Columbo was a wildly popular television series in the 1970s. The late Peter Falk portrayed Lieutenant Columbo, a seemingly naïve, disorganized investigator attempting to unravel a crime. Most episodes began by showing the culprit committing the crime. The entertainment of the program came through watching Columbo meticulously solve the whodunit.

Columbo’s greatest tool was his ability to play dumb and thus reassure his target, who then unwittingly provided all the clues Columbo needed to put the disparate pieces together. The relevance of Columbo to customer forensics is the manner in which he coupled humility with ingenuity to unearth insight in a fashion that a more forceful or sales-like style would have never gained.

Forensics is the examination of evidence using a broad spectrum of disciplines to arrive at a conclusion or insight. Customer forensics is typically used as a postmortem examination of hidden customer information to determine the real cause for the loss of the customer.

While some customer turnover is inevitable, much can be prevented. A shotgun approach to customer intelligence risks completely missing the mark and often triggers lukewarm initiatives that address only symptoms. However, armed with up-to-date customer intelligence (like forensics), organizations can not only launch preventive measures to read early signals of impending customer departure, they can implement more systemic efforts targeted at fixing deeper problems that contribute to unwanted customer turnover.

Most customer departure is driven less by a single event and more by a combination of factors that ultimately reach a tipping point. The spark that ignites exit might be a fee increase, a perceived drop in quality, or frontline rudeness. Yet it only works because other factors have gradually increased the customer’s interest in switching providers. Since switching requires effort and a potential disruption of operation, it is more likely it requires a series of negatives that finally brings the customer into the “zone of indifference.” Once in that zone, customers only need a trigger to push them into the “zone of abandonment” where they actively plot and/or initiate their exit move. Below is a brief overview of the life cycle of a customer relationship with an organization.

Customers’ initial relationship with an organization typically starts in the “zone of curiosity” — the customer hears or sees an ad, gets a sales call, or talks with a friend who mentions the organization positively. Repeated positive inputs elevate the customer to the “zone of interest.” At this point the customer may try the organization’s offering on a trial basis or with low-level investment. If this proves satisfactory, the customer is in the “zone of satisfaction.” As long as the customer’s need for the organization’s offering remains relevant and the value stays appropriate, this is the zone in which customers typically remain. If the customer relationship or experience is superior, he or she may move up to the top of the ladder to the “zone of loyalty.” It is a long way from there to abandonment, hence the metaphor of a ladder.
However, should negative changes occur in their relationship, the customer moves down the ladder to the “zone of recruiting.” The customer is still somewhat satisfied but is open to looking at other options. We sometimes call this the “wandering eye” zone. The customer begins to be curious about competitors, is attentive to their messaging, or is willing to “test drive” their offering without commitment. This is the basic world of customer satisfaction ... the one in which customers will remain only until something better (cheaper, easier, or different) comes along. Remember that satisfaction means “adequate” or “sufficient,” (a.k.a., okay), not exactly the emotion of loyal, devoted customers!

Should their experience begin to have negatives, customers then move to the “zone of indifference.” This is clearly the danger zone! And, since emotional allegiance is now gone, they remain only because switching costs are high, options are limited, or they are distracted by other more pressing issues. In this zone a single incident can send them into the “zone of ire” where they actively seek a route out to another competitor. Think of it as the “exit zone.”

The purpose of this type of customer intelligence effort is to learn the factors that push customers into the “zone of indifference.” This is crucial since customers are still salvageable while in this zone. Customer forensics will also teach a great deal about the kinds of incidents that send them into the “zone of abandonment.” An important point to know is that once customers are in this exit zone, short of a miracle (like all your competitors going out of business) they cannot be saved.

Alibi
Police Science 101 informs us that the building blocks for solving a crime are motive, opportunity, and alibi. Motive suggests that the perpetrator of the dirty deed had a compelling reason to do it; opportunity implies that the facts put the perpetrator in a position to do the deed; and alibi means the excuse used for not being the perpetrator was either false or not credible. Customer forensics uses a similar framework.

