



Module 15: Customer Service for Beginners

Part 1: Customer Care Fundamentals and Concepts

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Train for Employment

Module 15: Customer Service for Beginners

Part 1: Customer Service Fundamentals and Concepts

Importance

The quality of customer service became the first and the only reason for organizations to achieve its goals and to maintain its profit and position, so it's important to understand the essentials needed for the service provider and to learn and apply the proper skills and techniques to serve, sell and satisfy your customer.

Learning objectives

Upon the completion of this part you will be able to:

- Define quality customer service
- Describe the importance of customer service
- Explain the service quality measures

Exercise: Meaning Of Customer Service

Instructions:

In the envelope are phrases that, when assembled, provide seven definitions of service. Your job is to work together as a team to assemble the phrases in a way that completes the following sentence:

"Customer service means...."

Each phrase must be a complete, logical sentence. You must use all the pieces and each piece can be used only once.

Successful Customer Service

Definition of Quality Customer Service

Customer service is defined as a combination of technical expertise, the ability to manage conceptual and human skills and effective communication.

Importance of Customer Service

Success no more depends on creative promotion or price suitability, but it depends on creating a successful partnership relationship between organizations and their customers.

When 441 Chief Executive Officer's for the fastest growing US businesses were asked, "What was most important factor for business growth?" 84% responded quality of customer service.

Companies have realized that achieving successful market development and continuity depends on a strong customer base and a relationship that links them to those customers. The modern consumer has become increasingly sophisticated in their expectations for quality service. In today's competitive banking environment, where products and services are similar, providing quality customer service is the key differentiating factor in developing customer loyalty.

The leaders in the financial services market know that it costs more to acquire new customers than costs to retain existing customers. Marketing studies prove that the more satisfied a customer is with their bank, the more likely they are to purchase additional products and services. These studies also show that the higher number of products per household or business, the less like the customer is to change their banking relationship. This type of customer loyalty is important in reducing costs and increasing profitability margins.

Why do we Care about Customer Service?

Organizations realized that:

Achieving success, development and continuity in the market depends on the existence of customer base and more important the kind of relation that links them to those customers. Customer's needs, desires and expectations are continuously getting spiral increasing. The key to success is in offering distinguished service; rather than focus on the product upfront.

Customer loyalty is the only way to achieve profitability and cost reduction.

Success depends no more on creative promotion or price suitability; but depends on creating a successful partnership relation between the organizations and their customers.

Indication of various statistics (Statistics on customer satisfaction):

- 15% dissatisfied customers hard to please in any case
- Cost of one dissatisfied customer = profits from five satisfied customers
- Customer retention programs contribute to a growth rate of up to 30%
- 96% of dissatisfied customers do not file a complaint
- A dissatisfied customer tells at least 15 people
- A satisfied customer tells five people at the most
- 2-5% customer complaints are escalated to head office
- 70-90% of complaining customers will repeat their business if handled satisfactorily

Why do customers leave?

It is important to understand that customer churn is costly for your organization.

Understanding why customers leave, give us an understanding about what we can do to retain our customers.

Why Customers Leave?

Statistics show that customers leave for the following reasons:

- 1% Due to death of customer, or the expiry of his/her subscription
- 3% Due to moving to another location or place
- 5% Due to friends' advice to move to another place
- 8% Felt the competition gave a better service
- 15% Due to dissatisfaction with basic services
- 68% Quit because of attitude of indifference by employees

Source: WOW-Customer Contact Excellence

Reasons and impact for poor service

Uncaring employees

Poor employees training

Negative attitude towards customers

- Differences in perception between what businesses think customers want and what customers actually want
- No customer service philosophy within the organization
- Poor handling and resolution of a complaint
- Employees are not empowered to provide good service
- Poor treatment of employees as a customer
- Work time consumption
- Negative impact on product selling
- Increase in marketing costs
- Increase in turnover rate
- Weakening ability to attracting new customers
- Threat to market position due to bad reputation
- Costs increase and profit reduction

Statistics on customer satisfaction

Here are some interesting statistics about customer satisfaction:

- Around 15% of dissatisfied customers are hard to please under any circumstance.
- One dissatisfied customer may cost the organization profits gained from five satisfied customers put together.
- Organizations that enjoy a high standard of quality customer service and conduct customer retention programs have an annual growth of 30%.
- 96% of dissatisfied customers do not file complaints.
- A dissatisfied customer tells at least 15 people, while a satisfied customer tells only 5 people at most.
- 2-5% of customer complaints are escalated to the highest levels in the Head office.
- 70 – 90% of complaining customers will repeat their business if they are happy with how they have been handled.

