ROI From Customer Service Training

by Jared Grafman

Investing in customer service training is one of the best ways to increase customer retention. And, loyal customers generate more revenue than new shoppers.

That's what recent research suggests: It's less expensive to keep a customer than court one, and loyal customers are willing to spend more with businesses, but almost 90 percent of customers will turn to a business's competitors after enduring a bad experience.

Why is customer retention more important than attracting new customers?

Simple: The return on investment is enormous. Returning customers spend nearly 5 times with a company compared to new customers, and it costs significantly more to acquire customers than it does to retain them. The cost of acquisition can range anywhere from 3 to 30 times more than the cost to keep a customer, according to a Chartered Institute of Marketing report. But an Adobe Digital Systems study from 2012 found that, "marketers in the United States and Europe must bring in 5 and 7 shoppers, respectively, to equal the revenue of 1 repeat purchaser."

Repeat and returning customers, combined, made up only 8 percent of the customers in the Adobe study. But those familiar customers accounted for 41 percent of generated revenue, and also spent more with the businesses during the holiday season than new customers. The Adobe research found that customer retention is a much more profitable business strategy than customer acquisition.

Why do customers stick with a company, and what makes them leave?

One of the best ways to increase customer retention is to invest in customer service training.

Nearly three out of four customers stay with a business because of good service, according to an Oracle Corporation report, and more than half stick around because they've had easy times finding answers and help with customer service representatives.

73 percent of customers remain loyal because of friendly employees or customer service representatives, according to [the Oracle Corporation 2011 Customer Experience Impact Report.](#) 86 percent of consumers would even pay more, for a better customer experience.

However, most customers will take their business elsewhere after an unpleasant experience. According to the report, 89 percent of consumers began doing business with a competitor following a poor customer experience. "For consumer organizations today, good customer experience is a competitive imperative," according to the report. "Understanding what customers want is the first step in creating exceptional experiences."

What are common customer service mistakes and how can they be fixed?

Unknowledgeable employees and rudeness are typical customer service mistakes, according to [a Houston Chronicle Small Business article by Kristie Lorette](#) as well as hard-to-reach representatives and leaving a customer with unresolved product issues.

When placing employees in positions where they are responsible for customer service, make sure the employees have ample training to help provide them with as much knowledge as possible about the business and its products and services," Lorette writes. "If your business hours are set and on the door, make sure that you stick to the hours by opening and closing on time."

With customer retention 5 times more profitable than customer acquisition, and 3 out of 4 customers returning because of good customer service representatives, customer service and communication training programs are guaranteed to yield high returns on investment.

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Sources:

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