Customer service is a critical element in the success and future of all businesses that compete in today’s economy. With global markets more crowded than ever, a major challenge for organizations is to attract and retain customers because more companies are competing for the same customer. The secret to getting and keeping loyal customers today comes in creating new business and having a customer-centric approach.

A thriving business lives the mantra that every member of its organization is involved in delivering exceptional customer service. As Sam Walton, founder and former CEO of Wal-Mart, so fittingly put it, “There is only one boss—the customer. And he can terminate everybody in the company, from the chairman on down, simply by spending his money somewhere else.”

The World of Customer Service, 2e is easy to read, has a user-friendly design, practical customer service tips, and strong critical thinking projects. The text focuses on the role of customer service in helping organizations accomplish their goals, deal with problems and complaints, win new customers, and create loyal customers.

At a Glance

Part 1 introduces the basic concepts of customer service in today’s marketplace and identifies the diverse nature of the customer population. Exceptional customer service is also addressed, along with how customer behavior and loyalty have changed.

Part 2 emphasizes the numerous essential personal skills that a customer service representative (CSR) must demonstrate on the job. Attitude and personal approach with customers when dealing with problems and complaints are discussed, as well as how to recover from and win back the angry customer. An overview of the skills CSRs need in managing the customer service role, including problem solving, time management, and stress management, is included.

Part 3 focuses on the communication skills needed for effective customer service. These skills include understanding the essentials of communicating and the importance of customer-focused listening skills, nonverbal communication, dress, and manners. Communicating effectively on the telephone is also discussed.

Part 4 highlights the challenges of customer service in a global world, beginning with the significant impact of globalization on customer service today. It focuses on the importance of technology and the critical need to train, empower, and reward CSRs. It also discusses ways of managing and measuring the effectiveness of customer service in organizations.

New to this Edition

To update and further strengthen coverage of the current research and practices in the customer service field, topics throughout the text are covered in more depth, with an emphasis on the importance of using effective communication and collaboration techniques while applying Internet research and technology skills. A new chapter focusing on the globalization of customer service has been added, as well as a chapter fully dedicated to customer-focused listening skills.

New features in the 2nd edition:

• Focus On . . . incorporates real-world customer service issues specifically related to best practices, leadership and management techniques, and career choices.
• Business in Action provides examples of actual organizations that demonstrate the use of customer service concepts.
• **Key Terms** call attention to new words and concepts that are introduced in the chapter and serve as a useful review tool to aid student understanding.

• **Remember This** spotlights central issues while serving as a reference tool for solving on-the-job problems at a later date.

• **A Product Website** includes activities and web links to further enhance student learning.

• **Video Clips** with discussion questions, located on the Instructor’s Resource CD and the product website, demonstrate real-world customer service issues for better visual understanding of chapter content.

### Additional Features

Features designed to attract and hold student attention are found in every chapter.

• **Quotations** introduce each chapter with thoughts from famous people that prompt and focus interest.

• **Customer Service Tips** demonstrate practical suggestions from customer service providers today.

• **Ethics/Choices** pose ethical dilemmas and get students talking about customer service issues in class discussions.

• **Industry Profiles** feature customer service providers who explain their jobs while sharing personal information about attitude, education, and work experience as applied to essential elements of customer service in their field.

• **Let’s Discuss** follows each Industry Profile and serves as an excellent activity on the featured industry.

### End-of-Chapter Activities

Many projects are based on a simulated company called On-Time Technology Products (OTTP). The applied activities incorporate group interaction and Internet research projects. You will assume the role of a customer service representative for OTTP. As the CSR, you work with five other CSRs, and each of you reports directly to the supervisor, Mary Graeff.

• **Critical Thinking** stretches the student’s thinking and poses questions that relate the content to the student’s philosophy, value system, and work experience.

• **Online Research Activities** require students to conduct Internet research that supplements chapter topics and customer service in general. Guided instructions assist students in gathering pertinent data for completing these projects.

• **Communication Skills at Work** presents opportunities for students to apply their communication skills to solve customer service problems effectively.

• **Decision Making at Work** allows students to apply their decision-making skills as they think through and effectively solve customer service concerns.

• **Case Studies** reinforce chapter content with real-life scenarios that address important issues in the workplace, including human relations, ethics, and employee attitude problems.

• **A collaborative icon** appears next to the activities that require group interaction.

### Supplements Available

• **Instructor’s Resource CD** includes the Instructor’s Manual, course syllabus, chapter outlines, teaching suggestions, ExamView® testing software and chapter tests, test solutions, and solutions to book projects. The CD-ROM also includes PowerPoint slides that summarize the main topics, issues, and competencies covered in the chapter material, as well as short video clips and JoinIn™ on Turning Point® data files.

• **Product Website** provides links to Internet resources that correlate to the end-of-chapter materials. Go to www.thomsonedu.com/marketing/odgers and click on the appropriate chapter to find web links and additional activities.

• **eBook** An electronic version of the textbook is available online. eBooks enhance traditional courses by providing material digitally. eBooks are viewed on a computer with a free Adobe® Acrobat® Book Reader™ and look exactly like the printed version—including photos, graphics, and rich fonts. Additional features not available in a printed version include the ability to customize the content by annotating text, highlighting key passages, inserting “sticky notes,” and bookmarking pages.
This textbook has been a living document, undergoing several practical and constructive revisions and ongoing updates. I would like to recognize and thank all those who helped, particularly colleagues and instructors throughout Arizona and California who practice great customer service and who have shared valuable information. Special thanks to the following reviewers of this edition:

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## Part 1
### The Customer Service Environment 2

Call Centers Profile by Rob Pasell, Sturner and Klein

**CHAPTER 1**  
**Introduction to Customer-Centric Service** 5

**CHAPTER 2**  
**Serving a Diverse Population of Customers** 19
- Ethnic and Cultural Diversity 19 / Customer Personalities 23 / Generational Differences 25 / The Disabled Customer 28 / Concluding Message for CSRs 30 / Summary 30

**CHAPTER 3**  
**Customer Action Behavior, Customer Loyalty, and Exceptional Service** 35
- Understanding Customer Behavior 36 / Earning Customer Loyalty 37 / Offering Exceptional Customer Service 40 / Measuring Customer Satisfaction 44 / Concluding Message for CSRs 46 / Summary 46

### Action Plan 1 51

## Part 2
### Customer Service and Essential Personal Skills 52

Hospitality and Tourism Profile by Leslie Connell, Flagstaff Convention and Visitors Bureau

**CHAPTER 4**  
**Attitude, Angry Customers, and Relationship Building** 55
- A Customer-Oriented Service Attitude 56 / Customer Rage 58 / Delivering Comprehensive Service 59 / Building a Teamwork Approach to Customer Service 61 / Concluding Message for CSRs 63 / Summary 64

**CHAPTER 5**  
**Resolving Customer Problems and Complaints** 68
- Solving Customer Problems 69 / Resolving Customer Complaints 71 / Dealing with Unruly Customers 75 / Concluding Message for CSRs 78 / Summary 78

**CHAPTER 6**  
**Recovering From and Winning Back the Angry Customer** 83
- Understanding Why Customers Leave 83 / Getting Feedback from Customers 85 / Recovering from the Angry Customer 88 / Creating an Effective Win-Back Plan 90 / Concluding Message for CSRs 90 / Summary 91

**CHAPTER 7**  
**Problem Solving, Time and Stress Management Skills** 96
- Practicing Problem-Solving Skills 96 / Improving Time Management Skills 98 / Understanding Stress 102 / Positive versus Negative Stress 103 / Concluding Message for CSRs 106 / Summary 106

### Action Plan 2 111
Part 3

Communication Skills for Customer Service 112

Government Profile by Theresa Alvarado, Human Resources Director, City of Flagstaff, AZ

CHAPTER 8 Communication Essentials 115

The Basics of Communication 115 / Communication Styles 117 / Communicating with Customers in Person 119 / Fundamentals of Business Writing 123 / Concluding Message for CSRs 125 / Summary 125

CHAPTER 9 Customer-Focused Listening Skills 130

Three Levels of Listening 130 / Active Listening 131 / Effective Listening 132 / Roadblocks to Communicating and Listening 135 / Effective Communication with Non-Native Speakers 136 / Concluding Message for CSRs 138 / Summary 138

CHAPTER 10 Nonverbal Communication, Dress, and Manners 142

Customer-Friendly Body Language 142 / Dressing to Make a Good Impression 145 / Practicing Business Etiquette and Manners 147 / Concluding Message for CSRs 148 / Summary 148

CHAPTER 11 Effective Telephone Communication 153

Answering the Telephone 154 / Handling Irate Callers 156 / Using Voice Response Units 157 / Evaluating Your Voice Qualities and Delivery 159 / Understanding Telemarketing Activities 161 / Concluding Message for CSRs 162 / Summary 162

Action Plan 3 167

Part 4

Customer Service Challenges in a Global World 168

Health Care Profile by Denice E. Gibson, RN, MSN, CHPN, OCN; Good Samaritan Hospital; Phoenix, Arizona

CHAPTER 12 The Impact of Globalization on Customer Service 171


CHAPTER 13 Customer Service Technologies 185

Identifying Customer Service Web-Based Technologies 185 / Website Issues and Design Considerations 186 / E-Mailing Customers 188 / Other Customer Messaging Systems 191 / Concluding Message for CSRs 194 / Summary 194

CHAPTER 14 Managing, Training, and Rewarding Superior Customer Service 199

Setting Standards in Customer Service 199 / Understanding the Evolving CSR Position 201 / Retaining CSRs and Other Loyalty Issues 202 / Managing a Customer Service Department 205 / Concluding Message for CSRs 207 / Summary 208

Action Plan 4 213

Glossary 215

Index 221
PART 1

The Customer Service Environment

chapters

Introduction to Customer-Centric Service

Serving a Diverse Population of Customers

Customer Behavior, Customer Loyalty, and Exceptional Service
In your opinion, how important is customer service today?

Customer service is the single most important aspect of any call center organization, whether its purpose is sales or help desk support, and whether its focus is inbound, outbound, or a combination of both. Customer service is the cornerstone of my company’s philosophy, which states, “Quality can never be made up for in quantity.”

What are the essential skills that a call center representative should possess to be successful?

One of the most important skills, in my opinion, is the ability to empathize with the customer. Doing this helps put the customer at ease, because more than likely, others have experienced the same problem. Once the caller is comfortable, the rep will have an easier time of proceeding with the nature of the call.

Listening is another essential skill for those working in a call center. A rep must concentrate on what the customer is saying and ask questions until the problem is understood. Once this is accomplished, the rep can take the necessary steps toward solving the problem.

Being able to adapt to situations and solve problems on the spot while maintaining a positive attitude is another very essential skill. Typically, call centers prepare a scripted response to most problems and issues a rep may encounter. Usually, the rep can follow the procedure for that issue, but occasionally will need to think on his or her feet for a creative solution.

What are your thoughts on customer service in the call center industry?

Call centers are growing in number across America. That is, many companies choose to contract out their customer service and sales work to companies such as ours. Today, reliable call centers are in demand from many corporations because often the only contact their customers will have with the company is through a call center. Each contact should result in a positive experience, or those customers may not buy the company’s product or use its service again. A favorable first impression is essential. The level of quality and customer service that call center reps provide keeps clients coming back and may result in referrals to other companies that have call center needs.
Industry: Call Centers

Call Center Activities

*What are call centers?* Call centers are the areas of every company where customers and prospective customers call, make website requests, and correspond through e-mail. Call center areas are where those major customer communications are received and answered.

1. *What industries have call centers?* Research your community, city, and state to determine where call centers are. (Usually, call centers don’t hang banners on the door, so you might have to do some investigating.) In the following table, column 1 lists some typical industries that have call centers, and column 2 lists categories or names of companies with call center areas. In column 3, list the companies that have call centers established and operating in your area. You may have to call to confirm some of your choices.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Examples</th>
<th>Call Centers in Your Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications</td>
<td>Verizon Wireless, MCI</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Banks and brokerages</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>Sears</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>Airlines, car rentals</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>Prudential, Farmers</td>
<td></td>
</tr>
<tr>
<td>Reservations/tickets</td>
<td>Ticketron, timeshare condos</td>
<td></td>
</tr>
<tr>
<td>Internet companies</td>
<td>ISPs, e-trade</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. *Size and growth of call centers.* Call centers in the United States and offshore (through outsourcing) are growing tremendously. Go to www.thomsonedu.com/marketing/odgers, find the *Let’s Discuss* activity for Part One, and visit the call center websites listed there, or use your favorite search engine to find several call center websites on your own. Provide below three items of information about call centers that you were previously unaware of.

a. __________________________________________________________________________

b. __________________________________________________________________________

c. __________________________________________________________________________
Introduction to Customer-Centric Service

Objectives

1. Define customer-centric service.
2. Contrast traditional customer service with exceptional customer service.
3. Identify required customer service skills and competencies.

There is only one boss—the customer. And he can fire everybody in the company, from the chairman on down, simply by spending his money somewhere else.

—Sam Walton, founder of Wal-Mart

Businesses—large or small, industrial or retail, new or established—cannot survive without customers. Customer service is not about fancy products or intricate corporate culture, but about dedicated, trustworthy employees and loyal, satisfied customers. Today, with more and more competitors vying for customers’ attention, exceptional customer service is no longer optional—it’s essential to staying profitable in business. Although nobody would claim that customer service is simple, the basic foundations and concepts should be.

Service occupations are projected to account for approximately 18.7 million of the 18.9 million new wage and salary jobs generated over the 2004–2014 period. The approach in this book places you in the role of a service provider. If not in your current job, then sometime in the near future, much of your on-the-job success may be influenced by your ability, knowledge, and willingness to provide exceptional customer service.

