

THE DANGEROUS CUSTOMER: THIS CUSTOMER COULD RUIN YOUR BUSINESS

A SPECIAL REPORT FEATURING EXCERPTS FROM THE 2024 STATE OF CUSTOMER SERVICE AND CX STUDY



RESEARCHED AND SUMMARIZED BY
SHEP HYKEN, CUSTOMER SERVICE/CX EXPERT

A SPECIAL REPORT ON CUSTOMER PREFERENCES,
HABITS, AND WANTS TO HELP YOU CREATE AN
AMAZING CUSTOMER EXPERIENCE.

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The State of Customer Service & CX

Welcome to the 2024 State of Customer Service and CX study, which we affectionately refer to as our Achieving Customer Amazement research. In addition to our full report, I have also created more detailed content related to some of the topics covered in the research. For this special report, we're going to focus on the stats related to *satisfied customers*.

Satisfied Customers Don't Come Back

Okay, not all satisfied customers don't come back. However, a surprisingly large percentage of satisfied customers would prefer to do business with companies and brands that do more than just satisfy them.

In this special report, I've written a short article that will help you understand that a satisfied customer is potentially bad for business. That is followed up with another article on how to go from just *satisfying* your customers to *amazing* your customers.

B2C Versus B2B

I always like to remind everyone in the B2B world that these findings apply to you, too. Even though our research is focused on consumers, all customers, regardless of industry, are consumers. They are comparing you to the best experience they've had with any company, and often those companies are consumer experiences. In the B2B world, the buying process may be different, but the experience shouldn't be.

Enjoy this special report. Throughout the year, I'll be creating additional reports.



Shep Hyken
CAO (Chief Amazement Officer)
Shepard Presentations LLC

P.S. I want to thank RingCentral for sponsoring this year's research. They are a great partner to work with. Learn more about them at www.RingCentral.com.

About Shep Hyken and Shepard Presentations

Shep Hyken is a customer service and experience expert, award-winning keynote speaker, researcher, *New York Times* and *Wall Street Journal* bestselling author, and the Chief Amazement Officer of Shepard Presentations.

As the Chief Amazement Officer at Shepard Presentations, Shep works with clients who want to create amazing experiences for their customers and employees. Learn more at www.Hyken.com

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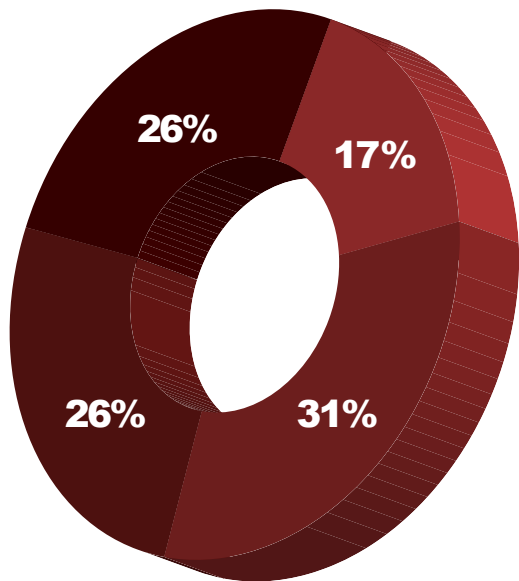
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REPORT METHODOLOGY: The sample was weighted to the 2020 U.S. Census for age, region, gender, and ethnicity. Figures are statistically significant at the 95% confidence level. Margin of error is +/-3.1 percentage points. In an instance that a chart total for a single select question does not add to 100%, please note that this is due to the minimal effect of rounding. The survey was conducted online from January 8, 2024, to January 11, 2024.



CUSTOM QUESTION SURVEY COMPLETED BY

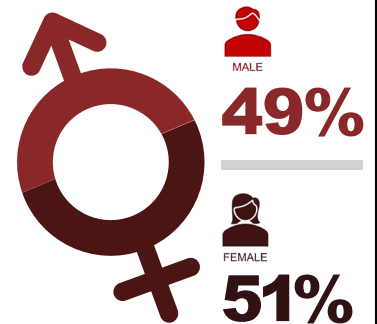
1,000+ U.S. PARTICIPANTS (AGES 18-65)

17% — GEN Z (AGES 18-27)

31% — MILLENNIALS (AGES 28-43)

26% — GEN X (AGES 44-59)

26% — BOOMERS (AGES 60-65)



BORING, BUT IMPORTANT!

DISCLAIMER: This report is intended for general information purposes only. It is the author's interpretation of the data. The reader of this report assumes responsibility for the use of this information.

