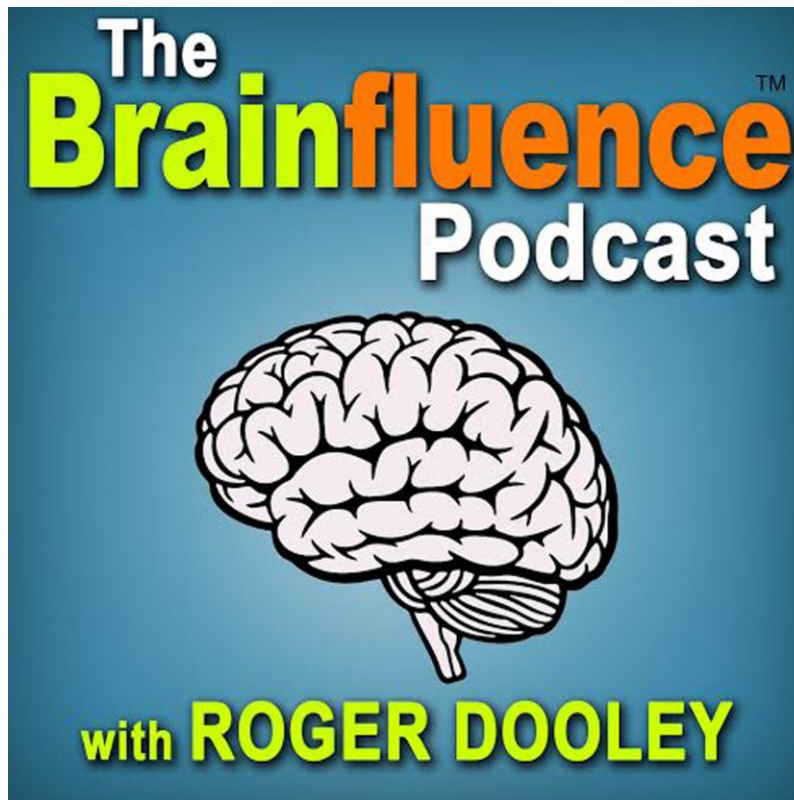


Ep #42: Zombie Loyalty with Peter Shankman



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Roger Dooley

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Welcome to the Brainfluence Podcast with Roger Dooley, author, speaker and educator on neuromarketing and the psychology of persuasion. Every week, we talk with thought leaders that will help you improve your influence with factual evidence and concrete research. Introducing your host, Roger Dooley.

Roger Dooley: Welcome to the Brainfluence podcast. This is Roger Dooley and our guest today is Peter Shankman. He's an entrepreneur, author and speaker. He's the founder and CEO of The Geek Factory, a marketing and PR strategy firm in New York City with clients worldwide. He's the author of *Can We Do That* and *Nice Companies Finish First*. His new book is *Zombie Loyalist: Using Great Service to Create Rabid Fans*. Welcome to the show, Peter.

Peter Shankman: Good to be here. Thanks for having me.

Roger Dooley: Great. Well, first Peter, I have a bone to pick with you. For the last 10 years, I've been writing about neuromarketing and one of the biggest fears that people have is that somehow neuromarketing techniques will turn customers into buying zombies. I debunk that every time I speak or get interviewed and now you write a whole book about turning people into zombies, so thanks a lot for that.

Peter Shankman: Glad to be of service.

Roger Dooley: Yeah. But you're talking about zombies in a good way, I guess. Folks are always afraid that they're going to be influenced by subconscious or unconscious factors into doing things they don't really want to do. But you have a more pleasant spin on the word zombie, I think.

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Peter Shankman: Yeah, my logic behind zombie is not as earth-ending as this one is.

Roger Dooley: Good. How does a company go about building customers that are so loyal they turn into fans?

Peter Shankman: Well, before we do that, let's understand what we expect from a customer service experience, which pretty much is nothing to crap. On a scale of one end being absolutely brilliant and the other end being let's invade Russia in the winter, you find that most people err on the side of as long as they get me to my destination and don't crash the plane, I'll consider that a win.

Roger Dooley: Right.

Peter Shankman: The problem is though is that, and actually the funny thing is I've interviewed people and I've like, "Who had a great flight recently?" Someone will raise their hand and I'll be like, "Well, what was so great about it?" "Oh, we took off on time, we landed on time and my seat was the one I chose." I'm like, "So, the company did exactly what you paid them to do and you're over the moon about that." Nothing more than that.