Part 1 of this text serves as an overview of the key aspects of customer service. Chapter 1 begins by describing what customer service is and how a customer is defined. Discussion then moves to identifying what exceptional customer service is and how it has changed. Finally, the goals of customer-oriented organizations and the importance of hiring the right person...
to perform the role of delivering exceptional customer service are addressed. Chapter 2 is dedicated to exploring the many challenges today in serving a diverse population that varies in terms of personality, generations, ethnicity, gender, and persons with disabilities. In Chapter 3, the critical topics of customer behavior, customer loyalty, and the importance of exceptional service are covered.

Defining Customer Service

Even though every customer is unique, all customers expect three things—a quality product, reliable service, and reasonable prices. In other words, customers want to receive what they feel they have paid for. A customer views you, an employee of an organization, as the company, regardless of what your job description says.

Customer service means different things to different people. In reality, however, the only perspective that matters is the customer’s perception of good customer service at the time service is needed and delivered. Here are some examples of good customer service:

- For a busy traveling executive, a flight that leaves on time
- For a harried office manager, working with an office supply store that keeps a good inventory of products on hand and delivers dependably
- For a lonely retiree, conversation and kindness from a waitress when frequenting a neighborhood restaurant
- For a college student entering a new school, competent and caring advice from an advisor on the best course of study

Simply stated, customer service is the process of satisfying the customer, relative to a product or service, in whatever way the customer defines as meeting his or her need, and having that service delivered with efficiency, understanding, and compassion.

Whether online or offline, customers now have unparalleled power to research and transact with companies exactly when, where, and how they choose. A new worldview is at work that companies must either embrace or ignore at their peril. The customer-centric service worldview simply means that business revolves around the customer. Put another way, a customer-centric organization puts customers first, is service oriented, and thoughtfully develops and satisfies a loyal, repeat customer base.

To be customer-centric does not mean being a doormat. It means being respectful to the customer’s point of view and letting the customer know that his or her opinion is heard and valued before making the right decision from both the short- and long-term business perspectives. It means listening with care to the customer’s concern, then taking the time to respond to that concern reasonably. Companies that focus on creating a good customer experience will succeed far more than those that do not.

Mission Statement, Values, and Goals of Customer Service

Organizations, like people, require direction and focus in order to achieve stated goals. How many times have you heard that if you don’t have any idea where you’re going, you probably don’t know where you’ve been, are confused as to where you are, and most certainly won’t know it when you get to where you ought to be? In like fashion, employees who have no idea where they are going flounder aimlessly, trying to get through the day, with no sense of purpose, loyalty, commitment, or urgency. This is not what customers who buy from organizations have a right to expect.

The quality of customer service that a customer receives is greatly influenced by an organization’s mission statement and its vision of doing business. As simple as the statement “Good service is good business” can be, it may say all that is necessary to represent a company’s mission statement or general values. Another example of a purpose statement is the Ritz-Carlton Hotel’s motto: “We are ladies and gentlemen serving ladies and gentlemen.” If employees at this hotel follow the motto to the letter, they provide the finest personal service and facilities for their guests, who will always enjoy a warm, relaxed, yet refined hotel experience.
Companies must have planned goals to ensure that daily decisions, actions, and behaviors are totally customer-focused and are designed to be adaptable as needed to changes in customers’ needs, desires, and expectations. Many corporations consider Nordstrom’s department store as a premier example of superior customer service. When helping customers, top management at this upscale department store has empowered employees with two simple phrases that reflect its core values: (1) use good judgment in all situations, and (2) there will be no additional rules.

In most cases, when companies ask employees to put themselves in the place of their customers, doing so will guide the employees’ efforts to provide the same treatment and service that they would expect to receive if they were the customers. If this sounds like the Golden Rule, “Do unto others as you would have them do unto you,” it is. For lack of a stated mission and values statement, many companies use the Golden Rule as a guiding principle when serving customers.

Customer service is not new, but much confusion surrounds its importance and degree of practice in today’s marketplace. Figure 1.1 lists some common customer service myths and corresponding facts that speak to an organization’s corporate values.

When organizations commit to a way of treating customers by writing down their mission statement, values, and goals, they create a corporate culture that is better understood and lived by all who work there. According to Peggy Morrow, in her book Customer Service—The Key to Your Competitive Edge, organizations can take critical steps to create and ensure a customer service culture. Those measures are explained in Figure 1.2.
External and Internal Customers

To be successful, an organization must first identify its customers and then learn as much about them as possible—including their age, gender, income level, lifestyle, and occupation. This demographic information, once collected, creates a **customer profile** that explains who the customers are and what they want in terms of service. Companies identify their main customers for a very good reason—so they can develop and market the goods and services their customers want.

Most organizations have two main sets of customers: external and internal customers. **External customers** are the customers whose needs we traditionally think of serving, because these customers are the persons or organizations that purchase and use a company’s products and services. **Internal customers**, on the other hand, are identified as other people or departments within a company that rely on colleagues to provide the support they need to serve their own internal and external customers. If you work at an organization’s computer help desk, for example, your internal customer is anyone who requests your assistance in using the

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**FIGURE 1.2**


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software packages or hardware components on your company’s computer network system.

In many firms, unfortunately, internal customers are often ignored or taken for granted—an attitude that compromises the productive flow of work throughout a company. Employees should respect and serve internal customers as if they were paying clients. Typically, the ways in which internal customers are treated translate into how a company is perceived by its external customers.

**Employment Growth—Customer Service Representatives**

According to the U.S. Bureau of Labor Statistics, employment in professional and service-related occupations is expected to increase at a faster rate than all other occupations, and these sectors will add the most jobs from 2004 to 2014. Office and administrative support occupations are projected to grow about half as fast as other occupations, while jobs in production are projected to decline slightly.

Beyond growth stemming from expansion of the industries in which customer service representatives are employed, a need for additional personnel in this role is likely to result from heightened reliance on these workers. In many industries, gaining a competitive edge and retaining customers will be increasingly important over the next decade. This is particularly true in industries such as financial services, communications, and utilities, which already employ numerous customer service representatives.

As the trend toward consolidation in industries continues, centralized call centers will provide an effective method for delivering a high level of customer service. As a result, employment of customer service representatives may grow at a faster rate in call centers than in other areas. However, this growth may be tempered: a variety of factors, including technological improvements, make it increasingly feasible and cost-effective to build or relocate call centers outside the United States.

Prospects for obtaining a job in the customer service field are expected to be excellent, with more job openings than job seekers. Bilingual applicants, in particular, may enjoy favorable job prospects. Replacement needs are expected to be significant in this field because many young people work as customer service representatives before switching to other jobs. This occupation is well suited to flexible work schedules, and many opportunities for part-time work will continue to be available, particularly as organizations attempt to cut labor costs by hiring more temporary workers. Figure 1.3 shows recent employment projections provided by the Bureau of Labor Statistics, reflecting the occupations with the largest job growth from 2004 to 2014.

**Understanding the Evolving Role of Customer Service**

The Internet and mobile/wireless technologies, which have become fundamental parts of our lives, have caused an unparalleled shift in the balance of power from companies to their customers. Consumers, armed with instant 24-hour access to information, not only are reshaping the products that a company offers and the distribution channels it uses, but also are demanding a higher level and quality of service than ever before.

That power shift from companies to their customers underlies the new **customer economy**. What counts in the new customer economy? American businesses are realizing that the depth of their relationships with customers and the loyalty of those customers to the company are increasingly linked directly to profit margins and, ultimately, to their overall sustained existence.
Traditional versus Exceptional Customer Service

The very nature of customer service has changed dramatically over the last decade. In the past, organizations provided what could be called traditional customer service. That is, if customers needed service, they went to the organization’s customer service department. The implicit message to the customer was “This department is the only place you’ll get customer service in this company.”

Today’s customers, however, expect something more than traditional customer service. They want a company and its employees to exceed their expectations, demonstrate that the organization cares for them, and work immediately and decisively on their behalf. To be precise, customers today demand exceptional customer service. To that end, a successful company recognizes that its competitors may easily be able to copy its products, its prices, and even its promotions, but competitors cannot copy an organization’s employees and the distinctive and exceptional service they provide.

Each time customers come in contact with an organization, they get an impression of service and the overall products they think they will receive. Everyone in an organization touches customers. The employees’ behavior and attitudes affect how the customer feels about the company. As the customer service representative (CSR), or frontline person who deals with customers on a day-to-day basis, you come to signify all that your company stands for—both good and bad. To the customer, you are the voice and personality of your organization. Customers who experience exceptional customer service will come back for more. They will be less likely to shop around as a result of how well you treat them.

**customer service T I P**

Always strive to improve your overall service by focusing on the small details of each transaction. It will mean a lot to the customer and make a difference in total customer satisfaction.

Multichannel Customer Contact Points

As a customer service representative, you will serve customers in several situations, typically known as contact points. For example, customer contact occurs in person, on the phone, through written communications, or online. To the customer, it doesn’t matter where the interaction
takes place. What does matter is that the frontline employee, the CSR, takes ownership of the problem. The CSR must apply the Golden Rule or other course provided by the organization’s values statement and must follow it through to the satisfactory outcome expected by the customer. This is not difficult to do, provided that the CSR has all the knowledge, tools, and authority needed to take care of each customer’s problem in a positive way.

A caring, friendly atmosphere and quick resolutions to problems create positive points of contact. Clean, neat surroundings—whether in an office, a store, or a restaurant—say, “We pay attention to details because we value them as important to our success.” Accurate invoices, prompt shipments, and returned phone calls help convey a positive impression to customers.

On the other hand, examples of negative points of contact include letting your phone ring five or six times before answering it, leaving the customer on hold for two or more minutes, and not replying promptly to an e-mail request for information. This translates to the customer as “We don’t value your time.” Long lines, out-of-stock items, faded signs, and unclean surroundings are other ways to leave an unfavorable impression about the company and its product or services.

Any successful company strives to make sure that all its points of contact with customers are positive ones. In the final analysis, all customers deserve exceptional service at each point of contact, regardless of the means they use to seek customer service.

**Ethics / Choices**

Which of these best reflects your views, in general, of dealing with customer service issues: “I tell the whole truth, all the time” or “I play by the rules, but I bend them to my company’s advantage whenever I can.”

**The Tiered Service System**

In years past, most thriving companies gave all their customers special attention, regardless of the size of their purchase. The thinking then was that a customer who makes a small purchase today might make a large purchase tomorrow. Today, however, the mindset of treating customers differently is based on certain criteria—their actual or potential value, for example. This idea is beginning to make economic sense to more and more businesses. In other words, many companies today are asking themselves, “Why invest the same amount of customer service effort and expense in a one-time customer as we would in a customer who has a multimillion-dollar history with our business?”

This increasingly popular approach to serving customers is referred to as a **tiered service system** and is used with a database of customer transaction records, which have been stored and analyzed with the help of computers and customer relationship management (CRM) software. The concept and use of CRM software will be discussed in depth in a later chapter; however, the underlying principle of CRM is that every interaction with a customer is part of a larger relationship that the company should be able to maximize and use in helping increase customer loyalty.

What does tiered service look like? Whether we realize it or not, we are already being served by this concept each time we choose to fly. Airlines, for example, usually place their customers into three tiers of service: basic, or coach-class; enhanced, or business-class; and premium, or first-class. For the customer, the good news is that a tiered service system has a lot more choices on price, convenience, and comfort. Also, consumers have the option of upgrading if they choose to. On the other hand, companies can invisibly identify individuals who don’t generate profits for them and may decide to provide them with inferior service.

Although tiered service exists, customers should never feel that they are getting a certain level of service because they are buying a certain level of business. All customers should feel that they are receiving the same level of customer service when it comes to assistance with problems or the handling of complaints.

**Describing the Role of Customer Service Representatives**

Superior service doesn’t just happen; it is a process. Next to a company’s product, excellence in customer service is the single most important factor in determining the
future success or failure of a company. Regardless of what products or services a company offers, the company is also in the business of providing customer service.

If you look at companies that are not doing well or have gone under, a common thread is failure to deliver superior customer service. Today’s successful companies show that they understand and deliver what their customers want. More important, they are believers in the value of hiring the right people and providing customer service training not only for frontline employees, but for management and all other support workers as well.

Top organizations carefully select people to fill the position of customer service representatives. CSRs are trained well and are provided a supportive working environment because CSRs count in these companies. A customer service representative can work in a variety of settings and have any number of job titles. For instance, a CSR might work in a telephone call center, at a help desk, with customers at a counter face-to-face, on the phone in the role of telemarketing, or on the Internet, providing hospitality and technical information to both internal and external clients. Regardless of the setting or job title, the CSR’s role, in general, is to answer questions, solve problems, take orders, and resolve complaints.

**Ethics / Choices**

Assume you are answering a customer’s inquiry about a product. After an amicable conversation with you, the customer realizes she cannot afford your product and thanks you. You know that a competitor offers the same product in her price range. What do you do?

**Required Customer Service Skills and Competencies**

Although the responsibilities of a CSR are many and varied, most companies write the job description to include the following duties:

- Provides in-house support for salespeople whenever a customer requires information or assistance
- Provides communication between levels of management and customers
- Represents the customer’s interests, rather than those of a department within the company
- Helps develop and maintain customer loyalty
- Handles customer complaints and strives to have the company set them right
- Alerts upper management to trends or any conditions within the company’s products or services that lead to customer dissatisfaction and recommends solutions to problems

The fundamental service skills needed by all customer service professionals involve knowing how to

- build rapport, uncover needs, listen, empathize, clarify, explain, and delight customers.
- handle customer complaints, irate customers, and challenging situations.
- avoid misunderstandings, manage expectations, and take responsibility.
- work in teams and build internal cooperation and communication within the organization.
- show a positive customer service attitude.

**Hiring the Right Person**

The CSR’s task is always to resolve the customer’s problem as quickly and completely as possible. This requires three critical skills: (1) exercising judgment, (2) possessing knowledge of the product, customer history, company information, and competitive data, and (3) using that judgment and knowledge, along with common sense.

