



Customer Service Management

INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT

www.iped-uk.com



Learning, Teaching and Research Material

INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT

www.iped-uk.com

Published by:

IPED UK

www.iped-uk.com

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any other means, electronic, mechanical, photocopying, recording or otherwise without the permission of the publisher and the copyright holder.

All product names and services identified throughout this book are trademarks and registered trademarks of their respective owners. They are used throughout this book in editorial fashion only and are for the benefit of such companies. No such usage or the use of any trade names is intended to convey endorsement or other affiliation with the book.

All possible care has been taken to produce this book. All the information and material contained in this book is believed to be accurate and correct at the time of going to press. No responsibility for loss occasioned to any person acting or refraining from action as a result of the material in this publication can be accepted by the copyright owners or the publishers.

All the works of relevant authors whose books have been used in this study guide has been properly referenced and IPED UK takes no credit for their work.

You are advised to access the suggested reading materials and textbooks as much as you can to help you with your course.

The logo for IPED UK, featuring the word 'iPED' in a stylized, orange, serif font. The 'i' is lowercase and has a dot, while 'PED' is uppercase. The letters are bold and have a slight shadow effect. The logo is positioned at the bottom right of the page, partially overlapping the text 'iPED'.

Customer Service Management

Credit value:

30

CUSTOMER SERVICE MANAGEMENT

QUALITY OF A PRODUCT OR SERVICE

To be able to satisfy the customer, employees need to understand the product or service that they are working with and the various issues affecting the production and delivery of the product or service. An important aspect of this knowledge is issue of **quality**.

“Quality of a product or service is a prerequisite for fighting the competitive battle in the market place” according to Wellemin J. (1998). Customers are entitled to presume that the product/service they intend to purchase is of a high quality, and they will make their purchasing decisions based on a much wider range of requirement. The companies which will be able to satisfy the largest number of these needs will be the winners in the long term. An organisation should establish what customers really expect from it. We must be sure that satisfying these needs as fully as possible will make our products and services more desirable and attractive to customers. This will in turn improve the long term success of the organisation.

Delivery of quality goods/services is not enough in today’s competitive business environment. However customer care (or support) adds to the perceived value of our services and this will serve as an encouragement for customers to come back to our company for either a replacement or when in need of another product/service in our range.

QUALITY IN RELATION TO THE CUSTOMER

A product or service that is reliable and that performs its intended function is said to be quality product or service. It is the degree to which a service meets or exceeds the expectations of its customers. Error free, value-added care and service that meets and/or exceeds both he needs and legitimate expectations of those served. Any service/product that ultimately satisfies the needs of a customer for which the product/service was purchased could be said to be of quality, iPED UK (2010).

According to the Oxford dictionary, quality is the standard of something as measured against other things of a similar kind; degree of excellence of something. It further defines quality as a distinctive attribute or characteristic possessed by someone or something.

QUALITY IN RELATION TO THE ORGANISATION

Services/ products delivered to customers that are error-free or have zero defects so that they are able to satisfy the needs and expectations of the customer. Organisations try to provide quality goods and services by ensuring quality assurance measures are available through all the processes involved in the provision of service or production of goods. It is ensured that the quality of goods/services is monitored at each stage of the production cycle to quickly identify and correct defects before the end of production of the goods/services. This eliminates waste of time and resources by correcting defects on early identification instead of at the end of production where the product may have to be recalled from market (if already sold), dismantled and reassembled after defect is corrected or totally disposed of ----- negative quality issues badly damage the image of an organisation. For example, the recent quality problems encountered by Toyota, where the company had to recall millions of vehicles due to problems with acceleration on some of its vehicles. (Read more about the quality problems at Toyota).

Hence, compromising on quality means comprising on the image of your products/services.

Although quality is an important issue in building a strong brand image, retaining and attracting new customers and helping any organisation attain its long term goals, it must be supported with an effective customer service. As a student on this course, you must at the end of the course develop essential customer service skills such that your involvement with any quality oriented organisation will lead to increased customer retention, enhanced customer attraction and increase in profits due to increased sales/revenue.

CUSTOMER CARE

The purpose of a business is to make profit because without profit, a business cannot survive in the longer term.

"For a company to make a profit, it needs to satisfy the needs of the customer at a price the customer is willing and able to pay."



