



## Why I Hate my Cell Phone Company



I would be remiss if, in preaching customer experience, I didn't take the time to point out the policies some companies enact that actually make us hate doing business with them.

You've gotta ask yourself why would companies lock us into contracts that bleed the living daylights out of us with fees and hard to understand boilerplate?

As Gail McGovern and Youngme Moon point out in their HBR article "Companies And The Customers Who Hate Them", it is often because bewildered customers who make bad purchasing decisions can be highly profitable.

It seems that there are a couple of ways that this comes about; first some companies attempt to offer a wide choice of products to fit a variety of customer needs and the second comes from some companies enacting fees and penalties to offset costs and discourage undesirable customer behaviour.

The first scenario might be a hotel that offers three different kinds of rooms as a broader service vs. a hotel that has just one type of room to offer. The problem arises when a company doesn't help a customer make good choices and knows they can generate more profits when poor choices are made. (hotels that don't tell you about discounts and upgrades for example)

Only the most blatant companies would purposely seduce customers into making bad choices. Yet there are subtle ways that even generally good intentioned companies use smoke and mirrors to encourage less than optimal choices. Therein lies the icy incline. Complicated offerings confuse customers and make it hard to decide which is the best choice.

Particularly when it comes to predicting their future needs. For instance what their cell phone usage will be down the road. As a customer, you are faced with dozens of pricing options. Then you are penalized for your inability to anticipate too much or not enough time. 50% of cell phone company revenues come from such penalties.

Here are some warning signs to watch for in your company:

- Your most profitable customers are those that have reason to be dissatisfied (it's only a matter of time before they leave)
- We want customers to break the rules because it's profitable
- Your rules are so convoluted customers can't understand them or abide by them
- You depend on contracts to prevent customers from leaving

It seems that some of the rules designed to combat undesirable behaviour actually turn out to be very profitable.

Such behaviour is short-sighted and will leave you vulnerable to the competition and a host of internet badvertising.

My advice, do away with these kinds of harmful rules, fees and fine print and design a transparent, value incented offering to combat customer defection and create authentic growth. Take a page from Richard Branson; pay as you go, no hidden fees, no time restrictions, no contracts. Customer satisfaction is over 90% with two thirds of their customers recommending to family and social group.

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