

Customer Service

A Need for Survival

Customers are the ones who make or break a firm. It has become of utmost importance for today's organizations to understand the true value of customers.

We see our customers as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the customer's experience a little bit better.

Jeff Bezos,
Founder & CEO of Amazon

The Billion Dollar Word

Customer Service is a billion dollar word. One can have the power of the whole world in his/her grip if he/she understands the true value and meaning of it. Customer service seems to be a single word, but in real terms it is a combination of two different words of different meanings. It is only when companies put these two words 'customer' and 'service' together that they have a concept that can take them to the heights of success. Robert B Tucker (Tucker), President of The Innovation Resource, the author of *Customer Service for the New Millen-*

nium, states that, "Though customer service is not a new word for firms, the new thing here is the way or the process to perform service to the customers, as selling services is drastically different from selling products."

Today, customers have become immensely important like never before. As customers' needs and wants keep changing with time, there is a need for companies to follow their customers in order to have the opportunity to serve them again and again in the future. If the company fails to serve the customer to his/her satisfaction, the customer will look for some other company's product.

Thus, it can be said that customer service is basically about fulfilling the ever-changing needs and wants of the customer so as to make him/her loyal to the company's product(s). To be able to serve customers better, a company needs to continuously learn the changing behavior and attitudes of customers.

Serving the 'King'

The fact that a company's success in the market place ultimately depends on how it creates and delivers better value to its target audience (customers) *vis-a-vis* its competitors is quite understandable. Customer value includes —

- Functional benefits, i.e., tangibles like product quality and features or its range and varieties, and
- Emotional benefits, i.e., the intangible values like timely delivery, after sales services, the courtesy of the company staff, responsiveness, perceived reliability of offers being made, etc.

The combined value consisting of functional as well as emotional aspects helps in creating an equity in the mind of the customer and, when that happens, the company gets the all important mind share of the customers, which is critical in maximizing market share. Tucker terms this phenomenon as the magical combination of Q, S & P, where Q stands for Quality, S for Service and P for Price. Time and again, it has been proved that "retaining an existing customer is always more profitable than creating a new one". Laura Michaud (Laura), president of The Michaud Group and the author of the book *From the Kitchen Table to the Conference Table: Family Business Communication*, says, "We know it is much more costly to establish business with an unknown prospect than to continue to do business with your existing customers." Let us put it simple and straight, "If you like followers you don't throw out the seeds." Here customers are the seeds which will blossom as flowers for the company in the time to come.

Customer loyalty is achieved through long-term relationships built over time and this is very critical for any organization. Understanding the customers' needs and anticipating what it is that they require will give a company competitive edge. Sending a feedback questionnaire to the clients/customers on how they would like to be served, gives an impression to the customers that the company



cares for them. Here one-to-one marketing serves as the best option. One-to-one marketing occurs when there is a direct interaction between the company and the customer and the company can change the market customer equation based on that interaction. An important thing to be remembered is instead of asking the customers about the quality of the product/service, the company can ask them for suggestions/improvements. This will please the customers and also the company will get to know what is lacking from their side. Many hotels and restaurants are following this type of method in order to make their customers more loyal towards them.

Customers feel delighted when they are offered some unexpected features.

Tucker also feels that the key for today's companies is to innovate, i.e., come up with added value/features in products based on the needs of the customers. The key here is to exceed the customer's expectation as serving a customer is no more easy. Today, customers' needs and wants have touched rocket heights and so companies have to continuously match their standards. Customer satisfaction no more serves the purpose rather customer delight does. When it comes to serving customers online, there are some state-of-the-art tools and techniques which make customers happy. These tools can be self-service, personalization, online consultancy, online training and rich content on the Web. These things vary from low-involvement and high-involvement customer service as well as the relationship with customers. Failing to delight the customers will lead companies to the sad stories of Coca-Cola, Marlboro, Revlon to name a few, the companies which lost majority of their market share due to sheer complacency. Af-

ter all, long-term relationship and mutual trust are the keys to customer service. The Internet allows to deliver customer service on a 24/7 basis—7 days per week, 24 hours per day. This is a great opportunity. Online service can be as simple as FAQs (Frequently Asked Questions), or as complex as interactive text, voice or video service delivered in real time. Some classic examples of these type of services offered by the firms are as follows:

- The passengers of Indian railways can check their ticket status along with train timings/schedules through the Web and personal mobile.
- British Airways provides online booking and payment facility for ticketing and helps in planning an itinerary

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in easy steps.

