

LIBEY ON STRATEGY

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Welcome to the second issue of Libey On Strategy, a monthly e-newsletter written by Don Libey, published and distributed by MeritDirect as a service for its clients. Each issue will explore a strategic element of the direct marketing future and its influence on your profitability and corporate valuation. Libey On Strategy is a new publication in addition to Libey's Multichannel Advisor, also published and distributed by MeritDirect.

The New Customer Dissatisfaction Strategy

I am, as the British say, gob-smacked by the realization that negative customer satisfaction—serial dissatisfaction—has become the strategy of choice.

This strategic Dante-ism descended upon my consciousness when I read of the new credit card rules effective February 22, 2010. It appears banks now have even more ways to nickel-and-dime customers thanks to the largess of our eternally corrupt Congress. Here, on the financial industry's Third Ring of Hell, there is now the fee for not using the credit card. For some that do use their cards, the interest rates can range somewhere north of 30 percent. In effect, the banking industry is telling its best credit risks, "Use it or pay for it and when you do we are *really* going to hose you." Behind the scenes, of course, the banking industry is doing its level best to enrich itself while raping and pillaging its struggling customer base.

Vigorously supporting this new and growing upside-down strategy of negative customer exploitation is, of course, the airline industry. Charges are made for everything that can be invented while delivery and satisfaction of the purchased product continues to decline. The airline model is zero utility, zero satisfaction, zero quality, zero return on investment, zero loyalty, zero efficiency, and zero scalability. Now, it is time for this sadly broken industry to also rape and pillage its customers in the hope of beating them into financial submission in order to cure its own misconceived financial model.

The health insurance industry cancels insured sick people and when healthy people subsequently leave because it costs too much, they whine that they are going broke because all they have is sick people left and they bleat and plead for health care reform. This, of course, while they use billions of profits to lobby *against* any form of health care reform. It is ever so clear that what they *do* care about is not you, the insured customer. That is manifestly evident by the refusal to cover some routine costs upon submission, requiring re-submission and justification over and over until you, their beloved customer, finally gives up and pays for it yourself. Yes, it's all becoming Dante-esque. It no longer makes sense; the center will not hold; ragged claws scuttling across the floor of oceans.

Not to be outdone, the cellular phone industry has fed off its customers and found a treasure trove of charges and rules that make it a festival for dissatisfied subscribers. If there can be negative incentives for every customer, it will be found in the small print of any Verizon or AT&T contract. The fine print strategy is clear: “Sign up and be screwed with nowhere to turn. In fact, we’re going to penalize you a bunch of money if you want to ever leave.”

And, the poster-children of negative customer satisfaction are the cable TV industry. Now, they have lock-step raised the rates to over \$100 a month to send down their pipelines an unmitigated load of garbage content that dares the subscriber to even attempt to justify the expense. I mean, channels with “Bonanza” and “Little House on the Prairie” and totally inane reality programs like “Keeping Up With the Kardashians” and “Desperate Housewives From Anywhere.” Somewhere, someone is paying the cable companies to run these ancient and irrelevant programs and the cable companies are actually charging the subscribers for this and many other inanities of an intellectually bankrupt culture. Who, in their right mind, pays for this stuff? What does that say about the customer-supplier relationship?

And, if further evidence of a conscious strategic decision to “take the money and run with no regard for anything except our own pockets” we have only to look at the impoverished and satisfaction-less pile called Congress. Here is the epitome of totally dysfunctional customer satisfaction.

Is it possible that the U.S. commercial and political wizards have decided that browbeating already angry, dissatisfied customers into paying more for less (in every regard) is a sound strategy for growth? If you look at the growing evidence, it is clear that this is exactly what is happening. The wizards—the financial and political people at the top—are actually Gordon Gekko and they really don’t give a toss about you the “little people” who buy their products or are governed by their actions. To all of them, “Greed is good.”

But Then There is Us

Over my many years in this direct marketing business, I have always been particularly proud that our strategy of astonishingly good customer satisfaction and service is what got us where we are. Products are products. Prices are prices. Creative is creative. But the humanity of good satisfaction and service is amorphous, ethereal and indefinable. You know when it happens, and you *love* it. And when you love it, you come back for more.

Regard for and honor of the customers’ *custom* (a quaint British term with a basis of responsibility and appreciation behind its history, as in “Thank you for your custom.”) is a business basic that must be reborn if we are to be differentiated in the minds of our customers. There *has* to be some human reason for people to give you their custom. It cannot be simply a good catalog or a good website; technology will not displace a genuine caring about another person. The appeal to humanity in direct marketing transactions will become more and more important as the excoriating insults from the

day-to-day strategy of dissatisfaction by Big Commerce pile up and create anger, deflation and depression in the legions of customers who have become numb, disloyal and migratory.

If you want new customers; if you want to keep old customers; and if you want to bring back customers who have left you, there is but one way to achieve those business-sustaining goals: treat them kindly, well and with respect, especially for their intelligence.

The Contrarian Strategy of Satisfaction and Honor

For just a day or two, forget technology, forget SEO, forget social media. For just a day or two, forget products, prices and imports. For just a day or two, forget systems, fulfillment, and finance.

For a day or two, focus totally on *customer satisfaction*. Find out how you measure that and how you define what goes into satisfaction. Ask your employees about satisfaction; ask your call-center staff; your warehouse staff; your senior and middle managers. For just two days out of the year, explore how you *could* differentiate your business with extraordinary customer satisfaction strategies and tactics, perhaps strategies and tactics you don't presently have or do well. Open your minds. Harvest one-hundred ideas from one-hundred employees, and seriously consider every one of those ideas. Host a "Customer Satisfaction Lunch" and get people thinking and talking. You have little to lose and the entire world of customer loyalty to gain.

Strategically, you may choose channel dominance, price, or customer satisfaction. It's down to those three in the world of today. You cannot win the channel dominance strategy. You cannot *ever* win the price strategy. The only one you *can* win is the strategy of customer satisfaction.

You see, what all of the techno-pundits and all of the Gordon Gekkos and all of the financial *wunderkinds* have failed to understand is that *people buy from people they like*.

Go against the tide of pettiness, greed and lack of care for the humanity of business. Go against the tide of forced anger and short-sighted ends. Go against the tide of no respect for the intelligence of the customer or for the honor of their custom. Go against the tide.

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