

RESEARCH REPORT

The cost of saying 'No'

A Marchex Institute Report

When a customer calls your business, the last thing they want to hear from your representative is 'No.' And it's likely the last thing you want to have to say, since this typically means the customer hangs up and goes elsewhere.

The Marchex Institute recently analyzed calls to nearly five thousand stores of seven auto services brands for a 30-day period to glean insights on the impact of turning down a customer.¹ They searched on several phrases indicating a negative response; however, only calls that ended with a negative outcome were included in the count of 'No' calls. If the agent gave a negative response, but offered an alternative option that was acceptable, that call was not included in the count of 'No' calls.

STUDY STATISTICS

>1.8M 7 Brands studied Calls analyzed 5,000

Stores

Financial impact of saying 'No'

At least \$110M lost annually by stores analyzed in this study.

That's 23k per store.

NOTE: The study does not include all calls to these locations so lost revenue may be much higher.



Saying 'No' impacts a business where it hurts the most—financially. In the study, the Marchex Institute found that stores lost, on average, nearly \$23 thousand each year, just from turning down customers. If a brands has 100 locations, that amounts to \$2.3 million lost annually. Overall, the stores in our study lost more than \$110 million each year.

And while the one-time impact of turning down a customer is the value of the lost transaction, what isn't captured is lost business by that customer going forward. Customers, even loyal ones, tend to take the path of least resistance. If they take their business elsewhere, it may be for good.

¹The Marchex Institute analyzed over 1.8M calls that connected for at least 45 seconds, using the Marchex script tracking tool. Using speech technology, they searched on 50 phrases and variations that implied a negative response to the customer questions.

50 ways to say 'No'

To quantify the impact of saying 'No,' the Marchex Institute used advanced speech analytics technology to search for 50 phrases indicating a negative response. In addition to the word 'no' itself, researchers screened for phrases such as "out of stock," "day is booked," and "don't sell" and compared these responses to the final outcome of the call. If the agent offered an alternative option and the call ended with a positive outcome, that call was not included in the final count.

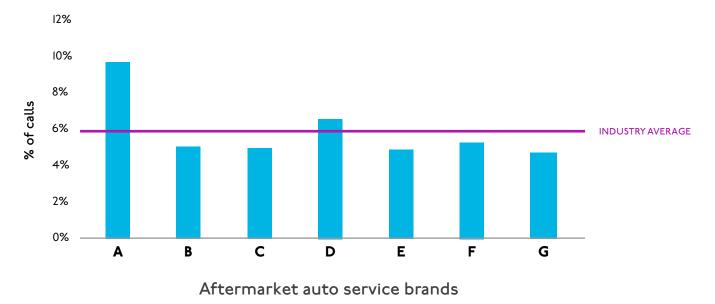
50

Negative phrases analyzed





How often brands say 'No'



Overall 'no' rate ranges from 5-10% across brands

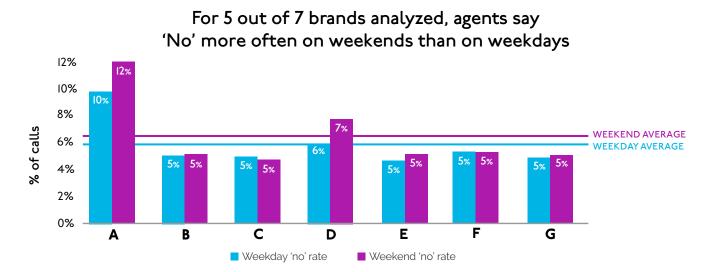


No company wants to turn away business. The good news is, brands say 'Yes' most of the time. On average, brands say 'No' 5.9 percent of the time, with some brands saying 'no' to one out of every ten customers. While this may appear insignificant, what this actually shows is that 5.9 percent of the time, shops lose business for no other reason than they aren't staffing or stocking optimally. Not only do they not have a part or a time slot, they aren't even in a position to offer an alternative.

