# *Chapter 12 - ENCOURAGING CUSTOMER LOYALTY*

Chapter 12 addresses the issue of customer loyalty – what it is, how it is created, and how to maintain it. Throughout the chapter, students are exposed to ways for building and maintaining trust, developing characteristics that can enhance customer loyalty, and a variety of techniques and strategies for building customer satisfaction and loyalty.

# Chapter Outline

* From the Frontline
* Learning Objectives

• Quick ✓ Preview

* The Role of Trust
* Communicate Effectively and Convincingly
* Display Caring
* Be Fair
* Admit Errors or Lack of Knowledge
* Trust Your Customers
* Keep Your Word
* Provide Peace of Mind
* The Importance of Customer Relationship Management
* Benefits of Customer Relationship Management
* Cost of Dissatisfied Customers
* Provider Characteristics Affecting Customer Loyalty

- Responsiveness

* Be enthusiastic
* Use the customer’s title and name
* Show appreciation
* Engage in small talk
* Compliment
* Adaptability
* Communication Skills
* Decisiveness
* Enthusiasm
* Ethical Behavior
* Initiative
* Knowledge
* Perceptiveness
* Planning Ability

• Set a goal

* Examine and evaluate the situation
* Identify alternatives
* Select the best alternatives
* Create an implementation plan
* Problem-Solving Ability

• Identify the problem/issue

* Analyze the problem/issue
* Identify alternatives
* Evaluate alternatives
* Make a decision
* Monitor the results

- Professionalism

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* Personalize Your Approach
* Listen Actively
* Keep an Open Mind
* Individualize Service
* Show Respect
* Elicit Input

Customer comment cards

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Verbal comments

Follow-up telephone surveys

Service contact surveys

Exit interviews

Shopper/customer surveys

Focus groups

Sales and service records

* Use Effective Closing Statements
* Making the Customer Number One
* Make Positive Initial Contact
* Establish Rapport
* Identify and Satisfy Customer Needs Quickly
* Exceed Expectations
* Follow up
* Encourage Customers to Return
* Enhancing Customer Satisfaction as a Strategy for Retaining Customers
* Pay Attention
* Deal With One Customer at a Time
* Know Your Customers
* Give Customers Special Treatment
* Service Each Customer At Least Adequately
* Do the Unexpected
* Handle Complaints Effectively
* Sell Benefits Not Features
* Know Your Competition
* Strive for Quality
* Reliability
* Assurance
* Tangibles
* Empathy
* Responsiveness
* Chapter Summary
* Service in Action
* Key Terms and Concepts
* Chapter Review Questions
* Search It Out
* Collaborative Learning
* Face to Face

• Planning to Serve

# *Instructional Suggestions*

In this chapter, students will have an opportunity to identify a variety of factors that affect customer trust, satisfaction, and loyalty.

As you go through the chapter material, share additional ideas and materials along with personal experiences. Also, solicit input from students.

Some options for enhancing the material in the chapter include:

* Develop a list of open-ended questions in class, then have students interview at least three other people to determine what leads to customer satisfaction and helps ensure loyalty.
* Have students develop a listing of factors that they personally use to determine if they will continue to do business with an organization. Discuss these factors as a class and tie into text content.

# *Lesson Notes*

**Instructor Note 12-1:** Show ***PowerPoint 12.1 – Encouraging Customer Loyalty***

The following are suggested instructional approaches related to **Chapter 12 – Encouraging Customer Loyalty** that you could use to facilitate the class.

*QUOTE*

You may want to draw attention to the quote and ask for reactions to it.

**Instructor Note 12-2:** Show the chapter objectives with ***PowerPoint 12.2- Learning Objectives*** and briefly discuss how you will address each objective throughout the chapter (*e.g.* strategies, support materials, activities). Also, discuss any other chapter content-related information necessary.

***Learning Objectives***

At the end of this chapter, and when applying the information within, you will be able to:

* Establish and retain trust with customers
* Develop the characteristics that will enhance customer loyalty
* Recognize the provider’s responsibility for establishing and upholding positive
* customer relations
* Help customers feel important
* Select strategies to enhance customer satisfaction and build loyalty

**Instructor Note 12-3:** Have students complete the Quick ✓ Preview quiz, then go over their answers and tie into the chapter content. Tie them into chapter content and any other items related to what you will cover in the class.