When hiring customer service professionals, companies should look for a helping attitude. You can teach anyone almost anything, but the feeling of customer service has to come from within a person. First-rate CSRs sense what irritates their customers. For example, seemingly minor issues such as the way a carton is labeled or type of packaging are not minor, if they bother the customer.

The most important task in hiring CSRs is to select individuals who fit in with the company’s customer service culture and have a demonstrated skill and interest in working with the public. Companies look for a variety of character traits, abilities, and experience levels for customer service jobs. The profile for an exceptional CSR includes the following characteristics.

**INITIATIVE** Takes the initiative to resolve issues before they become problems; ensures that customer needs are met
RESPONSIVENESS  Looks for speedy solutions to problems; goes the extra mile to please the customer; responds quickly and effectively

RELATIONSHIP BUILDING  Is friendly and courteous; easy to talk to; tactful and diplomatic; respectful and considerate

SENSITIVITY  Shows an understanding of and an interest in customers’ needs and concerns

OBJECTIVITY  Is open-minded; is respectful to others; treats others equally and fairly; tolerates different points of view

RESISTANCE TO STRESS  Works effectively under stressful conditions; remains calm; copes well under pressure

RESILIENCE  Is open to criticism; feelings are not easily hurt; tolerates frustration well

PROBLEM SOLVING  Provides appropriate solutions to problems; capably handles customer requests; finds positive resolutions to problems

POSITIVE ATTITUDE  Is optimistic; maintains a cheerful attitude; looks for positive resolutions to problems

The Workplace Environment

Not too long ago, most customer service representatives worked at retail stores or corporate headquarters. Today, if you work in customer service, you might be located in a retail store or an office, but CSRs are just as likely to work at a remote call center, at a help desk for a computer software company, or for a web-based company. As the number of web-based companies grows almost daily, a need for more CSRs to professionally and accurately take orders, answer questions, handle complaints, and track customer information is growing steadily. You might be called by any of the following job titles: customer service representative, customer care representative, client services representative, customer service specialist, account manager, account service representative, call center representative, claims service representative, help-desk assistant, telesales representative, telemarketer, or by another job title.

A call center is a location where groups of people use telephones to provide service and support to customers. Increasingly, this area is also referred to as a contact center, because it uses more technologically sophisticated devices when interacting with customers. Contact center representatives don’t only answer the phones; they also respond to customers’ e-mail messages and participate in chat sessions via a chat room set up for the purpose of live customer interaction.

Call centers can be inbound, outbound, or both. That is to say, some call centers handle only inbound calls, such as customer orders and questions or complaints about service issues. Others are outbound centers, where CSRs call customers to promote products or services or to conduct polls about anything from product testing to opinions about recent purchases. Some call centers perform both inbound and outbound functions.

Focus on Career

Review the following job description for a Customer Service Manager. Then ask yourself, “Is a management position in my future?”

Manages multiple teams of customer service associates and coordinates a large segment of a customer service function. Responsible for staffing as well as CSR training and development. Establishes policies and procedures and monitors for compliance. Implements changes to enhance efficiency and high-quality customer interactions. Involves processes and procedures for fulfilling internal and external customer needs related to products and services offered through a multi-channel contact center environment. Monitors e-mail and call volume levels and trends in order to maximize efficiencies and makes recommendations for improvement. Performs all aspects of management including leadership, performance planning/evaluations, expense planning and control, initiating process improvements, and interacting with customers and associates at all levels. Ensures scheduling and forecasting are completed in a timely manner and schedules communicated to customer service representatives.
At a help desk, customer service representatives answer customer questions by phone, fax, e-mail, and the Internet. Help desk software automates the help desk and is available to assist CSRs in quickly finding answers to commonly asked questions about particular products and services. Typical functions of this software include call management, call tracking, knowledge management, problem resolution, and self-help capabilities.

The Customer Service Challenge
Customer service begins with putting the right people in place. Teaching customer service skills to employees who don’t have a service-oriented attitude is difficult. As the workforce changes, identifying the specific skills employees need to learn about serving customers becomes more important. For instance, simple acts of kindness that we used to take for granted—such as smiling and saying “thank you”—may now have to be taught. A major challenge of customer service today is the shortage of customer-oriented employees.

An additional challenge most companies face is finding and training staff that can keep up with the technology in the industry. Consider the changes in technology that CSRs have seen in the past few years: e-mail, text-based Internet chatting (the ability to hold a real-time conversation over the web by typing back and forth), voice-over Internet protocol (the ability to have a real-time verbal conversation over the Internet), and push technology (the ability to send a specific image over the Internet directly to the customer’s computer screen).

With the growth of the Internet and online companies, CSRs must be able to manage digital contacts effectively. Quick, accurate, and appropriate responses by e-mail that adequately address customer concerns can prevent the risk of losing customers to a competitor in seconds with just a few clicks of the mouse. If call center representatives aren’t familiar or comfortable with instant messaging, chat rooms, and customer-friendly e-mail responses, they may be left behind in these critical skill areas.

Is it any wonder that customer service training—especially with the new generation of workers—is taking on greater importance? The new breed of CSR will need to be able to handle not only the latest technology, but also the most complex customer interactions—those requiring extensive problem-solving and negotiating skills. Making matters even more challenging, these CSRs will have to be able to communicate both verbally and in writing. Increasingly, companies are realizing that the most significant investment they can make is not in purchasing their databases or computer systems, but in making the best decisions when hiring their customer service staff. Moreover, once customer service representatives are hired, often the challenge is to keep them trained and ready to do their jobs in this technology-driven society.

BUSINESS in action

T-MOBILE
When Sue Nokes joined T-Mobile as the Senior Vice President of Customer Service, the cell-phone company, based in Bellevue, WA, had a big problem. Lousy customer service was driving T-Mobile users crazy. When calling with a question or complaint, they were often placed on hold for what seemed like eons and then spoke with customer service reps who weren’t very helpful. J. D. Power’s customer-satisfaction surveys ranked T-Mobile dead last in the industry, trailing Verizon, Cingular, Nextel, and Sprint. Nokes launched a total overhaul. The first step was getting T-Mobile’s human resources people and its marketing department to sit down and talk. The idea was to revamp the company’s hiring practices, thus increasing the odds of picking customer service staffers willing and able to follow through on the marketing mavens’ promises. Sounds like common sense, doesn’t it? But surprisingly few companies do it.


Concluding Message for CSRs
who come to me with a complaint teach me. Right or wrong, the customer is always right.” He was saying that a complaint gives a service provider the chance to show just how good he or she can really be. Field wasn’t saying that the customer is truly always right; some customers are very wrong. What Field meant was that, in dealing with complaints, you’re dealing with people’s perceptions. Although a customer’s perception of a problem may be shortsighted or distorted, in the customer’s eyes that perception is right. Most people who complain truly feel they have a legitimate concern.

A customer service representative is often the customer’s first impression of the competence, quality, and tone of the company. The CSR serves as the company’s first line of defense against an unhappy customer. Further, customers are more likely to listen to reason and to a different perspective of their problem if frontline providers have product knowledge, express understanding, and treat each customer as if he or she were unique. To a consumer, that human touch of being treated as a valued individual is often more important than price.

Summary

- Customer service is the process of satisfying a customer relative to a product or service, in whatever way the customer defines his or her need, and then delivering that service with efficiency, understanding, and compassion.
- The power shift from companies to their customers underlies the new customer economy, in which the depth of relationships and loyalty to customers are critical to an organization’s success.
- Regardless of the setting or job title, the customer service representative’s duties are to answer questions, solve problems, take customers’ orders, and resolve complaints.
- One of the most important tasks in hiring CSRs is selecting an individual who has a service-oriented attitude and a demonstrated skill and interest in working with the public. The new breed of CSR will need to be able to handle the latest technology and the most complex customer interactions—those requiring extensive problem-solving and negotiating skills.

KEY TERMS

call center  
customer service  
help desk
contact center  
customer service representative  
help desk software
contact points  
(CSR)  
internal customers
customer economy  
customer-centric service  
tiered service system
customer profile  
external customers

CRITICAL THINKING

1. Give two examples of a customer’s concept of good customer service.
2. Why do organizations’ mission statements for customer service differ from one another’s?
3. In your opinion, which type of customer is more important in the long run to an organization—external or internal customers? Explain.
4. Describe the ways traditional customer service varies from exceptional customer service.
5. Name two advantages to organizations of providing customers with multichannel contact points.
6. If you owned your own business, would you provide your customers with a tiered service system? Why or why not?
7. List five critical skills and competencies a customer service representative must possess.
8. Of the various working environments presented in this chapter, which one would you prefer to work in and why?
ONLINE RESEARCH ACTIVITIES

Project 1.1 Outstanding Customer Service
Assume you are doing a report on the top outstanding customer service organizations in the United States. Use the Internet to research and specifically locate the publications within the past six months from only .com domains. As a result of your search, outline three items (including the URLs) of current information you might use in your report.

Project 1.2 Customer Service Training Topics
Assume Mary Graeff, your supervisor at On-Time Technology Products (OTTP), has asked you to conduct online research to locate at least three outside sources that OTTP can use to provide training on customer service. Consider all types of training materials as possibilities. For example, consider videos on customer service, bringing in an outside consultant to train in-house, and subscribing to magazines that focus on customer service issues.

Use the information from this chapter to evaluate the information on each resource you discover. Fill in the table below with the data you collect.

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<th>Source or Website URL</th>
<th>Description of Training Topics</th>
<th>Cost</th>
<th>Advantages</th>
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COMMUNICATION SKILLS AT WORK

Project 1.3 Customer Service Culture Task Force
Assume you have been asked to participate on a company task force with two co-workers at On-Time Technology Products. The three of you have been asked to come up with ways to improve the customer service culture at OTTP. Using the list of eight items from Figure 1.2 on page 8, prioritize and reach a consensus about the top five methods you feel would represent the approach your company should follow.
Working in small groups, discuss the issue, reach a consensus, and complete the table below.

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**DECISION MAKING AT WORK**

**Project 1.4 Tiered Service—a New Approach**

Collin MacGibson, President of On-Time Technology Products, recently returned from a Manufacturing Technology Conference in downtown Chicago. As a result of talking with leaders of other companies, he is now considering establishing a tiered service system, an idea he shared with Mary Graeff. Mr. MacGibson’s basic thought is to reward the customers who give On-Time Technology Products $100,000 worth of business an end-of-year “thank you payment” that reflects a 5 percent discount on all yearly purchases. In addition, those customers would receive a commitment to next-day turnaround time on the resolution of all customer service problems. Moreover, the customers who purchase $500,000 or more annually would receive a 10 percent discount and a commitment to a four-hour resolution of customer service problems.

Prior to responding to Mr. MacGibson’s idea, Ms. Graeff has asked you and the other five CSRs your opinion, because she has some customer service concerns about this new proposal.

1. As a CSR, what is your initial reaction to this new tiered service recommendation by Mr. MacGibson?

   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

2. What would be some advantages of going to a tiered service approach at On-Time Technology Products?

   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________
3. What would be some disadvantages of going to a tiered service approach at On-Time Technology Products?

_______________________________________________________________________________________________

_______________________________________________________________________________________________

_______________________________________________________________________________________________

CASE STUDIES

Project 1.5 Customer Orders Are Perfect or They Don’t Pay

Thunderbird Technology Products president, Darrell Williams, stormed out of his office and said, “Customers’ orders are perfect or they don’t pay.” At first, those in earshot thought he must be kidding, but the seriousness with which he made that statement and his demeanor said differently. Give some thought to this pronouncement and be prepared to discuss the following three questions in a class discussion.

1. In your opinion, can a company literally afford to live by this statement? Why or why not?
2. Can you think of any situations in which an organization may have difficulty honoring such a customer pledge?
3. What are some hidden and actual benefits to the company of setting such a standard?

Project 1.6 Customer Service Job Description

Because sales have been increasing over the past few months, On-Time Technology Products is planning to advertise for an additional customer service representative position. As a result, your supervisor has asked you to review the following draft of a job description, which will be printed in the local newspaper early next week. Your opinion has been requested as to its wording and appropriateness in attracting the right applicants for a new CSR at OTTP.

We are currently seeking to hire a superior customer service representative. The ideal candidate must be familiar with technology and computers. In addition, a postsecondary degree or certificate in information technology is a plus. Those who apply should possess an enthusiastic personality, have excellent problem-solving skills, and work well under pressure. As part of the team, responsibilities involve dealing with customers over the phone, providing pricing, technical, and order-processing information. Strong communication and interpersonal skills are a must. Contact Ms. Graeff at (312) 555-0111 for more information.

1. What is your first reaction to the wording of this job announcement?
2. What recommendations to improve the intent and wording would you suggest?
Serving a Diverse Population of Customers

Objectives

1. Describe diversity in the workplace relative to the needs of a business enterprise.

2. Identify the four personalities of customers and distinguish among them.

3. Contrast customer service activities among the four generational groups.

4. Learn how to communicate effectively with disabled persons.

The customer perceives service in his or her own terms.

—Stew Leonard, founder of a Connecticut dairy and grocery store

To communicate effectively with other people, we must know them as individuals—their unique backgrounds, personalities, preferences, and styles. Customer service interactions can be complex under the best of conditions. When you add issues of language, race, gender, religion, age, or disability into the mix, otherwise competent employees can be found acting in ways ranging from mildly inappropriate to inexcusably rude.

The customer demographics for most organizations are changing in such a way as to increase the diversity and uniqueness of the populations that are served. This trend makes it imperative that CSRs be aware of how customers perceive their service. Further, how CSRs perceive the needs of customers may depend on their own cultural and generational perspectives as well as their personalities.