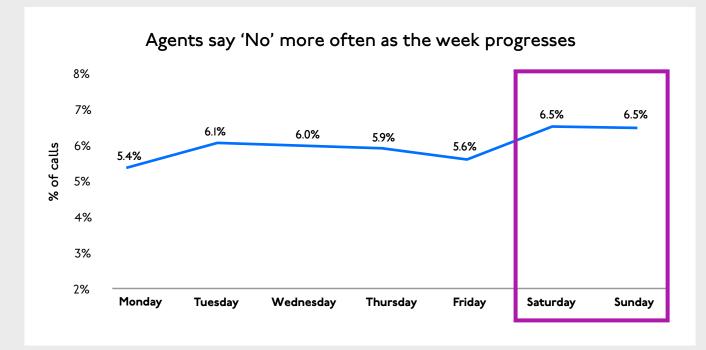
The ramifications likely extend beyond the lost sale. Since a customer is forced to go elsewhere for this purchase, the next time they need service or parts, there is a strong likelihood they return where they had success. Not only does the shop lose an immediate sale, but they likely lose that customer and all the customer's future purchases.

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When agents tell customers 'No'

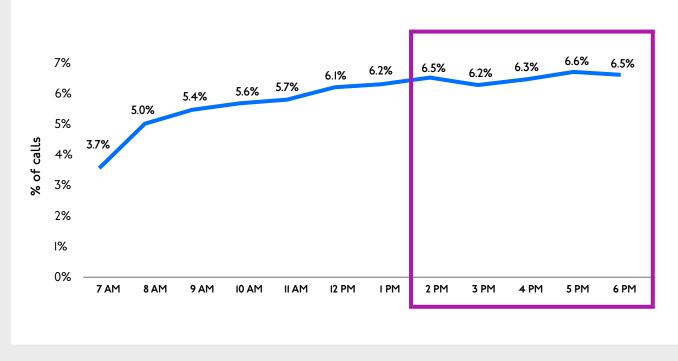


The higher rate of weekend 'Nos' is likely due to the mismatch of appointment and customer availability. More customers are likely looking for evening and weekend appointments. While service visits may be limited to space and number of technicians, staying open longer on the weekends may help brands say 'Yes' more often.



Customers call for parts and accessories as well as services. Be sure to have stock on hand for customers looking to purchase.

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Agents say 'No' more often as the day goes on

Some of the brands studied have indicated they don't staff as much and actually shorten their hours on weekends and some weeknights because employees don't want to work nights and weekends. This presents a problem because this is when the public needs their services most. Incentivizing employees to work night and weekend shifts can put stores in the position of being able to say "Yes" more often.

Conclusion

Auto services businesses—and any business that relies on inbound phone calls for sales—can benefit by reducing the number of times it turns away customers. Not only can the company make an immediate sale, but it raises the probability of future sales with that customer. Happy customers tend to be loyal for a variety of reasons. They may want to give their business to companies that are easy and pleasant to transact with. They also may perceive good value from a business that stays open to meet their scheduling needs. Or, it could just be that going with what they know is the course of least of resistance. No matter the reason, return customers are the highest-value customers for many businesses since the cost of acquisition is already covered.

Gaining insights into inbound call behavior can help businesses see what's working well and where performance can be optimized to acquire and keep more customers.

About Marchex

Marchex understands the best customers are those who call your business. Marchex solutions help you understand who called and why, so you can turn more of these callers into customers.

About the Marchex Institute

The Marchex Institute is the data and insights arm of Marchex. Comprised of senior marketing analysts and data scientists, this group produces custom studies for global brands and commissioned research for the automotive, communications, travel, financial services, and home services industries.



To learn more, visit Marchex.com or call 1.800.914.7872.

Data analysis performed by Natalie Ariathurai, Data Analyst, Marchex Institute



Natalie is an analyst at the Marchex Institute responsible for producing custom data analyses for Marchex clients as well as product and industry studies for Marchex

as a whole. Prior to joining the Institute, Natalie worked in account management and SEM campaign management at Marchex. She has a degree in Marketing and a passion for analytics, with a special interest in helping customers succeed.

Research and analysis performed by Erin Murphy



Erin is an Analytics Manager at the Marchex Institute. She is responsible for providing actionable insights to Marchex clients to help increase their conversion

rates and return on ad spend (ROAS). Prior to joining the Institute, Erin worked as an SEM Analyst helping local businesses improve their online marketing campaigns. Erin earned a bachelor's degree in chemical engineering prior to her career in marketing analytics.

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