Editorial

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It is amazing what a difference a year can make. This time last year, a gentle breeze was beginning to blow through the business world. There had been one or two less than happy incidents – in the United Kingdom, the downfall of Northern Rock was definitely one of them. But we had still not quite understood the scale of the recessionary hurricane that was about to blow.

Sure, some economic weather forecasters were out predicting doom and gloom: but we'd heard their story so many times before, we probably thought we could ignore them. As we had before.

What a difference a year makes. Financial services are in continuing turmoil. Banks – formerly by-words for prudence and economic rectitude – are now regarded as the enemy. Marketing is widely expected to be in for a hard time. As for customer relationship management (CRM) ... what price a programme that talks about stimulating 'relationships' with your customers, when sales and profitability are going through the floor?

Strange as it may seem, now is probably as good a time as any to be thinking about customer relationships and about rebuilding shattered trust within your customer base. In this issue, two papers, one by Etherington, one by Rhee and McIntyre, raise subjects I want to look at here.

These are the importance of 'service' – and the danger that what you do now to gain and maintain your customer base might have the contrary effect of harming that base in future.

The keynote for companies wishing to maintain customer share during the recession – even to come out of it ahead

of their competitors – can be summed up in two simple sentiments: 'make friends – and influence people'.

This journal has looked before at the dangers of making enemies. In essence, we take the view that there is a bottom rung on the loyalty ladder that is rarely written about. Below prospect and suspect: well below customer; here are your enemies. That is, individuals who have turned from advocates of your brand and service into people who will happily tell their own friends at dinner parties not to bank with you, not to use your telephony service, not to buy your motor vehicle.

Some will have gone a stage further and written letters to the paper denouncing you: taken you to court; or even set up websites where others with similar grievances can cluster. Perhaps there are really two rungs below the bottom of the ladder: passive enemies, and active ones.

Such people matter: they matter especially at times when companies are struggling and when government is very much in the ring, being asked to legislate against the presumed iniquities of current and past trading practices. The banks may or may not win their present case in the English courts against those who believe that the charges they have been levying over the past few years are illegal and therefore subject to repayment.

Even if they win, the present political climate is such that their victory would only be temporary: followed not long after by legislation to limit or outlaw certain categories of 'bank charge'.

When it comes down to it, there are two ways of 'making friends'. The first

(and perhaps so obvious that many forget about it) is through not making enemies in the first place. Enemies are made at many levels. There is the general public distaste for the egregious act – or statement – of corporate arrogance. Chief among this sort of event is the long-ago and infamous remark by Jewellery Chief Executive Gerard Ratner. In a speech to the Institute of Directors in 1991, he infamously remarked (of his own company's product): 'People say, "How can you sell this for such a low price?" I say, "Because it's total crap."'

The fallout from that single comment was instant and disastrous, destroying brand and image in an instant and, ultimately, losing him his family business. Although it is advisable for companies to act with greater discretion, the actions and attitudes of many in the financial sector over the last few months suggest that the lessons have not entirely been learned.

However, the humble marketing manager – even the slightly less humble marketing director – cannot ultimately control how a chief executive decides to present their company. What can be done is a rigorous engagement with the company's customer facing processes: where necessary, the carrying out of formal audit (and mystery shopping) to determine how your business appears from the customer side of the fence.

There are two key types of disincentive to today's ever-more-savvy customers. The first lies in the overall offering: is the product offer structured in ways that meet the needs of customers? Or is it organised around the needs of the company?

A good example of this occurs if ever you wish to change your online service provider. Although many Internet service providers tout their wares as though they are essentially independent of one another and the customer, there are certain ingredients that cannot be ignored: your current e-mail address, for one.

If, like myself, a significant proportion of your day-to-day business comes through

word of mouth and through contact with individuals you may not have spoken to for 6 or even 12 months, it can be very tempting to change internet provider for a faster, cheaper package: but there is a major disincentive in the shape of the need to change e-mail address.