What are some lessons we can learn from these statistics?

The satisfaction of the customer and the correct and prompt handling of his complaint is a crucial factor contributing to the success of any organization.

Reasons and Impact for Poor Service

We know that the following reasons contribute to poor customer service experiences:

- Uncaring employees; the indifference of the employees or the “not me” attitude affects directly their loyalty and falls under poor service.
- Poor employee training or lack of customer service training; training is the key to employees’ awareness of how to gain customers’ satisfaction, confidence and loyalty.
- Negative attitude towards customers; this includes the full communication process starting from the first impression until we reach keeping the door opened with the customer as described later.
- Differences in perception between what businesses think customers want and what customers actually want; trying to figure the customer’s perception.
- No customer service philosophy within the company; an organization achieves no success if each department across the hierarchy is not customer service oriented.
- Poor handling and resolution of a complaint; this leads to failure in gaining the confidence and loyalty of customers.
- Employees are not empowered to provide good service, take responsibilities and make decision that will satisfy the customer.
- Poor treatment of employees as a customer; the demotivation of the employee as an internal customer affects directly the service.

What can your organization do to ensure that your customers receive high quality customer service? Avoiding all the above reasons is a simple answer.

Reasons and Impact of Poor Customer Service

The cost of failure to deliver high quality customer service is significant. Companies that realize the importance of customer service, understand the costs associated with not delivering high quality customer service. These costs include:

- Work time consumption; it consumes time to rectify mistakes and poor service thus affecting the whole service time plan of the employee.
- Negative impact of product selling.
- Increase in marketing costs.
- Increase in turnover rate.
- Weakening ability to attract new customers.
- Threat to market position due to bad reputation.
- Increased costs to retain the customers lowers the profits.

Service Quality Measures

Service Quality is often an important strategic business goal; therefore companies focus on measuring service quality in different ways. Measuring service quality helps a company compare their performance against internal goals as well as peers in the industry. Typical service quality measures are categorized as follows:

- Reliability
- Tangibles
- Responsiveness
- Assurance
- Empathy

Reliability

Reliability is a measure of dependability in providing the service as promised. Examples of reliability measures include:

- On-time delivery; service delivered on time and as promised.
- Show sincere interest in solving the problem; customers sensitivity to such sincerity is always a precise measure to their satisfaction.
- Perform the service right the first time; this definitely measures the extent of reliability.

Tangibles

Tangible measures include the evaluation of the service provider's physical facilities, equipment, personnel & communication materials. Examples of tangible measures include:

- Clean facilities; bathrooms, offices, desks etc.
- Neat appearance of employees; adhering to all the rules of a business attire
- Visually attractive brochures and other materials; forms, applications and leaflets introducing new products as well as explaining the old ones.

Responsiveness

Responsiveness is a measure of how helpful and prompt the service is perceived by the customer. Examples of responsiveness measures include:

- Telling a customer exactly when service will be performed; keeping your promise is an important measure of responsiveness.
- Providing prompt service.
- Employees always willing to help the customers.
- Employees are never too busy to respond to customer requests.

Assurance

Assurance is a measure of how knowledgeable, polite, competent and trustworthy service employees appear to the customer. Examples of assurance measures include:

- Employee behavior that instills confidence in the customer.
- Customers feel safe in their interaction; the employee represents the bank to the customer, feeling unsafe in the interaction is an enough reason for him to leave.
- Employees are consistently courteous to the customers; consistency is one key to assurance.
- Employees have the knowledge to answer customer questions; if the employee does not have the knowledge, the customer thinks who then has it?

Empathy

Empathy is a measure of caring personalized attention provided to the customer. Examples of empathy measures include:

- Giving the customer individualized and personal attention; the employee gives the customer the impression that he is the only customer he is serving through the entire day.
- Maintaining convenient hours to the customer.
- Understanding the specific needs of the customer; taking in consideration the customer's perception.

Creating a Positive Customer Experience

Successful customer service representatives create a positive customer experience with intention. The following behaviors contribute to a positive customer experience:

- Caring and friendly atmosphere
- Ownership of problems
- Quick solutions
- Clean, neat surroundings
- Returning phone calls promptly
- Giving everybody special attention

An employee who is not focused on creating a positive customer experience, may unconsciously create a negative customer experience, resulting in lost opportunities. Some of the behaviors that result in negative customer experience include:

- Careless and formal atmosphere
- Well, it wasn't ME! Approach
- Slow service
- Dirty surroundings
- Putting your customer on hold for a long period of time
- Poor attention or even drifting off while talking to customers

Summary

During this part you were able to:

- Define quality customer service
- Describe the importance of customer service
- Explain the service quality measures