The supplier must be able to make or procure the product or service at a cost which, after adding overheads, stills falls sufficiently far below the price that can be charged to customers to allow a reasonable profit margin. The company can work on:

- a. Making the total product offered to the customer more attractive.
- b. Reducing the cost of the product and/or of the company's overheads,
- c. Reducing its profit margin.

Obviously, the most attractive option is to make the total product offering as attractive as possible to the customer to warrant charging a higher price. "This of course, does not preclude working as efficiently as possible to reduce costs or considering lower margins to attract more sales". Wellemin J. (1998) P8, Successful Customer Care.

In many cases companies pay too much attention to the physical features and attributes, quality and uniqueness of a product believing that only quality goods/services will attract customers and increase their profit margins.

However, it must be realised that value to the customer can be added by non-product activities. These non-product activities may take various forms including the following; a very friendly and helpful customer service agent dealing patiently with a customer's queries, easier telephone access to individual departments, more thoughtful parking arrangements for visitors and customers, improved layout and sign posting etc.

Customer requirements and preferences need to be examined very carefully by every organisation and necessary changes in procedures and activities introduced.

WHO ARE CUSTOMERS?

According to Foster, T.R.V (1999), "How to be better at customer care";

- Customers are the most important people ever, in the office, in person, by mail or by telephone.
- Customers are not dependent on us-we are dependent in them.

**Please log into the
IPED resource area to
access full study
material(s).**

**THIS PAGE
INTENTIONALLY
LEFT BLANK**

- Industry experts say superior customer service in stores is crucial with the rising popularity of catalogues, home shopping networks and other retail formats that offer discount prices.
- 8% of successful new product and service ideas come from customer ideas.
- It costs six times more to attract a new customer than it does to keep an old one.

Here is what some of the founders of The Marketing Council UK had to say about customer care.

- Sir Michael Perry, Unilever: "To sustain competitive advantage requires a total commitment to your customers- to understanding what they want now and anticipating what they will want tomorrow- and to being there on cue, first choice, every time".
- Sir John Egan (BAA); "Start by measuring and meeting existing need. Then drive up quality standards and cost effectiveness by continuous improvement. Standards of customer satisfaction, targeted and measurable, are the bed rock on which to create long-term wealth".
- Lord Marshall, British Airways: "The simple principle is that the company exists to serve its customers long into the future. Business leaders that act on this, and persuade all their people to believe in it, can transform ordinary companies into world-beaters".

Customer Service management has seen dramatic changes over the last few years. Customers now expect more than good service/products and prices that are competitive. Customers have a right to expect good/ service- if they do not get it they will take their business elsewhere. Companies likely to succeed in the future are those whose levels of service exceed their competitors- and their customers' expectations. **Private sector businesses must ensure customers return through choice-not because there is no alternative service.** If customers return to purchase your service(s) as a result of unavailability of similar service(s) from other companies, it could have very bad implications on your business in the long term as there is a higher threat of substitution should there be new entrants into the market.

The difference between success and failure of a business will be determined by how well you satisfy your customers.

What is Customer Care?

According to Wellemin, J. (1998), "customer care consists of a variety of tangible and intangible elements".

TANGIBLE ELEMENTS

These are the factors which can be seen or felt, heard or tasted. Many of these are measurable factors. Often, they are based on skills which can be taught and learned. Examples of tangible elements include aspects such as product features (eg. Size, weight, colour, speed, ease of access, etc.)

INTANGIBLE ELEMENTS

These are much more difficult to define. They are also more difficult to measure and are often more subjective. They are highly dependent on attitudes which can be influenced but not taught. Examples of intangible elements include making the customer feel secure, relaxed, trusting and well disposed towards the supplier and the individual members of staff. (Wellemin, J.).

As customer care consists of both these elements, it is the responsibility of managers to ensure that:

- The relevant skills are available by either recruiting staff who have already acquired these skills or by ensuring that these skills are imparted to existing or new staff by training and through good leadership.
- The right environment exists or is created to influence the attitude of our staff and, through the employees' attitude; the customer is positively disposed towards the company and its employees. (Wellemin, J. 1998).

Because improving intangible elements of customer care is a much longer process which needs to be sustained continuously, it is much harder for competitors to imitate as compared to features of a product or service or utilise improved tools and equipment.



