From the New York Times bestselling author of Youtility

HUGYOUR HATERS



How to Embrace Complaints and Keep Your Customers

JAY BAER

Foreword by Tom Webster, Edison Research

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Hug Your Haters

How to EMBRACE COMPLAINTS and KEEP YOUR CUSTOMERS

Jay Baer

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About the Author

FOREWORD

by Tom Webster, Edison Research

In my business—consumer insights—I get all kinds of requests. Some clients ask me to "prove x" for them. Those kinds of requests, to paraphrase A. E. Housman, use research like a drunkard uses a lamppost: for support rather than illumination. But all market research can essentially be boiled down to three categories: comparative research ("how are we doing?"), firefighting ("what the heck do we do?"), and "blue sky" research ("what could we do?"). The latter is my favorite type of project because we get to be involved in the discovery of new facts and the exploration of the undiscovered opportunity.

It is, in fact, this undiscovered opportunity that my friend Jay Baer has set out to explore, on your behalf.

When Jay first approached me and my company, Edison Research, he had two provocative questions: How has the proliferation of social media, review sites, and other online forums changed consumer expectations of what "good customer service" really means? When interactions between brands and humans are played out on a public stage, how must brands "perform" in order to satisfy not only the customer but the customer's audience?

With our help, Jay set out to discover the answers to these questions, and many more, in order to provide illumination, not support. Together, Jay and Edison designed a significant national research study to examine current expectations of customer service, how they differ by channel, and the value of responding to complaints, even when those complaints seem unresolvable.

The answers surprised us all. To Jay's endless credit, the book he thought he might write turned out to be a very different book indeed—and a

very, very powerful one. The results of the study challenged my own preconceptions about responding to online complaints, and caused me to rethink even how my own business chooses to respond, or not, to "haters."

And here's something that might unsettle you: your business has haters, too. Every interaction between brand and human has the potential to delight or enrage—in short, to become memorable. Today, with the widespread usage of social media, those memories can live on, and live in public, for a very long time. Customer service has become a spectator sport, and your online panel of judges can award or deduct points for speed, execution, and style.

Because that spectator sport can become ugly, many businesses essentially opt out of the game, figuring that it's rigged. I know that was my inclination before Jay embarked on this exploration. But I was wrong. It doesn't matter how rigged the game may seem, how vitriolic the haters may be, or how futile it may seem to please them. The game is worth playing.

You might be tempted to write off "Hug your haters" as a trite saying, a Zen koan, or a beatitude for our digital times. But in the pages that follow, you won't find cherry-picked anecdotes or "feel good" mantras imploring you to turn the other cheek. Jay does not argue from anecdotal information, but from research. And he provides context for that research from some of the world's most successful brands and small businesses, and shows how they have made hugging their haters a systematic process, with tangible results. Jay offers some remarkable case studies of hater hugging and the hard-dollar value that this practice brings to companies that embrace . . . embracing.

What I hope you get from this book is what I got from this book: a change in mind-set. Hugging your haters takes some work. You might be tempted to think about the effort required to monitor and respond to complaints in social media, review sites, and online message boards as a "loss center," a cost of doing business. What Jay convincingly argues, however, is that hugging your haters is not a cost. It's a profit center. Hugging your haters makes good business sense. It's worth it to do the work, because the work pays off. And the most successful "hater huggers" have a competitive advantage and a true strategic moat against their competitors.

I hope this book has the kind of impact on you that it did on me. And if it does, may I humbly suggest one simple thing: when you finish this book (for the first time), log on to Twitter, Facebook, Yelp, TripAdvisor, Amazon, or anywhere else your company has been hated and hug your most recent hater.

Doesn't that feel better?

Introduction

n business and in life, each of us is confronted with people who are perturbed, displeased, disappointed, or downright angry. These people take the time to complain, and let us know where and how we fell short in their eyes.

They are the haters. Their intentions may vary, but there are more of them than ever, and they are louder than ever. And that's good news.

Indeed, what you'll discover in this book is that the rise of the haters is an enormous opportunity for businesses and companies of every type and every size. I've seen this firsthand, as an adviser to some of the world's largest companies and an investor in many small start-ups. Business is more competitive than it's ever been, at every turn and in every way, and differentiation is tough, as competitors can and will eventually mimic your products and ape your pricing. But customer experience and customer service remain fertile opportunities for standing above the mass of competitors. I wrote this book to help all business owners and managers understand how to turn customer service into marketing, and use it as your true competitive advantage.

You may be thinking that this book is unnecessary. You're already wonderful to your customers. After all, according to a study by Forrester Research, 80 percent of businesses believe they deliver "superior" customer service. ¹

But that same study shows that just 8 percent of customers agree that service is superior. ²

As you'll see in these pages, yesterday's great is today's mediocre. What previously would have been considered adequate attention to complaints and haters can now become a major customer experience deficiency that can be exploited by your competitors.

You may be thinking that you already know everything there is to know about customer service, especially if you are actively involved in interacting with your customers every day. And a few years ago, you probably would have been correct. Customer service changed little between the invention of the toll-free phone number in the 1970s and the embrace of e-mail as a contact mechanism in the late 1990s.

The same is true in the field of customer service books and counsel. There are dozens of books on the shelves about customer service, and I cite some of them here. But many of those books, while interesting and worthy of praise, are not relevant in the way they once were. Mobile and social technology, sociological and behavioral changes, and heightened consumer expectations have radically shifted what it means to provide great customer service, and the resources and processes you need to do so.

Hug Your Haters is the first-ever book about *modern* customer service.

You may also be thinking that you already have a good solution to haters . . . simply ignore them. Your business is successful. Your business has always been successful, and you've used the same approach to complaints and customer service the whole time. Why change? If it ain't broke, don't fix it.

