



## THE COST OF ONE LOST CUSTOMER

By Rich Kizer & Georganne Bender

**G**eorganne has been cruising furniture stores lately looking for a new couch, love seat, and over-stuffed chair for her family room. It's time.

Two teenagers and their scores of friends have made this replacement necessary. The problem is that Georganne knows exactly what she wants, but she hasn't been able to find it. So when a friend recommended an independently owned furniture store not too far from her house, George checked it out.

Jackpot! Walking from her car to the store, George saw several groupings she thought would work perfectly in her family room. She was ready to buy.

Just inside the front door stood five elegantly dressed women behind a counter. Each one barely gave George a second glance when she walked in, so she continued to check out the store on her own. Approximately 15' past the first counter, George encountered another. Standing behind this one were four more elegantly dressed sales associates. Not one of them looked at her either. Still, she kept on shopping.

George was in that store a total of 25 minutes, and not one of those professional salespeople bothered to approach her. No one looked at her on her way out, either.

Furious, she stopped at the door, turned around, and asked the women at the first counter if she could speak with

the owner. The conversation went something like this.

**Store owner:** "I'm the owner."

George: "You own this store?"

**S.O.:** "Yes."

G: "Did you happen to notice that I was looking at your product?"

**S.O.:** "Yes."

G: "Did it occur to you or any of your staff that I might need help?"

**S.O.:** "We prefer to let customers just look."

G: "I was in your store 25 minutes."

**S.O.:** "I know."

G: "Did it occur to any of you to maybe acknowledge that I was here?"

**S.O.:** "We knew you were here."

G: "No kidding? Did you know that I came prepared to buy a couch, a love seat, and a chair? That's a several thousand dollar sale. Did my jeans and flip flops throw you, or was it the fact that I am a woman shopping alone?"

**S.O.:** Silence.

G: Well, you'll be happy to know that I WILL NOT be purchasing a thing from your store. Ever. But I be happy to let everyone I speak with know how you treated me today."

### WHAT'S YOUR REACTION?

If you are a retailer, we're willing to bet that your skin is crawling right about

now. You would never treat a customer the way George was treated. We also bet that if you saw an angry customer leaving your store, you would chase them to their car to see how you could fix the situation. Unfortunately all retailers are not like you.

You may even think that Georganne was out of line, but put yourself in her shoes, and be the customer. The kind of rudeness she encountered would set you off, too.

Apparently, this retailer has all the business she needs. Losing just one customer won't make a difference ... or will it? Take this test using figures from your own store.

### TAKE THIS TEST

1. What is your average customer sale?
2. How many times a month does this average customer come into buy?
3. Therefore, an average customer will spend this much in one month.
4. Now, multiply the number in #3 times 12 to find what an average customer spends in one year in your store.
5. How many years is that customer potentially your customer?

(more on page 24)

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6. Multiply the number in #4 by the number in #5 to calculate the lost lifetime sales of this average customer.

7. If this angry customer is like most angry customers, and tells 10 other people about her bad experience, and they believe her and also decide to no longer shop with you, what's the cost of just one unhappy customer? To get this answer, multiply the amount in #6 times 10 (that's the 10 other customers), then add the original customer's lifetime sales (#6) to get the total answer.

## THE DAMAGE DONE

You will be surprised how much damage one customer can do to your business.

If, for example, we use \$20 as the average sale in your store, and follow the above exercise through all of the steps, that one angry customer would cost you \$3,360 in lifetime sales. But that's not all.

Add in the 10 people that customer is likely to tell, and that single, unhappy customer would cost the store \$33,600. Now add in the angry customer's lifetime sales and the number grows to a whopping \$36,960. That's a pretty steep number to make up. It pains us to think about how much the furniture store owner's snotty attitude cost her in business.

## BAD NEWS ...

Here's the scary news. Only one in 10 customers will take the time, or make an effort, to tell you when something is wrong. That means that the other nine leave angry and may not ever come back, they may even tell their friends. So, when customers leave your store empty-handed make it your mission to find out why. When you – or anyone else on your team – sees an angry or unhappy customer, approach them and try to fix whatever is wrong.

## ... AND GOOD NEWS

There's good news, too because the statistics are on your side! When customers give you the opportunity to merely attempt to fix the problem, studies show that over 80 percent will give

you another chance.

Sometimes the misunderstanding is so small you can fix it in an instant. Sometimes you're going to have to swallow your pride and work hard to woo the customer back. Either way, it will be worth your effort. ♦

