

pr reporter

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SPENDING TO KEEP CUSTOMERS MAKES SENSE RIGHT ON THE BOTTOM LINE; THIS MEANS BUILDING RELATIONSHIPS INSTEAD OF JUST HARD SELLING

If 1 customer is lost daily who spends \$5 per week, a company would lose about \$94,900 annually, says Customer Service Institute (Silver Spring, Md.). It costs 5 times as much to attract new customers as to keep existing ones. This is where public relations can make its biggest impact on sales.

Customer Satisfaction Is the acknowledged key, a technique practitioners can bring to organizations. One effective way is to have sr. mgmt define what they feel it is. Then ask each dep't as a group to define it. Then survey customers to see if the definitions mesh. Resulting sensitivity leads to programs to deliver customer satisfaction. There are many to choose from. One cardinal rule enlivens each:

To achieve customer satisfaction means attaining employee satisfaction. Dissatisfied workers simply cannot satisfy customers for long.

Quality Circles Used by many org'ns (service/retail, hospitals, banking, insurance, et al). Beneficially involves employees when tangible results are tracked. "One organization did a survey of key customers, asking if they had noticed a difference in service. Of those that said yes, 58% said improved customer service (continued on pg 2)

HOW MUCH MORE DOES IT COST TO CREATE A NEW CUSTOMER COMPARED TO KEEPING AN EXISTING ONE?

Some facts from the classic study by Technical Assistance Research Programs for the White House Office on Consumer Affairs:

¶Only 4 of 100 dissatisfied customers will complain.

¶For every complainer there are 24 with the same complaint who never say anything.

¶13% of dissatisfied customers will tell 20 people about it.

¶90% of unsatisfied customers do not repurchase from the offending company, compared to 54-70% who remain loyal when complaints are satisfactorily handled.

¶Complainers are more likely than non-complainers to do business with the organization again.

Gallop poll of senior execs at 615 companies ranked service quality as first of 8 factors in corporate success (by more than 48%).



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had led to more sales," explains Jeff Dewar in Quality Circle Institute's newsletter, The Facilitator (Red Bluff, Calif.). Increased comms between dep'ts is another result that is measurable.

Latest Techniques Total quality control (TQC) is a shared responsibility where everyone helps maintain the quality of the processes & products for which they are responsible. Quality function deployment (QFD) is an integral part of the planning process. "Why the product or service is being developed, how it will be produced, what materials will be needed, what significant issues should be anticipated, how it will be marketed, distributed & serviced are determined before the product or service is delivered. And these issues are not overlooked during the development phases," explains John Newcomb, quality/productivity consultant (Swampscott, Mass.).

"Voice Of The Customer" QFD develops a comms network so the customer is heard. Newcomb gives this example: "When auto manufacturers in the US want to introduce a new product or product line they place their cars in busy locations such as airports & shopping centers. The cars are protected from the public by ropes & secured with locks & alarms. In Japan, the auto manufacturers also place their products in busy places but they are not locked or separated from the public. Management & workers from the auto manufacturer place themselves nearby. They are dressed in clothing that does not distinguish them in any way. They record both good & bad comments & conversations about the product. This becomes a source of intelligence which is developed into data that are used in the decisionmaking process about this & all subsequent products."

"In Japanese companies the "Customer's Voice" provides the impetus for all of the activities of the organization. In the US, it is the manager's voice, the engineer's voice or the financial planner's voice that is often the driving force."

Advantages Of QFD Once employees are trained & new tools introduced, benefits include: 1) It's forever. 2) The product & its utility are determined by customer requirements. These points are not lost or misinterpreted during the development process. 3) Marketing strategies, USP are clearly understood thruout the development process. The market is well defined. 4) Everything needed to ensure the appropriate output is understood, from concept to customer. 5) Engineering & other changes are minimized due to systemic planning & execution. Customers' needs are met.

"The continued existence of business depends on the day-to-day mobilization of every ounce of intelligence. New relationships with direct & indirect labor groups, labor unions, suppliers, customers, the public & even with competitors must be developed by those in positions of responsibility. Arms-length relationships are not sufficient; partnerships are required." -- Newcomb quoting Mr. Matsushita, chrm, Matsushita Group

"There are a small number of org'ns who practice QFD & fewer who teach it in the US. We believe it is only a matter of time when it will be practiced extensively." Results are startling. Toyota Autobody has reduced start-up cost of new products by 61%.

Managing For Quality QFD is most effective when its objectives match the long & short range objectives of the org'n. "Guiding Principles must be developed & practiced by all to ensure that the objectives are met. When this is accomplished, good,

clear & recognizable next steps will move the org'n toward its objectives," says Newcomb. "Our ability to compete is dependent on the quality of our goods & serv-

ices. The quality of our goods & services is dependent on the quality of the leadership of the enterprise." Yet despite all the books, articles & mgmt rhetoric, N.American org'ns are slow to adopt these methods -- now so well proven in Europe & Asia. This is a leadership opportunity for public relations.