But it is broken. It has always been broken, we've just chosen not to admit it to ourselves. A 2013 "Customer Rage" study by Arizona State University says it best: "Even though companies have substantially increased their spending on handling customer complaints (billions of dollars annually on call centers, enhanced remedies, expanded internet access, etc.), complainant satisfaction in 2013 is still no higher than in the 1970s. Most complainants are dissatisfied with how their customer problems are being handled." ³

Think about that. *Most* complainants (haters, in the parlance of this book) are dissatisfied with how their customer problems are being handled. For the majority of businesses, the only reason we can eke by with our current customer service approach is because our competitors are equally shabby, or worse.

Why do we so often tell the tales of the legendary, great providers of customer service? Why are case studies from Zappos, Nordstrom, and Ritz-Carlton such a shopworn trope? Why do we constantly reference a tiny,

familiar menagerie of companies that we've all agreed "do it right" in customer service? It's because they *are* different. And they are rare. They have made an organizational commitment to provide superior customer experiences, and succeed at differentiating from their competition as a consequence of that emphasis. Does Zappos sell better or cheaper shoes and clothing than competitors? No. Does Nordstrom? No. Does Ritz-Carlton provide demonstrably better accommodations than other high-end hoteliers? No. But each company uses customer service as a wedge to separate it from similar providers of goods and services.

You can do that, too. In these pages, you'll find examples and case studies of small and large businesses, many unfamiliar to you, that understand how customer service has fundamentally changed. They understand how customer service is continuing to change even as you read this. And they understand how smart companies are keeping their customers and outflanking their competition by using the principles and playbooks in *Hug Your Haters*, the most important of which is this:

Haters are not your problem. . . . Ignoring them is.

The tendency of almost everyone (including me) is to turn away from haters. To dismiss their complaints as outliers that are not representative of reality. When confronted with negativity, our instinct is to "turn the other cheek," to quote an ancient source, or to "ignore the trolls," to quote modern packaging of the same advice.

But today this is the wrong approach, because in an era when much of customer service has become a spectator sport, choosing to stay silent actually speaks volumes. As Dave Kerpen, CEO of Likeable Media and author of *Likeable Social Media*, says, "Not responding is a response. A response that says 'I don't care about you."

Like selling a stock when its value has dropped, staying silent locks in your losses and ensures that your business will not benefit from a complaint —or your response.

"Nothing ever gets better when you don't address it, and yet in this day and age we still see businesses that don't respond," says George Klein, CEO of customer service mobile app company Peoplocity. The same shift toward public customer service interactions that has made this book necessary also makes it psychologically difficult to engage with haters, especially when they shine a giant spotlight on their perceptions of your shortcomings. Here's an example of when the outlandish nature of the complaint from a hater would make you want to not respond.

Yelp is a popular feedback and recommendations website where consumers can review and rate all manner of local businesses. This is a Yelp review that is closer to Greek tragedy, written about a Chicago-area location of the White Castle hamburger restaurant chain, which is popular in the central United States:

While driving to the airport near the end of our Midwestern journey, I heard what appeared to be hyperventilating coming from the back seat of our rental car. My 16-year-old son could not believe he was actually seeing a real live, bona fide White Castle, and he begged us to go in. Since we were pretty early for our flight, we decided to go ahead and let him have his "Harold & Kumar go to White Castle" moment, a movie which he asserts is the greatest stoner film ever. Stoner Film, like there's a category for it at Sundance.

Seems like a positive review at this point. But it takes a decided turn for the worse:

I cannot believe that these people actually exchange real American currency for this square, steamed mixture of rodent feces and sawdust on a tiny bun. This is the bastard love child of a 7-Eleven microwavable meat patty and the entrail drippings of roadkill left to fester on Midwestern highways in the hot July sun. Happily it's as thin as a Post-it note so as not to avoid inadvertently engaging your gag reflex. ⁴

Remarkably, on a five-star scale, this is a TWO-STAR review! I desperately want to know what this person writes when he has a one-star experience. In this case, the White Castle restaurant did not respond to the

complaint, and perhaps you would have handled it the same way. Don't feed the trolls, right? But it *should* have responded, and so should you in any similar scenario. Answering a review, even one as pointedly negative as this one, increases customer advocacy and shows all onlookers that you do in fact care about your customers. You must hug your haters.

Says Scott Wise, owner of the fourteen-location Scotty's Brewhouse chain of brewpubs, "People don't complain just to complain, they have a legitimate concern, and you need to recognize that as an opportunity, not a problem. My dad taught me the phrase isn't 'We have a problem,' it's 'We have an opportunity to improve an experience. '"

Wise is exactly correct. And even though the number of complaints they have to deal with is far larger, certain big companies are also starting to understand the opportunity value of addressing all complaints. Dan Gingiss is formerly the head of digital customer experience at Discover Financial Services (best known for the Discover card), where he helped transform the service culture to fit modern customer expectations. He warns not to be afraid of complaints. "Not only is a complaint an opportunity to show your great service, but it's an opportunity to figure out the root cause of what is causing irritants with your product or service," Dan says. "It's truly the voice of the customer. Eliminating fear of complaints really changes how you respond to them."

Eliminating fear, especially of public responses to public complaints, and then answering those complaints is an opportunity. In fact, it's quite possibly the single greatest opportunity you have to keep your customers and grow your business. And I can say that not as my own opinion but as a fact, based on proprietary research that determined the precise impact of the methods you'll discover in *Hug Your Haters*.

In this book, you'll learn who complains, why they complain, and how to capitalize on those complaints. We'll also explore why interacting with all haters provides enormous benefits, and what's holding most companies back from doing just that.

In the first chapter we'll look at the specific benefits of increasing your focus on customer service and customer experience.

In chapters 2, 3, and 4 we'll learn about the different types of haters, what they want from you, and where you can have the greatest impact.

In chapter 5 we'll examine the reasons why businesses are not putting emphasis on customer service (especially online), and how to address these issues.

In chapters 6 and 7 we'll learn the precise frameworks for how to handle complaints online and offline.

And in chapter 8 we'll discuss the future of customer service, evaluate new trends that will continue to change how service is provided, and describe what great service requires.

The back of the book includes a quick reference guide, so that you can easily refer back to key statistics and main points once you've finished reading. *Hug Your Haters* is intended to be a book that changes your thinking, but also a resource to which you can refer again and again.