***Quick ✓ Preview***

**Quick Preview Answers:**

1. True

2. False

3. True

4. True

5. True

6. False

7. True

8. True

9. True

10. False

11. True

12. True

**Instructor Note 12-4:** Begin your overview on customer loyalty by eliciting a list from your students of why they use a certain product, service, or organization regularly. Flip chart this list, tape it to the wall, and refer to it throughout the class, as appropriate.

Spend a few minutes discussing the importance of establishing and maintaining trust in customer relationships. Review each of the strategies listed in the text.

***THE ROLE OF TRUST***

**Instructor Note 12-5:** Show ***PowerPoint 12.3 – Relationships are Built on Trust!*** to start a discussion on the various elements related to how trust helps in building strong customer-provider relationships and ultimately impacts the delivery of effective customer service.

Relationships are built on trust!!! The most important thing to remember related to trust is that without it, you have no relationship. This applies to all human situations, not just the customer service environment. For customers to continue doing business with you, they must trust you and your organization. This is something you must earn and it typically does not happen overnight. Only through continued positive efforts on the part of everyone in your organization can you demonstrate to customers that you are worthy of being trusted. Through actions and deeds, you must deliver quality products, services, and information that satisfies the needs of your customers. Even when you win trust, it is very fragile. An inappropriate tone, a missed appointment, failure to follow through on a promise, a lie, or misleading statement to a customer are just some of the ways you can destroy trust quickly.

To gain and maintain trust, you and the organization must actively work towards tying the values and beliefs you read about in other chapters into daily actions. Failure to do so can send a message that you are not trustworthy or that you operate on a double standard of saying one thing, but doing another. You must walk the talk in words and actions, for while it takes a long time to gain trust, you can lose it in seconds. And once gone, if you do not react quickly to correct the situation, you may never regain total customer confidence.

Here are some basic strategies to gain and develop customer trust:

**Instructor Note 12-6:** Show ***PowerPoint 12.4 – Strategies for Building Trust*** to guide the conversation on strategies for gaining and developing trust.

**Communicate Effectively and Convincingly**

If you cannot articulate or explain clearly (verbally and in writing) information customers

can comprehend and act upon, they will not believe in you. To do this you have to

provide more than facts and figures. You must send a message of sincerity, knowledge,

and honesty.

Project your feelings and emotions as you communicate by being positive and

enthusiastic. Let the customer know you are human and approachable. Also,

communicate frequently and keep them informed. This is especially true when they are

awaiting a product or service that has been delayed. If you fail to update them regularly,

they will likely become frustrated and could cancel their order, complain, take their

business elsewhere, and tell others.

**Display caring**

Emphasize to your customers that you have their best interests at heart. Work to

demonstrate that you are willing to assist in satisfying their needs. Asking questions that

uncover their needs, then taking positive action to satisfy them can do this. It can also be

accomplished through passionate efforts to resolve problems that arise. Remember that

their problem is your problem. Too often service providers send a message that the

customer is not really that important. This occurs when service providers adopt a “next”

mentality and treat customers like numbers as opposed to people.

For example, look at the difference wording can make. Ask students which of the

following sends a more caring message to a group of customers standing in line as they

wait for service? Discuss their responses and explain why.

1. A provider shouts out “Next.”
2. A provider looks over to the next person in line, smiles, and motions the person over with a waving hand gesture while saying, “May I help the next person in line?”

If you chose number 2 you are on your way to providing caring service.

**Be fair**

Ensure that you treat all customers with respect and consistency. If you give special discounts or breaks to established or return customers, do so discreetly. Failure to observe this caution could result in anger, frustration, or lost business from other customers. People like to feel that they are "special." If the perception that you favor one customer over another exists, you could have problems. In some cases, such perceptions could even lead to legal action, if customers perceive they are being discriminated against.

**Admit errors or lack of knowledge**

You are human and are expected to make mistakes. The key is to recover from the

errors by apologizing, accepting responsibility, then quickly and appropriately resolving

the issue or getting necessary information. One of the biggest mistakes a service provider

can make is to deny accountability in dealing with a customer. In a situation where you,

your organization, or the products or services it sells causes a customer inconvenience or

dissatisfaction, you need to take ownership and work towards acceptable resolution with

the customer. To do otherwise is courting disaster. In some cases, even if the customer

perceives that you contributed to their dissatisfaction it may be wise to take

responsibility. An example of the power of such action has been circulated for years

about the highly successful department store Nordstrom. As the story goes, a disgruntled

customer brought a used auto tire into a Nordstrom’s store and complained to

management that it was defective. After some discussion, the manager cheerfully

accepted the tire and refunded the customer’s money. While this may not seem too

unusual, consider the fact that Nordstrom does not sell automobile tires! So, why would

the manager take such an extreme action? Think about the word of mouth publicity (how

many people in your class now know this story from just reading it?) and the customer

loyalty that likely resulted from it. Whether the event ever took place or someone made it

up is irrelevant. The point is that taking unusual actions to solve ordinary customer

problems can pay dividends long into the future.

