Trust & Choice: Essential Customer Experience Ingredients
by Lynn Hunsaker

This article describes the 5th of 10 unique characteristics of customer experience relative to more well-known concepts such as customer satisfaction and retention. The characteristic defined in this article is: Choice — Customer experience is built on trust and mutual respect for variety; share of budget is more important than loyalty.

So you want a relationship with your customer? If one of your greatest hopes is for your brand to be loved by your customers, think about what it takes for your personal relationships to thrive. Since customers (even B2B are people), they tend to have similar responses to relationship strengths and weaknesses whether the relationship is personal or with a brand. As you know from your own experiences, trust and respect for your choices are at the root of relationship failure or success. Yet, customers’ trust of companies is steadily eroding! In fact, U.S. consumers’ trust dropped a whopping 8 points from 2010 to 2011 in the Edelman Trust Barometer study¹, and U.S. and U.K. firms rank 8th and 9th in trustworthiness, behind Brazil, India, Italy, China, Germany, and France.

Astoundingly, trust of banks dropped 46 points in the U.S. and 30 points in the U.K over the past 3 years. Only one in four people in these countries feel they can trust banks to do what is right. In 2008, U.S. automobiles were the lowest ranking industry, but they have managed to bounce back with a 17 point gain. Hindsight may be a great teacher here, as we’ve observed self-centeredness in these industries in recent times. In the interest of maximizing short-term financial performance, these companies seem to have forgotten that relationships are a
two-way street. Once trust is eroded, any amount of advertising and sweet-talking tends to have little effect. For so many reasons, it’s essential to maintain high trust with your customers.

If you love someone, set them free. Yet, long-term (e.g., 1-year, 2-year) agreements, exclusions, caveats, change fees, extensive fine print, extra steps (hassles), and many other penalties are the norm in several industries. These are examples of bad profits, as described by Fred Reichheld in his book The Ultimate Question: “Whenever a customer feels mis-led, mistreated, ignored, or coerced, then profits from that customer are bad. Bad profits come from unfair or misleading pricing. Bad profits arise when companies save money by delivering a lousy customer experience. Bad profits are about extracting value from customers, not creating value. When sales reps push overpriced or inappropriate products onto trusting customers, the reps are generating bad profits. Bad profits provide a distorted picture of business performance. The distortion misleads investors, yielding poor resource decisions that hurt our economy. That tarnished reputation undermines consumer trust and provokes calls for stricter rules and tighter regulations.”

The 2011 Satmetrix Net Promoter® Industry Benchmarks Study reports 1 in 5 U.S. consumers say bad experiences lead them to switch brands. Bad experiences were described by 34% of consumers as interacting with a rude or disinterested employee, and by 20% as unexpected charges or fees; 20% also listed poor product or service quality as the main reason for switching brands. Specific examples are described in a 2010 study by Consumer Reports, which lists the naughty or nice policies of 20 leading consumer companies. (By the way, these concepts apply just as well in B2B, government, non-profit, etc.) Don’t let your fear of a few usurping customers lead you to punish all your customers for wanting to give you their money! Re-think the customer-centricity of your sales and service policies, and all your other policies, for that matter.

As Jeanne Bliss explains in her book I Love You More Than My Dog: 5 Decisions That Drive Extreme Customer Loyalty in Good Times & Bad, “Consider the story that the collective decisions of your organization tell customers, employees, and the marketplace. What story is emerging about who you are and what you value? Are your decisions reflecting what you intended? When you make decisions that respect and honor customers you will earn their respect — eventually their love. Are your decisions compelling customers to tell others to try your products and services? Are customers telling your story?” You don’t need fancy technology or campaigns to build highly profitable customer retention. You simply need to consistently provide the value that you promise.
When a company is distrusted, 57% of customers will believe negative information, and only 15% will believe positive information. In contrast, when a company is trusted, only 25% of customers will believe negative information, and 51% will believe positive information.¹ A study by the London School of Economics examined the revenue gains by increasing positive word-of-mouth and by reducing negative word-of-mouth. They found that reducing negative buzz pays off 300% over improving positive buzz.

If you want ongoing strong financial performance, build trust into your customer retention efforts. Remember the golden rule: Do unto others as you would have done unto you. It’s the best rule of thumb for anything in life, and an essential ingredient to reaping high returns on your customer experience investments.

¹Edelman Trust Barometer, 2011.
²The Ultimate Question: Driving Good Profits and True Growth, by Fred Reichheld.
⁴Consumer Reports, November 22, 2010.
⁵I Love You More Than My Dog: 5 Decisions That Drive Extreme Customer Loyalty in Good Times and Bad, by Jeanne Bliss.

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