Roger Dooley: Well, you have to consider the alternative in most cases.

Peter Shankman: Well, that's the thing. The alternative is the norm. As we start to realize that the alternative is the norm, it becomes to the point, well, you know what? I'm not going to go out and tell my clients or the companies I work with, I'm not going to go out and tell them to be awesome. I'm just going to go out and tell them to be one level above crap. I want all of my clients and my customers to be one level above crap. If they do that, they'll automatically win. It costs nothing to be one level above crap, that's the

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amazing part. It costs nothing but it drives such unbelievable revenue.

Roger Dooley: It's funny that you bring up airlines because I think there is sort of a loyalty divide these days. There are some companies that drive loyalty with rewards versus more intangible, positive feelings and I'm very loyal to United Airlines. I'm 1K for the second year and from a pure business standpoint, they would consider me to be a very good customer because I fly them almost exclusively unless I can't because I'm trying to maintain my status. It gets me on the plane first, it gets me upgrades and so on, but at the same time, I am not necessarily a huge fan of United Airlines.

I don't rave about their great service. I don't tell my friends how awesome they are. They are doing a better job than they used to and I sometimes have difficulty distinguishing whether it seems like they're doing a better job because they treat me better, but I do sense that they're trying to do a good job but it's just that the experience for most folks is not very good. If you're in the last boarding group, you're not going to find a place to put your stuff and it's not an overall great experience.

Peter Shankman: Well, it's funny. I actually do love United and you'll board first after me, as I'm Global Services.

Roger Dooley: Excellent.

Peter Shankman: I just got my certification on that for another year today and for me it's phenomenal to be able to not only board first but they know who I am and it just basically says that I travel way too much, but what does that mean? If they treat everyone like crap, but they treat me great, then that's not a win. Because no one's going to understand

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that they're really good, no one's going to like them. For me, I believe that what United is doing is they are starting to understand that again, it's being brilliant at the basics, getting people there on time, doing all those things. Then, throwing things in like the occasional smile or the, "Hey, saw that you've been working non-stop for the past 6 hours, would you like a drink? It's on us." Things like that.

They're starting to do that more and we're seeing a higher level of return, more people are coming back, using them and more importantly, telling friends. The bigger thing is that no one believes how great you are, especially in today's day and age, no one believes how great you are if you're the one that has to tell them, and I talk about that tremendously in the book. The key really is how can you be great by other people telling the world how great you are? The way to do that is to do great things to the customers you have. You get the customers you want by being awesome to the customers you have.

Roger Dooley: Right. It's hard for me to distinguish between my experience and the average experience. I know that at times my experience is a lot better because I said, like you, I'm actually boarding behind you, but there aren't too many Global Services folks so it really isn't an inconvenience. I've actually found that United's personnel are pretty nice. It doesn't matter where you're sitting or what your status is, the people that you interface with are pretty good. It's more the management policies I think that create these distinctions and make it difficult, the whole forcing everybody to carry their bag on if they don't want to pay extortionate fees, which creates boarding issues and everything else.

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Peter Shankman: Exactly.

Roger Dooley: But I stay loyal because if I switch to say American, my experience is going to be a lot worse.

Peter Shankman: Right. Well, that's the key. But there's a big difference. Obviously, if I start going on an another airline that's not United-centric or in the Star Alliance, I'll have a different experience. Maybe not bad, but different comparatively. But on the flip-side, I don't stay with United because they have me locked in, I stay with them because it's a give-take relationship. They treat me really well, I give them a lot of business. The key though, is that they have to start treating all of their customers well.

Now, I don't expect them to show up with all their customers for a, for instance when I land in Chicago to make my connection after being overseas, they have a BMW that they pull up, I'm sorry, a Mercedes-Benz rather, an S550, that they pull up to the plane and if I have a tight connection, they'll drive me to the next gate. That's pretty awesome. I don't expect them to do that for everyone. That's not what they're in the business of doing. But, being a little nicer than the other airlines, smiling, free blanket, drink, whatever the case may be. Those are the things that they could do that doesn't cost them anything.

Roger Dooley: Right, and I think that, to extend the kind of stuff you talked about in your book, if once in a while they gave a mom traveling with two little kids that same lift in the luxury car to make a close connection, she would talk to her friends about that forever and ever.

