Remember This

A customer is the most important visitor on our premises. He is not dependent on us; we are dependent on him. He is not an interruption in our work; he is the purpose of it. He is not an outsider in our business; he is part of it. We are not doing him a favor by serving him; he is doing us a favor by giving us an opportunity to do so.

Mahatma Gandhi

CHAPTER OBJECTIVES

In this chapter, you will learn how to

- Define customer service.
- Recognize the difference between customer expectations and customer perceptions.
- List examples of customer service.
- Identify the five needs of every customer.
- Explain the difference between external and internal customers.
- Distinguish customer attributes.
- Understand the high cost of losing a customer.
Customer Service Is Important!

One of the most effective and least expensive ways to market a business is through excellent customer service. Customers are an obvious requirement for doing business. The importance of customer service is at an all-time high. Businesses are realizing that providing a product or service alone is not enough in today’s competitive economic environment.

Today, customers are much more sophisticated than they were even five years ago. They are informed about how products should perform and know that if they are dissatisfied with the service they receive, someone else probably sells it and will provide greater service. They may also expect that if they express their unhappiness with a situation, a positive result will occur.

Customer service is in style! People are talking about its importance and go into the marketplace expecting to receive it. The provision of customer service is an important component of the business cycle. In many cases, customer service is the positive element that keeps current business coming back. The customer service provider is frequently the one who “saves the day” and the account.

When a person goes out of his or her way to provide excellent customer service, work is more fun and more fulfilling; as a result, positive relationships with others develop.

What Is Customer Service?

Shockingly, the average customer service provider does not know what customer service is! Customer service is anything we do for the customer that enhances the customer experience. Customers have varying ideas of what they expect from customer interaction. The customer service provider must get to know his or her customers and strive to provide them with excellent customer service. No matter how accurately we see our definition of customer service, we still have to live up to what our customer thinks that customer service is. The customer’s satisfaction is the goal to attain.

Understanding of Satisfaction

Customer satisfaction is the customer’s overall feeling of contentment with a customer interaction. Customer satisfaction recognizes the difference between customer expectations and customer perceptions. Satisfaction may develop quickly or may be cultivated over a period of time. Customers have many concerns; our job is to reduce as much of the customers’ stress as possible and to create a pleasant customer experience, while also providing current information and helping to
solve customers’ problems. Satisfaction may be a customer’s afterthought. The customer may think back on the experience and realize how pleasant or unpleasant it was.

**Examples of Customer Service**

1. Receipt lookup or “return by” date on store receipts
2. Calling the customer by name
3. Easy return policy
4. Updated map of the area or Global Positioning System (GPS) in rental cars
5. A doctor calling you back to see how you are feeling after a professional visit
6. On-time delivery
7. Courtesy and enthusiasm
8. Owner’s manuals and frequently asked questions online
9. Showing the customer that you care
10. Excellent follow-up
11. Empathy in handling customer complaints and questions
12. Well-explained instructions
13. Illustrations of encouragement
14. Suggesting a less expensive option
15. Package carryout

**Why Is Excellent Customer Service So Rare?**

Customer service is rare because it requires two things that the average person and organization are unwilling to commit to: spending money and taking action. In business, everyone talks about how important customer service is, but most people do not really know how to provide outstanding customer service. Customer service is much more than having a great attitude or being a people person. To prepare to provide excellent customer service, one must develop the skills to be successful.

In addition to developing skills, organizations must assess their current level of customer service and determine if it appropriately meets their current customers’ needs. Customers are changing all the time. In addition to the people, the circumstances that customers and organizations are required to operate in may change. If customer policies were established a number of years ago or if the customer base has changed, current procedures for operation may no longer be effective. Companies must develop strategies that meet today’s customers’ needs.

Employees must be empowered to make decisions to benefit their customers. They must have managers who carefully hired the right people
for the jobs and employees who are adequately trained to anticipate the challenges that may arise daily. While customer service is more than having a great attitude, it does require having the right attitude. Some people become so involved in trying to provide excellent customer service that they lose sight of the little things that the customer would appreciate.