In another classic example of taking ownership for a problem, in 1982, an unknown

person or group contaminated bottles of Extra-Strength Tylenol with cyanide in the

Chicago area. Seven people bought the products and died. Upon finding out about the

situation, the parent company (Johnson and Johnson) immediately called a press

conference to announce the total recall of the product from store shelves (approximately

264,000 bottles). Johnson & Johnson started a major media campaign to reassure the

public that their other products were safe and helped lead the way in developing tamper

resistant packaging. The cost – millions. The result --- walk into any store that sells over

the counter drug products and look for Extra-Strength Tylenol. The product is right there

with all its competitors and is a strong seller. How did Johnson and Johnson pull this off?

In short, their actions in taking responsibility for a situation that was not of their making

communicated strong values and concern for public safety, and the public maintained

their trust and loyalty as a result.

Other companies have not faired so well in the face of adversity. For example, think

about the Exxon oil tanker Valdez that broke open in 1989 spilling over 200,000 gallons

of crude oil on the Alaska coastline. This disaster caused major environmental as well as

financial loses in the millions of dollars. This does not include the almost three billion

dollars Exxon has spent cleaning up the environmental damage and paying legal

settlements. The company did not react positively and take immediate ownership. As a

result, they are still the brunt of environmental activity, litigation, and jokes to this day.

From a trust standpoint, customers still harbor resentment over the incident and many

people will not patronize Exxon gas stations in protest.

**Instructor Note 12-7:** Elicit examples of trust building techniques that students have

seen organizations use. Some that may surface include making exchanges or giving

refunds without requiring a cash register receipt, allowing someone to try a product

before purchasing or leasing it, or investigating a claim of wrongdoing or poor service by

an employee based on what the customer has told a member of management rather than

defending an employee blindly.

**Trust your customers**

Most customers are not out to cheat or "rip you (or your organization) off." They do

want the best value and service for their money and look to you to provide it. Make a

good faith effort to accomplish this and deal openly. This includes communicating

openly, listening objectively to their questions and concerns, servicing to the best of your

ability, showing compassion for their needs, and demonstrating that you are their

advocate when things go wrong (if appropriate).

One of the most common mistakes service providers make in dealing with customers who

have a complaint or problem is to verbally acknowledge and agree, but nonverbally send

a message of skepticism. For example, suppose a customer comes in to complain about a

defective product purchased. As they are describing the symptoms of the problem, you

use some of the paralanguage phrases discussed in earlier chapters (*e.g.* Uh huh, I see,

Hummm), however, the inflection used or tone of voice communicated questioning or

doubt *(e.g.* “I seeee?” or “Hmmm?”). How do you think the customer might feel or

perceive you at that point?

If you seek trust; communicate it

**Keep your word**

Customers have many choices in selecting a service provider. If they feel you cannot be depended upon to take action, they simply leave, often, without complaint or comment. When you tell customers you will do something, do it. Do not promise what you cannot deliver since many people take your word as your bond. Break the bond and you risk destroying the relationship. If feasible following service, contact your customer to ensure he or she was satisfied and that your service met expectations. This follow-up can be an informal call or a more formal questionnaire. Always strive to *under-promise and over-deliver*. For example, a customer drops off film to be processed at your store on Tuesday where a display chart guarantees it will be back on Saturday. If possible, develop it sooner and call to tell the customer it's ready. When he or she comes to pick it up, give a coupon for a discount on the next roll of film. Tell them it's because you value them as a customer.

**Instructor Note 12-8:** Have students think of a time when they lost trust or confidence in a service provider.

What type of event(s) caused that to happen?

Was the organization or provider able to regain their trust?

Why or why not?

How often do they think this happens?

Would they do business with the company involved again?

Focus their attention on the fact that each action taken or not taken can affect trust levels. Elicit their views on trust and what service providers can do to gain and strengthen trust with customers.

**Provide peace of mind**

As you work with customers, do so positively and assertively. Assure them through your

words and actions that you are confident, have their best interests at heart-and are in

control of the situation. Let them know that their calls/messages, questions, needs, and

issues will be addressed professionally and in a timely manner. Reassure them that what

they purchase is the best quality, has a solid warranty, will be backed by the

organization, and will address their needs while providing many benefits. Also, reinforce

that their requests and data will be processed rapidly and promises will be met. All of

these things can lead them to the belief that they made the right decision in selecting you

and your organization and that you will take care of their needs.