Ethnic and Cultural Diversity

Diversity in the United States has evolved since the 1960s. Diversity was first based on the assimilation approach, with everyone being part of the “melting pot.” Compliance, in the form of affirmative action and equal employment opportunity, is important in diversity. Key legislation such as Title VII of the Civil Rights Act of 1964, the Age Discrimination

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in Employment Act of 1967, and the Americans with Disabilities Act of 1990 has been an effective tool for change. Today, however, the force behind workplace diversity is that of inclusion. Inclusion involves embracing and leveraging differences for the benefit of the organization. The collaboration of cultures, ideas, and different perspectives is now considered an organizational asset—bringing forth greater creativity and innovation. As a result, many companies are focusing more on corporate diversity initiatives to improve organizational performance.

The shift in purchasing power in the United States provides further evidence for the importance of workplace diversity. According to the Selig Center for Economic Growth, the purchasing power of minorities in the United States will quickly outpace that of whites. In 2009, for example, the combined buying power of African-Americans, Hispanics, Asian-Americans, and Native Americans is expected to exceed $1.5 trillion, more than triple the 1990 level by a gain of $1.1 trillion, or 242 percent. In contrast, the buying power of whites will increase by 140 percent.¹

Diversity in the Workplace
Creating and sustaining a diverse workforce and a diverse customer base are competitive advantages. Diverse ideas come from diverse people, and diverse revenue streams come from diverse customers. It does not matter whether the diversity involves race, age, gender, sexual orientation, ethnicity, physical ability, religion, education, appearance, or any other characteristic.

A significant point for understanding diversity is to recognize that it is reciprocal. That is to say, if someone is different from you, then you are different from him or her. Accepting the diversity of others is expressing your desire for others to accept your diversity. Companies accept diversity as an organizational value, not because it is the politically correct thing to do or even a nice thing to do, but because it is the smart thing to do to remain competitive.²

Not only the workforce, but the nation’s customer base, too, is becoming increasingly diverse. Customers are asserting their differences, and they expect the people with whom they do business to respect diverse backgrounds. Here are some ways the typical customer is changing radically:

- **Hispanics** According to recent United States Census data, Hispanics are the largest minority group in the country. U.S. Hispanic income and buying power is growing stronger and is expected to reach over $1 trillion by the end of the decade. The U.S. Hispanic population has exploded 75 percent in the last decade, reaching 39 million, while the general population increased just 14 percent, to 283 million.³

- **Asians** Asians are even more culturally diverse as a group than are Hispanics. In fact, no one Asian subgroup makes up more than 25 percent of the

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total U.S. Asian population, and each has a more distinctly different set of cultural values, beliefs, and attitudes than is typically the case for individuals from Latin America. Thus, Asian consumers are more difficult to target as a separate shopper segment. As a group, however, Asians tend to have more education and higher incomes than the general population.

• **African-Americans** Although most African-Americans share a common cultural heritage, they are, by definition, native citizens and make up part of the broader culture of the United States. Many inner-city black communities, however, have undergone several of the same cultural disconnects from mainstream markets as have some immigrant groups. These neighborhoods are united by a common experience that creates its own sense of community, pride, style, and identity. These factors all affect purchase decisions.⁴

Businesses often make the mistake of assuming far more commonality exists within a given culture than might actually be the case. To the contrary, in many instances, some differences between individuals from the same culture may be more significant than their differences with individuals from other cultures. For example, Puerto Ricans and Mexicans are both Hispanic, but their cultural cues and product preferences differ in many ways. Conversely, individuals of similar income and education may be far more alike than their diverse ethnic backgrounds might suggest. In other words, it’s not only ethnicity, but also a whole range of life experiences that forms a customer’s culture, behavior, and attitude.

**Cultural Values and Workplace Communication**

Too often, English language skill is the only communication issue considered within the context of cultural diversity. However, language barriers and cultural misunderstandings can get in the way of effective communication and create complexities in customer situations. **Culture** is defined as a system of shared values, beliefs, and rituals that are learned and passed on through generations of families and social groups. Most individuals’ cultural makeup is simultaneously shaped by several different elements such as ethnicity, family, religion, and economic status. Culture affects a person’s perception of the world and, during customer interactions, often defines acceptable and unacceptable behavior.

Our cultural values provide an unconscious worldview that we use to function and interact with others. We begin to learn this worldview at a very early age, even before we acquire language skills. It guides our reflexive behavior by providing us with guidelines on how to respond in a wide range of situations—how formal to be, how close to stand to someone, what physical contact is appropriate, how much eye contact to maintain, how to demonstrate respect, and so forth.

One’s own culture is often taken for granted, unexamined, and accepted as the norm. This means we are often not aware of the filter we are looking through. People from different cultures encode and decode messages differently. These differences increase the chances of misunderstanding, especially relative to nonverbal behaviors and concepts of time and space, which are particularly troublesome during customer service encounters.

**NONVERBAL BEHAVIORS** Cultural differences in nonverbal behaviors are a common source of misunderstandings and conflict in the workplace. For instance, many Westerners like to make eye contact, interpreting it as an indication of interest and honesty. They also show friendliness through relaxed body language. If these behaviors do not happen, a person’s attitude can be interpreted as shiftly, cold, and disinterested. However, in some cultures, averted eyes and reserved behavior are signs of courtesy and respect. Being aware of these nuances will help you to reduce negative impressions in intercultural communications with customers. Low-context cultures like those in the United States and Canada tend to give relatively less emphasis to nonverbal communication. This does not mean that nonverbal communication does not happen or that it is unimportant, but that people in these settings tend to place less importance on it than on the literal meanings of words themselves. In high-context settings such as those in Japan or Colombia, understanding the nonverbal components of communication is relatively more important to receiving the intended meaning of the communication as a whole.

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CONCEPT OF TIME The perception of time is a central difference between cultures. In the West, time tends to be seen as quantitative, measured in units that reflect the march of progress. It is logical, sequential, and present-focused. In the East, time is treated as though it has unlimited continuity, as an unraveling rather than a strict boundary. For example, for the Japanese, time is not such an important criterion when it comes to schedules and timelines. They often will extend discussions and negotiations beyond what Westerners are comfortable doing.

CONCEPT OF SPACE Another variable across cultures has to do with ways of relating to space. Crossing cultures, we encounter very different ideas about appropriate space for conversations and negotiations. North Americans tend to prefer a large amount of space. Europeans tend to stand more closely with each other when talking and are accustomed to smaller personal spaces. The difficulty with space preferences is not that they exist, but with the judgments that get attached to them. If someone is accustomed to standing or sitting very close when talking with another, he or she may see the other’s attempt to create more space as evidence of coldness, condescension, or a lack of interest. On the other hand, those who are accustomed to more personal space may view attempts to get closer as pushy, disrespectful, or threatening. Neither is correct; they are simply different.

Organizations and their employees who are aware of these cultural value differences have a competitive advantage. Understanding the customer and strategically aligning products and services to meet these needs will reap benefits. Understanding that the meaning of “good service” has different connotations in different cultures is particularly important. The more service providers know about their customers and culture, the better customer relations will be.

What role does culture play in customer service? CSRs will interact with people of diverse cultural backgrounds every day. Although knowing about every element of a person’s culture is impossible, each customer should receive the same courteous, professional, and knowledgeable service. Some additional information to ensure sensitivity to cultural differences follows:

- Use a variety of communication methods (written, visual, verbal) to get your message across.
- Err on the side of formality. Most cultural groups value formality, and it will demonstrate respect on your part.
- Make an effort to pronounce names and titles correctly. If you are not sure about proper pronunciation, ask.
- Respond to what is being said, not how it is said.
- Never make a derogatory comment about any culture.

Serving Diverse Customers Well

As companies expand across the globe, challenges in customer service grow. To avoid cultural collisions with customers—when emotions, habits, or judgments taint service efforts—a CSR needs to be aware of how culture plays a role in the service encounter. One suggestion is for CSRs to identify their own cultural differences and be conscious about not stereotyping any customer. Stereotyping happens when people categorize individuals or groups according to an oversimplified standardized image or idea. Because stereotyping can lead to misunderstandings and prejudices, it strongly hinders positive customer service encounters.

Customers with accents generally know they have an accent, but the responsibility for understanding what is being said still rests with the CSR. When serving customers from a different culture, apologize to them when you don’t understand what they are saying. Be sure to speak to them slowly and clearly. Repeat back, or paraphrase, what they have said to you, using other words for clarification. Or, if necessary, ask them to repeat what they have said. This gives you another chance to develop “an ear” for the accent.

Attempting to understand a heavy accent is as important for a listener as making strides toward improving English skills is for the other person. Because some cultures consider feedback or criticism damaging to one’s reputation, CSRs might paraphrase often.

Sensitive companies that provide a good cross-cultural employee training program find it to be very helpful. The content of this training program might include an explanation of the differences between cultures, as well as formal manners and etiquette to follow when serving international customers.
Customer Personalities

Today we know more about basic human personality types than ever before. We also know how each personality type needs to be handled. Only when CSRs apply this knowledge on a regular basis will customers feel they have been treated sympathetically and properly.

People often feel they don’t belong to any one personality group, but each of us has one dominant personality style that defines our behavior. Although every customer is different, most can be categorized into one of four groups: analytical, driver, amiable, and expressive. Here are some basic characteristics of personality styles, along with suggestions for how best to serve each.5

The Analytical

People with an analytical personality are known for being systematic, well organized, and deliberate. They value numbers and statistics, love details, and tend to be introverted. These individuals appreciate facts and information written and presented in a logical manner. They enjoy completing detailed tasks and take the time to analyze and compare their choices before making a purchasing decision. Analytics believe the more thought they put into a decision, the happier they will be with it. Others may see the analytical person as being too cautious, overly structured, and someone who does things “by the book.”

Because people with this personality type often work with numbers and technology, they seek careers in engineering, computer science, finance, purchasing, quality control, and accounting. When working with analytical customers, a CSR needs to provide facts and work with them in step-by-step fashion to understand customer service issues.

The Driver

Those with a driver personality want to save time, value results, and love being in control and doing things their own way. They are extroverted and may show little or no emotion. They are called Drivers because they’re the people who make things happen—they take tremendous pride in getting tasks and objectives completed. Drivers thrive on the thrill of the challenge and the internal motivation to succeed. They are practical people who can do a lot in a relatively short amount of time. They usually talk fast and get right to the point. Others often view them as decisive, direct, and pragmatic. Business owners and doctors often fall into this personality category. These dominant risk takers quite often end up at the top of an organization.

As customers, Drivers will tell you exactly what they want, and they don’t want to hear a lot of “fluff.” When you tell them what you will do for them, they expect you to follow through and do it quickly.

The Amiable

The amiable personality type wants to build relationships, loves to give others support and attention, values suggestions from others, and fears disagreement. This

personality type tends to display a lot of emotion. Amiables are dependable, loyal, and easygoing. They like things that are nonthreatening and friendly; they dislike dealing with impersonal details and cold hard facts. Often described as warm and sensitive to the feelings of others, they can at the same time act wishy-washy.

Amiable people gravitate toward professions such as nursing, teaching, and jobs that require teamwork. They like to work in teams, are very family-oriented, and resist sudden changes. Amiables want sincerity from a salesperson and appreciate a stable buying environment. One of their worst fears is to buy from a fly-by-night operation and be taken advantage of.

CSRs will find that this personality tends to be the most challenging because the cautious nature of these people keeps them from getting too enthusiastic about anything. They tend to be factually driven, so when working with these clients, give them a lot of information and don’t pressure them to make a decision. Remember, when serving this personality type, be vigilant about keeping appointments, staying on schedule, and honoring commitments. Amiables like everything to be predictable and planned; they want to know how things are going to be handled.

The Expressive

The person who has an expressive personality values appreciation and a pat on the back, loves social situations and parties, likes to inspire others, and is extroverted, readily showing emotion to others. A person of this type is usually identified as “the life of the party” and is very outgoing and enthusiastic, with a high energy level. Expressives can be great idea generators but may not have the ability to see an idea through to completion.

Often thought of as talkers, overly dramatic, impulsive, and manipulative, expressive people are great communicators and are attracted to professions such as sales and marketing. They are comfortable with people and spend a fair amount of time “shooting the breeze” in order to develop trust. They tend to be disorganized and dislike details. More often than not, they are slow to reach a buying decision.

Figure 2.1 recaps in table form characteristics of each personality type.
Generational Differences

Having an awareness of a customer’s generation and knowing that generation’s service preferences are two steps that lead to excellent customer service. At no time in our history have so many and such different generations been asked to work shoulder to shoulder, side by side, cubicle by cubicle. The once linear nature of power at work, from older to younger, has been dislocated by changes in life expectancy and increases in longevity and health, as well as changes in lifestyle, technology, and knowledge base.

Each generation has been influenced by different formative events, so each brings a unique set of core values, skills, and expectations to the job. These generational differences can result in a synergistic explosion of productivity or a downward spiral of miscommunication and misunderstanding. Knowing generational information is tremendously valuable; it often explains the baffling and confusing differences behind the unspoken assumptions underneath our attitudes.6

Good service must be seen from a customer’s point of view. In service interactions, what you do, how you do it, how well it must be done, and proving you can do it again are all based on who the customer is. To that end, each generation tends to have its own definition of service. What might seem like excellent customer service to one person might be offensive to another, especially if they are from different generations.

Understanding these generational differences is critical to CSRs who are willing to adapt their personal styles to meet their customers’ needs. These understandings have the promise of creating harmony, mutual respect, and joint effort, where today there is often suspicion, mistrust, isolation, and employee turnover. The following is a description of the four generations in today’s population, which includes the Mature Generation, Baby Boomer Generation, Generation X, and Millennial Generation.

Mature Generation

Presently some 300 million people live in the United States. The oldest of these groups are referred to as the Matures. Matures currently comprise some 63 million people within the U.S. population.

The Matures grew up in the midst of wartime shortages and economic depression. They have always worked hard and tried to do the right thing by others. Even in better times, they have continued these ways simply because this is the ethic they feel most comfortable with. Matures tend to perform best with clear direction and reinforcement for doing a good job.

