customers or do not take their concerns seriously. When customers have a complaint, try not to take it personally. Treat it as an opportunity to improve the way you do business.

In some cases, you will not be able to solve a customer’s concerns at that moment, so it is important to make a note of what the customer is saying. Let them know you will get them an answer as soon as possible.

Make sure you stay neutral when customers are discussing their concerns. Remember, a complaint may not sound important to you, but it is the number one concern of the customer. Make sure the customer understands that their concerns are your concerns.

5 Admit your errors.

When you make a mistake, admit the mistake to the customer, apologize, and then provide outstanding service. Nobody wins when you try to cover-up a mistake. Be accountable for your actions.

6 Always thank customers.

Always, always, always say “thank you” to every customer. No exceptions. And, say it with sincerity.

7 Never eat, drink, chew gum or smoke while serving customers.

This statement is self-explanatory and applies to any situation in which you are serving a customer.

8 Keep all areas of the shop’s operation neat and clean.

Part of providing outstanding customer service is providing an environment that is neat and clean. Whenever you see something out of place, put it back where it belongs. If you see trash, put it in the waste can. When not doing an assigned task, help out any way you can to keep the shop neat and clean.

9 Never promise anything at a specific time unless you are 100% sure the vehicle will be ready.

When a customer expects their vehicle at a specific time and you don’t deliver, their entire schedule can be thrown off and be very costly. If you make a promise to a customer, make sure it is fulfilled. If you cannot fulfill that promise, contact the customer immediately and explain the situation.

10 Make sure customers are aware of all the service work they need.

It is important to recommend additional products or services a customer either needs or will be helpful. For example, if your inspection reveals that wiper blades, belts or hoses are deteriorating, recommend new ones to the customer. Having them replaced while you have the vehicle can save the customer time, trouble and inconvenience later. There are many other examples you will learn as you become familiar with the products and services you sell.

Good Employee Relations Help Good Customer Relations

A study by Harvard Business School demonstrated that:

“Employees treat customers no better or worse than the way they are treated by their employers.”

Ask yourself:

- *“Do I treat my employees the same way I want them to treat my customers?”*
- *“Do I interact with my employees the same way I want them to interact with my customers?”*
- *“Does my attitude toward my employees match the attitude I want my employees to have toward my customers?”*
- *“With the work my employees’ perform for customers directly reflecting my attitude toward my employees, am I satisfied that my customers receive the best possible service?”*
- *“How is my attitude and treatment of my employees paying off for me in terms of satisfied customers? Or, what is my attitude and treatment of my employees costing me in terms of dissatisfied customers?”*

Business Improvement Assignment

Conduct a Customer Satisfaction Shop Meeting

Give a copy of the material on pages 1-6 of this issue to your staff (a week ahead) and have them discuss this segment’s material in a shop meeting.

- Ask them how the issues covered in the first 1½ pages affect them. Ask them, *“What will the consequences be to our shop if we don’t work to satisfy customers?”* *“How will not satisfying customers affect each of you?”*

- Ask, *“What are the important things we need to work on when dealing with a Baby Boomer customer?”*(Pages 2-3)
- Ask, *“What are the important things we need to work on when dealing with a Generation X customer?”*(Pages 3-4)
- Ask, *“What are the key differences between Baby Boomer and Generation X customers?”*(Pages 2-4)
- Ask, *“What are the important things we need to work on when dealing with a female customer?”* (Page 5)
- Cover the Ten Commandments of Serving Customers. (Page 6)

Review Segment 1 Customer Issues

In Segment 1, you were assigned the task of conducting a shop meeting where you discussed several issues that pertained to your shop’s performance.

In the same or a second shop meeting, have your staff re-discuss the following questions from Segment 1. Focus especially on the last question in light of Segment 2’s customer satisfaction material:

- *What does our shop do well in terms of serving customers?*
- *What do customers like best about doing business with our shop?*
- *What problems do you feel are getting in the way of serving customers?*
- *What complaints, if any, have you heard from customers about our shop?*
- *What ideas or suggestions do you have that would help our shop improve serving customers?*

Review Quiz

Answers to quiz at the bottom of this page.

Volume 1, Segment 2

Circle Your Answers

- It costs about the same to get a new customer as it costs to keep an existing customer.
 - True
 - False
- When serving a Baby Boomer customer, it is important to:
 - Build a personal relationship with them.
 - Set up a customer loyalty program.
 - Make your shop easy to do business with.
 - None of the above
 - All the above.
- Unlike the Baby Boomers, Generation Xers aren't interested in having a personal relationship with you.
 - True
 - False
- When serving female customers, make sure you:
 - Find out what they want quickly and move on because they won't understand any detailed explanation.
 - Cut off their questions so you can save them the embarrassment of being ignorant.
 - Keep any areas of the shop females may be in clean and fresh.
 - None of the above
 - All the above.
- A *Harvard Business School* study showed that employees treat customers the same as their employers treat them.
 - True
 - False