Peter Shankman: Exactly. Or even cookies and milk. Trump Hotel in Chicago gave one of the people in my book, I write about

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this. Her kids were crying when she checked in, 20 minutes later there was cookies and milk waiting for the kids. Well, you know the kids stopped crying and not only that, but you know the mother told everyone about it because let's face it, Hannibal Lector in Silence of the Lambs said, "We covet what we know." We covet what we know. Well, who do moms know? Other moms.

Roger Dooley: Right. How would a company start building this kind of loyalty that really turns them into fans, if not zombies? But it seems like there's always a sort of disconnect between reality, where a top manager says, "Boy, we really have to treat our customers well and nicely," but then when it gets down to the service level, you've got people who may want to do a good job, like even when I've had poor experiences on airlines, by and large most of the folks, I feel like they're personally trying to do a good job, they're just sort of, things are out of their control and they have to charge me that flight change fee or something else because that's company policy.

Peter Shankman: Yep. But the thing is they have the ability to avoid that policy. I was waiting at LaGuardia for a flight and I saw this unravel. A woman was supposed to be flying to LaGuardia and she'd been taken to Kennedy. The taxi driver screwed up and drove her to Kennedy instead and so of course by the time she got back to LaGuardia, she missed her flight. She went to the agent and the gate agent said, told them about the changes, the things that needed to happen, and the gate agent said, "Well, there's a \$400 change fee." You saw the woman's blood drain from her face. \$400 is a lot of money for people.

He looked at her and he said, "But don't worry, we waived it for you." The look on her face was palpable.

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The difference was just incredible. She was hugging everyone, she was running around. "This is the most incredible airline. I love United. It's the greatest airline." Who the hell hugs someone, that's happy as they're walking to get body searched for the TSA, right? This woman did it and she was thrilled, so can you do that? Those little tiny things, can you do that?

Roger Dooley: Yeah. Well, there was a great article in The New Yorker just a few days ago that, I think examples like that are awesome, but they talk about an airline strategy of calculated misery and they get billions of dollars in fees and they really don't have a motivation to improve the base level of service. Which, to me, that's what creating fans is all about. It's not like, "Well, okay, now that you've flown 100,000 miles with us, we're going to treat you really nicely," but it's how you treat that first-time customer. Now I guess even Jet Blue is finally going to go the way of tighter seats and extra fees. They've sort of, apparently, abandoned the policy of being different.

Peter Shankman: Yep. No question about it. For me, even the simple things of going to a restaurant, where they take the time to say, "Oh, you made a reservation, are you celebrating anything?" "Well, yeah, it's my wife's birthday." "Oh, what's her name?" "Well, here's her name," you know? I walk in, it says happy birthday to my wife on the menu. It's the greatest thing in the world. People are thrilled, just thrilled.

Roger Dooley: Do you find that technology gets in the way quite a bit? I know that I'm based in Austin and we have a lot of great restaurants here and just about everyone has a Happy Hour where they have discounted drinks and appetizers and that sort of thing, and in some cases though, you get

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these weird disconnects like the server takes too long to get to your table and you miss the win-up or they get there just in time to say, "I don't know if I can get this through in time because the computer changes automatically," and to me, sort of taking that out of the employee's hands and saying, "Okay, yeah I showed up at one minute after 6, but I was serving a table for 12 next door, so we should clearly give this person the Happy Hour special," but it's controlled by computer and they say, "Well, can't do it."

Peter Shankman: That's because you have to take it out of their hands, you have to make it so that it becomes automatic for the employee as well. The employee can say, "Hey, here's what we're doing, but these are the rules we're supposed to follow, but we understand when there's a difference." I.e. you allow the employee to use their best judgment.

Roger Dooley: If you're starting up a new operation, you can emphasize service from the start, you can recruit the kind of service-oriented employees that you want and so on, so somebody like Zappos for example, can have this amazing recruitment process, but what if you're trying to change the culture in a big company that's been established and maybe even have employees who are unionized, very difficult to make changes, what do you do then? You just can't make people enthusiastic. Have you seen any good examples of companies that have pulled that off, where they really sort of changed a culture?

Peter Shankman: The culture is very important. In terms of, employees need to understand that companies make money when the employees do well. Companies make money when the employees are happy and when they treat their customers well. Companies need to understand that

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employees are more likely to make money for the company when the employees are treated well. In other words, it has to be a full cycle that has to start from the top.