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This generation grew up learning that “a penny saved is a penny earned” and that you needed to “put something away for a rainy day.” Even now, they remain conservative spenders, opting to do without rather than spending impulsively. When they decide to purchase an item, they generally save up the money to pay for it in cash. Matures come from an era that taught them duty to country and community, and they have applied these values to the workplace as well. They feel rewarded by a job well done.

**Baby Boomer Generation**

**Baby Boomers** came of age in the midst of tremendous economic expansion, learning to use all the convenience-oriented products that came on the market during their youth. Because of their generation’s size, some 77 million strong, Boomers have a significant influence on every aspect of society. Baby Boomers currently make up the majority of the political, cultural, industrial, and academic leadership roles in the United States.

Boomers have always put in long hours because of how closely they associate their occupations with their identities. Even as they edge into retirement, predictions are that most of them will still “live to work.” Baby Boomers were the first credit-card generation. Unfortunately, many have experienced the devastating power of credit-card usage and have huge debts they will be forced to pay down in their later years.

**Generation X**

The U.S. Bureau of the Census estimates **Generation X** to be some 50 million strong. They “work to live,” not “live to work” as the previous generation does. Because many of them were latchkey kids—with both parents working—they have been the most unsupervised generation and have developed into self-sufficient adults. They were the first generation to expect diversity as a fact of life and to fully accept women in positions of power in the workplace.

Gen Xers operate as people “who walk the talk.” They are verbal, globally aware, street-smart, process driven, and technically adept. They want loyalty in relationships, respect for their expertise, and products that are modern.

Having watched their Baby Boomer parents put in long hours, Generation Xers have developed a different perspective about work. They do not necessarily equate productive work with long hours. Instead, they look for ways to work smarter, resulting in fewer hours but greater output.

The Gen Xer views training and development as a means for enhancing his or her versatility in the marketplace—as an investment in the future with any employer, not just the present organization. This generation believes that a job is a contract, and the burden is on the organization to keep them engaged and growing. If that doesn’t happen, then all bets are off, and they will happily move to the next job.

Having come of age after the chaos of the sixties and seventies, coupled with watching their parents spend extravagantly, Gen Xers have chosen the more conservative path of saving and spending prudently. They value time off, which provides the work–family balance they seek. Finally, they look for an enjoyable atmosphere where work is not taken too seriously.

**Millennial Generation**

The **Millennials** are the current generation and number about 81 million. This generation is the most unique of the groups we’ve discussed. They have been highly nurtured by family and others, and the Internet is their medium for communicating, entertaining, and learning.

The Millennials are displaying spending habits remarkably similar to the Baby Boomers, having come of age in the era of credit cards rather than cash. Although many of them have learned to spend substantial amounts of money at an earlier age than previous generations, their attitudes about spending in general are viewed as troubling by many.

Millennials are coming of age in an era of technology and rapid change. Many of them honestly wonder why machines don’t do many of the mundane tasks they are asked to perform in entry-level positions. As this generation matures into the workforce, some of these perceptions will change. But this group will also alter society’s interpretation of the work ethic. As the leading edge of the Millennials has entered the workforce, employers have discovered that “fun” and “stimulation” seem to be the operative words for rewarding this generation. Employers embracing these desires have been
able to maintain lower turnover rates and higher productivity.

As customers, Millennials are usually known as those that need instant gratification. Once they decide they want something, they usually make a pretty quick decision to get it—especially with technology purchases, as they are very techno-savvy.

Figure 2.2 recaps in table form characteristics of each generation.

Serving the Different Generations
A major challenge is to serve multiple generations all at the same time. Specifically, when serving the newest generations of customers, Gen Xers and Millennials, some unique service reminders are in order. These groups are unforgiving about poor customer service, expect 24/7 service, and are prepared to negotiate service relationships. When getting their needs met, they believe that if you don’t ask, then you don’t receive.

On the whole, the younger generations prefer to conduct business and make purchases online or by phone instead of face-to-face. Because they are in constant communication with others, using cell phones, personal digital assistants (PDAs), and other electronic devices, they have high consumer awareness and know how to work the system to obtain what they need or desire.

The concept of customer service can take a different twist when working with the senior market consisting of the older Mature and Baby Boomer generations. These consumers are typically more loyal, but simultaneously more demanding. They want less noise and fewer visual stimuli in their on-ground shopping experiences. In addition, they want to travel shorter distances to shop and to visit smaller stores. Wellness, energy, travel, and experience will all drive consumer demand.

Many seniors are not computer literate and are uncomfortable with directions such as “See our home page” or “Access your account on the Internet.” Companies must be prepared to provide materials in writing and to offer printed versions of information that is now only available online.

Customer service representatives should be sensitive to the special needs of some seniors. Many retirees struggle with hearing and vision loss. Their mobility may be restricted, they may be in pain, and it may take them a bit longer to do things.

In addition to physical challenges, countless retirees may suffer emotionally from a lack of significant social contact. Although no one expects CSRs to be therapists, they must understand the importance of spending a little extra time with senior customers. Service providers should not brush off seniors or cut off conversations with them. They must keep in mind that a senior’s trip to the bank or the store may provide his or her only social

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contact for the day. It takes so little to be kind to others and it can mean so much.

customer service T I P

In delivering great customer service, create a customer experience that is unique to a person and isn’t the same as the next customer’s.

The Disabled Customer

A disability is a condition caused by an accident, trauma, genetics, or disease, which may limit a person’s mobility, hearing, vision, speech, or mental function. Specifically, an individual with a disability is a person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such an impairment; or is regarded as having such an impairment.8

Discrimination against customers with disabilities is often unintentional. It may stem from a general lack of awareness many of us have about disabilities. Consequently, companies must plan ahead to meet the requirements of their customers with disabilities. Wherever necessary and reasonable, service providers should adjust the way they provide their services so that physically challenged people can use them in the best way.

In all cases, ensuring that the dignity of people with disabilities is respected when services are provided is important. Consulting with them about how they might best be served is perfectly fine. Often, minor measures that are embedded in common sense work wonderfully. One example is to practice patience and allow more time to deal with customers with disabilities.

Understanding Disabilities

The Americans with Disabilities Act and the efforts of many disability advocacy organizations have made strides in improving accessibility in buildings, increasing access to education, opening employment opportunities, and developing realistic portrayals of persons with disabilities in television programming and motion pictures. However, progress is still needed in communication and interaction with people who have disabilities.

Nondisabled individuals are sometimes concerned that they will say the wrong thing, so they say nothing at all—thus further segregating themselves.

Serving People with Disabilities

Etiquette considered appropriate when interacting with people with disabilities is based primarily on being respectful and courteous without being condescending. Outlined below are several lists of tips to help service providers when communicating with persons who have disabilities.

COMMUNICATING WITH PHYSICALLY DISABLED PEOPLE

- When introduced to a person with a disability, offering to shake hands is appropriate. People with limited hand use or who wear an artificial limb can usually shake hands. (Shaking hands with the left hand is an acceptable greeting.)
- If you offer assistance, wait until the offer is accepted. Then listen to or ask for instructions.
- Don’t be afraid to ask questions when you’re unsure of what to do.

COMMUNICATING WITH VISUALLY IMPAIRED PEOPLE

- Speak to the individual when you approach him or her.
- State clearly who you are; speak in a normal tone of voice.
- When conversing in a group, identify yourself and the person to whom you are speaking.

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Never touch or distract a service dog without first asking the owner.

Tell the individual when you are leaving.

Do not attempt to lead the individual without first asking; allow the person to hold your arm and control her or his own movements.

Be descriptive when giving directions; verbally give the person information that is visually obvious to individuals who can see. For example, if you are approaching steps, mention how many steps.

If you are offering a seat, gently place the individual’s hand on the back or arm of the chair so the person can locate the seat.

**COMMUNICATING WITH HEARING IMPAIRED PEOPLE**
- Gain the person’s attention before starting a conversation (by tapping the person gently on the shoulder or arm).
- If the individual is lip reading, look directly at him or her and speak clearly (in a normal tone of voice), keeping your hands away from your face. Use short, simple sentences. Avoid smoking or chewing gum.
- If the individual uses a sign language interpreter, speak directly to the person, not the interpreter.
- If you are telephoning, let the phone ring longer than usual. Speak clearly and be prepared to repeat the reason for the call and who you are.

**COMMUNICATING WITH MOBILITY IMPAIRED PEOPLE**
- If possible, put yourself at the wheelchair user’s eye level.
- Do not lean on a wheelchair or any other assistive device the customer may be using.
- Do not assume the individual wants his or her wheelchair to be pushed—ask first.
- Offer assistance if the individual appears to be having difficulty opening a door.
- If you are telephoning, allow the phone to ring longer than usual to allow extra time for the person to reach the telephone.

**COMMUNICATING WITH SPEECH IMPAIRED PEOPLE**
- If you do not understand something the individual says, do not pretend that you do. Ask the individual to repeat what he or she said, and then repeat it back.
- Be patient. Take as much time as necessary.

Try to ask questions that require only short answers or a nod of the head.

Concentrate on what the individual is saying.

Do not speak for the individual or attempt to finish her or his sentences.

If you are having difficulty understanding the individual, consider writing as an alternative means of communicating, but first ask the individual whether this is acceptable.

**COMMUNICATING WITH LEARNING DISABLED PEOPLE**
- If you are in a public area with many distractions, consider moving to a quiet or private location.
- Be prepared to repeat what you say, orally or in writing.
- Offer assistance completing forms or understanding written instructions, and provide extra time for decision making. Wait for the individual to accept the offer of assistance; do not over-assist or be patronizing.
- Be patient, flexible, and supportive. Take time to understand the individual and make sure the individual understands you.

**Ethics / Choices**

If you saw a coworker bend down to pet and talk to a guide dog that was assisting a blind person, would you react in any way? Explain.

**Service Animals**

Over 12,000 people with disabilities use service animals. Although the most familiar types of service animals are guide dogs used by the blind, service animals assist people who have other disabilities as well. Many disabling conditions are invisible. Therefore, a person who is accompanied by a service animal may or may not look disabled. A service animal is not required to have any special certification.

A service animal is **not** a pet. According to the Americans with Disabilities Act, a **service animal** is any animal that has been individually trained to provide assistance or perform tasks for the benefit of a person with a physical or mental disability that substantially limits one or more major life functions.
Remember, when serving a person who is accompanied by a service dog, you should not touch the service animal or the person it assists without permission. In addition, do not make noises at the service animal, as it may distract the animal from doing its job. Finally, avoid trying to feed the service animal, as it may disrupt his or her schedule.

**BUSINESS in action**

**WONDERLIC, INC.**

Wonderlic, Inc. has more than 65 years of experience helping employers and schools of all types and sizes select the best people. They tout on their website, “Measure and manage people according to person/job fit.” One product they offer is the Comprehensive Personality Profile® (CPP®), a personality test that is particularly effective for positions requiring significant client interaction, such as customer service, telemarketing, and sales.

Used in employment screening, CPP assigns a personality type to each candidate and suggests ways to improve employee motivation. The CPP provides a 37-page report that describes a candidate’s personality in terms of job-related strengths and weaknesses. The CPP measures seven primary personality traits: emotional intensity, intuition, recognition motivation, sensitivity, assertiveness, trust, and good impression. A Summary Profile identifies candidates as one of four common personality types.

**Concluding Message for CSRs**

Listening carefully and responding appropriately help CSRs meet the requirements and expectations of the diverse group of customers who consume products and services in the global and large-scale marketplaces. To put it briefly, when serving any customer—regardless of his or her culture, personality, generation, or disability, remember these points:

- Greet all customers and make them feel comfortable.
- Respect personal differences.
- Evaluate how the customer wants to be served.
- Adjust your approach to match the customer’s needs.
- Always thank customers for their business.

**Summary**

- Creating and sustaining a diverse workforce and a diverse customer base are competitive advantages to a business enterprise.
- To serve customers best, identify which personality types they are, and then deal with each individual as he or she would like to be treated. The four personality types are analytical, driver, amiable, and expressive.
- Understanding generational differences allows service providers to adapt their personal styles to serve customers with respect to each customer’s individual set of core values and expectations. The four generations in today’s marketplace include the Matures, Baby Boomers, Generation Xers, and Millennials.
- Whenever necessary and reasonable, service providers should adjust the way they provide their services to customers with disabilities so that people who are challenged can still receive the best possible service.

**KEY TERMS**

- amiable personality
- analytical personality
- assimilation
- Baby Boomer Generation
- culture
- disability
- driver personality
- expressive personality
- Generation X
- inclusion
- Mature Generation
- Millennial Generation
- paraphrase
- service animal
- stereotyping
CRITICAL THINKING

1. Why is diversity in the workplace deemed advantageous to businesses that sell products and services? In what ways can it be challenging to an organization?

2. In your own words, give a simple, one-sentence description for each of the four personality types.

3. If you were a guest service agent at a fine hotel in your area, how would your personal service approach be different when serving each of the following generations of customers: Matures, Baby Boomers, Generation Xers, and Millennials?

4. Describe an experience you have had or have heard about where a person with disabilities was served in an exemplary fashion.

ONLINE RESEARCH ACTIVITIES

Project 2.1 Culturally Oriented Marketing Plans

Assume you are doing a report on marketing plans for Hispanics and Asians. Use the Internet to locate examples of published information from business journals and business-oriented websites. List the results of your search, including the URLs, for current information you might use in your report.

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Project 2.2 Techno-Gadgets for Baby Boomers and Gen Xers

On-Time Technology Products’ (OTTP) sales manager, Mr. Brown, feels that not enough is being done to meet the needs of the generations of buyers. He plans to survey how the Baby Boomers and Gen Xers respond to innovations, especially in techno-gadgets and communication devices.

Go to Barnes and Noble’s website and locate three published books on the two generations of customers that you feel would best answer Mr. Brown’s concerns. List the books that you would recommend, along with a brief description of each, in the table below.