The use of technology and current information greatly facilitates the provision of excellent customer service. We live in an age of technology in which a new and improved model is on the market almost before a new system is installed. Technology and information must work together to enhance customer service. Many up-to-date computer systems, e-mail, fax machines, printers, and messaging centers have remained unused because the information needed for their use was not developed and distributed to the appropriate customer service personnel. Customers use technology to enhance their own lives, and they expect the businesses that they work with to use it also. Sometimes the challenge is having too much information or information that is difficult to understand. Management must determine its relative importance in the total scheme of what the business is trying to accomplish. If we determine what our customer’s concerns are but we do not know how to include the customer’s home address, e-mail address, or other contact information in our database effectively, we may conclude that we do not have the most important information that the customer has given us.

The challenge of providing excellent customer service never ends. Individuals must periodically examine their performance to ensure that they are continuing to practice the positive skills that make providing customer service enjoyable and efficient. It is easy to slip into old behaviors when we are busy or have additional stress in our lives.

Management must periodically measure customer satisfaction. Just because an organization thinks that its customers are pleased with what the organization is doing for them does not mean that this is true. The customer must be asked questions concerning what is being done well and what could be improved. Those opportunities to express opinions must be offered in a way in which customers will actually respond to. Customers have many concerns in their lives; just because they have not complained to us does not mean that they do not have complaints or suggestions. It may mean that we have not taken the trouble to ask.

One of the best ways to become a better customer service provider is to become a better customer. As we exercise our rights as customers, we become more sensitive to and aware of what it takes to become an excellent customer service provider. What bothers each of us probably bothers our customers. Exercise your rights as a customer. Write compliment and complaint letters or e-mails to share your experiences and opinions. Fill out comment cards, and truthfully answer when someone asks how your experience was. Do not expect more of others than you do of yourself. You may learn more from your opinions than the people you are sharing them with.
What Is Customer Service?

Five Needs of Every Customer

Every customer comes into the customer situation with differing wants. While wants are frequently hard to identify and may occasionally be unrealistic, all customers have the following five basic needs:

1. **Service:** Customers expect the service that they think is appropriate for the level of purchase that they are making. A small, spontaneous purchase may have a smaller service need than a larger purchase that has been carefully planned and researched.

2. **Price:** The cost of everything we purchase is becoming more and more important. People and businesses want to use their financial resources as efficiently as possible. Many products previously considered unique are now considered commodities. This means that while a consumer previously had to travel to the local hamburger restaurant to purchase a hamburger, now one can be acquired at many other locations. This makes the component of price even more important to the customer.

3. **Quality:** Americans are less likely today to think of their purchases as throwaway items. Customers want the products that they purchase to be durable and functional until customers decide to replace them. This requirement of quality mandates that manufacturers and distributors produce products that live up to the customers’ expectations of durability. Customers are much less likely to question price if they are doing business with a company that has a reputation for producing a high-quality product.

4. **Action:** Customers need action when a problem or question arises. Many companies offer toll-free customer assistance telephone lines, flexible return policies, and customer carryout services in response to the need for action. Customers are human beings and like to think that they are an important priority and that when a need or question arises someone will be ready and waiting to help them.

5. **Appreciation:** Customers need to know that we appreciate their business. Customer service providers can convey this appreciation in many appropriate ways. Saying “thank you” to the customer through our words and actions is a good starting point. Preferred customer mailing lists, informational newsletters, special discounts, courtesy, and name recognition are good beginnings to showing our customers our appreciation. Additionally, letting them know that we are glad that they have chosen to do business with us conveys a positive message. A fast-food restaurant has a sign in its drive-through lane that says, “We know that you could eat somewhere else; thank you for allowing us to serve you.”

“It is impossible to satisfy your external customers over any length of time unless you also listen to and satisfy your internal customers.”

John Adel Jr.
Chapter One

External and Internal Customers

It is important to recognize the importance of both external and internal customers because both contribute to the customer service of our organization. External customers are the customers we do business with outside our organization. External customers are the customers we most commonly think of when we consider whom we serve. They are the people with whom we interact and share our knowledge and positive attitude. External customers have the power to enhance our reputation and to bring us new business, but they are not the only customers that we serve.

