

5 reasons why superior customer service is critical to success

 By [Nadia Coetzer](#)

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Think about the last good customer service experience you enjoyed. It might have been something simple, possibly even a moment you don't recall immediately. A friendly receptionist. A casual chat at the checkout counter. Maybe even a car guard who remembered you and your vehicle.



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The interaction might have been more formal, such as calling a business and having your query handled quickly and professionally.

Now, turn this around. Think of bad experiences you've had with companies: rude staff, disinterested managers or difficulty finding the information you need, such as service details or prices. We are more likely to recall bad customer service experiences, which linger for longer.

Customer service has an outsized impact on business performance, often much more than cost or service options. Good interactions with a customer can grow loyalty and goodwill better than the best marketing efforts. Exceptional customer service is critical for business success. Here are five data-backed reasons why.

1. Loyal customers attract new customers

Loyal customers are influential promoters and are most likely to convince others to trust your brand. [Hubspot research](#) found that 81% of buyers trust their friend's and family's advice over advice from a business, whereas trust for companies or their ads is almost at the opposite level.

And [a study](#) by Edith Cowan University and the University of Western Australia reported that "brand loyalty and consumer-brand identification were found to be predictors of online brand advocacy, [which] impacted on purchase intent."

2. Exceptional customer service grows customer lifetime value

Customer lifetime value (CLV) is the total value a business anticipates from a customer during their entire relationship. In

the connected era, this value can dramatically increase or decrease based on service interactions.

[Research](#) commissioned by Zendesk states, "In 2013, 51% recommended products or services after a good customer service interaction. That same number increased to two-thirds (67%) in just five years." This pattern also works inversely for bad service experiences. There is a direct connection between exceptional customer service and improving CLV.

3. Highly-satisfied customers pay more

There are some products where frugality takes priority. But customers who are happy with a company will, under most circumstances, spend more. Yet this is not a straight correlation, according to a study by the University of Mannheim and the University of Texas at Austin.

Exceptional service matters because "only highly satisfied customers are willing to pay more, and very dissatisfied customers are definitely not willing. Moderate levels of satisfaction do not increase a customer's willingness to pay substantially."



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4. Unhappy customers speak for many others

Exceptional customer service isn't just about a smile and a helpful answer. While companies take pride in how many happy customers they have, what about the unhappy ones? These guys are the canaries in the coal mine, warning of problems that can lead to customer churn.

According to [a study](#) by ThinkJar, "only 1 out of 26 unhappy customers complain. The rest churn. A lesson here is that companies should not view the absence of feedback as a sign of satisfaction. The true enemy is indifference."

5. Exceptional customer service Improves productivity

Customer service is not a one-way street. A growing body of research shows that customers and frontline employees share a reciprocal connection. Happy customers encourage less-stressed and more productive employees, and less-stressed employees lead to happier customers. This was the result of a UNSW Sydney [study](#) that looked at interactions at a mid-sized bank. They concluded that service productivity is "positively associated with customer satisfaction".

How can companies create exceptional customer service? There are two main ingredients.

Firstly, understanding the customer's needs and expectations. The first step in creating exceptional customer service is to understand your customers' needs, expectations, and pain points. This requires listening to your customers and gathering feedback to learn what they want and what they don't want.

You can use a variety of tools to gather customer feedback, such as surveys, focus groups, and social media monitoring. Once you have a clear understanding of your customers' needs and expectations, you can tailor your customer service strategy to meet those needs.

The second ingredient to creating exceptional customer service is to empower and train your employees to deliver excellent customer service. This means providing them with the tools and resources they need to effectively communicate with customers and resolve their issues. It also means creating a culture of customer service throughout your organisation, where all employees are committed to providing exceptional service.

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