This book was written for you.

This book was written for anyone and everyone who has customers anywhere on the planet. Big companies or small. Business-to-business and business-to-consumer companies. Governments. New companies or old. You'll learn how to hug your haters, embrace complaints, and keep your customers. Doing so turns service into your best competitive advantage while increasing customer retention and company profits.

Chapter 1

Why You Should Embrace Complaints

As Tom Webster explained in his fine foreword to this book, I partnered with his firm—the highly respected attitude collection group Edison Research—to take a close look at the current state of hate. We discussed customer service expectations and outcomes with more than two thousand American consumers who have complained about a company in the previous twelve months, with the study participants representing a statistically valid cross-section of ages, incomes, racial makeups, and technology aptitudes.

And what we found shocked us, both in its comprehensiveness and in its simplicity: *Answering complaints increases customer advocacy across all customer service channels*. In some more than others, and we'll explore that in great depth in this book. But the effect is present in every venue where you interact with customers. If you answer complaints anywhere, it increases advocacy. It takes a bad situation and makes it better.

Conversely, not answering complaints decreases customer advocacy across all customer service channels. In some channels more than others, based on traditions and corresponding expectations. But the negative effect of staying silent is also universal. When you don't answer complaints—even in the venues where lack of response is more common (like online review sites)—customer advocacy decreases. It takes a bad situation and makes it worse.

We'll examine the specific benefits of responding to complaints on a channel-by-channel basis when we look at the Hatrix in chapter 3. But for now, consider this: customers feel better whenever and wherever you respond, and they feel worse whenever and wherever you don't. Our exclusive research found that answering complaints has a massive, consistent, and linear relationship to customer satisfaction or dissatisfaction. What else could you possibly do as a business that would produce similar results across the board, other than perhaps dramatically raising or lowering prices?

So what does this research and the more than fifty interviews conducted for this book produce? The Hug Your Haters success equation:

Answer every complaint, in every channel, every time.

In *every* channel. This concept of interacting with customers in the venues they prefer is a critical part of the Hug Your Haters approach. It's about respecting the customers' right to select their own feedback mechanism and approaching customer service accordingly.

"I think that philosophically all channels are important. We should be channel agnostic in terms of feedback. Whether it's a complaint or a compliment or a question, we should interact wherever the customer wants," explains Dan Gingiss.

Admittedly, it's not easy to hug your haters. It takes cultural alignment, resource allocation, speed, a thick skin, and an unwavering belief that complaints are an opportunity. But there are businesses that are already living by the rules of *Hug Your Haters*, and I hope you'll join their ranks when you finish this book. You'll also be able to continue learning (including access to free bonus content that didn't fit inside the book), participate in workshops and webinars, interact with peers, and share your own experiences by visiting HugYourHaters.com. Please join me there when you're ready.

Let's look at two companies, one large and one smaller, that embrace complaints and customer feedback, and examine the impact this approach has on their businesses.

How Fresh Brothers Pizza Hugs Their Haters

Debbie Goldberg is the co-owner of Fresh Brothers Pizza, a thirteen-store chain in Southern California that is committed to responding to all customer feedback—positive and negative. This is a particularly unusual approach on Yelp, where public responses from businesses to customer complaints are still rare, and replies to customer compliments are even less common. But Debbie is heavily involved there, and includes her real e-mail address in every public response to customer feedback.

"I try to answer every Yelp review. I'm a little behind right now, but I'm catching up," she says. "But I think it's important that people know there's a real person behind this company, and because we've grown really quickly, sometimes people think we're just another quick service chain, that there really isn't a face or a family behind the business."

Debbie is masterful at how she handles the haters on the Yelp platform, where twelve of her locations maintain a four- out of five-star average, and one is at three and a half stars. There aren't many negative reviews for Fresh Brothers, but this one received a typical and illustrative reply from Debbie.

From Ray S. from Los Angeles (a one-star review):

Cardboard!! Think Cardboard with cheese. That's about it! When they say toppings, they are non-existent. Maybe the others writing reviews don't know what great pizza taste like but this is not. No toppings what so ever! What a disappointment.

We also tried some appetizers. They were cheap frozen ones you find in a cheap grocery store. We totally overpaid for not good food.

As far as the employees, they acted like we bothered them when we asked questions and ordered. My boyfriend simply asked a delivery girl a question and she rudely dismissed him like she was bothered. No one was welcoming.

This place was not good. Maybe if you want something better than frozen. 1

Debbie's response, which comes from "Debbie G. Business Owner of Fresh Brothers Pizza," reads:

Hi Ray—I'm really sorry that you had this experience when you visited in March. We've made some changes in the store and I think the environment has really changed for the better. Would you consider trying us again? I'd like to send you a gift certificate so you can try us, on us! If you'd like to take me up on my offer, please send me an email with your mailing address and I'll send it out. Thank you.

Debbie@FreshBrothers.com ²

Perfect. She acknowledges the issues, apologizes, and provides a remedy. We'll evaluate how to respond to haters by channel in depth in chapters 6 and 7, but Debbie's reply here is a good template.

You may be thinking that this customer could just have been trying to scam Debbie out of a free meal, especially since it's obvious when looking at her replies on Yelp that she frequently offers gift certificates to unhappy patrons. We'll look at the dynamics and wisdom of that approach in chapter 5.

Regardless of whether she should be supplying hater aid in the form of gift certificates, the fact that Debbie is even publicly acknowledging and replying to complaints is unusual and commendable. As she says, "With the negative reviews, people still don't expect a response. Businesses haven't really caught on to the fact that you should be responding because we can, in a lot of cases, easily get these people back into a store, and hopefully get them to try our food again and rectify the situation."

One of the interesting elements of the Yelp platform is that it allows business owners like Debbie (or store managers, if she chose to delegate the task) to respond privately to Yelp reviewers. This is similar to Facebook's Messenger feature and Twitter's Direct Messages tool, all of which make public customer interactions behave more like private e-mail exchanges. (There are a lot of new and nuanced developments happening in this particular area, and we'll explore them in chapters 4 and 8). But Debbie rarely responds privately, even to haters, despite the fact that the technology to do so is at the ready. Why?