- Websites of Hertz and Avis give details of different types of vehicles, their features, number of days the vehicle is required, pick and drop time and facility to calculate hire charges while confirming the booking.
- FedEx has a well-established logistics system and the package can be tracked just by entering the airway bill number on its website.

Moreover, almost every website provides a facility to download application forms, free articles, training material and product and services details, which really saves valuable time of the customers without incurring any costs. Nowadays, most of the news channels like AAJ TAK, NDTV, etc., are operating on a 24/7 basis. More and more companies worldwide are trying to go the Web way in this technology driven era.

Online consultancy services are the practices of giving expert advice within a particular field online. Examples:

- www.economicstimes.com provides online legal consultancy called

“Ask Experts” by charging Rs. 500 for each query.

➤ www.apollolife.com provides advice on health matters for different target groups like individuals, doctors, medical students, etc. It provides updated information on health, news, tips and features on health care, diets, fitness, etc. Thus, rich content in the websites is really helpful as it delights customers by providing lively, informative and engaging content.

- Asian Paints provide a free online interior consultancy for visitors who log on to its website.

Issues and Challenges in Customer Service

Serving the customer in this globalized market is always full of challenges and issues. The organization must take proper care of the international and cross-cultural aspects while promoting, marketing and advertising their products and services to customers. Cultural conflict can happen both in the delivery of products and also while advertising, labeling and packaging the products. Pepsi's controversial advertisement cost it dear in the Japanese market during the last football world cup event. Organizations should understand that customer complaints are a better way of serving them and that they should not be considered as good or bad.

Some of the common problems that customers face in today's day-to-day activities are as follows—

With BPOs coming into the picture, customers get untimely and irregular calls and moreover they are offered unwanted services. Customers are harassed to buy products when they are not interested. BPOs are hardly concerned about the customer's interests and also whether it is the right time to call.

Credit card companies also send add on credit cards or different EMI forms without the consent of customers. Recently, the RBI decided to regulate the credit card market. It plans to announce stringent policy against credit card companies if they send

Internal Ad



Laura Michaud is an author and owner of The Michaud Group, a firm dedicated to bringing personal and business success to their clients. As the former VP of Sales and Marketing for Beltone Electronics, Laura was instrumental in growing sales by over 300% in less than two decades by focusing on sales, marketing, and most of all people. She now helps corporations and associations increase their profits by developing long-term customer relationships.

In addition, Laura offers keynotes, seminars and consulting to help organizations breakthrough commonly held notions concerning sales, employee management, family-owned businesses and the rapidly changing workplace.

► **How important is it in today's fast-moving business world to serve and retain customers?**

In today's game, it is of the utmost importance to retain your customers. It costs you four times more to gain a new customer than keep an old one. There have also been studies that have shown that 40% of your satisfied customers will go to your competitor even if they are happy with you. Competitors entice your clients with coupons, discounts and promises. And customers will try them if enticed properly.

Therefore, it is extremely important to keep in touch with your customers on a regular basis and make them stay loyal to you. The best way to do this is through relationship building. Today to become successful, the strategy you must adopt is to keep your current customers while growing your customer base. That is how you stay ahead.

► **What according to you is/are the major strategies to attract and retain customers in the 21st century?**

You must build relationships with them and harbor the philosophy I just talked about. Also, a key element is that if a customer is dissatisfied for some reason, you should make good on the issue as quickly as possible. It has been shown that dissatisfied customers who have their problems taken care of are more loyal than satisfied customers. That bodes itself to make sure you treat customers well and with respect.

It is of the utmost importance to treat your customers with respect and deliver what your company has promised. It is also extremely important to set your customer's expectations and not promise them anything that you cannot deliver. Setting expectations is just as important as treating your customers right. It is truly about building relationships that last. We know it is much more costly to establish business with an unknown prospect than to continue to do business with your existing customers.

► **Any other thoughts/views you would like to share with our readers?**

There might be times when you need to fire a customer. In other words, there are times when a customer can cost you more in returns, repairs, customer support, etc., than revenue he brings in. If you are able to analyze the situation customer by customer you may want to steer them away from your company.

unsolicited credit cards and make unsolicited calls once the "Do-not-call registration database" is completed.

Telecom companies are not far behind in irritating customers either. Airtel recently sent an SMS to all its post-paid customers asking them to send an SMS to 121 if they did not want the national roaming facility for their cell phones. Some or the other telecom providers keep sending unnecessary messages about winning some prizes, taking part in quizzes and downloading ring tones. Customers also face the problem of call transfer without their consent. The concern here is very simple. What is the need for the credit card company to send an additional card to the customer? And why should a telecom company provide national roaming service without the consent of the customer?