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<tr>
<th>Title and Author</th>
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COMMUNICATION SKILLS AT WORK

Project 2.3 Communication Styles among Generations

Younger generations seem more detached in their communication styles. A great deal of the differences among communication styles can be attributed to the development of electronic technology.

Jot down some quick ideas as you answer the following two questions. Then, be ready to discuss in class your ideas about the importance of serving all generations of customers well.

1. What impact are variations in communication styles having on the workplace?

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_______________________________________________________________________________________

2. How should employers deal with these differences effectively?

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_______________________________________________________________________________________

DECISION MAKING AT WORK

Project 2.4 Free Personality Test for CSR Position

Many employers look for specific personality types to fit certain roles. For a CSR position, for example, they might look for someone who is an Amiable and has these general tendencies: cautious, gentle, and thoughtful; hesitant until he or she knows people well, then affectionate and caring; very literal and aware of the physical world; uncompromising about personal standards; diligent and conscientious, organized and decisive.

What is your personality type? Go to www.thomsonedu.com/marketing/odgers and find the web links for Chapter 2. Visit any of the websites listed there for a free assessment of your personality type. After you have determined your personality type, do the following:

- Link the results of it to one of the four types most fitting you that were covered in the chapter.
- With that personality type in mind, assume you are a CSR interacting with each of the following personality types in a customer service situation: analytical, driver, amiable, and expressive.
- Using the information covered in the chapter, decide how you will react, based on your own personality type, to each of the personality types in a customer situation in which the customer is returning a faulty product and wants cash back, not credit toward a future purchase. Your company’s policy gives you the authority to make that decision.
- Prepare a one-page synopsis in which you summarize these four situations. Be prepared to discuss your ideas in class, if directed, before you submit your report to the instructor.
Here is an example: You are the CSR and you are an Expressive. Your customer is an Analytical. As an Expressive, you really want to understand your customer as a person. You like to get enthusiastic about things—but that’s the wrong approach with an Analytical. You will need to be as systematic, thorough, deliberate, and precise as you can in your approach. Provide analysis and facts.

**CASE STUDIES**

**Project 2.5 A Complaint from a Disabled Customer**

At On-Time Technology Products, customers seldom complain because customer service is a top priority. However, recently the president of the company, Mr. MacGibson, received a complaint in writing from a person who is disabled. Mr. MacGibson knows that he not only must respond, but also perhaps change policy and procedures in the company relative to serving the disabled in more appropriate ways. Mr. MacGibson has asked for a focus group to be formed to give him advice on handling the complaint and what steps the company should take at this time.

In part, the complaint read,

Today I was at your store and wanted to purchase a new laptop computer. I never write companies when small incidents occur (relative to my disability of being in a wheelchair), but I feel that today’s behavior by your sales staff was over the top and warrants this letter. I chose to inform you, the president, so that others in my circumstance at your place of business will not be so offended.

I felt very patronized when, after asking questions of your service/sales representative Joanne, she responded in an almost childlike voice—not once, but three times! Then she proceeded to lean on my wheelchair as she was demonstrating the laptop to me. I felt it would have been more appropriate for her to use a chair, but when I suggested she do so, she said, “Oh, this will only take a minute or so more” and then continued to lean over me for another five minutes!

I am incensed enough to write this letter! By the way, after leaving your store I purchased my laptop from another store within the hour.

Analyze the case and determine: (1) whether the customer has a legitimate complaint, (2) what Mr. MacGibson’s response should be to the customer, and (3) what recommendations as far as training, policies, and procedural changes you might make to Mr. MacGibson. Be ready to participate in a group discussion, as directed by your instructor, or to submit a case analysis if requested.

**Project 2.6 Adapting to Electronic Technology**

As electronic technology has evolved over the past 40 years, each successive generation has become more dependent on it in daily life. That is one of the reasons that On-Time Technology Products has been so successful. Now the company finds itself in a unique situation. As part of an employee recognition plan, it would like to discount by 50 percent the newest and most up-to-date handheld PDA to every employee. But there is dissention in the ranks—some employees would
rather have money than the PDA. OTTP management is in conflict because it not only wants to do this for the sake of recognition, but also the thinking is that those who use the products can better sell and answer questions about their features, functions, and the benefits of their use. It seems that the younger a person is, the more he or she seems to embrace electronic technology. Thirty percent of the employees are over 55 years old.

Be prepared to discuss your views of the situation in class relative to the two questions that follow. Bring your information and reasoning to class for this discussion, as directed by your instructor.

1. How do different generations view the role of these devices in their lives and in the workplace?

_______________________________________________________________________________________________

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2. What should OTTP do about the recognition program now—keep it? Modify it? Or just forget about doing it?

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Customer Behavior, Customer Loyalty, and Exceptional Service

Objectives

1. Describe customers’ buying behavior relative to their basic needs.

2. Distinguish between customer satisfaction and customer loyalty.

3. State the relationship between customer expectations and customer perceptions.

4. Describe methods companies use to measure customer satisfaction.

It’s the little things that make the big things possible. Only close attention to the fine details of any operation makes the operation first-class.

—J. Willard Marriott, Founder, Marriott International

In a business sense, customers can be considered as assets. Most companies regard assets as items that must be protected and whose value must be maintained and even maximized over time. From the customer’s viewpoint, virtually all customer service activities, from billing accuracy to courtesy and accessibility of personnel, are prime components of excellent customer service. The trend in customer behavior and attitude is to expect that excellent customer service will be provided during all customer contacts.

Because recent data show that 40 percent of even satisfied customers will defect to a competitor, companies that are intent on retaining customers must cultivate loyalty by establishing a common ground and showing concern for customers through listening and using humor. Contrary to popular belief, increased technology isn’t the way to create customer loyalty. In fact, the more high-tech the business world becomes, the more challenging it is to build customer rapport. Despite their obvious conveniences, e-mail, voicemail, fax machines, PDAs, and other technological devices take

attention away from customers. These gadgets eliminate the human touch needed to build long-term customer relationships.

**Understanding Customer Behavior**

The primary objectives of perfect customer service are to experience repeat business and to increase business from current customers. These goals require specific knowledge about customers’ behavior—why they buy, how they buy, and particularly what causes them to return and increase their purchases over time. Thinking like a customer isn’t easy. In fact, many companies are unable to do it. Today’s customers want choices, but they want them to be relevant to what they need to accomplish.

Although the reasons consumers buy vary considerably, they are derived from four basic needs that each of us has, regardless of our industries or businesses.

1. **The need to be understood.** Emotions, customs, and language barriers can get in the way of properly understanding the needs of customers. Every effort should be made to work with these challenges.

2. **The need to feel welcome.** That first impression a customer gets from service professionals is critical. Anyone who is made to feel like an outsider when doing business with a company will probably not return for future goods and services.

3. **The need to feel important.** Little things mean a lot. Acknowledgment, name recognition, and eye contact make a person feel important and appreciated.

4. **The need for comfort.** People need physical comfort—places to wait, rest, talk, or do business. They also need psychological comfort—the assurance and confidence they will be taken care of properly and fairly.

Organizations that understand customer behavior and make the transition to customer-centric service are characterized in two ways: (1) the organization is regarded by customers as easy to buy from or deal with, and (2) the organization depends on systems and processes (not speeches and slogans) to see that its service fits the customer’s needs at a price the customer is willing to pay.

In various industries, excellent service is often driven by customer behaviors and needs. Some examples are:

1. **The retail business.** A customer-oriented retail organization provides a wide variety of merchandise, convenient shopping hours, parking, reasonable policies on returns and exchanges, and availability of trained, courteous sales and service professionals.

2. **The consumer direct-marketing or mail-order business.** The nature of this business requires a high degree of customer trust and, in general, centers on immediate access to advertised products, prompt delivery, a liberal exchange and return policy, and hassle-free dealings that occur from a distance.

3. **The banking and financial services business.** This area has shown tremendous advances in customer service recently, with its automatic teller machines, interactive phone systems for handling account queries, and increased availability and higher skill levels of customer service personnel. In addition, customers receive faster turnaround on loans and quick
resolution of money problems through immediate access to the financial institution's website links.

**Earning Customer Loyalty**

The customer is king. This phrase has become something of a mantra for retailers during the last several years, but many fail to support it with their behaviors or policies. Customer-centricity has become the new, challenging, competitive battlefield. The only way to survive in the current marketplace is by building a wide base of loyal customers, and the only way to do that is by tailoring the shopping experience to customer wants and needs as much as possible.

In companies across America, a disconnect between intentions and reality may be driving away customers. Often, companies do not live up to customer expectations. Incredibly, the disappointments that customers experience are frequently the result of expectations that the company has set up for itself. For example, customers are routinely surprised because many businesses fail to meet their own promised deadlines, fail to back up their products adequately, provide only limited availability of their advertised products, or provide inconsistent product service and support after the sale. Clearly, customer loyalty is not earned in these ways.

**How Loyalty Is Earned**

Profound changes have transformed the business world. Ask most managers what is different in today’s economy, and they will tell you that markets are more crowded with global competitors, and attracting and retaining customer attention is harder than ever. An increased capacity to produce products and information has created an overcrowded marketplace, as more and more companies compete for the same customers.

Interestingly enough, a momentous shift has occurred: we have, in effect, entered an age of customer scarcity. The end result of this shift is that customers have become the most precious of all economic resources to businesses. Earning and keeping their loyalty, therefore, is tremendously valuable to successful companies.

Many companies today are maximizing the loyalty and the purchasing behavior of their customers by offering customer rewards programs. The popularity of loyalty programs among today’s consumers is evident in multiple industries in the United States. According to an October 2004 poll commissioned by Maritz Loyalty Marketing, nearly 90 percent of Americans actively participate in some type of loyalty program, including credit card, retail store, and airline rewards programs, and most consumers are enrolled in more than one. Further, research indicates that more than half of those surveyed are more loyal to companies that offer rewards programs.²

Companies that have earned customer loyalty get the results they want—increased and consistent sales revenues.

Customers tend to stay with organizations that enable them to experience positive, meaningful, and personally important feelings, even if an organization cannot always provide everything customers want or cannot solve all their problems. Most people shift from one supplier to another because of dissatisfaction with service, not price or product offerings. The service provider’s responsibility is to manage the emotions in customer service exchanges.

According to Technical Assistance Research Programs, Inc. (TARP), a Washington, DC, consulting firm, 68 percent of customers who go elsewhere do so because of a perception of indifference.³ Indifference in this

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²Gail Sneed, “Do Your Customers Really Feel Rewarded?” Target Marketing (September 2005): 41.
regard means that customers believe their loyalty is wasted on a company that doesn’t care whether they remain customers. Thus, they vote with their feet and walk out the door, seldom or never to be seen again. Establishing lasting customer relationships can be extremely difficult, because one bad experience—or even a mediocre one—can cause a customer to take his or her business to a competitor.

An equation for keeping customers—not exactly a secret, considering the multitude of books on the topic—goes as follows: Take a good, first reaction with the customer; add in reliability, a quick response time, quality services and products, plus empathy; and you end up with a satisfied customer. Take away any of these factors and customer loyalty will begin to wane. Figure 3.1 lists some tips that are useful to earn repeat business from customers.

There is a cost benefit of building customer loyalty. Companies that frequently and periodically survey their customers to find out how happy they are and what suggestions they have to offer to improve products and services are doing the right thing. Some corporations and retailers that have taken these steps and, thus, have earned the right to experience deep customer loyalty are GE, Microsoft, Intel, Yahoo!, Home Depot, Wal-Mart, Nordstrom’s, L.L. Bean, and Amazon.com. These are some companies that actively seek out from their customers better ways to serve them. Ultimately, the entire purpose of improved service is to honor customers by caring enough to meet their needs. Loyalty is earned when intentions and reality blend and become one. Customer-centric organizations do whatever it takes to avoid any type of customer turnoff.

### Customer Turnoffs

Attracting replacement customers is an expensive process, because research indicates that it costs five times as much to generate a new customer as it does to keep an existing one. Unfortunately, few companies even track customer retention rates, much less inquire about what issues might be driving their customers away. Could it be fear about discovering the answers that prevents businesses from ever asking the question “What turns you off as a customer?”

If asked, customers would probably cite three categories of turnoffs, illustrated in Figure 3.2.

1. **Value turnoffs.** When a customer says, “I didn’t get my money’s worth on this product,” this is a value turnoff. Value turnoffs include inadequate guarantees, a failure to meet quality expectations, and high prices relative to the perceived value of the product or service.
2. **System turnoffs.** These irritations arise from the way a company delivers its products or services.
When transactions are unnecessarily complicated, inefficient, or troublesome, customers experience system turnoffs. For example, employees who lack the knowledge to answer customer questions and organizations that have just one person capable of fulfilling a key function are symptomatic of system failures. So are voicemail menus that are unnecessarily complicated. Slow service, lack of delivery options, cluttered workplaces, unnecessary or repetitious paperwork requirements, poor product selection, and inadequate reordering processes are additional examples of system turnoffs.

3. **People turnoffs.** These are the turnoff occurrences most often associated with poor customer service. Examples include showing lack of courtesy or attention, using inappropriate or unprofessional behavior, and projecting an indifferent attitude. In short, any behavior that conveys a lack of appreciation, care, or consideration for the customer is a people turnoff.

According to Jill Griffin and Michael Lowenstein, co-authors of *Customer WinBack*, customers defect from an established relationship for seven primary reasons. Figure 3.3 itemizes these reasons and goes on to suggest approaches companies can take to reduce customer defections.

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**FIGURE 3.2** What Drives Customers Away?

When transactions are unnecessarily complicated, inefficient, or troublesome, customers experience system turnoffs. For example, employees who lack the knowledge to answer customer questions and organizations that have just one person capable of fulfilling a key function are symptomatic of system failures. So are voicemail menus that are unnecessarily complicated. Slow service, lack of delivery options, cluttered workplaces, unnecessary or repetitious paperwork requirements, poor product selection, and inadequate reordering processes are additional examples of system turnoffs.