**Please log into the
IPED resource area to
access full study
material(s).**

**THIS PAGE
INTENTIONALLY
LEFT BLANK**

**Please log into the
IPED resource area to
access full study
material(s).**

**THIS PAGE
INTENTIONALLY
LEFT BLANK**

the chain. Each recipient of this output is a customer and must be viewed just like an outside customer or end user.

INTERNAL CUSTOMERS

Who is our internal customer? Just ask yourself “who uses the output of my work” and you have the answer. Everyone who uses the output of our work is our customer, be that person inside the company or an external user.

EXTERNAL CUSTOMERS

According to Wellemin J. (1998), it is not only the end user who is our customer. Obviously, it is the end user whose needs must be satisfied, as this is the ultimate source of revenue. However, there are often a number of intermediary customers who have their own needs which must be satisfied. These intermediaries can be agents, distributors, wholesalers, retailers or other types of middlemen. Needs of all these “customers” must be satisfied.

Because it is complex to identify the needs of external customers as in many cases it may not be possible to ask them individually what their requirements may be, a whole range of approaches is available.

- Direct discussion with customers
- Feedback from our own staff
- Analysis of customer complaints and comment
- Market research
- Surveys
- Questionnaires (written, by telephone, personal interviews)
- User- group discussions
- Customer audits
- Attitude surveys
- VIP visits to our premises



USING CUSTOMER SUPPORT AS A COMPETITIVE TOOL

Customer support is more apparent to customers by its absence than by its presence. Companies who provide good support have in the past few years learned to be forthcoming in letting existing customers, as well as potential new ones know that the company takes customer support seriously. The way this has been done includes programmes such as:

- Customer charters
- Extended warranties
- Clearly stated performance standards
- Acceptance of penalties for non- compliance
- Publicity given to support provided
- Return of money if the customer is not satisfied
- Additional "free" services (eg. Loan cars during maintenance of customer's vehicle)
- Customer help lines- Care lines, internet

HOW TO BE BETTER AT CUSTOMER SERVICE

According to Timothy R.V Foster (1999), good customer service can be summed up in one word: Respect. Respect for the customers` time and intelligence. What customers hate is uncertainty. They hate waiting, but they can handle it if they know how long and the reason for the delay. They hate being lied to, so saying "It'll just be 10 minutes" when it will really be 30 is very bad.

- Be easy to find
- Awareness
- Do not be afraid to use as many as are affordable
 - advertising
 - cross- referrals from associated businesses
 - directories
 - flyers delivered to prospects
 - mail shots
 - promotion and publicity
 - public relations



- word of mouth
 - world wide web
- Location
 - Have a clear address
 - Give location advice e.g. "Next to HSBC Bank", "on the second floor"
 - Provide a map
 - Supply parking information, especially warnings about high ticket-threat areas or tow-away zones
 - Give public transport information

- Do not be closed when you should be open:

The ultimate is customer satisfaction, with regard to opening hours, is to be open when your customer needs you.

- Answer the telephone fast:

Best practice is to answer the telephone within three rings. Worst practice is to let it ring 8 times, then answer it with a recorded message such as "Thank you for calling..." **Taking a number and offering to call back is good, but is very bad if you do not call back.**

- Do not keep people waiting. Explain delays:

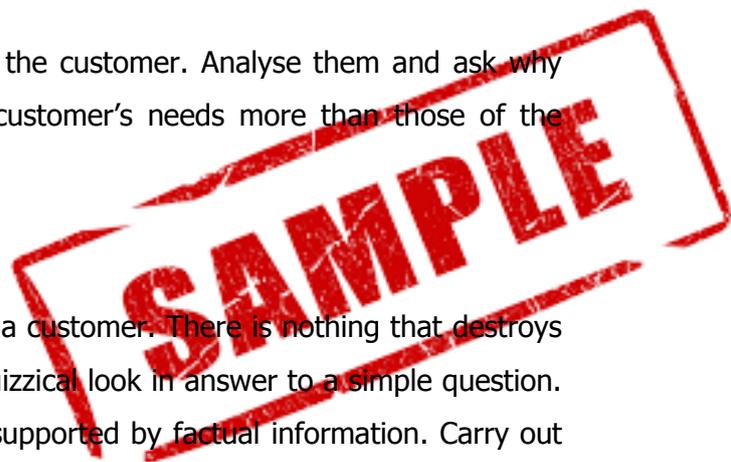
If you have committed to a deadline and you find you are not going to meet it, you must call and agree a new delivery commitment. The worst thing you can do is not deliver and also not explain that the delivery will be late.