The important point here is that no matter how loyal a customer is towards a company, unnecessary and unwanted interference in his daily life by that company will irritate him. Telecom and credit card companies must understand and respect the tolerance levels of customers.

In the words of Laura, the phrase 'customer is king' is an old axiom that many still subscribe to. When a company treats the customer as king, it may end up promising him more than what it can give him. She further adds that today's companies have a new mindset that makes more sense and which keeps the clients visiting them repeatedly. Thus, it is of utmost importance that companies treat customers with respect and deliver what they promise. Having said that, it is also important to set customers' expectations and not promise anything that cannot be delivered. Setting expectations is just as important as treating customers right. It is true about building relationships that last.

Challenges from Loyal Customers

Gone are the days when low price, good service and fairly good quality did the trick for companies. Now things/priorities have changed a lot. According to Tucker, "There has been

a sea change from the very root in the relationship between the buyers and sellers, globally irrespective of all industries and economies.” Buyers have become much more demanding and much less loyal. What a company might have done last year for customers is of no importance today. Also, it is not enough even if a company makes timely deliveries, maintains top quality standards and things like that.

Michael Leboeuf in *How to win customers and keep them for life* demonstrates the importance of concentrating on winning customers rather than on winning sales, as a satisfied customer is worth many sales in terms of repeat business and referrals. According to Laura, “40% of your satisfied customers will go to your competitor even if they are happy with you. Competitors entice your clients with coupons, discounts and promises.” What today’s customer wants is more for less price.

How to Retain Customers and Provide Better Service

Customers are the backbone of any business. If you look after them and they experience the benefits of your products they will continue to buy from you and will be happy to recommend you to their friends.

Retention of customers is a major goal after customer service. Laura further adds, “In today’s game and yesterday’s it is of utmost importance to retain your customers. Costs are four times higher to gain a new customer than to keep an old.” An important means of customer retention is the development, communication and delivery of value propositions which meet or exceed customer expectations. Value propositions are those multifaceted bundles of product, service, process, price, communication, interaction which customers experience in their relationship

with a supplier. It is the customer’s perception of the proposition that is important, not the supplier’s. A supplier may believe it has a service advantage, if the customer fails to agree, then this is not a source of value.

In order to create, communicate and deliver the right sort of value to customers it is essential to understand the customer’s requirements and expectations. Most companies possess abundant data about customers, which they obtain from sources such as sales records, complaint logs, warranty cards, credit data, returns, guarantee invocations, scanner data, market research, quality conformance reports, mystery shopping, loyalty schemes, transactional research, customer service reports and so on. These data may or may not shed light on the question of what customers expect.

Business today is entirely dependent on customers. The larger your customer base, the more your business will grow

What is clear is that the company must be close to the customer if it is to stay in the market.

Responding to the needs of a customer base with increasingly global sourcing, manufacturing, sales and distribution operations is a huge challenge.

From a Different Perspective

Customers come in two states—profitable and unprofitable.

Tony Alessandra, a management consultant, says retaining customers is all about differentiating one’s products and services from others. Differentiation is a key to survive in this cutthroat competition and such differentiation can be of price, quality and service.

Alessandra adds that conflicting is a general affair with the customers as customers want the value for money beyond any excuses. Therefore, the organization must have the policy to resolve the conflicts with customers as bad experiences with them will lead to indirect losses. He

suggests that for conflict resolution the organization should handle the person first, then the problem, show empathy and apologize. This will cool down the temper of the person and then an appropriate solution has to be found out. If the matter is not solved the customer must be paid compensation for bad products and services. Cadbury is a good example. A couple of years ago, chocolates from Cadbury’s were found to have worms. There was a revolt against the firm. What it did was—it apologized to the people and promised that it would never happen again. It also took all its stocks which were present at that time in the market.

Conclusion

Change is inevitable, i.e., changes are bound to happen as time passes on. It is up to the companies how they manage to change themselves with the changing trends of the customers in order to sustain themselves in this ever-changing business environment. Most of the successful companies today like Gillette, Southwest Airlines, Home Depot, 3M, Hero Honda, BMW and Dell survived because they kept changing their products, strategies and tactics according to their customers’ tastes from time to time.

There is no fixed set of rules in business which will carry you through all times. Business today is entirely dependent on customers. The larger your customer base, the more your business will grow. So, companies should use customer service as a unique and secret weapon to win the battle. Failing to follow your customers’ needs and wants and further not delighting them, will take the companies nowhere. ☹

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