Every day we interact with a special group of customers who frequently go unrecognized. These customers are our internal customers. Our internal customers are the people we work with throughout our organization. They are important to our success in providing our external customers with what they need. If internal customers do not see the importance of completing work promptly and of treating others with respect, it becomes very difficult for the organization to provide outstanding customer service to external customers. Internal customers were previously referred to as coworkers, but this title does not elicit the respect deserved by the people within any organization who contribute to the overall success of the organization. Your customers may get a paycheck from the same company that you do.

The idea that all of us have customers does not appeal to those employees who want to think that because they do not interact with external customers they do not have a responsibility in the customer process. Our internal customers should be as important to us as our external customers.

TEAM TIME

Sit down with your team (coworkers) and create your own list of five ways in which you will serve your customers. Consult the five needs of every customer as a starting point. Come up with one idea for each of the five needs. Price is the only one of the five needs that you may not have any influence over. Most of the other categories are needs that you can address. Be as creative as possible. After you and your team have made your list, make copies and set a time line during which everyone on your team will make their best effort to serve your customers according to the guidelines you have developed. At the end of your time line, meet again to determine if you have done a better job of serving your customers. If you have, way to go! If not, refine your list, set a new time line, and try it again! You will always learn from the results!

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By developing positive relationships with our internal customers, we are showing them that we value their importance in the overall organization. We can apply a slightly modified version of the Golden Rule to our internal customers, “Do unto our internal customers as we would do unto ourselves.” This rule suggests that as customer service providers we will strive to determine what our internal customers’ needs and expectations are and place the same level of importance on their needs as we would place on our own. We must stop and ask them what we can do to make their jobs easier, and they have to ask us the same thing. Working with our internal customers is not a form of manipulation but, instead, a positive approach to being part of a team. All of the team members are working together to win, but not all are making the same type of contribution.

Management has an important role in creating an environment that recognizes the importance of internal customers. By providing opportunities for internal customers to experience the challenges of each other’s responsibilities, an increased respect can develop. It also helps everyone involved to see the big picture. It is a natural human tendency to assume that someone else has an easier job and an easier life than we have. Obviously, this is not necessarily the case. By beginning to understand our coworkers’ challenges, we can work to minimize them. Systems may be redesigned, paperwork may be reduced, and a team approach may emerge.

By satisfying our internal customers, we create an excellent foundation on which to begin meeting our external customers’ needs. Fewer apologies have to be made, work gets done more efficiently, and an overall positive atmosphere develops. If you cannot quite decide who your internal customers are, think of it this way, “Whose out-box do you work from and whose in-box do you feed into?” In addition, consider who cleans the building, who does your typing, who maintains your security, who makes the sales, and who works on the computers. These are your internal customers. A team with the goal of providing excellent customer service to all customers may make a common vision of customer service a reality with real opportunities.

**Job Link**

Write down the names of two key external customers and two key internal customers. For one week, call each by name when you interact with them and do all that you can to serve them completely. At the end of the week, assess your relationship with each of them. Do they perceive (in your opinion) that they have received a higher level of service from you? How do you feel about them?
Customer Attributes

Each customer is, of course, unique. Identifying customer attributes may allow an organization to better understand “who” its customers are. Customer attributes are characteristics that allow customers to be categorized according to demographic, psychographic, or firmographic information. Businesses frequently attempt to group their customers to enable the business to serve customers more appropriately. Demographic information includes characteristics like age, income, marital status, education, stage in the family life cycle, home ownership, sex, ZIP code, occupation, household size, mobility patterns, ethnic background, and religion. Demographic information is a straightforward and basic method of identifying customers.

Psychographic information focuses on lifestyles, modes of living, needs, motives, attitudes, reference groups, culture, social class, family influences, hobbies, political affiliation, and so on. Psychographic information can provide a more thorough picture of the customer. Not all individuals who earn the same income choose to spend it in the same way. Just because people live next door to you does not mean that they choose to maintain their home like yours or that they share your hobbies.

Firmographic information includes characteristics about a company such as how many employees they have; the kind of business they are in; whether they are retail, wholesale, or a service provider; their hours of operation; and so on. Since so many customer service providers serve the business-to-business environment, it has become increasingly important to understand companies themselves as entities rather than just the individuals served as the ultimate (or end-of-the-line) consumers. Individuals take their personal experiences with them as they make business decisions and vice versa.