***THE IMPORTANCE OF CUSTOMER RELATIONSHIPS***

**Instructor Note 12-9:** Use ***PowerPoint 12.5 –Customer Relationship Management*** to define what CRM is before beginning your coverage of this section of the text.

Have students ***complete Work It Out 12-1 – Personal Customer Relationship Experiences***, then go around the room and have them offer items randomly from their lists as you capture them on a board or flip chart. As you look over their lists, help them decide which are most appropriate for them to model when they are serving customers.

Why bother building relationships with customers? The answer would seem obvious – so you can stay in business. However, when you examine the question further, you may find there are more reasons than you think.

At one point in history, business owners knew their customers on a personal basis. They knew their customer’s families, what religious affiliation many customers had, and what was happening in the lives of their customers. That was then, and this is now. The society is more mobile; people live in large metropolitan areas where relationships are distant. Large multinational organizations provide the products and services once provided by the neighborhood store. All this does not mean that the concept of customer-provider relationships must be dead.

Typically, many service providers look at customer interactions from a short-term perspective. They figure that a customer calls or comes in, they service them, and then the customer goes away. This is a micro or shortsighted viewpoint in that it does not look at the macro or long-term implications. This is not the way to gain and sustain customer loyalty.

A more customer-focused approach is to view customers from a relationship standpoint. That does not mean you have to become intimate friends with all your customers; it simply means that you should strive to employ as many of the positive relationship building skills that you have learned as possible. By treating both internal and external customers in a manner that leads them to believe that you care for them and have their best interests at heart, you can start to generate reciprocal feelings. Using the interpersonal communication skills you have learned throughout this book is a great way to begin generating these feelings. People usually gravitate towards organizations and people with whom they have developed rapport, respect, trust, and who treat them as if they are valued as a person. Relationships are developed and enhanced through one-on-one human interaction. This does not mean that those providing service via technology cannot develop relationships. Those relationships develop on a different level, using the nonverbal and verbal communication skills addressed earlier in the textbook.

Remember that long-term customer relationships are the ones that sustain organizations. Seeking out new or replacement customers through advertising and other means is a very costly proposition. This is because in addition to having to find new customers, you and your organization have to educate and win them over. You have to prove yourself to a newly acquired customer. More than likely, new customers are also going to be more apprehensive, skeptical, and critical than customers who have previous experience with your organization. For these reasons, it is imperative that you and every other member of your organization work to develop customer harmony and loyalty with those with whom you have an existing relationship.

**Benefits of Customer Relationship Management (CRM)**

**Instructor Note 12-10:** Show ***PowerPoint 12.6 – Benefits of CRM*** and discuss how organizations can benefit from a relationship-based service philosophy. Ask students what this means to frontline service providers (e.g. more money for training, benefits, raises, better equipment, etc)

There are many benefits of CRM. Here are some easily recognizable ones:

* Less need to obtain new customers through marketing since current customers are aware of offerings and take advantage of them.
* Reduced marketing costs since direct mail, follow-up, and other customer recruitment activities are reduced.
* Increased return on investment (ROI) since marketing can target specific customer needs.
* Enhanced customer loyalty due to pricing and product and service offerings that meet current customer needs.
* Elevated profitability due to increased sales, customer referrals, and longer customer retention during life cycle.
* Targeted marketing based on statistics of which customers buy more on high-ticket sales.

**Instructor Note 12-11:**

By providing excellent customer service and dealing with dissatisfaction as soon it is identified, you can help ensure that customers remain loyal and keep coming back. The following equation conveys this idea. Put this equation on a flip chart or board and discuss its implications.

# Effective product/ Proactive Elimination Resolution Customer

# service delivery + relationship + of + of = satisfaction

building dissatisfiers problems and loyalty

Traditionally, customers will remain loyal to a product, service, or organization that they believe meets their needs. Even when there is an actual or perceived breakdown in quality, many customers will return to an organization that they believe sincerely attempts to resolve a problem or make restitution for an error. According to the research firm **TARP**, many organizations have found that in situations where complaints were acted upon and resolved quickly, most customers returned to the organization. The bottom line is that you and other employees must realize that customer service is everyone’s business and that relationships are the basis of that business.