"The Yelp staff recommends that you contact complainers directly and not do it in a public way, which I think is really interesting and backward," Debbie observes. "To me, it just makes sense to do it publicly because I assume a Yelp review is actually a representation of the thoughts of many customers. So if they're commenting, then it's probably not just that one person who may have had that experience. So knowing that they're a one-voice representation of potentially many others, I think it is important to respond publicly."

Debbie also understands the spectator-sport nature of customer service, and that the onlookers are as important to satisfy as the haters. As she says, "Overall, I want people to know that, good or bad, we're listening and we care, and we're working on it. And we're the kind of people who are going to work really hard to get you back, to get you to come back and try us, on us."

A particularly unusual component of Fresh Brothers' approach to customer service is that Debbie also takes time to acknowledge and reward positive comments, not just negative feedback.

Here, Chris V. from Redondo Beach, California, publishes a five-star review for Fresh Brothers, with these comments:

Always GREAT pizza! The sauce is fantastic! Plenty of choices and for those who eat gluten free and/or vegan you can have great options as well! You will not be disappointed. $\frac{3}{2}$

To which Debbie replies:

Hi Chris! Thank you for your kind words about Fresh Brothers. I'm so glad you enjoy the food. Please send me your mailing address so I can send you a thank you from the Fresh Family. All my best—Debbie@FreshBrothers.com ⁴

Fresh Brothers' approach to hugging their haters is a terrific example for small- and medium-sized regional businesses. But large, global companies can (and are) embracing customer service as a competitive advantage as well.

How KLM Royal Dutch Airlines Hugs Their Haters

If there is one company in the world that epitomizes the philosophy and lessons of *Hug Your Haters*, it's KLM, the official national airline of the Netherlands.

Compared to airlines in the United States, KLM's home market is quite small, with a population of approximately 16 million people living in the country. Consequently, KLM's primary business model is to transport as many people as possible from one part of the world to another part of the world. A major reason KLM has been able to succeed in that endeavor is that they differentiate their brand with customer service.

According to Karlijn Vogel-Meijer, global director of social media at KLM, "We believe that service is the basis of everything we do on social media, and that providing excellent customer service, that is the basis of everything we do."

In social media alone (not counting telephone and e-mail support), as of this writing, KLM has 150 employees answering questions and addressing complaints twenty-four hours a day, seven days a week, in fourteen languages. They are hugging haters in Dutch, of course, and also in English, Japanese, German, and even Turkish. They leave no interaction unanswered, and even provide a response time estimate at the top of their Facebook and Twitter pages, updated every five minutes. So if you want to ask a question of KLM, or sound off to them on Twitter, a quick glance at twitter.com/klm shows that you can expect a response within thirty-three minutes (at the exact moment I wrote this sentence).



How's that for accountability and setting expectations for customers? But KLM's journey to being a fully formed customer service powerhouse was triggered not by a strategic planning session or executive decree but by a volcano.

In 2010, a massive eruption of the Eyjafjallajökull volcano in Iceland caused the cancellation of 107,000 flights over an eight-day period, impacting the travel plans of approximately 10 million passengers. ⁵

As Vogel-Meijer recalls, it was chaos at KLM. "We had thousands of our customers trying to reach us, all at once. Obviously, back then, they first turned to e-mail, and phone. But then they turned to social media. We had a social media presence at the time, just like a lot of other brands, but we were just trying to figure out what to do with Facebook, and with Twitter. We just posted some nice stuff and that was mainly it. Suddenly, there was a flood of questions coming in from people asking us, 'I need to go to my wedding. How do I get to my wedding? I'm not able to get out of the Netherlands. I'm not able to get out of wherever. ""

One decision changed the short-term nature of how KLM dealt with their volcano-impacted customers, and this decision ultimately altered the corporate culture and fundamental DNA of the company. Vogel-Meijer remembers it clearly: "There was this specific moment where an employee went into the office of our vice president of e-commerce at the time and said, 'Listen, we can either pretend the questions are not there or we can start answering. But be aware, if we start, there won't be any way back.' And our vice president said, 'Answer them all. '"

Because planes were grounded, many KLM team members were sitting around the airline's home base at Schiphol airport in Amsterdam, with little to do but talk about airborne ash. So once the decision was made to engage every customer and answer every question and complaint, it was an all-hands-on-deck scenario.

"There were hundreds of people from all over KLM at tables with their laptops, answering questions from customers, and that was the start of our social media service program," Vogel-Meijer recalls.

KLM didn't stop responding to their customers once this particular crisis ended. Rather, they've just codified and expanded their service. And how could they stop, even if they wanted to do so? You can't very well say to your customers, "Yeah, that amazing customer service we provided on Facebook and Twitter? That was just a volcano special!"

They never stopped, and neither will you. Because once you start hugging your haters and embracing complaints, you'll never want to let them go.

Answering every complaint and question, in every channel, every time, requires substantial effort and commitment. But there is a significant—and often transformative—business case for this method, beyond just the psychically satisfying notion of answering complaints because "it's the right thing to do."

Why Hugging Your Haters Makes Business Sense

Your business improves in four ways when you hug your haters: you turn bad news good; you create customer advocacy; you gather insights and intelligence; and you differentiate from your competition. How much each of the four benefits will impact you varies based on the type and size of your organization.

At its core, the most important reason to answer complaints and hug your haters is that it at least gives you a chance to recover and retain an unhappy customer. Too many businesses care too little about retention, placing much emphasis on outbound marketing and the attraction of new customers, with comparatively little attention paid to keeping the customers they've already paid to get.