It is of course possible to get around this by maintaining web-based addresses: hotmail and Yahoo are two obvious providers. But then there are also image – and security – considerations in respect of choice of e-mail. It may be pure instinct: but my suspicion is that a proportion of senior managers do have slight qualms about doing business with an international consultant whose first port of call is a hotmail account.

The e-mail issue does, therefore, create significant disincentives for anyone wishing to move supplier. (It also, incidentally, raises questions about the product itself: why are e-mail addresses NOT portable in the way that mobile phone numbers now can be? Why, to head off at a tangent, are laptop power supplies not standardised? I digress.)

In the case of a number of suppliers, this disincentive is now compounded by certain 'helpful' requirements: such as that anyone becoming a 'new' customer of that supplier must purchase a router supplied by that provider. There is a good argument for this step: which is that it simplifies service questions. The service provider only needs to train its staff in how to handle or support ONE particular router and, given the vast range on offer, this is probably sensible.

However, it is how this requirement looks that is the issue here: and I can't help feeling that it looks like an inertia sale, designed for the benefit of the company and not the customer. Much the same considerations apply to many forms of product insurance, or even indemnity insurance. These are products that provide little in the way of benefit – indeed, are regularly exposed as doing very little for the end customer over and above their legal

rights – and act as a significant profit stream for the company selling them.

In times of financial hardship, add-on sales are likely to be scrutinised in ways that they haven't been before: customers will question them; and where they look as though they have been developed more for the benefit of the selling company than the end customer, they will damage reputation and lose friends.

The other way in which marketing can win friends – or not make enemies – is, as already suggested, by reviewing customer-facing processes. Automated telephony – particularly VoIP – is not customer friendly. Nor are long waits on the phone: call centre staff who refuse to deal with issues or complaints the way the customer wants them dealt with 'because of its policy'; bureaucratic and unnecessary form-filling; intrusive data collection.

It's not hard to come up with a list of the topics that are customer turnoffs, because they are turnoffs for all of us. A single hour with the marketing team, a Nobo chart and a handful of coloured pens, would probably identify for almost any organisation a top 10 list of customer disincentives. Many of them may actually cost your own organisation money to implement: which makes their removal or simplification a double bonus.

Another area where you should consider making friends in the middle of recession is with suppliers. Price and margin are factors that will affect the survival of some companies: but far more will depend on larger considerations such as market share and maintaining their customer base.

So instead of looking to extract every last penny in price concessions from suppliers, smart companies will be looking for co-operative ideas: setting their suppliers the challenge, perhaps, of coming up with innovations that will help secure the existing customer base without costing any extra.

If making friends is important, so too is influencing people. To a degree, this is

merely the flip side of friend-making: if your processes are customer friendly, then it is inevitable that they will be attractive to customers and encourage them to return and possibly to become advocates for your service.

Again, however, the bottom line lies in a recognition that when it comes to tying customers to your business, it is people and processes that matter far more than exciting stuff like technology and new IT systems.

We would not go so far as endorsing 'random acts of kindness' as a new CRM policy. However, where marketing budgets are tight, mere cost cutting will rarely win the day. What is needed is creativity in order to maximise the influence of every single promotion you run.

A good example of this can be found in the John Lewis approach to 'in-store evenings': these are special promotional events run for customers likely to be interested in specific products, such as fine wines. A recent exercise along these lines worked hard on explaining to customers the relationship between particular wines, their history and the occasions on which they were best drunk. The promotion accrued no extra cost: but it was an innovative way of communicating a series of positive messages.

The end result was an increase in overall sales.

Last but by no means least: remember also that influencing people now may not result in instant product sales: but it is likely to lead to greater loyalty when the economy picks up. Tie a customer to you on the basis of price, and they will be off the moment they find a cheaper deal somewhere else. Attach them to you on the basis of your ability creatively to fulfil their needs – and they are far more likely to stay and increase their spend when better times return.

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