Cost of Losing a Customer

Because of the increased expectations of customers and the competitiveness of the marketplace, customer service providers are recognizing the high cost of losing customers. It takes little effort to lose a customer. When service providers neglect their concerns, treat them disrespectfully, and fail to follow through with results, customers will be tempted to make their exit.

When customers cease to do business with us and begin to do business with our competition, several unfortunate situations occur.

- We lose the current dollars that our business relationship created. This loss may seem insignificant to begin with, but over a period of time it can prove to be quite damaging.
- We lose the jobs that our client or clients provide. If business goes elsewhere, we do not need to employ the people who were working on
the account or accounts. An advertising agency lost a major advertising account because of a lack of courtesy and follow-through on the agency’s part. This loss of business resulted in the closing of the office, with over fifty people suddenly out of work.

- A third situation that may occur is the loss of reputation. Word travels fast in our information-based society. Our clients will possibly share their experiences with their clients and friends. This loss may result in the immediate departure of other business or simply in a lack of trust among our current clients and any potential customers.

- A final challenge is the loss of future business. This is an intangible variable because it is difficult to assess the long-term effects of what might have happened in the future. Nevertheless, whether it is one dollar or a million, its importance is worth recognizing.

### KEY TERMS

customer attributes  |  demographic information  |  internal customers
customer satisfaction  |  external customers  |  psychographic information
customer service  |  firmographic information

### QUICK QUIZ

1. Customer service is anything we do for the customer that enhances the customer’s experience. T or F
2. Customer service and satisfaction are easy to measure. T or F
3. Customer service requires nothing more than a positive attitude. T or F
4. Compliment letters can help to reinforce excellence in customer service. T or F
5. Technology can be used to enhance the provision of customer service. T or F
6. Service, price, quality, action, and appreciation are referred to as the five needs of every customer. T or F
7. The people we work with outside our organization are called internal customers. T or F
8. Customer attributes are characteristics that allow customers to be categorized. T or F
9. Information that focuses on lifestyles, modes of living, needs, motives, attitudes, and so on are referred to as demographic information. T or F
10. The losses of dollars, jobs, reputation, and future business are consequences of losing customers. T or F

### OPPORTUNITIES FOR CRITICAL THINKING

1. What is the definition of customer service?
2. List five examples of customer service.
3. What are the five needs that every customer has?
SKILL BUILDING

My Customer

Excellent customer service providers are continually assessing their own performance and the needs of their customers. The benefits of knowing our customers include enhanced service opportunities and an awareness of service weaknesses.

Individually, or in a small group, answer the following questions:

- My customer is satisfied when . . .
- My customer would like for me and my organization to improve our service by . . .
- I anticipate my customer’s needs by . . .
- The most basic customer service action that I can take for my customer is . . .
- The greatest demands on me and my time are . . .

CHALLENGE

Writing Compliment and Complaint Letters (or e-mails)

One of the best ways to become a better customer service provider is to become a better customer. There are many ways of beginning the process necessary to become a better customer. An effective method for exercising your rights as a customer is to write compliment and complaint letters.

Many customer concerns are not effectively addressed when they occur, and the customer continues to feel anger or frustration over the situation. By taking the initiative to express customer concerns or satisfaction, a customer may feel closure in a given situation and has shared critical information with the organization.

When writing a complimentary letter, it is important to include as many facts as possible. Unfortunately, most customers are much more interested in expressing their dissatisfaction than their satisfaction. By writing a complimentary letter, you are giving an employee, department, or company a pat on the back that affirms for them that they are doing an effective job of meeting their customers’ needs. Verify the accuracy of the address or e-mail address that you are using for your communication. A compliment or complaint letter or e-mail accomplishes nothing if it doesn’t go to the proper place or person.
What Is Customer Service?