You may have heard the saying "Advertising is a tax paid for being unremarkable." It's usually credited to Robert Stephens, the founder of the computer and electronics repair company Geek Squad (now part of Best Buy). A better and more accurate phrasing of that concept might be "Advertising is a tax paid when you're poor at retaining your current customers," and you can attribute that one to me. ⁶

As Janelle Barlow and Claus Moller wrote in their excellent book, A *Complaint Is a Gift:* "Many companies do not appreciate the real cost of losing customers. They can tell you exactly what they are doing to attract new customers and how much this costs them, but they may not have a clue as to how many customers they are losing, why they are being lost, or how much this costs them." $\frac{7}{2}$

This is remarkably shortsighted considering a 5 percent increase in customer retention can boost profits by 25 to 85 percent. 8

One of the benefits of having complainers is that they can be discovered and found. You don't have to hunt for them, or wonder whether you are targeting the right audiences or market segments or fret about buying ads on the optimal radio stations. They just raise their hands via phone, e-mail, social media, and beyond. Haters step into the light on their own, which makes interacting with and, hopefully, recovering them a straightforward exercise, compared with customer acquisition.

Hugging your haters gives you the chance to turn lemons into lemonade, morph bad news into good, and keep the customers you already have.

Dave Kerpen understands this dynamic, which is why he personally responds to every one-star review of his books on Amazon. He apologizes and offers to refund money spent, plus money for the pain and suffering of having read the book. He's had three people take him up on this offer, and he sent each of them a check. Many others have commented that they were impressed by the response, but didn't feel right taking Dave's money.

Beyond that, the impact of Dave's actions is powerful, because people reading reviews before purchasing a book see these exchanges in that crucial consideration period.

"There are many people who write on Amazon, 'Wow, I can't believe this guy did it. I'm definitely buying his book,'" says Kerpen. "It really works. Not because you're trying to trick people, but because you can demonstrate your authentic personality and show that you care."

The same offer holds for this book. If you leave a negative review of *Hug Your Haters* I'll find it and offer to refund your money.

This is in stark contrast to how British author Richard Brittain handled a highly critical, one-star review on Amazon of his book *The World Rose*. Brittain tracked down teenage reviewer Paige Rolland, traveled five hundred miles, and smashed her in the head with a wine bottle at the supermarket where she works, knocking her unconscious. ⁹

You certainly shouldn't "mug your haters," and the unexpected largesse exemplified by Kerpen (and definitely not Brittain)—even in the face of great negativity—is a shock to the system, believes Debbie Goldberg from Fresh Brothers Pizza. "It's the art of misdirection. Throwing a compliment at somebody in the middle of negativity turns the situation around, and brings the power back to you."

That power can save a customer. Similar to the impact Dave Kerpen has had on his one-star reviewers, Debbie's habit of sending gift certificates to unhappy patrons can completely change the attitude of a customer who would otherwise defect. "We get e-mails from people that say things like, 'Thank you so much for the gift certificate you sent. My food was late and you made it up to me, and now we're back,'" she says. "It happens all the time, and we know it works."

Chapters 6 and 7 include step-by-step processes for handling haters, organized by complaint channel, but regardless of circumstance or complaint type, the most important element in customer recovery is acknowledgment of the mistake, according to Scott Wise from Scotty's Brewhouse. "You can take some of the worst complaints and most unpleasant experiences, and you can make those people into your most raving fans if you handle it properly. And that just means acknowledging

them, acknowledging you've made a mistake, apologizing profusely, and making it right."

San Diego immigration attorney Jacob Sapochnick embraces a similar philosophy. In 2014, a client was extremely unhappy about how her initial inquiry was handled when she called the law offices, and subsequently left a pointed one-star review on Yelp. Sapochnick was alerted of the complaint by Yext (a software tool that organizes reviews) and immediately called the client, offering his services, normally priced at forty-five hundred dollars, at no charge. Fiercely protective of his previously spotless five-star average rating, Sapochnick never thought twice about making the expensive offer to try to recover the customer. She remained a client, and promptly wrote a very positive addendum to the initial review. ¹⁰

Not everyone can or should offer free products or services to unhappy customers, but the financial outcomes of doing so are often far more attractive than you might imagine.

For large businesses, the number of incoming complaints and questions may be daunting (more about hater volume in chapter 5), but you can listen and respond to all of your haters, if you choose to do so. In 2015, Andrew Turko wrote a long e-mail to Apple CEO Tim Cook, asking for clarification on several confusing elements of the planned launch of the ballyhooed Apple Watch. Unexpectedly, Turko received a personal telephone call from a member of the Apple executive team the following day, who had been asked to call him by Cook himself. This changed Turko's feelings about the launch considerably, and he posted his original e-mail and a summary of the telephone call on the popular MacRumors online forum. Apple's commitment to quickly answering complaints—even those sent to the chief executive—was widely applauded by forum participants. 11

We've seen how answering complaints can retain unhappy customers. But advanced practitioners of hater hugging can not only erase negativity but also convince previously irate patrons to spend extra time helping your business.

Erin Pepper is the director of marketing and guest relations at Le Pain Quotidien, a chain of bakery-cafés with more than 220 locations around the world. Erin reads every review and comment about every location, emailing them to individual store managers when relevant and necessary.

(She uses software from NewBrand to help organize this process.) Erin and the Le Pain Quotidien team are adept at finding kernels of insight inside customer reviews, but her program of turning haters into advocates is so brilliantly simple and effective that people who hear the idea often say, "Why didn't I think of that?" When Erin encounters very negative reviews on Yelp or similar sites, she apologizes and tries to recover the customer in the same way Scott Wise suggests, by acknowledging the problem publicly and owning it. But then Erin takes hugging your haters up a notch.

She says (typically through a private message) something along these lines: "You know, sir, you are a discerning patron. You noticed deficiencies in our business that, frankly, most customers never see. What we'd like to do with your permission, sir, is digitally load funds onto a LPQ gift card. And what we'd like you to do is, anytime you'd like, please go to a different Le Pain Quotidien location near you. After your visit, I would ask you to complete a short online survey, and send me an e-mail detailing your observations about how we're doing, because you see things other people don't."

This is so smart. This tactic turns hate into help, creating a nearly free volunteer customer experience department comprised of previously disappointed and vocal customers.

