INSIDER: Stop Trying to Delight Your Customers
By Steven Bell, MBA Candidate

There is a longstanding belief in the service industry that in order to gain loyalty from customers, companies must “delight” them with customer service that goes above and beyond. In their article, “Stop Trying to Delight Your Customers,” authors Matthew Dixon, Karen Freeman, and Nicholas Toman confront this belief head-on in this Harvard Business Review article by addressing three questions:

1) How important is customer service to loyalty?
2) Which customer service activities increase loyalty, and which don’t?
3) Can companies increase loyalty without raising their customer service operating costs?

Their research findings may change how real estate agents look at increasing loyalty from clients.

Think Point #1: Don’t Delight Clients, Reduce Their Effort

Companies often don’t consider that they may be wasting time and money on over-the-top customer service because this is what must be done to retain clients. These companies should ask themselves: are people more likely to give repeat business simply because of great customer service or leave a company because their problem wasn’t solved easily? Clients are unmistakably more ready to punish bad service than to reward great, often unnecessary, service. In fact, recent data shows that when it comes to live-service or self-service, clients don’t have a significant preference. It turns out client loyalty is impacted much more by a company’s ability to perform their basic job duties, without much effort on the part of the client, than by how fantastic the service may be. If the research findings point to one conclusion for real estate agents it is this: agents create loyal clients by solving their problems.

Think Point #2: Act Deliberately on this Insight

When agents understand that clients would rather be helped than dazzled by “extras” they can change their approach to customer service. The philosophy of how to make the customer happy
becomes much simpler: make it easy for them to solve their problems. This should come as a huge relief to agents! Gone are the days of trying to ‘out-dazzle’ competitors. Changing the focus from frilly service offerings to core competencies can yield many benefits for the company, including: “improved customer service, reduced customer service costs, and decreased customer churn” (Dixon, Freeman and Toman, p. 118). The client is actually more pleased with a job well done, translating to improved customer service. Unnecessary service costs, such as providing freebies, refunds, or other perks, are eliminated. Changing the incentive system within a company will help change the focus of many agents. Many incentive systems that focus on productivity measures such as quantity of sales make it undesirable to address the specific, individual needs of clients. An incentive system that rewards quality of service provided would encourage agents to decrease clients’ effort.

**Think Point #3: Consider Future Problems**

The research shows that the need for clients to reengage companies is the largest contributor to stress and difficulty. Many companies sufficiently solve clients’ problems the first time around, but when new situations arise the client must contact the company again for resolution. Companies should not simply address the problem at hand but use their resources to anticipate and prevent future problems. This action will reduce the amount of effort clients must exert and low effort on the part of the client is what fuels loyalty. Solving clients’ future problems can be as simple for an agent as spending a few extra minutes at the end of a call explaining the agenda for the next day or sending the client an email explaining the jargon of a particular contract. Whatever the situation, agents should use their past experiences, training, and knowledge to effectively plan for and prevent future problems from occurring and to equip the client with the tools they will need to handle the problem.

**Think Point #4: Connect Emotionally with Clients**

Stress and extra effort from clients can sometimes be caused by emotional misunderstandings in interactions with agents. If clients walk away from an interaction not trusting what the agent said or feeling like the agent gave them the run-around, they will be forced to make an extra call or schedule an extra meeting to clarify the issue. Connecting with the client emotionally can eliminate many interpersonal mishaps. Agents should do their best to develop trust in their relationship with the client and make sure the client knows they are working hard to get the job done quickly and easily. One helpful step is to determine a client’s personality type and craft responses and conversations to effectively communicate with that type. Agents can also train themselves to avoid using certain words that evoke negative responses. Words such as can’t, won’t, and don’t make this list. Establishing emotional connections can go very far to create loyal clients.
Think Point #5: Learn from Unhappy Clients

No matter how hard companies try, they just can’t please everyone. Maybe the client had unreasonable expectations of the company and his/her unhappiness should be dismissed. Perhaps the client had a legitimate reason to be upset. In either situation, the company can learn from the insights of unhappy clients. Surveys or interviews can be utilized to receive feedback from clients. This feedback is often a good measure of the performance of a service company because, after all, service companies exist to provide services to clients. Collecting data from the feedback of clients is only one step in the process. The next step is for companies to use this data to address certain trouble areas and make the necessary changes to reduce clients’ problems. Remember, reducing effort increases client loyalty.
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