The first step in customer forensics is to rule out all of the “natural” influencers to customer churn. Natural influences are like alibis — they can camouflage the real reason a customer leaves. The objective is to isolate those reasons that are organizationally caused. For example, if a retail store noticed an increase in sales for the month of December, conventional wisdom would suggest it was due to holiday buying. It would be important for the organization to seasonally adjust sales figures over several years to know if the real reason for a December sales increase might be something the organization did to ramp up sales.

The first “alibi analysis” technique is to look for any peaks, valleys, and patterns to customers’ departures. The goal is to spot aberrations in churn and discern what factors might have contributed to customer departures. Seasonal patterns are frequently rational explanations for customer exits that could have little to do with organizational practices. Reasons could be as disparate as closing a branch due to alterations in traffic patterns.

The second data cut is to ferret out any clues that follow demographic patterns (e.g., predominately customers in a particular location, city size, climate, etc.). Similarly, ethnographic or psychographic filters can ascertain if departed customers fit a homogenous social arrangement (e.g., more white males, more politically conservative, more single baby boomers, etc.).

Opportunity
When employees leave organizations, the human resources unit typically conducts an exit interview. While often administrative in nature, exit interviews can yield helpful insight. For example, if departing employees continue to point to a particular leader, policy, or practice as the source of their decision to leave, it can become an impetus for change. In
much the same fashion, wise organizations look for ways to exit interview departing customers. Exit interviews create a potential opportunity to save a customer. They also create a learning opportunity at that juncture when reasons for exit are clear, sharp, and raw, not sometime much later after the customer has left with ire dissipated and memory hazy.

Opportunity analysis can also be enhanced with “truth syrup.” Truth serum is used in both smart and sinister ways to get a person to disclose truth without control over what is revealed. Obviously, this would not be a positive procedure with customers! However, if you change the concept to “Truth Syrup,” you get a more wholesome application. Customers who might otherwise be bashful about telling the “real reason” they departed, might be motivated to be more forthright. One organization held a fancy reception followed by a nonjudgmental “Be Frank” discussion with attendees, all customers who had left the organization. There are many variations on this theme.

A third technique is called “witness protection.” In the crime world, witnesses to a crime are often hidden and protected so they can be available at the trial of the criminal. In customer forensics, witness protection involves identifying people who know the real reason a client left the organization but, without promise of anonymity, would never divulge what they know.

Motive
Motive assessment involves direct communication with the departed customer to learn motives for leaving. Effective motive assessment starts with a philosophy or perspective. In its simplest form, it is a learning orientation rather than a sales or marketing orientation. While forensics insights can help shape a customer win-back strategy, these practices must never be mixed. Forensics takes an attitude of curiosity, discovery, and openness to divergent learning. It is a willingness to be drawn into the world of the former customer. Marketing is more about an attraction — drawing the customer to the organization. While forensics can inform win-back, it should never join it as a strategy.

Assessment questions (whether used in an interview or a survey) should focus on two areas: what caused customers to enter the “zone of indifference,” and what was the defining moment that represented the tipping point pushing customers into the “zone of ire,” where they were ready to leave. Recognize that the line of questioning is often like peeling layers of an onion. For example, a survey question might ask, “What were the top three causes for your decision to no longer be our customer?” followed by “Select one of the three reasons and indicate the features or actions that left you disappointed or angry?”

True motive can also come through by asking a question like “What incident or action could you identify as being the final straw in your decision to leave?” Another question that can yield great insight is “If our organization asked you to be a consultant on helping us learn steps we can take to keep customers like you from leaving us, what one piece of advice would you give us?”

Customer learning is a never-ending effort. Customer expectations are not only continually changing, they are also constantly increasing. Some research suggests that today’s customer expectations are 33 percent higher than this time last year. A crucial part of customer learning is the intelligence gained from those customers who leave. As the old Polish adage goes: “A guest sees more in an hour than a host sees in a year.” Insider blindness can be significantly reversed by viewing the organization through the lens of former customers.

Chip R. Bell is senior partner with the Chip Bell Group, a customer loyalty consulting firm. The author of several books including the international best-selling book (with John R. Patterson) Wired and Dangerous, he also serves as director of the Center for Customer Forensics. He can be reached at www.chipbell.com.