Benefit 2: Creating Customer Advocacy

The comprehensive consumer study I conducted for this book with Edison Research found that answering customer complaints increases customer advocacy, regardless of complaint channel or type. Conversely, not answering customer complaints decreases customer advocacy across the board. But what does that really mean, and why does it matter? It means that not only can you recover a customer, but hugging your haters can enhance short- and long-term affinity for your business, create expressions of public support, and yield real financial impacts along the way. In spawning positive word of mouth, a successful service recovery can have twenty times the impact of regular advertising. ¹²

It is a remarkable psychological phenomenon. When people have a problem and that problem is solved, they love you for it. It's the business

version of the axiom "The best measure of a man isn't when things are going well, but rather when things are going poorly."

This dynamic—the ability to actually create customer advocacy using complaints and problems as a springboard—has been documented for decades. In his book, *The Squeaky Wheel*, Guy Winch, PhD, recounts how in 1978, John Goodman and his fledgling company, the Technical Assistance Research Program (TARP), was tapped by the RAND Corporation to oversee studies on customer service in the U.S. government.

This and a second set of studies found that when complaints are handled to our satisfaction, we actually become more loyal than we were before we had the problem.

That loyalty produces not just happy, talkative customers but real revenue. You probably believe in your heart that customer satisfaction matters, but it matters in your wallet as well. Remarkable research from the Bain & Company management consulting firm found that in the U.S banking industry, customer advocates are each worth ninety-five hundred dollars more than detractors. ¹⁴

And this impact isn't solely limited to restaurant patrons and retail banking customers. Spiceworks is a large website where software and hardware companies interact with their customers through ratings, reviews, and robust discussion forums. Tabrez Syed, vice president of community products for Spiceworks, says that businesses that consistently interact and answer questions and complaints create vocal fans. "When you've historically done a good job of showing up and being part of the community, your advocates will show up for you," he says.

Syed provides an example of how advocates speak out on behalf of companies participating in this business-to-business (B2B) platform. "There might be a question in the Spiceworks community about Unitrends [an enterprise data backup company]. Somebody will come and ask a question and then one of the people in the community who sees it might write, 'I've just pinged Katie from Unitrends. She'll be here to answer the question. I think they're a great product. This is how I use them.' If you have a good reputation, especially if the person who represents your company on Spiceworks has a good reputation, advocates will show up and often

correspond on your behalf." The human and personal nature of how smart companies participate in Spiceworks is important, and is covered in depth in chapters 4 and 6.

One of the best-known examples of a business using customer service to create advocates is Zappos, the apparel retailer now owned by Amazon. Zappos is legendary for its commitment to customer experience, especially when consumers call the company with a question or problem.

Steve Curtin, customer service expert and author of *Delight Your Customers*, describes it this way: "Look at Tony Hsieh, Zappos's founder, who's quoted as saying, 'We don't look at customer service as an expense, we look at it as an extension of our marketing budget. We've created this legion of promoters, which saves us dollars in terms of having to market to people because we just let our delighted customers do it for us. "

To get that economic benefit for your business, however, you have to first solve the customer's underlying problem or at least his concerns. Only then will you see the financial boost of turning that hater into an advocate, which will accrue over time. This two-step process is subscribed to by Rahul Sachdev, founder of Get Satisfaction, a customer service community platform company now owned by Sprinklr. Sachdev says, "At Get Satisfaction, we actually believe that complaints and problems are a huge opportunity for brands to connect with those customers and market to them. But first, you've got to solve their problems before you can go and say, "Hey, buy more stuff from me." Before that, you've got to make them happy, because unhappy customers don't want to buy from you."

Especially in today's hyperconnected, social media—fueled world, that process of making the customer happy and then successfully creating an economic impact can occur with breathtaking speed.

Discover Financial Services participated in a remarkable exchange on their Twitter feed in March 2013 that epitomizes this nimbleness. Rob Speciale (@RobSpeciale) from Austin, Texas, sent a tweet that read:

Haven't checked my mail in a few days, and there are 3 offers for the @Discover card. Persistence, or lack of coordination? $\frac{15}{15}$

Within nine minutes, Discover responded with a tweet of its own:

@RobSpeciale We must be excited to have you apply! DM w/ your full name & full address if you would like the mailings to stop. *Amy $\frac{16}{10}$

Just four more minutes passed before Speciale replied with the following:

@Discover kudos for the prompt response time! Ok, I'll bite, mostly because of your response Amy. #Greatservice ¹⁷

In thirteen minutes flat, and with one well-timed tweet, Discover turned a hater into a new customer.

Response time matters when you're answering customer complaints, and the research conducted for this book shows that consumers' expectations of how quickly businesses should respond are growing, especially in social media. Even for individuals and microbusinesses, a near-instantaneous reaction can win the day.

In 2009, Peter Shankman, author of *Zombie Loyalists*, consultant, and then-owner of Help a Reporter Out (HARO), held a conference call for about seven hundred people, each of whom was paying fifty dollars to listen. The subject was how best to pitch the media, and speakers included reporters from the *Wall Street Journal*, *New York Times*, and *Los Angeles Times*. The call experienced massive technical difficulties, with ten scratchy minutes of conversation followed by fifty minutes of static. Attendees were understandably irate, and immediately took to social media to express their displeasure.

Shankman knew he had a responsibility to make the situation right—and that he had a narrow window of opportunity to satisfy his customers. Within minutes, he posted this statement to his blog, and distributed a link to it to attendees via e-mail and Twitter:

RESPONSE FROM PETER SHANKMAN AND HARO REGARDING TODAY'S CONFERENCE CALL

First things first:

Today's HARO "How to Pitch Business Reporters" will be rescheduled for tomorrow, Thursday, February 19th at 2pm EST.

Now then:

To my esteemed panelists, and to all the audience members listening in: I'm truly sorry. While the problem was caused by technical issues, the fact is, I organized the call, I promoted it, my panel convened at my request, and the audience paid for it on my recommendation. As such, I accept full responsibility for today's SNAFU, regardless of what caused it.

