



Dorry Kordahi is the founder and managing director of DKM, a leading promotions and merchandising agency, and a founding publisher of Branded, a specialist brand platform industry publication. He has also been profiled as part of Marketing's 'Five of the best' series. Email Dorry at: dorry@dkmanagement.com.au

A hidden expense.

Dorry Kordahi looks at the cost of poor customer service.

It's fashionable to give lip service to customer service. 'Yes, yes, customer service is very important,' is the standard response when you mention it to anybody in business. But do we really believe it? And if we don't really believe it, is it because we don't fully understand the reasons why customer service is so important?

Let's look at some everyday examples. Ring a large corporation, a utility or finance company. You will be put on hold and asked to flick through up to four menu systems. You will hear recorded messages telling you how important your call is to them, and how much they value your time.

There is an irony here. All the menus are designed to cut their costs by increasing call centre efficiency. Call centre staff earn about \$20 an hour. Therefore the call centre values your time at a rate of less than \$20 an hour; otherwise they would scrap the efficiency squeeze in favour of improving service levels.

But it is not just large corporations that offer ordinary service. Many ultra-modern internet businesses are similar, offering only an email customer service or complaint option, normally to an anonymous address such as customerservice@acme.com.au.

Have you ever had a real human respond to such an email? It leads you to ask the question: does it matter? Who really cares if customer service is terrible?

Many companies seem to thrive while offering terrible service. Website Wikipedia.org has pulled together a table on the benefits of good customer service. It has drawn on everything that has ever been written on the subject. I have included the table.

BENEFICIARY	BENEFIT
Providers	Higher income (more sales, repeat business, referred business) Recognition Personal satisfaction and fulfilment Less stress Higher self-awareness and self-control Greater authenticity Happier life at work Stronger social networks, family ties Happier life outside work
Organisations	Quality sales (more add-ons, more service sales) More repeat business More referred business Fewer returns Better reputation Higher morale, happier employees Lower employee turnover Higher calibre of job applicants Fewer complaints Higher productivity Better work environment Higher inventory turnover Higher profits
Customers	Improved choice Improved need/benefit fit Improved performance Improved output/results Improved supply-side efficiencies Higher morale, happier staff Increased predictability/manageability of business Improved inventory management (chance for JIT)
Society	Higher income from individuals and firms Higher productivity Stronger families and social networks Greater civility

In the Wikipedia table, however, there was no 'customer' in the list of beneficiaries. I have added this in myself. When looking at customer service, we often forget to talk about it from the perspective of the customer. We are all somebody's customer. Do you accept bad customer service from some companies as a 'price' for doing business with them?

In my experience, marketing professionals receive poor service all the time.

They deal with 'creative types' who are at times erratic.

They deal with suppliers who are just 'box shifters'.

They deal with media companies who just... well, *Marketing's* team is exceptionally easy to deal with!

We have all run campaigns where the ad agency and the web company are at odds, where the printer runs late or the mail house misplaces 1500 envelopes. The result is you spend your time managing the 'service' you receive from your suppliers as opposed to fully optimising your message, your material and your campaign. Your business therefore suffers as a direct result of receiving poor service from your suppliers.

“As marketers we are all aware of the cost to our business of delivering poor customer service. We should be equally aware of the cost of accepting poor service from our suppliers.”

The point is: poor customer service costs customers much more than it costs suppliers. If a supplier loses your future business, it can just go and win another customer. But as a customer you are left in a much worse position. You have spent your money, your time and possibly your credibility. Your business is left with a sub-optimal marketing campaign.

As marketers we are all aware of the cost to our business of delivering poor customer service. We should be equally aware of the cost of accepting poor service from our suppliers. **M**



Save your team time whilst protecting your most valuable brand and digital assets.



Brand Asset Manager gives you immediate access to all your brand and digital assets – including logos, styleguides, advertisements, stationery, manuals, documents, images, audio and video.

Brand Asset Manager stores all these in a central, web accessible and secure digital bank – giving you faster marketing initiatives, protection of digital assets and reducing distribution costs through increased efficiency.

Brand Asset Manager – bottom line positive.

To see how Brand Asset Manager can assist your business, please contact Gerard Cooley on (02) 9231 7490.

www.brandassetmanager.com

brand asset manager
store → manage → retrieve → repurpose