- Allow customers to do it their way:

Look at all your business processes that involve the customer. Analyse them and ask why are they done that way? Do they respect the customer's needs more than those of the business? If not, make them do so.

- Know your product:

Be knowledgeable about what you talk about to a customer. There is nothing that destroys your credibility faster than a blank stare and a quizzical look in answer to a simple question. Make sure that every new product or service is supported by factual information. Carry out briefing sessions. Use training materials such as videos, CD Rom, Q&As.



This space intentionally
left blank

**Please log into the
IPED resource area to
access full study
material(s).**

HOW TO BE BETTER AT CUSTOMER RELATIONS

This is where the interface takes place, where the point of contact happens and it involves dealing with the customer at the moment of enquiry, demonstration, sampling, transaction, delivery, experience and after-sales service. Good customer relations in no doubt an imperative to maximising customer retention and improving customer attraction, all of which are key to corporate success. Having quality goods/service with a negligible customer base is useless as goods will end up being stock piled in your ware house. This reduces the company's stock turnover ratio and increases the costs of holding stock.

Foster T.V.R (1999) has recommended the following ways of becoming better at customer relations:

- Respond to advertising enquiries, quickly
- Listen to your customers:
 - Do not lose any opportunity to listen to your customers
 - Provide mechanisms to hear from them:
 - Pre-printed form
 - Toll free hotlines
 - Email feedback on your website
 - Focus groups
 - Interviews in person or by phone
 - Questionnaires, surveys
 - Structured and unstructured interviews
- Be helpful:

When customers ask for help, help them, preferably on the spot. Notice how everybody in business nowadays answers the phone " How can I help you?" So be helpful as much as you can in a professional and polite way.

- Make it easy for customers to complain:

Invite complaints. Provide mechanisms to make it easy (comment cards, forms, toll free hotlines, customer service desks).

- Respond to complaints:

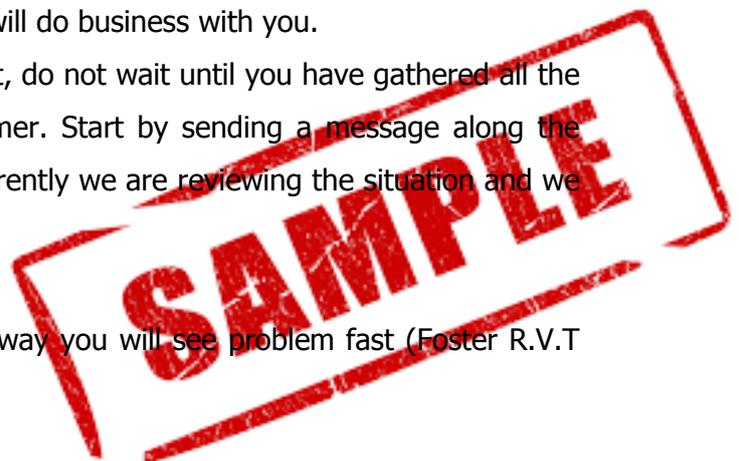
According to IBM consultant Armen Kabodary in his book *The Customer Is Always Right!* (Kabodian, 1996), 70 per cent of complaining customers will do business with you again if you resolve the complaint in their favour. And he reports that if you resolve a complaint on the spot, 95 percent of complaining customers will do business with you.

For e-mail and in general; if you get a complaint, do not wait until you have gathered all the answers before sending a reply to your customer. Start by sending a message along the lines of "Thank you for you communication. Currently we are reviewing the situation and we will send you an in-depth reply".

- Analyse Complaints:

Complaints should be plotted graphically. That way you will see problem fast (Foster R.V.T 1999).

- Respect existing customers
- Make customers your best ambassadors:



In many retail establishments, you may have seen signs that read "If you like our service, please tell your friends. If you do not, please tell us". It is truly a good idea, therefore to make customers good ambassadors of your business you should

- develop mechanisms to encourage customer referrals
- consider offering an incentive for results
- Do not assume niceness is enough:

When dealing with problems of your customers it is important to be nice and friendly. The disdainful and uninterested boredom we were accustomed to receiving as customers in our interfaces with "service" people is being eliminated. However, you should understand that niceness along is just a process. Results are what customers want.