We don't know exactly what happened. What I do know is that I've used Conference Call University for our previous two calls, without any problems at all. We've never had so much as a blip of trouble on either of the previous calls, and had no reason to expect any different. Obviously, that's not what happened today.

I truly apologize to each and every one of you, and I vow to make this right.

Tomorrow's conference call will take place at 2pm EST, just like today's did. CCU will be responsible for giving out the conference call dial-in number for the audience members. For the panel members, I will call each of you personally an hour before the call and give you the dial-in numbers.

One final time: I'm truly sorry. For those who can't make the call tomorrow, I will personally send you an mp3 audio file of the call the second it finishes saving.

Thank you all for your understanding. If I can answer any further questions, you know I'm available to you via email peter@shankman.com, via twitter @petershankman, or via a cup of coffee if we're in the same city.

—Peter Shankman

Within two minutes, comments starting appearing on the blog and on Twitter, and almost all of them were positive, such as:

Thank you, Peter. This is a stellar example of how to react when everything hits the fan, even when it was clearly beyond your control. I

continue to have the utmost respect for you and am looking forward to trying the call again tomorrow!

Best, Kary ¹⁸

Benefit 3: Gathering Insights and Intelligence

Answering customer complaints can recover customers and cause them to rush to your defense and actually spend more money with you over time. But one of the least-discussed benefits of hugging your haters and paying attention to customer feedback is the potential to glean insights about your business that can improve your operations and processes. After all, very few people complain without a reason to do so. Are you listening—really listening—to each of them?

It's important to recognize that haters actually take time to let you know what they think, giving you an opportunity to take action that not only could potentially mollify them but also could fix the underlying cause of the problem, eliminating complaints from the next batch of customers. Haters are the canaries in the coal mine. They are the early warning detection system for your business.

Remember, haters are not the problem. . . . Ignoring them is.

The real problem for your business is the people who have a poor experience but are not passionate enough about you and your company to take the time to say something about it in a form or fashion that you can find and act upon. They are the "meh" in the middle, and they are what kills businesses.

Renowned digital marketer, technology investor, and author of *Jab*, *Jab*, *Jab*, *Right Hook*, Gary Vaynerchuk has a blustery style that draws complaints from people who do not like his approach. But that's the group to which he pays the most attention historically. "I'm a big fan of people who are publicly negative about you, because the 'invisible negative' crew is the thing I'm most scared about," he says.

Dan Gingiss, formerly of Discover, concurs. "I would say don't be afraid of complaints. The fact that your customer is taking time out of their day to give you feedback means that they care. That should be appreciated.

If somebody didn't care, then they would not necessarily feel the need to complain. They just go to your competitor."

I love the way Richard Binhammer looks at this dynamic. Binhammer is a business consultant and adviser who helped lead Dell's foray into social media customer service. He says, "Think about when you unfriend someone on Facebook. You don't reach out to tell them, 'Hey, screwball, I'm unfriending you because you're an idiot.' People just go and unfriend people. If they really care they'll call you out and talk about it before they give up on you. Customer service is the last call before you lose them. So don't assume just because they said they hate you that they actually hate you. They are telling you that they're upset with you and they do still kind of love you, otherwise they wouldn't be taking the time to ask for help."

Despite being sometimes painful to address, complaints and haters are very much the mathematical minority, increasing their value to your business. Indeed, the "meh" in the middle that doesn't care enough to log a complaint is a much, much larger group of dissatisfied customers. This has always been the case.

John Goodman's research at TARP on behalf of RAND began in the 1970s. In addition to discovering the customer advocacy impact of hugging your haters discussed above, he also found that 95 percent of disgruntled customers never complain to the entity responsible for their dissatisfaction.

That 5 percent of your unhappy customers who do care enough to complain give you a road map for how to fix whatever ails your business. Because while the people who take the time to complain are a small percentage of your overall customer base, the conditions of their dissatisfaction apply to all customers. In this way, the haters are the vocal representatives of everyone your company serves.

"Last summer, we had an instance where we were getting a lot of complaints about our lemonade. People were saying that it tasted different than the year before, and that it was tart and sour. We noticed these complaints, and went back to our chefs, and they actually realized that the recipe wasn't being batched correctly in many locations. So they fixed it, and after that, we didn't receive any more complaints," recalls Erin Pepper from Le Pain Quotidien.

It was the handful of haters who took the time to complain that enabled Erin to find the problem and fix it. This fix then benefited not just the haters themselves but the silent majority who didn't like the lemonade but remained silent.

When you're able to analyze and act to improve your operations, complaints become not something annoying that have to be "dealt with" but rather massively valuable, free information that can be a catalyst for excellence. Rather than trying to reduce the number of complaints and eliminate haters, you should instead encourage complaints and make customer feedback mechanisms as plentiful and simple as possible.

The operations improvements that are bred in the petri dish of negativity also create other business benefits that impact the bottom line. This service multiplier effect can be massive in large companies that understand the relationship between complaints, insight gleaning, customer service, and subsequent customer experience tweaks.

Frank Eliason understands how this works, and has captained these programs for very large companies that attract a high volume of customer feedback, including the television and Internet access company Comcast, and Citi, where he served as the global director of the customer experience team. Eliason is also the author of the excellent book @ Your Service.

"The best dollars and cents come when you start to make process improvements based on feedback. It's harder to do with calls, and easier to analyze online. You can start to understand where your frustration points are and fix those. Each of those has a monetary value to them," he says.

Kristen Kavalier, vice president of customer relations at NewBrand, the software tool employed by Le Pain Quotidien to find, analyze, sift, sort, and respond to customers across many online platforms, explains how this works: "To a certain extent we'll report on star ratings and rankings and averages, but mostly we throw them away in our analysis and actually look at the content itself. What was the actual verbatim commentary and how can we break that down, categorize it, and score it in a way that we can create structure and meaning and intelligence from it? How can we can aggregate it all, and provide our customer with something really actionable? We want to create some intelligence from all the noise that's out there."