3. **People turnoffs.** These are the turnoff occurrences most often associated with poor customer service. Examples include showing lack of courtesy or attention, using inappropriate or unprofessional behavior, and projecting an indifferent attitude. In short, any behavior that conveys a lack of appreciation, care, or consideration for the customer is a people turnoff.

According to Jill Griffin and Michael Lowenstein, co-authors of *Customer WinBack*, customers defect from an established relationship for seven primary reasons. Figure 3.3 itemizes these reasons and goes on to suggest approaches companies can take to reduce customer defections.

---

**remember this ...**

**Why Customers Defect and Approaches to Reduce Defections**

<table>
<thead>
<tr>
<th>Why Do Customers Defect from Established Relationships?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. They don’t know where or how to complain to the supplier.</td>
</tr>
<tr>
<td>2. They are too busy and can’t, or won’t, take the time to resolve concerns they have.</td>
</tr>
<tr>
<td>3. They consider complaining to be an annoyance that they would rather avoid.</td>
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<tr>
<td>4. They don’t believe the company will do anything about it anyway.</td>
</tr>
<tr>
<td>5. They don’t see any direct value or benefit to them from complaining.</td>
</tr>
<tr>
<td>6. They fear some post-complaint hostility or retaliation on the part of the company.</td>
</tr>
<tr>
<td>7. They can get what they want from a competitor, so switching is easy.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Steps to Reduce Defections</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Make it easy for customers to complain.</td>
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<tr>
<td>2. Train CSRs to use good questioning techniques to uncover complaints.</td>
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<tr>
<td>3. Get resolution to customer problems more quickly.</td>
</tr>
<tr>
<td>4. Positively acknowledge every complaint as soon as possible.</td>
</tr>
<tr>
<td>5. Enforce a closed-loop complaint management system in which complaints are routinely gathered and analyzed for insights.</td>
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</table>

Don’t pass blame. When a customer calls with a problem you personally did not create, don’t rush to point out, “I didn’t do it” or “It’s not my fault.” Instead of dodging the issue or blaming someone else, immediately apologize for the customer’s inconvenience and take action to resolve it.

Offering Exceptional Customer Service

Exceptional customer service is in the eye of the beholder—the customer. How does the customer determine whether a company has provided exceptional customer service? It usually depends on two factors: the customer’s expectations and his or her perceptions. **Customer expectations** are what a customer wants before a transaction. Typically, a customer forms expectations from several sources: advertising, previous experience, word of mouth, and the competition.

**Customer perceptions**, in contrast, are created during and after a transaction. A customer’s perception is based on how actual service measures up to his or her expectations. If customers get more than they expected, the end result is **exceptional customer service**. However, if customers get anything less than what they expected, they perceive a performance gap; in that gap lies customer disappointment. Disappointed customers will leave an organization and take their business elsewhere, and poor customer service is responsible for much of the disappointment experienced by customers.

In practice, what does exceptional customer service really mean? Perhaps it happens when a company seriously tries to determine what makes it truly unique and what makes its customer experience better than that of its competitors. Keep in mind also that when you define what better customer service means for your customers, that definition is based on how they feel now; this doesn’t necessarily mean that the definition won’t change in the future. In other words, defining exceptional customer service is an ongoing, fluid process.

Ritz-Carlton is the only service company to have won the prestigious Malcolm Baldrige National Quality Award twice—in 1992 and again in 1999. Receiving this industry-honored distinction was certainly not by accident. Every day at the chain’s 57 hotels, all 25,000 Ritz-Carlton employees participate in a 15-minute “lineup” to talk about one of the basics. For example, Basic #14 states, “Use words such as ‘Good morning,’ ‘Certainly,’ ‘I’ll be happy to,’ and ‘My pleasure.’ Do not use words such as ‘O.K.,’ ‘Sure,’ ‘Hi/Hello,’ ‘Folks,’ and ‘No problem.’” The lineup ritual makes the hotel one of the few large companies that sets aside time for a daily discussion of its core values.

Further, if you are employed by Ritz-Carlton, the hotelier will spend about $5,000 to train you. First, you’ll get a two-day introduction to the company values (it’s all about the service), including the credo (again, service) and the 20 Ritz-Carlton basics (you got it—service!). Next comes a 21-day course focused on job responsibilities, such as a bellman’s 28 steps to greeting a guest. Each employee carries a plastic card imprinted with the credo and the basics, as well as the “employee promise” and the three steps of service.

Step 1: “A warm and sincere greeting. Use the guest’s name.”

Step 2: “Anticipation and fulfillment of each guest’s needs.”

Step 3: “Fond farewell. Give a warm good-bye and use the guest’s name.”

For those reasons, strong organizations stay in touch with their customers on a regular basis and are not afraid to receive negative comments. In fact, they welcome negative comments that help them improve. Complaining is not only appropriate, but necessary. Why? Because it lets businesses know where they have room for improvement. When businesses know what they should improve and then make these improvements, they bring
in more customers, resulting in more sales. Good companies fully recognize that it is infinitely better to have customers tell their complaints to the company’s service representatives than to tell them to someone else.

The Value of Exceptional Customer Service

Exceptional customer service matters. Customers who experience world-class customer service return for more products and services and are less likely to shop around. Knowing what is on the customer’s mind, therefore, is the smartest thing a business can do. Successful companies focus on what the customer is saying and then tailor their products or services to meet customer needs.

Profits and customer service go hand in hand. The value and economic effects of exceptional customer service are realities businesses are recognizing. According to a myriad of customer service surveys and resulting statistics, on average,

- Most people tell 10 other people about great service they have received (and are willing to pay more just to have), but will tell up to 20 people about poor service they have gotten.
- Depending on the industry, it costs between 2 and 20 times more to gain a new customer than it does to satisfy and retain a current one.
- Ninety-five percent of the customers whose problems are fixed quickly continue to do business with the company.

Paying attention to the finer points throughout a buying transaction is that special touch that makes a company stand out from the crowd. Some of the most effective extras are really very basic concepts of conducting good business, although customers are often surprised when these actions take place. Little details that contribute to exceptional customer service include:

- Treating customers respectfully and courteously at all times.
- Greeting customers by name and promptly answering their questions. (If you can’t answer promptly, get back to the customer with an answer as quickly as possible.)
- Standing behind your product or service and doing whatever it takes to right a customer service concern in a manner that is fair to both sides.

Moment of truth is a term coined by Jan (Yon) Carlzon of Scandinavian Airlines Systems (SAS) in turning around his company as a result of a tremendous loss of profits in 1981. Simply put, a moment of truth is an episode in which a customer comes in contact with any aspect of the company, however remote, and thereby has an opportunity to form an impression. This moment of truth happens in a very short time period, from 7 to 40 seconds. That is the amount of time you, as a CSR, have to make a good impression on your customer. This impression will guide the rest of the encounter.

If the moment is favorable, the whole interaction will be pleasant. If it is not, a positive customer relationship has been tarnished. Carlzon’s idea is that, if his company’s 10 million passengers had an average contact with five SAS employees, the company had 50 million unique, never-to-be-repeated opportunities, or “moments of truth.” With these moment-of-truth events, the company recovered from an $8 million loss to a profit of $71 million in two years.

Critical First Impressions

According to an old saying, “You never get a second chance to make a first impression.” Nowhere is this more applicable than in business situations, whatever the industry, because how you initially communicate with people is key to your overall and continued success. In general, most consumers prefer to spend their money where they are treated well.

Research suggests that when two individuals meet for the first time, they take only four minutes to decide whether to continue the relationship. Evidently, this decision is based on certain assumptions. Perhaps the scariest truth of all is that this initial impression usually lasts a lifetime. If the first interaction with a customer is
poor, even if a fairly good relationship ensues, the brain remembers that very first impression.

Successful companies examine and evaluate their customer service program regularly in order to establish a baseline standard for serving customers. A baseline standard is the minimum level of service it takes to satisfy customers under ordinary circumstances. Here are some examples of practices that constitute a baseline:

- Greet all customers just after entering your business.
- When possible, use a customer’s name.
- Ask a customer about his or her visit.
- When asked, walk the customer to the product and place the item in his or her hand.
- Return voice and e-mail messages within 12 to 24 hours of receipt.

Positive first impressions are critical. Several types of communication can be used to create a positive first impression: in person at the physical place of business (both the environment and the way in which people are greeted); by telephone, voicemail, and e-mail; through printed materials; and by the way you present yourself and your company outside the office. First impressions are also influenced by a customer service representative’s personal habits. When a CSR’s hair is groomed, hands and fingernails are clean, clothing is appropriate and clean, and general actions reflect professionalism on the job, these practices send a positive impression to those who do business with your company.

Indicative of our age of quick response time, returning calls promptly, delivering products or services quickly, and using modern technology to decrease response time are also smart business moves. Each of these actions helps to create superior first impressions, because customers simply are not willing to wait. Beware of using on-hold time to deliver information about your business. A waiting customer can easily take offense at being forced to endure your advertising or your taste in music. If at all possible, have enough phone lines (and enough people to answer them) so that callers don’t get a busy signal or get put on hold for longer than 45 seconds.

In making a favorable first impression, a good rule of thumb is to consistently exceed customer expectations. Keep in mind, however, that a positive first impression isn’t going to do much good in the long run if a subsequent negative experience eclipses it. The best way to maximize the value of a positive first impression is to reinforce it with extraordinary approaches to customer service and other favorable experiences throughout the course of future interactions. Empowering employees to solve customer concerns is a critical component to making a great first impression.

Empowerment

Empowerment, defined as giving somebody power or authority, must follow a top-down model that conveys authority through the ranks to frontline staff members. It enables them to make administrative decisions based on corporate guidelines. It means that employees should never have to tell a customer “no.” When an employee can do whatever he has to do on the spot to take care of a customer to that customer’s satisfaction, not to the company’s satisfaction, that is empowerment, because if the customer doesn’t win, the company loses.

One significant benefit of empowerment is the elimination of nearly all multilevel problem solving that involves management. Scores of managers talk about empowerment, but many more have difficulty putting it into practice. Too often, they don’t really understand what empowerment is. To many managers, empowerment is giving employees the authority to make a decision to take care of the customer—as long as the action they take follows the rules, policies, and procedures of the organization. Some would interpret this to mean there actually is no empowerment. True empowerment means employees can bend and break the rules to do whatever they have to do to take care of the customer.

Undeliverable promises can do more harm than saying “no” to a customer.

Empowerment is an important aspect of legendary customer service for any business. Having a team of empowered employees who are afraid to make a decision is as bad, if not worse, than not having an empowerment program at all. When employees make a customer-related decision, the greatest concern for many of them is that
they will be reprimanded—or worse, fired—for making what management sees as a bad decision.

For empowerment to work, employees should know they won’t be fired if they make an error and that it’s okay to make mistakes in the process of working to win customer satisfaction. Once empowered, customer service representatives have the responsibility to exercise that authority when the need arises. Ultimately, an empowered staff reduces the amount of time customers spend reaching satisfactory conclusions and has far-reaching effects in keeping a customer who would consider going elsewhere for your product or service.

**Ethics / Choices**

*Time after time, when entering the employee break room, you overhear other CSRs talking about how bad the management is at your company—specifically, your manager. What is your reaction to this situation? Would you enter the discussion to express your personal views, ignore the discussion, or try to reason with your coworkers and advise them against spreading negative thoughts? Explain.*

**Extraordinary Approaches to Customer Service**

To go beyond client satisfaction, make every effort to exceed your clients’ expectations, every time. An age-old rule that is followed by customer-savvy organizations is to “under promise and over deliver.” For example, if you think it will take two months to complete a project, quote a two-month time frame. If you get the job done a week or two early, you have under promised and over delivered. Tactics such as these empower people in the organization by giving them freedom to act in customers’ best interests, and they yield enormous dividends for the company.

Stellar customer service is a mindset that defines each company’s culture. It is pervasive, visible to others, and everyone’s responsibility. Obviously, this unity of purpose begins with hiring and training the right people, but it also requires organizations to keep the basic company functions in superior shape, so that CSRs do not get bogged down by the grind of cleaning up problems, correcting errors, or being on the defensive with customers. The following six actions can help improve performance and apply extraordinary approaches to customer service.

1. **Decide who you are and what you can deliver.** It’s important to know what you can and cannot provide. Make sure you are true to your company’s mission. Decide who you want to provide exemplary service to. Decide what you want to deliver and deliver it well.
2. **Decide who your customers are and what they want.** What you think customers should value might not be what they really value. Make sure you are in sync with customer interests and concerns.
3. **Deliver more than you promise.** Make sure you give your customers more than they request, but, when doing so, ensure it is something they will value.
4. **Review your rules.** Look at both formal and informal rules. Some rules might have evolved from previous customer encounters in your company. Examine which rules obstruct serving your customers’ needs and get rid of them, if possible. Make every effort to favor the customers’ needs over internal needs.
5. **Celebrate your diversity.** Some employees might be difficult to work with, but they might be the best fit with some customers. Empower them. They might become your best employees.
6. **Treat your employees as you expect them to treat your customers.** Treat your employees with respect. Put yourself in their shoes. Make them feel special. Make time for them. The result will be that they will treat customers the same way. In business, this idea is referred to as the **mirror principle,** which says, your employees won’t treat customers better than you treat your employees.

In this discussion about what exemplary customer service is, it is perhaps prudent to examine what service **is not.** Service is not easily managed, because so many factors make it unpredictable and difficult to control fully. The following characteristics of service contribute to this complexity; therefore, when focusing on serving customers in the best way, remember these realities, which can cause dilemmas for CSRs:

- Customer service happens instantaneously and right in front of the customer.
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- Customer service happens instantaneously and right in front of the customer.
Customer service is created and delivered at the same time.

Service must be individualized for each customer; it cannot be standardized or routinely applied universally.