Roger Dooley: How do you think companies should strike a balance with employee empowerment, because you know, on the one hand like I just talked about, where the pricing's in the computer, sorry, and that plays out in all kinds of industries in all kinds of ways where things that the employee would like to help with simply can't happen because of the systems that are in place. But at the same time, when employees have infinite freedom, there's probably some risk of employees going overboard and just saying, "Well, hey. I'm a nice person so I'll basically give freebies to everybody that comes along." How does a company strike that balance, do you think?

Peter Shankman: You have to trust your employees to understand they're not going to get fired for making a customer's experience better. You have to trust that they're going to have the common sense to say, "Okay, you know what? We're not going to do X, we're not going to give everyone a free flight, we're not going to do all this, but we are going to be there to make sure that the customer has a good experience and we're going to trust the employee to do the right thing."

Roger Dooley: Have you studied any supermarkets, Peter?

Peter Shankman: I have, yeah. Wegmans is a great example.

Roger Dooley: Wow, yeah. I love them. Unfortunately, they're not in Texas. Although in Texas, we've probably got the closest equivalent. We've got H-E-B, which is only in Texas.

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Peter Shankman: H-E-B, right.

Roger Dooley: They're awesome. I've blogged about them. They do really an amazing job of serving their customers. The employees are almost always friendly and helpful. I have never had a problem that they didn't resolve quickly, where their big competition is Randall's. It's a Safeway unit here and it's the absolute reverse, where I've, I occasionally buy blue cheese olives, and of course, blue cheese is kind of a strange product because it has mold in it but at the same time, these things aren't supposed to have actual fur growing on them. I attempted to explain that what was in their case was bad and I got into an argument, this was at this Randall's chain, there was a problem there and the guy argued with me.

Even if he thought I was nuts, he could have humored me, and then finally after about several minutes of this, he checks, says, "Oh, refrigeration unit's off, okay, sorry about that." That would not have happened in an organization that was customer-oriented. They would have said, "Okay, maybe this guy's crazy, but we'll go in back and get him some new olives and just make him happy." I guess that sort of attitude is all too common.

Peter Shankman: Yeah, unfortunately it really is. You see that a lot. It has to come back down to the fact that it takes every single employee to keep a company growing. It takes simply one employee to ruin it, one, just one.

Roger Dooley: How does social media change the equation?

Peter Shankman: Social media, you know the problem with social media is that everyone has the ability to immediately jump online and complain about something, right? Companies reacted to that by saying, "Okay, if we see a problem that

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you're complaining about online, we'll notice it and we'll fix it." But the problem is that you don't want to do that. You don't want to wait until the problem gets online. You want to start fixing the problems before they become problems, and then you approach the customer and say, "Hey, look, here's what we did for you," and before they've even had a chance to complain you've fixed the problem. Then they go online and talk to the world about how awesome you are. That's what's really amazing because if you could do that, then you're not constantly putting out fires. Rather you're enjoying the free publicity of great stuff. There are no fires anymore.

Roger Dooley: What about small companies? Because I mean it's one thing to talk about a big company that can dedicate resources ...

Peter Shankman: Small companies do this even easier than big companies. Because if you run the company and you have 3 people working for you, you can designate one of them to work Twitter, work Facebook, work social. You can train all of them in one room over one afternoon over a couple of slices of pizza about how to do better. It is the easiest thing in the world.

Roger Dooley: Right. I think from a training standpoint, that's probably true because clearly getting a corporate culture spread out across tens of thousands of employees is pretty tough, but sometimes just the financial resources might stand in the way of awesome service. In other words, a big company can afford to take back a \$300 item because, even if, "Okay, we really shouldn't, but we'll take care of this customer because we want to keep them and it'll be good for us." Whereas small business often just can't afford to do that or at least not very often.

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Do you see any disconnect there or, surely you're right about the cultural aspects. If you've got a small company it's easier to change the culture with a handful of employees versus across a global organization.

Peter Shankman: Exactly. It's not hard to be, it's funny. The smaller businesses are the ones who worry the most, but they're also the ones who can benefit the most from this because if someone goes out of their way to use a small business and they have a good experience, they're going to tell the world. They're going to tell the world about how great their experience was and that in turn will bring everyone else in, all of their friends, that's what you want to do. The small businesses actually have more to gain in terms of straight-up percentage of revenue than the bigger companies.