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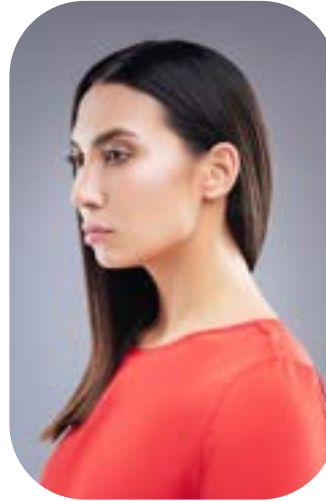
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This Customer Could Ruin Your Business

Beware of the dangerous customer. This isn't the angry customer who causes physical harm to your employees. This is the customer who, at a minimum, could cause you financial hardship, and, if there are many of them, could put you completely out of business.

This dangerous customer seems pleasant, doesn't ask for anything special, and never complains. So, what makes them dangerous? They don't come back!



The cost of a customer who doesn't come back can be disastrous for a business. Almost every study you read about customer retention and churn finds the cost of attracting new customers is far more expensive than keeping existing customers.

I've always been intrigued by the research of Vanderbilt University professors Anthony J. Zohrak and Roland T. Rust. I used to quote their research in my speeches. They found that in a typical business, 25-40% of satisfied customers won't come back. Why? Because they are just satisfied. In other words, the experience was okay. Not bad. Not great. Just average – satisfactory.

First, we must understand the definition of satisfactory. A quick Google search will reveal that the basic definition of satisfactory is synonymous with adequate. The Cambridge Dictionary defines satisfactory as "good or good enough for a particular need or purpose." In other words, it's not great, outstanding, or excellent ... nothing better than adequately satisfying.

I searched for synonyms of satisfied, and some of the words further confirmed the meaning:

Acceptable, adequate, average, bearable, mediocre, okay, passable, tolerable ... in other words, good enough.

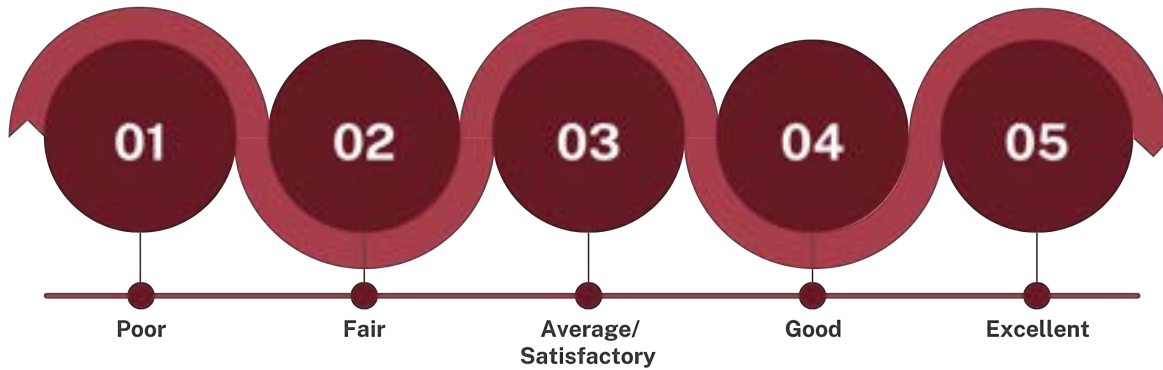
If someone asked one of your customers, "What was it like doing business with them?" would you want your customer to describe the experience as good enough?

A satisfactory or adequate customer experience may not alienate all customers; however, if you follow the Vanderbilt study, do you really want to risk losing at least a quarter of your customers to a competitor that provides a better experience than you do?

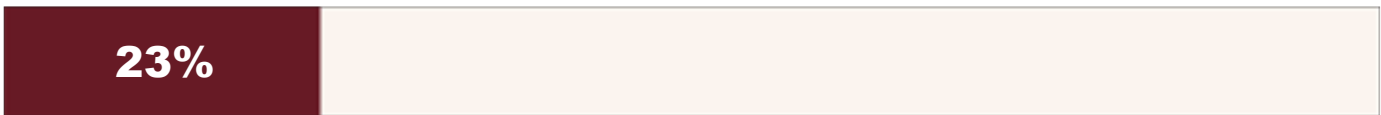
In this year's customer service and CX research, I wanted to update this concept. The simple question would be: Will satisfied customers come back?

But, simple is not always easy. Coming up with a single question to embody this concept took a lot of thought. Most importantly, we had to define the concept of a "satisfactory experience" compared to one that was poor or excellent, so that everyone had the same reference point. This was the question we landed on...

If you were to rate a customer experience on a scale of 1 to 5 – where 1 is bad, 2 is fair, 3 is average or satisfactory, 4 is good, and 5 is excellent – how likely are you to return to this company or brand if you rated them a 3?