The perception of the customer may not be the same perception as that of the service providers.

Often, customer requests are complex and unique, and cannot be speedily resolved.

Different customers have different needs; further, the needs of the same customers change constantly.

Complete customer service requires others in your organization to support you; it requires customer service teamwork, with everyone committed to the same goal.

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**customer service TIP**

*If a company doesn’t take care of its customers, some other company will.*

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### Measuring Customer Satisfaction

The case for maximizing customer satisfaction is a strong one, because a customer base will remain if it is built on trust, quality, timely service, and product excellence. Although superior customer satisfaction is the goal, it is difficult to measure. Satisfaction, like quality, is in the eye of the beholder. What is the best way to measure customer service and satisfaction? The answer is simple—ask your customers. Having customers tell you specifically what you are doing right, what you are doing wrong, and how you can improve critical areas of your business is the single and most accurate means of determining how well you are meeting their needs.

**Benefits to the Customer**

Several ways exist to gather customer feedback: surveys and assessments, focus groups, and interviews. When conducted at six-month and yearly intervals, these are all first-rate methods for generating qualitative and quantitative information for sound decision making and appropriate changes to the way a business operates. Customer feedback can help companies increase service quality, innovation, and most important, customer retention. This feedback meets one or any number of the objectives that follow:

- Finding and acting on the issues which lead to innovation, employee or customer turnover, or other key outcomes
- Motivating and guiding change efforts and identifying the most promising opportunities for improvement
- Recording a baseline from which progress can be measured
- Creating a consensus on priorities or issues to be dealt with
- Providing a two-way communication with employees or customers

The traditional methods to gauge customer satisfaction are to conduct periodic customer surveys via telephone, direct mail, the Internet, and e-mail. Some problems inherent in the use of these approaches are that they are often slow, expensive, imprecise, and not always helpful for getting at the root of deviations in customer satisfaction. In a perfect world, customer satisfaction data should be reliable, viewed in real time, tied to specific CSRs, and cost a fraction of traditional third-party surveys.

A faulty belief exists in the marketplace that the mere collection of data will result in improvement. That’s probably because, in years past, just the act of conducting a survey had some positive impact on customer satisfaction and loyalty, but the bar has been raised. With a smarter base of customers who have greater expectations of service, companies can no longer ask whether customers are satisfied without acting in a personalized way on the responses they receive. The process of asking customers to set the standards for the level of service they expect from a company

- Helps the company set realistic goals and monitor trends.
- Provides critical input for analyzing problem areas.
- Assists the company in monitoring progress toward improvements.
- Keeps the company close to its customers.

**Benefits to the CSR**

You cannot change what you don’t measure, understand, and acknowledge. Customer service representatives and their managers, therefore, pay more attention to performance standards that are measured because they then know what to expect. Customer-focused measurements are needed because they explain reasons for lost sales, retention problems, time-consuming and costly complaints, and cost redundancies.
Without measurable performance standards, employees are left to guess what good service is. When that happens, customers become disappointed. The following are some examples of measurable customer service standards that good companies implement:

- Answering telephones by the third ring
- Serving hot food at a temperature of at least 140 degrees
- Smiling and greeting all guests within 10 feet of you
- Responding to each shopper so that he or she does not stand in line more than two minutes
- Offering bellman or concierge service to every hotel guest
- Speaking professionally to clients and avoiding the use of slang expressions

How do you ask customers if your service goals are in line with their service expectations? The easiest way is to have a customer response system in place. You can use several methods, such as comment card surveys, post-episodic surveys, automated call surveys, or mail surveys, to name a few.

**COMMENT CARD SURVEYS** Hand the card to the customer at the end of the transaction. Ask the customer to please take a moment to complete the survey, as it will be useful to your company in determining how well you are meeting his or her needs.

**POST-EPISODIC SURVEYS** A new feedback concept gaining popularity with perceptive companies is the post-episodic survey. Post-episodic surveys gather information from customers after they have completed a business transaction such as opening a new account or getting a car serviced at a dealership. Essentially, this is a satisfaction survey dealing with just one service episode. Surveys are usually conducted by phone within 24 to 48 hours of the transaction. Post-episodic surveys are valuable when you want to measure improvement in customer service, develop further insight into the needs and expectations of your customers, or identify best practices.

**AUTOMATED CALL SURVEYS** This survey uses specific software that is integrated with the customer call center’s system. After the caller has elected to bypass self-service and speak with an agent (usually by pressing “0”), the caller is asked to participate in a survey after the call. Typically, they are instructed to press “1” for “yes” and “2” for “no.”

Callers respond via entries on the touch-tone pad. Some systems accept verbal responses. Usually, between 5 and 10 percent of callers will agree to participate in the survey.4

**MAIL SURVEYS** Include a cover letter explaining the reasons for your survey. Address a short survey to the person who interacted with your company and include a postage-paid return envelope.

**OTHER METHODS** Electronic surveys, in-store shopper surveys, and onsite interviews can also be effective. In addition, create a forum for customer service representatives to provide anecdotal, subjective feedback from customers about product features, functionality, and pricing.

Finally, nobody knows what customers are thinking better than CSRs do. Examples of customer response methods are shown in Figure 3.4.

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BUSINESS in action

BEN & JERRY’S

The consumer services manager at Ben and Jerry’s Homemade, Inc., describes how “euphoric service” can move customers from mere satisfaction of purchasing their ice cream into passionate loyalty like this: “Customer satisfaction is only a feeling—an attitude—that does not predict future customer performance, because satisfied customers will still purchase from your competitor. Customer loyalty, on the other hand, is a behavior. When you make a personal connection with your customers and let them know that you hear what they’re saying, and then prove it by being responsive to their needs, you’re building loyalty that influences behavior. Loyalty is always going to be based on relationships, and that’s what you want.”

Concluding Message for CSRs

To be sure, it takes more than “the customer is always right” rhetoric to satisfy today’s diverse customers. Customers are not always right, but customers are always emotional. They always have feelings—sometimes intense, other times barely perceptible—when they make purchases or engage in business transactions. When unhappy CSRs in an organization are out of touch with their own feelings, they cannot provide emotional competence or use emotional connections to increase customer loyalty.

If you want loyal customers, don’t just stop at customer satisfaction, because basic service delivery isn’t enough in today’s marketplace. Here is something to think about: when a company loses a customer, it does not lose one sale, but a lifetime opportunity of profitability with that individual. The question becomes “What could that customer have been worth?” To determine the average lifetime value of customers, first estimate how much they will spend with your company on an annual basis, and multiply it by the number of years they could potentially use your products and services. For example, if an average customer spends $100 a month, 12 months a year, for 10 years, their average lifetime value is $12,000. Now add on the value of all the new customers that your loyal customer will refer to your company. You can easily see how increasing customer retention and loyalty translates into huge increases in profitability and long life to any company.

Summary

- The primary mission of perfect customer service is to experience repeat business and to increase business from current customers.
- Earning customer loyalty is critical, because today’s economy has an increased capacity to produce products and information; therefore, an excess in the marketplace is inherent as more and more companies compete for the same customers.
- Customer expectations are what a customer wants before a transaction; customer perceptions are created during and after a transaction.
- In terms of making a favorable first impression, a good rule of thumb is to exceed customer expectations consistently, because first impressions are formed within the first four minutes of customer contact.
- Because of a smarter customer base that has greater expectations, companies can no longer use survey techniques to ask whether customers are satisfied, without acting on the responses they receive.

KEY TERMS

baseline standard  empowerment  moment of truth
customer expectations  exceptional customer service  post-episodic surveys
customer perceptions  mirror principle
CRITICAL THINKING

1. In what ways do the four basic needs described in this chapter relate to the reasons people buy from certain companies?

2. Describe an experience you have had or have heard about that demonstrates excellent customer service.

3. Are customer satisfaction and customer loyalty the same in meaning? Why or why not?

4. Of the three types of customer turnoffs—value turnoffs, system turnoffs, and people turnoffs—which do you feel is the most often violated by organizations? Why?

5. In your own words, explain the relationship between customer expectations and customer perceptions.

6. Do you agree with the statement “You never get a second chance to make a first impression”? Why or why not?

7. Are the reasons customer service is difficult to manage just excuses for poor customer service or are they reasonable? Explain.

8. If you were the president of a retail organization, what methods would you use to measure customer satisfaction? Why?

ONLINE RESEARCH ACTIVITIES

Project 3.1 Measuring Customer Satisfaction

Assume you are doing a report on surveys that measure customer satisfaction. Use the Internet to locate examples of published information from business journals and business-oriented websites. List the results of your search, including the URLs, of current information you might use in your report.

_________________________________________________________________________________________________
_________________________________________________________________________________________________
_________________________________________________________________________________________________
_________________________________________________________________________________________________
_________________________________________________________________________________________________

Project 3.2 Customer Loyalty and Retention

The big push at On-Time Technology Products is to increase sales by doing whatever it takes to retain customers and increase customer loyalty. In the technology business, however, Vice President Woo, who is in charge of customer relations, realizes that because of many good ideas and outstanding competitors, it might be prudent to do some research on the Internet. He specifically wants to survey how customer loyalty is achieved—especially as it applies to the technology industry.

Go to the Amazon website and locate three books on customer loyalty and customer retention. Enter your findings in the following table to inform Mr. Woo which recently published books are available and those you would recommend, along with a brief description of each.
COMMUNICATION SKILLS AT WORK

Project 3.3  Moment of Truth Examples

A moment of truth is an episode in which a customer comes in contact with any aspect of the organization, however remote, and thereby has an opportunity to form an impression. In other words, a moment of truth

- Consists of any interaction with a customer.
- Determines a customer’s perception of your service.
- Requires judgment, skill, and understanding by the CSR.
- Occurs in less than 40 seconds.

Look at the list of customer-oriented industries in column 1. In column 2, write down specific actions a customer service professional can make to improve a moment-of-truth experience as it relates to each industry. For informal research, ask another adult if they have had a moment-of-truth experience in the past week and if so, have the person describe it. Be prepared to share your findings and written ideas as part of a class group discussion.

How to Create Positive Moments of Truths for Customers (for example, Smile)

1. Hotel
   •
   •
   •

2. Restaurant
   •
   •
   •

3. Retail store (for example, Wal-Mart)
   •
   •
   •

4. Airline (for example, Southwest Airlines)
   •
   •
   •
Project 3.4 Customer Turnoffs Discussion

You are sitting in the lunchroom at On-Time Technology Products with two other CSRs, Rosie and Doug. It’s Friday and everyone is looking forward to the weekend, but Doug is relating a customer problem he has just experienced and is asking how you and Rosie would have handled it. You discuss it, then the discussion moves to other examples of situations that turn customers off and how each of you would handle those situations. Listed below are three major customer turnoffs, which are not specific to the technology industry.

1. Waiting in line while the CSR is chatting with a coworker
2. Red tape—such as refunds, credit checks, and adjustments on account
3. A company’s failure to stand behind their products or services

Pair up with a classmate and role-play each of the given situations that can turn customers off. In a class discussion, be prepared to state how you, representing a specific company, might address each scenario in a positive way.

Project 3.5 The Mirror Principle

Helen Harrison, marketing director of a major manufacturing plant on the east coast, was driving back from a noon chamber of commerce meeting and was reflecting on a statement made by the luncheon speaker. The speaker described the mirror principle by saying, “Your employees won’t treat your customers better than you treat your employees.” Given the increasingly fragile employee morale, decrease in sales, and increase in customer service complaints at the plant over the past six months, Helen is wondering whether this is what is happening in her company.

1. If you were Helen, in what ways would you translate your feelings into an action plan for improvement?

______________________________________________________________________________________________
______________________________________________________________________________________________
______________________________________________________________________________________________

2. What steps would be included in your action plan to turn these problematic customer service issues around?

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Project 3.6 Customer Service Satisfaction and the Budget

It is budget time at On-Time Technology Products, and Mr. MacGibson is seeking input from employees in order to develop a realistic budget for next year. One budgeting change he is considering is to increase the amount of money allocated to the customer service department by 8 percent. Sam Brown, Vice President of Sales, has advised him that just committing more resources to customer service will not necessarily increase customer satisfaction and loyalty. Nonetheless, Mr. MacGibson needs more input and has asked you and the other CSRs to respond to the following three customer service situations in order to acquire more information as he prepares the budget.

Set up a class panel discussion to address these questions:

1. In what ways could a higher budget assist On-Time Technology Products to make credits and adjustments to customer accounts easier?

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2. In what ways could a higher budget assist On-Time Technology Products in providing information and answers to customers in a more timely way?

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3. Can allocating more money to a department really solve customer service problems? Why or why not?

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Based on your study of Part 1, think about the qualities a customer service representative (CSR) should possess in order to provide exemplary service and retain loyal customers, and then complete the following activities.

**Activity 1**
Divide a sheet of paper into four columns and create the following list in column 1: Provides Customer-Centric Service, Serves Diverse Populations, Aware of Generational Differences, and Promotes Customer Loyalty. Label column 2 *Strength*, column 3 *Needs Improvement*, and column 4 *Method of Improvement*.

Give some thought as to how you would rate yourself on each item in column 1. How do you measure up? If there is a skill that you feel especially strong in, put an X in column 2 next to that item, showing it as a strength of yours. If it is a skill that you may need to work on in some way, place an X in column 3. Finally, in column 4, indicate how you might improve on those skills you’ve identified in column 3.

**Activity 2**
Work together as a class and assign one person to write on the whiteboard or chalkboard. Break the writing space into four areas: Provides Customer-Centric Service, Serves Diverse Populations, Aware of Generational Differences, and Promotes Customer Loyalty. Devote some class time to brainstorming about each of the four areas on the board. When class members respond, they should use the sentence stem, “Remember to . . .”

Finally, each student should select from each group two reminders that the student feels have the most relevance to him or her and place those items on note cards to be posted in a workspace or at home.