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It's about satisfying the customer, Stupid

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February 07 2006

THE big consumer story of the moment is the threat of domestic gas prices surging even higher. On the back of spiralling wholesale prices, which have risen by 75% in the past year, average annual household fuel bills of £1000 or more are said to be just weeks away.

Over the weekend there were unconfirmed reports that British Gas (and its Scottish Gas equivalent) would lead the charge, with another 25% hike in both its gas and electricity tariffs.

That led the regulator, Ofgem, to join calls on consumers to shop around for a better deal. "Customers who have never switched supplier are leaving their existing energy companies to pocket the £1bn a year that could be saved if they switched," suggested Ofgem chief executive Alistair Buchanan.

Another pointed reminder that consumers do have the ultimate sanction of taking their purchasing power elsewhere when the price is no longer right. However, while more and more people are doing just that, consumer activism is still laced with an even larger dose of consumer lethargy.

So what's to be done about that?

Unfortunately, this furore over the next surge in domestic energy bills has obscured the publication of a new report about how British business in general manages to alienate so many of its customers that, in terms of lost customers and profits, it amounts to systematic corporate self-harm.

Called The Stupid Company, this 18-month piece of quantitative and qualitative research by the National Consumer Council doesn't tell us anything that many of us have not experienced many times before. Business, especially big business – despite all those pious mission statements about putting the customer first – too often falls down on that primary task.

We probably all have our own stories of keypad-driven call centres, inadequate after-sales service, infuriating cold calling, aggressive sales pitches and monumentally rule-bound and bureaucratic problem solving. But it's only when some extended generic research tells us we are not alone that the real dimensions of these issues are revealed.

In the past six months, our household has had to deal with an extended bureaucratic minefield over a stolen debit card; another over a failed broadband connection; administrative incompetence and a dose of call centre cheek over a maturing investment; a serious travel delay, thanks to an airline that cares more about petty rules than customer satisfaction; and failure to deliver a gift of flowers to an elderly relative at Christmas.

We might just have been unlucky. But this NCC report suggests it is just the tip of a disturbing iceberg. "A consistent set of issues seems to be top-of-mind for the consumers



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we interviewed," it reveals.

"Ask anyone about the things that annoy them and they'll almost certainly mention robotic call centres, hard-sell extended warranties, missed appointments, poor after-sales service, cold calling, automated services or being put on hold, never to emerge.

"At heart, people think that too many companies simply have no idea what it feels like to be a customer, and simply lack common sense, let alone a personal touch."

The NCC report says the same sectors are mentioned time and time again. Financial services and telecoms are cited as industries "characterised by systemic poor service and a chronic lack of transparency". The utilities are widely regarded as operating in "an opaque way".

Small businesses are not immune from the central charge of stupidity. But apparently it's big business that consumers really love to hate. No doubt all these sectors and more will point to their own market research, showing how well they are regarded by customers.

But this report points to a survey for the Customer Care Alliance, conducted in association with Manchester Business School, showing 77% of us experienced problems with products or services purchased last year.

It also shows that almost two-thirds of us become extremely upset about how our most serious problems are handled, something the report dubs "service rage". I know that feeling.

There are, according to this NCC report, five main ways in which companies can get customer service all wrong. The stupid company over-promises and under-delivers; is obsessive about making a sale; believes it can succeed by misleading customers and then being underhand and evasive; appears distant, dealing with its customers in a clinical and sometimes uncaring manner; and is incompetent and ineffectual.

The man who wrote this report, NCC deputy chief executive Philip Collum, doesn't quantify the cost of all this corporate stupidity. But he believes the scale of company ineptitude "must amount to many billions of pounds of lost profits". This isn't just bad news for the companies, he adds, "it damages our economy".

Perhaps too many companies think as follows. Our customers are price-driven. Our shareholders are returns-driven. If we can square that tricky financial circle, what more can really be asked of us? Well, if this report is to be believed, a whole lot more.

Satisfaction matters too. And companies that fail to build that into their relationship with customers may find they quickly lose them.