The Result: In 2024, almost one out of four customers (23%) who have a satisfactory experience will not likely or will never come back.



This isn't all doom and gloom. If 23% of your satisfied customers don't return, that means 77% of your customers will. But don't be lulled into thinking these customers are safe. One of the reasons they might not leave is that they may not have a choice. But what if they did?

Seventy-nine percent of customers would switch if they found out a competitor provided a better customer experience.

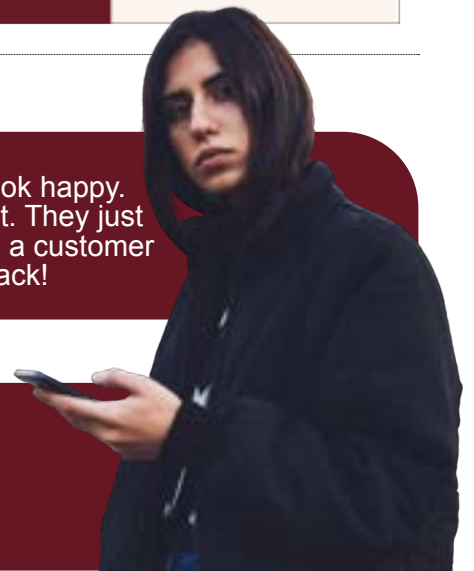


The Danger:

Don't be fooled by customers who smile and don't complain. They may look happy. They may even come back – at least for a while. Then one day, they don't. They just "disappear." But we thought they were happy. Keep in mind, just because a customer doesn't complain, it doesn't mean they are happy and will keep coming back!

The Opportunity:

But what if the experience you provide is better than average or satisfactory? And how much better than satisfactory do you have to be? The good news is that you don't have to be that much better.



Often, just being slightly better than average is all it takes for customers to come back again and again. If that sounds reasonable, let me add one more very important word: consistently.

The secret to moving away from mediocrity is to be consistently better than average. The experience is predictable. Customers know what to expect – and customers love knowing what to expect. When you move beyond satisfactory, you get the benefit of another finding in our 2024 study. Eighty-five percent of customers are willing to go out of their way to do business with a company or brand that has better customer service.

Eliminate mediocrity. Good enough is not good enough. The satisfied customer is a dangerous customer!

How to Go from Satisfactory to Amazing

I've written hundreds of articles and seven books about creating an amazing experience. Here are three ideas to help you deliver an experience that will get customers to say, "I'll be back!"



Manage the Moment

One of my favorite concepts has to do with managing the moment. Many years ago, Jan Carlzon was president of Scandinavian Airlines. He defined what he referred to as the *Moment of Truth* as this:

"Any time a customer comes into contact with any aspect of a business, however remote, they have an opportunity to form an impression."

With this simple concept, he took an airline that was losing money and had poor ratings to become successful and the most admired airline in the industry. Carlzon talked about two *Moments of Truth* (good and bad). I've come up with three, and given them the following names:

1. Moments of Misery™: A negative experience or a complaint.
2. Moments of Mediocrity™: Anything that is average or satisfactory.
3. Moments of Magic®: An experience that is better than average. Sometimes, it will be just barely better than average. Sometimes, it will be over-the-top when there is an emergency or special opportunity.

It is the consistent and predictable *Moments of Magic*® that will make your customers say, "They are amazing!"

Identify Every Touch Point and Look for Opportunities to Improve

Start with a journey map. Every interaction your customer has with you (Moments of Truth) must be identified. Study each touchpoint and ask, "Is it as good as it can be?" If not, you have work to do. If all is good, come back six months later and do the same exercise. Expectations change, and processes become outdated. Continuously evaluate your customer experience for opportunities to innovate and improve.

The Loyalty Question

Most people think customer loyalty is about a lifetime. It can turn into that, but it's much easier to break it down into smaller parts. Rather than focusing on the lifetime of the customer, just focus on the next time. Whenever you're interacting with a customer, consider the loyalty question: What am I doing right now that will make this customer want to do business with us the next time they need what we sell?

Focus on the next time, every time, and it can turn into a lifetime.

SHEP HYKEN

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Shep is a celebrated international keynote speaker who works with companies and organizations that want to build loyal relationships with their customers and employees. Shep is known for his high-energy presentations, which combine important information with entertainment to create exciting programs for his audiences. Shep's most requested programs focus on customer service, customer loyalty, internal service, customer relations, and the customer experience. All of Shep's speeches are completely customized. He works with you to understand your audience, theme, and goals for the presentation. If you are interested in learning more, please reach out to our office at **314-692-2200** or cindy@hyken.com.

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