Roger Dooley: Well, certainly it's probably easier to get a uniform culture in a small company because you can recruit for it, you typically have perhaps the owner involved in most of the hires and so on. Where trying to get a culture through multiple layers of management and so on is obviously a lot trickier. But one thing that I see is there's a divide between price and service and jumping back to airlines, I guess, because they're a great example, it seems like a lot of customers, at least in the United States, gravitate to the cheapest product.

That's sort of been the airline argument, that "We're reducing our levels of service and charging extra for stuff because we want to be able to offer the most competitive base price and we're not going to charge people for stuff they're not using," or so the party line would go. But personally, I wouldn't mind paying a little bit more, a premium, for uniformly better service, but it seems like

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that doesn't work, at least in the airline industry, and presumably others too where they feel that they have to disaggregate their services and offer a base level of service that really isn't very good.

Peter Shankman: I think also the problem is that everyone expects to be treated like rock stars, but not everyone deserves to be treated like rock stars. I'm a big believer that the customer's always right until the customer is 100% wrong. Once the customer is wrong, if they go out of their way to do something stupid or be rude or be abusive, whatever, I believe it's every company's right to say, "You know what? We don't want your business." Every company has to find that line themselves.

Roger Dooley: Right. I agree with that. I, for years, was in the mail order business and we, at the time, had very good service but we had some customers that just had expectations beyond what we were able to deliver and then they would be really unhappy because we failed to deliver on their unrealistic expectation and those folks finally just had to say, "Gee, you'd probably be better off dealing with our competitor." We'd give them a referral and we would put them in our database that we're not able to satisfy this customer. But fortunately those are very few, probably in over 100,000 customers or something, we probably did that 4 or 5 times, but you do find those customers that just have expectations that you cannot reasonably meet.

Peter Shankman: Yeah, no question about it.

Roger Dooley: We're almost out of time, but do you have one good example of a company that really has driven loyalty through the techniques that you're talking about?

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Peter Shankman: There's a company in the Midwest called Kum & Go. They're like a 7-11, gas station and coffee and sandwiches and things like that. They are just so kind to their customers and they're just so nice to them and they just offer the nicest little tiny things and then what people can do. If they see people tweeting, there was a customer that was tweeting that they had no heat in their building and so Kum & Go sent over coffee. They just go out of their way to be decent people and it shows. They have such an incredibly loyal following and for God's sake, they're like a convenience store and they have a ridiculously large following. What little tiny things can you do just to make life a little bit better for your customers and for your employees.

Roger Dooley: Right. That makes a lot of sense. Jumping back to the supermarket example, the one thing that I love about H-E-B, and it varies from store to store certainly, I know that different stores have different experiences because of probably differences in management, differences in the community they're serving and so on, but in ours they constantly have lots of samples and in their wine department they often have several stations set up where they're sampling wine. Their competition has a beautiful wine sampling bar that is virtually never manned.

They have this beautiful setup that's almost like a commercial bar without all the seating perhaps, but it's never in use, where at H-E-B, I've seen them, they've had so many people offering samples that they've done things like put a platform on a shopping cart to hand them out, which makes the customer feel better? Seeing this beautiful facility that is virtually never doing anything, or having them just constantly saying, "Hey, we're here to

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help you and we'll do whatever it takes even if it's creating a little stand to give you your sample."

Peter Shankman: Yeah.

Roger Dooley: Let me remind our audience that we've been speaking with Peter Shankman. He's the founder and CEO of The Geek Factory and his new book is *Zombie Loyalists: Using Great Service to Create Rabid Fans*. We'll have links to all of the resources we've discussed and Peter's book on our Show Notes page along with a text version of the conversation. Just go to rogerdooley.com/podcast. Peter, how can people find your stuff online and connect with you?

Peter Shankman: Yeah. My world is at shankman.com and my email is peter@shankman.com and I answer all my own email. I'm online on Twitter, Facebook, pretty much everything is [@petershankman](https://twitter.com/petershankman).

Roger Dooley: Great. Thanks so much for being on the show, Peter.

Peter Shankman: My pleasure.

Thank you for joining me for this episode of the Brainfluence Podcast. To continue the discussion and to find your own path to brainy success, please visit us at RogerDooley.com.