Customer Satisfaction Survey Card

DATE: _____ LOCATION: _____ WORK ORDER #: _____ TYPE VEHICLE (Year/Make/Model/Engine): _____ <input type="checkbox"/> Foreign <input type="checkbox"/> Domestic Work Performed: <input type="checkbox"/> Alignment <input type="checkbox"/> Brakes (ABS) <input type="checkbox"/> Brakes (Conventional) <input type="checkbox"/> Detail <input type="checkbox"/> Diagnostics <input type="checkbox"/> Drivetrain <input type="checkbox"/> Electrical <input type="checkbox"/> Electronics <input type="checkbox"/> Engine <input type="checkbox"/> Exhaust <input type="checkbox"/> Fuel Injection <input type="checkbox"/> Fuel System <input type="checkbox"/> Heating, Cooling & A/C <input type="checkbox"/> Lube & Oil <input type="checkbox"/> Preventive Maintenance <input type="checkbox"/> Safety Checks <input type="checkbox"/> Smog Checks <input type="checkbox"/> Steering & Suspension <input type="checkbox"/> Tires <input type="checkbox"/> Transmission <input type="checkbox"/> Tune-up / Driveability																																				
<p><i>Please Print</i></p> CUSTOMER NAME: _____ PHONE: _____ ADDRESS: _____																																				
<p>Please help us serve you better by circling the number that best fits your experience – 1 (Poor) 2 (Fair) 3 (Good) 4 (Excellent):</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">1. Service staff's willingness to understand my problem.</td> <td style="text-align: center; padding: 2px;">1</td> <td style="text-align: center; padding: 2px;">2</td> <td style="text-align: center; padding: 2px;">3</td> <td style="text-align: center; padding: 2px;">4</td> <td style="text-align: center; padding: 2px;">(1)</td> </tr> <tr> <td style="padding: 2px;">2. Explanation of the diagnosis and needed work on my vehicle.</td> <td style="text-align: center; padding: 2px;">1</td> <td style="text-align: center; padding: 2px;">2</td> <td style="text-align: center; padding: 2px;">3</td> <td style="text-align: center; padding: 2px;">4</td> <td style="text-align: center; padding: 2px;">(2)</td> </tr> <tr> <td style="padding: 2px;">3. Vehicle returned to me free of grease, oil and fingerprints.</td> <td style="text-align: center; padding: 2px;">1</td> <td style="text-align: center; padding: 2px;">2</td> <td style="text-align: center; padding: 2px;">3</td> <td style="text-align: center; padding: 2px;">4</td> <td style="text-align: center; padding: 2px;">(3)</td> </tr> <tr> <td style="padding: 2px;">4. Satisfaction with the work performed on my vehicle.</td> <td style="text-align: center; padding: 2px;">1</td> <td style="text-align: center; padding: 2px;">2</td> <td style="text-align: center; padding: 2px;">3</td> <td style="text-align: center; padding: 2px;">4</td> <td style="text-align: center; padding: 2px;">(4)</td> </tr> <tr> <td style="padding: 2px;">5. Cleanliness and neatness of the Service Center.</td> <td style="text-align: center; padding: 2px;">1</td> <td style="text-align: center; padding: 2px;">2</td> <td style="text-align: center; padding: 2px;">3</td> <td style="text-align: center; padding: 2px;">4</td> <td style="text-align: center; padding: 2px;">(5)</td> </tr> <tr> <td style="padding: 2px;">6. Likelihood that I will return for future service or repair work.</td> <td style="text-align: center; padding: 2px;">1</td> <td style="text-align: center; padding: 2px;">2</td> <td style="text-align: center; padding: 2px;">3</td> <td style="text-align: center; padding: 2px;">4</td> <td style="text-align: center; padding: 2px;">(6)</td> </tr> </table> <p>My vehicle was completed on time. <input type="checkbox"/> YES <input type="checkbox"/> NO Please have a manager contact me. <input type="checkbox"/> YES <input type="checkbox"/> NO What improvements could we make in our service to you? _____ _____</p> <p style="text-align: center; font-size: small;"><i>Thank you for responding to us. We appreciate your business and hope you will call on us again for service and repair work.</i></p>	1. Service staff's willingness to understand my problem.	1	2	3	4	(1)	2. Explanation of the diagnosis and needed work on my vehicle.	1	2	3	4	(2)	3. Vehicle returned to me free of grease, oil and fingerprints.	1	2	3	4	(3)	4. Satisfaction with the work performed on my vehicle.	1	2	3	4	(4)	5. Cleanliness and neatness of the Service Center.	1	2	3	4	(5)	6. Likelihood that I will return for future service or repair work.	1	2	3	4	(6)
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Don't miss out on 25 TSP bonus points! Here is how to add 25 TSP bonus points to your account!

- Complete the above quiz by circling your answers.
- Completely fill out the information below :(Please print. Information must be legible to receive credit)

Account Name: _____ Date: _____

TSP Account #: _____ Phone Number: _____

- Fax this page to the following number 1-800-550-2654.
- Keep for your records.

Review Quiz Answers: 1 : B / 2 : E / 3 : A / 4 : C / 5 : A