What to Include in a Complimentary Letter

- Your name, address, home and work telephone numbers, and account number, if appropriate.
- Make the letter brief and to the point. Share specific facts about the situation, including the name of the individual(s) that assisted you, the date of the interaction, and what pleased you.
- Type your letter if possible; it will look more professional and will be easier to read.
- Always keep a copy of any correspondence that you send. You may want it for future reference or to use as a sample for another complimentary letter in the future. If your compliment is sent in e-mail form, always send yourself a copy. This way you know that the communication went through and it will be saved on your computer in an additional form.

Following is a guide to writing an effective compliment letter.

| (Your address) |
| (Your city, state, ZIP code) |
| (Date) |
| (Name of contact person) |
| (Title) |
| (Company name) |
| (Street address) |
| (City, state, ZIP code) |

Dear (contact person):

I would like to express to you how pleased I was with my recent interaction with your company. On (date), I called your customer service department to request assistance with my account. I was connected with (name). After patiently listening to my problem, she (he) explained very clearly what had transpired and that I had, in fact, been billed properly. (Name's) professional approach and excellent communication skills allowed me to become better informed as to how your company works and went a long way in confirming my loyalty to your organization.

Thank you for providing me with such a positive customer experience.

Sincerely,

| (Your name) |
| (Office and home phone numbers with area code) |
| (Your account number) |

As with a complimentary letter, when writing a complaint letter, it is important to include specific facts. Complaint letters should be to the point and nonemotional. Complaint letters provide the writer with the opportunity to express concerns, document grievances, and to request specific or nonspecific resolutions to the situation.
What to Include in a Complaint Letter

- Your name, address, home and work telephone numbers, and account number, if appropriate.
- Make your letter brief and to the point. Detail specific facts about the situation. Include the date and place of the purchase and information about the product or service.
- State exactly how you would like to see the situation resolved and when you expect to see the resolution in effect.
- Type your letter if possible, and include copies of all pertinent documents. Do not send originals; retain them along with a copy of your correspondence for future reference. Remember, if you are expressing your complaint via e-mail, send yourself a copy.

The following sample complaint letter provides a guide to writing an effective complaint letter.

Sample Complaint Letter

(Your address)
(Your city, state, ZIP code)
(Date)

(Name of contact person)
(Title)
(Company name)
(Street address)
(City, state, ZIP code)

Dear (contact person):

On (date), I bought (or had repaired) a (name of product with serial or model number or service performed). I made this purchase at (location, date, and other important details of the transaction).

Unfortunately, your product (or service) has not performed well (or the service was inadequate) because (state the problem).

Therefore, to resolve the problem, I would appreciate you (state the specific-action you want). Enclosed are copies (copies—not originals) of my records (receipts, guarantees, warranties, canceled checks, contracts, model and serial numbers, and any other documents).

I look forward to your reply and a resolution to my problem and will wait (set time limit) before seeking third-party assistance. Please contact me at the above address or by phone at the numbers shown below.

Sincerely,

(Your name)
(Office and home phone numbers with area code)
(Your account number)

Enclosures

Challenge

Objectives

1. To demonstrate the ability to express both a positive and negative customer service experience in print
2. To explore the possibility of a corporate response to written communication
3. To refine individual business communication skills

Assignment

Compose two letters explaining two separate customer service experiences that you have had or someone close to you has had. One letter should explain a positive experience and should show appreciation for those who offered the positive treatment. The second letter should express your dissatisfaction over a poor customer service experience. Try to include as many details as you can, including specific names, dates, and so on. You may wish to ask for some type of follow-up if you feel that it would be appropriate in the situation. You are the judge as to whether the situation is worthy of your correspondence.

Presentation

All professional business correspondence should be typed on a computer. Follow the guidelines for writing a compliment/complaint letter. Always remember to include your full name and address so that the business will know whom to send a response to. Be specific when describing what you would like to see happen in response to your letter. Always keep a copy of anything that you mail or e-mail. You will have it to refer to in the future and can use it as an example when writing your next compliment/complaint letter. Most important, mail your letters! Record on your calendar when the letters were sent and watch the mail for a reply. Happy writing!

Helpful hint: Many word-processing programs have letter wizards to assist you in writing professional letters. If you have limited experience with writing business letters, you may want to give one a try.

ANSWERS TO QUICK QUIZ

1. T
2. F
3. F
4. T
5. T
6. T
7. F
8. T
9. F
10. T