WHICH CUSTOMER SATISFACTION/QUALITY CONTROL MODEL FITS YOUR ORGANIZATION?

1. Classical Quality Control. Takes place after production of product or rendering of service. Depends on specifications, standardized processes. Workers trained to do only as told ("leave brains at home"). Byword is quantity. Minimal customer recognition. Quality depends on inspectors who only have to know whether to accept, reject, repair or scrap. More rejections means add more inspectors.

Little or no focus on customer satisfaction.

2. Total Quality Control. Takes place during production allowing correction, adjustment, in-process inspection. Requires mgmt support and commitment, job training. "Customer" becomes more than the end-user; it's whoever represents the next step in the process, i.e. the CEO's "customers" are the vp's, the supervisor's "customers" are those in the dep't, etc. Responsibility for quality is shared by all; requires teambuilding.

Improved customer satisfaction.

3. Quality Function Deployment. Quality becomes part of planning process before product manufacture or service delivery. Customer desires, as seen in market & other trends, drives design -- rather than engineering or finance. Key is planning, anticipating. Mgmt must create shared vision of future with short & long-term goals. Individuals align personal goals with org'l objectives resulting in innovation, creativity.

New customer sensitivity.

ETHICS IN RESEARCH & PROMOTION
DAMAGED BY DRUG COMPANIES

More organizations are turning to research to find out how customers are thinking or behaving. The highly scientific work is being done with responsible handling & use of results, sometimes this is not the case -- and that makes it harder for credible research to be accepted.

"Four out of five doctors recommend..." says the tv ad. But how the drug companies arrive at that descriptive statistic is questionable.

Dr. Peter Gott, newspaper medical columnist, recently blew the whistle on the "research" that obtains such statistics. He reports that physicians are sent checks in the mail, with questionnaires printed on the back. Ostensibly this is to pay for the time it takes to answer the questions. In order to cash these \$1 or \$2 gifts, the survey must be completed. Questions range from how many times the physician recommends a particular medication, to the difficulty they feel patients have with high drug prices, etc.

Results from this highly skewed, self-selected sampling are then manipulated. The next time we all see it is as "four out of five..." on our tv.

"In my own opinion", says Gott, "drug companies find out what medicine we're using and then fit the data to their own nefarious purposes. I wouldn't be suprised to discover that, in reality, four of five doctors recommend everything. The fifth doctor, a pathologist or psychiatrist, probably doesn't recommend anything." (Write pr for copy of column.)

ITEMS OF INTEREST TO PRACTITIONERS

Body Of Knowledge report now available. PRSA Task Force of 20 leading practitioners & educators has produced report listing books, articles considered most important to field. Published in Spring issue of Public Relations Review. (To order: Communication Research Associates, 10606 Mantz Rd, Silver Spring, Maryland 20903; 301/445-3230; \$14)

New awards program for corporate speakers programs announced by Nat'l Ass'n for Corp Speaker Activities. Org'n provides networking, training, development for speech-writers & speakers. (Info from NACSA, 1315 Talbott Tower, Dayton, Ohio 45402; 513/222-52045)

A lesson in getting audiences to participate may be the lasting contribution of preacher presidential candidates. Jesse Jackson reminds us how completely traditional black ministers involve their congregations -- with clapping, bodies swaying in unison, chanted responses. Most preachers & speakers talk at their audiences. In the '88 race this stylistic difference is evident between Jackson, and to some extent Pat Robertson, and their opponents. Televangelists like Robertson have picked up the emotional cadences, repetition, voice dynamics, pauses. If Mike Dukakis & George Bush would emulate even a few oratorical techniques, the long campaign would be less daunting. So would most CEO speeches.

Wonderful anti-number crunching quote from Tom Peters' new book, Thriving on Chaos. He reports Apple Computer CEO John Scully saying, "No great marketing decisions have ever been made on quantitative data." Market research has its place, notes Peters, but is no substitute for listening directly to customers -- and training everyone in the organization to do so, then make it easy for them to report what they hear.

2 more new psychographic categories have been launched. Candidates now pursue "new collar" votes -- sons & daughters of blue-collar parents who have moved up beyond their parents but haven't gone all the way. Drive campers instead of foreign sedans, prefer time for themselves to overtime, reports San Francisco Chronicle. Buzzword in real estate is "meritocracy" -- affluent folks who aren't quite "rich" but are above the middle class. Mostly entrepreneurs, professionals, executives. Mostly 55 to 70 years old, want to enjoy life equal to their material success while they can. In sky-high Calif. real estate market, they buy houses in \$500,000-\$2,000,000 range, says marketing communications firm Bryan Hardwick Assoc. (Palos Verdes). (See pr 3/21.)

Does it add punch to make publicly visible an internal relations campaign? At Dallas-Ft. Worth Airport -- good old DFW -- American Airlines has this slogan in large bold letters on the side of the terminal facing the aircraft: "Cooperation, Communication, Mutual Respect, Trust -- Working Together Towards Excellence." It is clearly visible to passengers on AA's flights, and on competitors' planes who pass AA's terminal.