- Be nice and friendly, but match the tone to the situation
- Be result-oriented
- Encourage Customer Loyalty:

How can you encourage loyalty?

- Discount for repetitive purchases
- Buy one, get one free
- Bonus gifts from purchases by a given deadline
- Preferred treatment for regular customers
- Customer magazine

ASSIGNMENT

1. Find out other ways of encouraging the loyalty of your customers.
2. How do you think a company may use loyalty cards as a means of making customers feel cared for? Support your answer with appropriate examples.

- Be relevant to your customer:

Build your understanding of your customers and your own relevance to their needs and way of life. Conduct appropriate research to establish your relevance to their needs.

- When you lose a customer, find out why.

The best way to deal with this is to interview the lost customer yourself. This enables you identify the problem. Find out if it is possible to have another opportunity. Treating the loss as a way to learn and improve is a good customer relations approach.

**THIS PAGE
INTENTIONALLY
LEFT BLANK**

**Please log into the
IPED resource area to
access full study
material(s).**

**THIS PAGE
INTENTIONALLY
LEFT BLANK**

**Please log into the
IPED resource area to
access full study
material(s).**

This space intentionally
left blank

**Please log into the
IPED resource area to
access full study
material(s).**

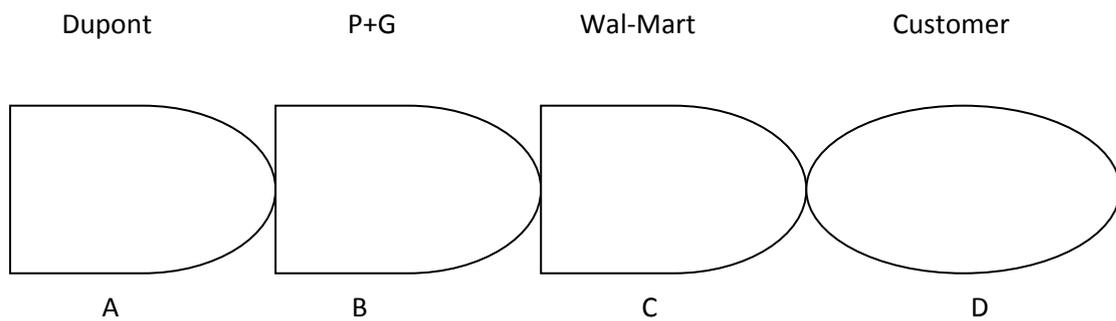
VALUE CREATION SELLING (OR VCS)

Charan R (2007) in his book "What the customer wants you know", states the ability to create value for customers will differentiate you in a crowded market place, and you will be paid a fair price for it – one that is commensurate with the value customers perceive they are getting and the value you do in fact provide. He calls this new approach **Value Creation Selling or VCS**. [Charan R 2007 p 6]

According to Charan, first, you as a seller and your organisation devote large amounts of time and energy- much more than you do today- learning about your customers' business in great detail.

This space intentionally
left blank

VALUE CHAIN



Old →

New ←

- A= Dupont as supplier to P+G
 - B= P+G as supplier to Wal-Mart
 - C= Wal-Mart as retailer selling to the customer
 - D= Customers
- All suppliers must learn consumer insight.

Please log into the IPED resource area to access full study material(s).

This space intentionally left blank

Finally, top management in your company will have to reengineer its recognition and reward system to make sure that the organization as a whole is fostering the behaviour that will improve customer relations and make new sales approach more affective.