Square Cow Movers is a small, family-owned moving company based in central Texas with four locations. They handle long-distance and

commercial moves, but the company's core service is local residential moves, according to managing partner Wade Lombard.

As a small operator, haters hit Lombard hard. The tendency is to take complaints personally because he and his immediate family are so intertwined in the business. It's their life and their livelihood. Lombard compares the emotional ties he has to his business to what he feels about his children. "I can go to my son's baseball game, and he can hit a home run, and I will feel like, man, that is my DNA, that is my offspring, I'm the best dad ever," he says. "And the very next day—this hasn't happened but it could—I can get a call from the principal who says, 'Hey, your son's in the office for disciplinary reasons,' and I'm so disappointed in whatever action he took to land there. And it's similar with business. One day I can feel so proud of what we've been able to build and what we've been able to do. And the next day, one of our guys can do something silly, or a client can call and they can have a legitimate complaint. And I will be so down in the dumps, my emotional spectrum will just plummet. And so I think for responding to complaints the key is to try to take the emotion out of it and say to yourself, 'What can I learn from this? "

There are lots of details in the moving business, and much back-andforth with customers, who are already on edge due to the stresses inherent in any move. Square Cow Movers wasn't handling those communication details well, a fact Lombard discovered by paying attention to complaints.

"What we found in the reviews was that most of the issues people had with us were when people were unaware of what time we were going to get there, or they were unaware of certain rules or regulations related to moving. And so what we started to do is pick up on patterns. We found these patterns of misunderstandings, and said to ourselves, 'Okay, because this is a pattern, obviously we're not doing our part to communicate properly,'" he says.

Lombard and his team changed company policy and procedure as a result, adopting a policy known as "Overcommunication is a myth." Today, the company goes out of its way to inform and educate customers multiple times throughout the moving process, and negative feedback based on misunderstandings has subsequently plummeted.

Benefit 4: Differentiate from Your Competition

So few companies hug their haters today that those that make this commitment are almost automatically differentiated and noteworthy when compared to their competitors.

Customer service and customer experience matter. And they're going to matter even more in the future. The world is inextricably linked now, by transportation and technology that was unthinkable twenty years ago. This global interconnectivity mutes the advantages of price and location that businesses formerly used to create market inefficiencies and gain a disproportionate share of customers.

There are more than a dozen banks in Bloomington, Indiana, the modest-sized college town where I live. All of them offer almost precisely the same core services, at fees that are not appreciably different from one another. From the perspectives of product and price, they are nearly indistinguishable. There are even more pizza places nearby, and they all offer roughly the same thing at the same cost, partially because they are buying ingredients at the same price from the same global suppliers, and are tapping into the same labor pool, where what you pay a college student to make pizzas is essentially the same for each restaurant. Likewise, my accountant and your accountant and my barber and your barber are doing almost the exact same things for approximately the same fees.

In today's world, meaningful differences between businesses are rarely rooted in price or product, but instead in customer experience. How does each provider make you feel when you interact with them? It is in the provision of standout, noticeable customer experience (the real-world embodiment of the brand promise) where great companies shine and mediocre companies shrink.

Why do I always order from the same pizza place in Bloomington? Because I live on the outskirts of town, and they cheerfully deliver to my house. Most of the other pizza places give me the terse "outside our service territory" story and refuse to bring me pizza.

The winning companies of tomorrow will be those that make their customers feel the best, even if those customers are paying more for the privilege. This isn't just a circumstance that's true in consumer products, travel, and hospitality either.

The customer intelligence consultancy Walker released a research report that stated that in business-to-business scenarios, customer experience will be more important than price by 2020. ²⁰

"The B-to-B companies that will win are beginning to prepare now by recognizing the shift that's taking place, aligning the right resources, and focusing on the right metrics. Enlightened companies must view the customer experience as a strategic initiative. And, in the future, the responsibility of a 'chief customer champion' will become more common, serving one purpose—to create an unrelenting focus on the customer," states the report. ²¹

John DiJulius, a well-known customer service consultant and adviser and author of *The Customer Service Revolution*, describes this differentiating factor as "outloving your competition." As he writes in his book, "'Outlove your competition' is one of my favorite sayings. Think about it. Nearly everything can be copied: the products or services that you sell, your decor, website functionality, menu, and prices. Can you really outwork your competition? Outthink them? Maybe not, but the one way you can get a distinct competitive advantage is by outloving the businesses you compete against. The only way to do that is to stop the typical squawking that goes on about how difficult customers can be, and just start appreciating them." ²²

Realize, however, that to truly differentiate your business with customer experience, you have to clearly outpace your competition in this regard. Making a commitment to "be better at customer service" isn't going to get the job done. Instead, as Walker suggests, you need to "create an unrelenting focus on the customer." There are many elements of a comprehensive customer experience program, and discussing all of them falls outside the scope of this book. But the first step in differentiating your business with customer experience should be to be demonstrably better than each of your competitors in how you embrace complaints. Start there, and if you can successfully hug your haters, you'll be on your way to a full-scale customer experience advantage that can literally be the difference between your business's flourishing in five years, when price and location are no longer deciding factors, and not existing at all.

Companies like KLM, Fresh Brothers Pizza, Le Pain Quotidien, Discover, and many more you'll meet in these pages are committed to not just answering the phone or replying to tweets, but rather to fundamentally refining the customer experience and customer service expectations in their category of business. And you can make the same commitment. Visit HugYourHaters.com to learn more about workshops, training, webinars, and participating in the Hug Your Haters community.

As Dan Gingiss says, "We firmly believe that customer service is the new marketing. Discover put its flag down on customer service since it started in the eighties. Discover was the first credit card company with 24/7 service. It pays attention to service and it's good at it. It talks about it on TV—the last two main television campaigns have been about service. And to me a complaint online is an opportunity for us to show off amazing customer service in a public setting that can't be done on TV and can't be done in any other channel. If somebody is having an issue with their product or their card that I know can be fixed, to me it's an opportunity."



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