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Jun 10, 2008

How To #HOW627:

[How to Mine Your Customer Service Department for Nuggets of Marketing Gold](#)

SUMMARY: Your customer service department can be a goldmine for ideas. Leveraging this information can help your marketing in many ways, but you might not always be getting the support you need.

We talked to an expert and author who implemented customer satisfaction systems for Amazon and others to improve marketing and profitability. Includes seven specific customer service strategies you can take to the bank.

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Your customer service department carries a heavy load. These reps handle complaints, explain marketing offers and help customers return merchandise -- all while trying to do it with a smile on their faces.

Plenty of valuable information gets lost in that crunch, says Bill Price, President, Driva Solutions, and coauthor of 'The Best Service Is No Service: How to Liberate Your Customers from Customer Service, Keep Them Happy & Control Costs.' In the book, which he wrote with David Jaffe, Price outlines seven principles he helped implement at Amazon.com when he was Global VP Customer Service and helped make the retailer a corporate role model.

Prevent customer complaints

Too many companies focus on responding to customer complaints, Price says. Instead, they should be nipping those complaints in the bud. To do this, companies need to categorize gripes and forward them to managers.

Getting to the root of the problem might involve:

- o Changing a marketing offer
- o Introducing a new product
- o Fixing a website glitch
- o Automating returns
- o Enabling customers to track shipping online

These measures can increase customer satisfaction, reduce negative contacts and help marketers sell more. In general, businesses should be able to eliminate half of their customer contact volume by anticipating setbacks and launching self-service features, Price says.

While following this strategy from 1999 to 2001 at Amazon, Price watched the cost of customer service as a percentage of revenue drop 60%. Additionally, the company earned the No. 1 spot on the American Customer Satisfaction Index in 2000.

Here are the seven principles he implemented and detailed in his book:

-> Principle #1. Eliminate "dumb contacts"

Price defines "dumb contacts" as ones that provide no value to the company or the customers. They can happen when customers are confused and call for an explanation. For example: at one point, separate departments at Amazon were sending multiple offers to the same customers, which caused confusion among departments and with the customers.

Price and his team decided to involve the Marketing VP. To thwart conflicts, they created a Promotions Council that met every week or two to coordinate offers. The result: "We reduced that category of calls down to virtually zero. These were 'dumb' contacts. They weren't adding any value to anybody."

-> Principle #2. Create engaging self-service

Empower your customers to respond to their own questions so they don't have to contact a service rep. Two examples:

- Example 1: 'Where's my stuff?'

Worry about the status of their shipment was one of the main reasons why customers contacted Amazon, Price says. "We tried to figure out how we could get 'Where's my stuff' inquiries handled on the Web and through a [self-service] system, so we didn't have customers need to call us."

To achieve this, they linked Amazon's site to the shippers' sites, so a "customer could get a sense of where the product was and when it was really going to be delivered."

- Example 2: 'How do I return this?'

"In the old days, we didn't ask anybody to return a damaged book or a damaged CD," Price says. "We just sent them a free replacement, but we couldn't do that for electronics. We had to have that product returned to us and then we could initiate a return on the credit card, which was cumbersome and expensive."

Price and his team created an online system they nicknamed 'downloadable return labels.' This way, customers could get into a Return Center area, click on the item they wanted to return, pull out a drop-down menu and tell Amazon why they needed to return a product, and then print a label.

"Customers were delighted. They could just send it [return label] to their local printer. They didn't have to wait for something to come in the mail. We saw well over 80% reduction in the contacts per order for the returns within a 12-month period."

-> Principle #3. Be proactive

Initialize contact with customers when a problem arises. "If you know something is going on that's going to affect your customers one way or the other, send them an alert," Price

says. This could be through email, a message to a customer's PDA or a phone call.

- Example: Missed shipping dates

Amazon's order and shipping confirmations were well-known, but Price and his team took the alerts a step further. During the holiday season, for instance, they guaranteed that shipments would be delivered before Christmas Day if ordered by a certain date.

"Amazon keeps track of every single product like that automatically. If any product looks like it's going to miss that window, it's called 'missing a promise' -- the implicit promise Amazon makes when someone makes that order," Price says.

Using Price's signature, he and his team sent automated emails telling customers that they might miss delivery by Christmas Day. Then, they asked customers if they wanted to cancel the order or still have the product delivered at the fastest possible time. Customers could either click on a link to cancel or wait for delivery.

-> Principle #4. Make it easy to contact your company

Even though reducing the number of customer contacts is a fundamental principle of Price's strategy, he believes in accomplishing it by eliminating the need to contact customer service, not by hiding contact information.

One way to prevent calls to customer service is by adding a click-to-call feature that allows a service rep to call customers who might be having trouble completing a purchase. The pop-up might ask, 'Would you like us to call you?' They have radio buttons that say, 'We can call you right now'; 'We can call you in 10 minutes,' and there is an open field where you can type in when you would like to be called back.

The pop-up allows your company to call customers at a time that's convenient for them. "I clicked [one] the other day for something I had to trace because something confused me and I got a call back immediately," Price says. "This customer service rep had my record right there, knew exactly where I was on the website. He was able to jump right into an analysis to help me out."

-> Principle #5. Establish ownership of customer problems

Every customer complaint needs to have an "owner" with the power to fix its cause. For instance, promotion problems go to the head of marketing, while website functionality problems go to the head of IT.

- Organizing ownership

At Amazon, Price and his team organized customer complaints before they could decide who "owned" them. Before the strategy was implemented, customers who contacted Amazon were given a code to describe their issue to the computer system. The problem was the fact that the number of codes was too large to be managed or understood well.

To ease the process, "we reduced it from roughly 360 different options down to 30. The 30 options were very simple, and I just made sure that they never changed."

- Responsibility falls on the owner

Once complaints are coded, they're sent along to the owners who decide if and how to address them. The process can be fully automated, so that as soon as a customer's contact is coded, the owner is notified.

"Every owner had to report every week in operations meetings what his or her team was doing to either eliminate that code or move that code to a self-service."

-> Principle #6: Listen and act

Make your managers obligated to listen and to act on customer complaints.

- Type 1. Concerns

At Amazon, Price remembers several customer complaints questioning the company's

appearance of moving away from selling books.

"Those went to the general manager of the bookstore, so he or she could pay attention to those customers, go back to them, reassure them that we're not losing our focus on books as general manager of the bookstore, and here's what we're doing," Price says. They also added a note about continuing the conversation to hear how the customer thought the company could improve their bookselling capability.

- Type 2. Suggestions

Many customers suggest new products to sell. So, Price and his team created a separate area on Amazon's site for that sole purpose. For instance, Amazon opened its apparel and kitchen stores after listening to those suggestions.

-> Principle #7. Deliver great service experiences

Many customer service departments focus on their first contact-resolution rate (FCR). Price suggests flipping it around. "If you have a 92% FCR, then 8% of the time, you're handling repeats. Focus on the repeats because the repeats are the defects. They're the errors. We called them snowballs."

- Resolve the issue

Snowballs are the enemy. If a customer had to contact Amazon more than once, the service rep would apologize, remove the call from efficiency tracking metrics and focus solely on resolving the customer's issue.

"If it took 10 minutes, or 15 minutes, or 20 minutes versus an average of usually four [minutes], that's great because we didn't want that additional contact," he says. "We didn't want that additional frustration to have to call us again or email us again."

The number of repeats weren't high to begin with, but it brought that repeat ratio down to less than 1%, he says. "When I use that number with customer service folks today, they say: 'We're lucky to get it down to 5%.'"

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