**Please log into the
IPED resource area to
access full study
material(s).**

This space intentionally
left blank

**Please log into the
IPED resource area to
access full study
material(s).**

**THIS PAGE
INTENTIONALLY
LEFT BLANK**

**Please log into the
IPED resource area to
access full study
material(s).**

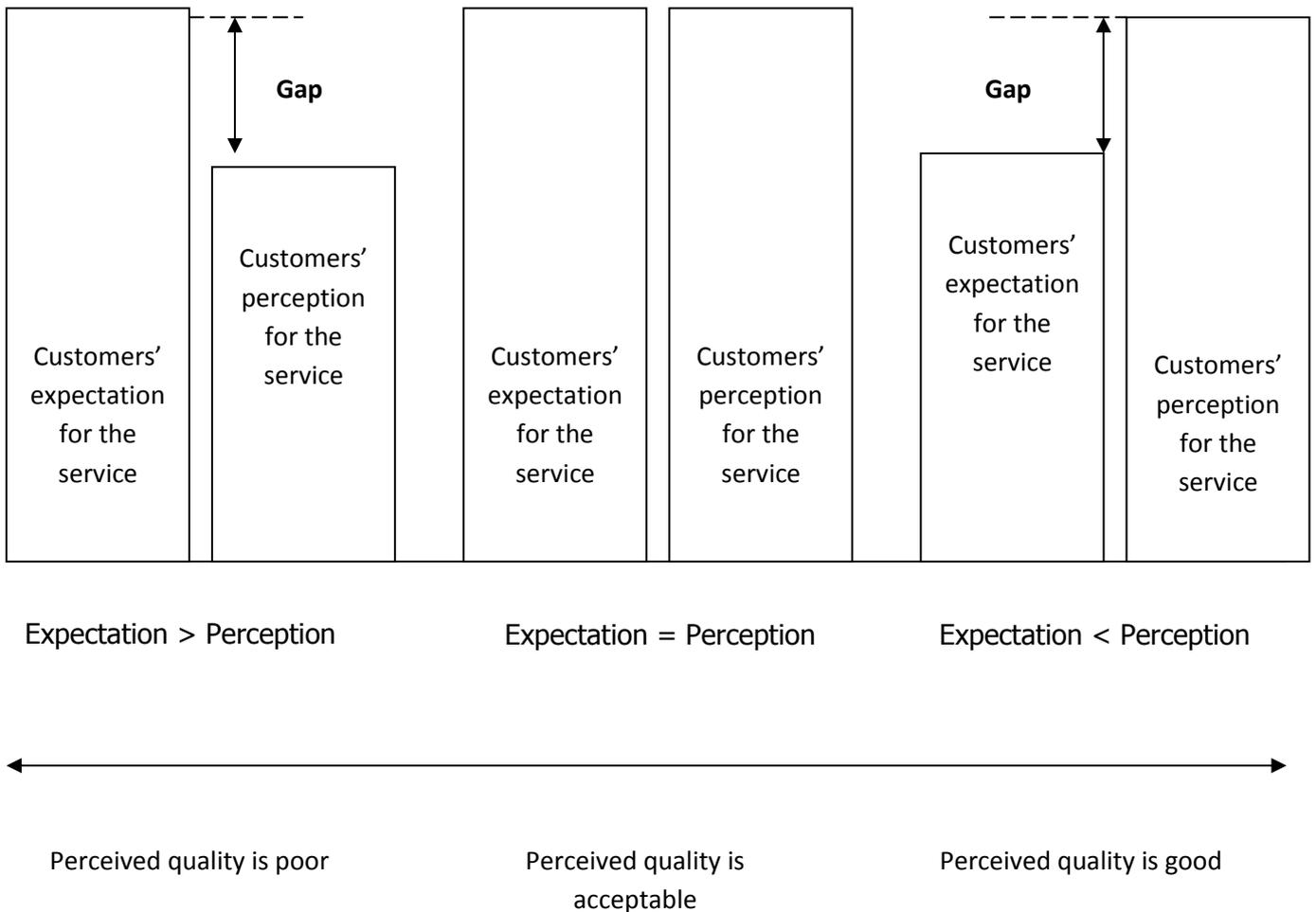
**THIS PAGE
INTENTIONALLY
LEFT BLANK**

**Please log into the
IPED resource area to
access full study
material(s).**

**THIS PAGE
INTENTIONALLY
LEFT BLANK**

THE RELATIONSHIP BETWEEN CUSTOMER EXPECTATION AND PERCEPTION

Perceived quality is governed by the gap between customers' expectations and their perceptions of the product or service. The user-based approach assumes quality is all about providing products or services that are fit for purpose



ASSIGNMENT

Describe situations where customers' expectation may exceed customers' perception and which factors may cause this to happen.

Describe how customer expectation may be made to meet or fall below customer perception.