**Instructor Note 12-12:** Spend some time discussing the importance of building strong customer relations. Elicit examples from students of examples that they have seen resulting from relationship-building efforts of service providers. Use ***Figure 12.1 – The Importance of Customer Loyalty*** to reinforce your examples and comments. Show ***PowerPoint 12.7 – Importance of Customer Loyalty.***

**Cost of dissatisfied customers**

Many research studies have been conducted to try to determine what it costs an organization when a dissatisfied customer leaves. Too often, service providers look at the loss of a sale when a customer is dissatisfied as a single event. However, as you saw in the last section, one dissatisfied customer can cost your organization a lot.

To get an idea of what one negative customer experience can cost your organization over a ten-year period, consider the following example:

Ms. Ling comes in to return a product that she paid $22.00 for over a month ago. She explains that the product did not fit her needs and that she had been meaning to return in for since the date she purchased it, but kept forgetting. She also explains that she comes in at least once a week to make purchases. Your company has a 3—day return policy, your manager is out to lunch and you do not have the authority to override the policy. Ms. Ling is in a hurry and is upset by your inability to resolve the issue. She leaves after saying, “You just lost a good customer!”

Let’s assume that Ms. Ling spends at least $22.00 a week in your store and calculate the potential loss to your organization.

$22.00 X 52 (number of weeks in a year) = $1,144.00

10 (number of years) X $1,144.00 = $11,440.00

16 (number of people statistically told of a negative experience) X $11,440.00 =  **$183,040.00!**

These numbers are the bad news. The good news is that you and every other employee in your organization can reduce a large percentage of customer defections by providing quality service.

***PROVIDER CHARACTERISTICS IMPACTING CUSTOMER LOYALTY***

**Instructor Note 12-13:** Have students complete ***Work It Out 12.2 – Personal Service Experiences***, then have them share their answers with the group. As they offer responses, ask open-ended questions to have them reflect on the importance of relationship building in the customer environment (*e.g.* Why is that important to you? How do you think your customers would react if you exhibited similar behavior and why? What might happen if the behaviors are not exhibited?)

Show ***PowerPoint 12.8 -*** ***Addressing Customer Needs*** and refer to ***Figure 12.2 – Addressing Customer Needs*** and go over typical customer needs so that students are aware of them as you discuss characteristics affecting loyalty further.

**Instructor Note 12-14:** Form equal sized groups and give students 8-15 minutes to discuss potential ways in which a customer might signal a need for attention from them Using ***Worksheet 12.1- Needs*** *Identification* (<http://www.mhhe.com/lucas05>) as a guide. Have them develop a list of various signals that customers might give to indicate needs that they are experiencing. At the end of the designated time, solicit the group responses and flip chart them for discussion.

Many of the personal characteristics that you exhibit can affect your relationship with customers. Some factors impacting the customer may be beyond your control; however, these are not. The following are some of the most common personal provider factors experienced by customers:

**Instructor Note 12-15:** Use ***PowerPoint slide 12.9 – Provider Characteristics Affecting Loyalty (1)*** to guide discussion on factors affecting loyalty.

**Responsiveness**

Most customers like to feel that they are the most important person in the world

when they contact an organization This is a human need that goes back to Maslow’s Hierarchy need of “esteem” (how other people view them). If a customer feels that they are not appreciated, or does not feel welcomed by you or another service provider, they

will likely take their business elsewhere. However, they will often not do so

before complaining to management and telling anyone who will listen about the

poor quality of service they received.

A simple way to demonstrate responsiveness is to attend to the customer’s needs promptly. If you get an e-mail or voice mail message, return it immediately, if possible. If that is not possible, try to get back to them within four hours or certainly within twenty-four hours. If you work in a facility where you have face-to-face customer contact, greet customers quickly (within 10-15 seconds), even if you are busy with someone else. If nothing else smile and gesture that you will be with them momentarily.

Once you do get to serve the customer, and before getting to the business at hand, greet the customer with a smile and start the interaction on a friendly note in one of the following ways:

* **Be enthusiastic**

Use open body language, vocal cues, and gestures that you have read about previously in this book, coupled with some of the other techniques that follow to let your customers know that you are glad they have chosen you and/or your organization.

* **Use the customer’s title and name**

If you know it or he or she tells you. Remember not to assume familiarity and start using the customer’s first name you are given permission to do so.

* **Show appreciation**

“Thank you for coming to \_\_\_\_\_\_\_\_\_.”

“It’s nice to see you this morning/afternoon.”

“You have been very patient while I assisted that other customer, thank you.”

* **Engage in small talk**

“Isn’t this weather terrible/great?”

“Is this your first visit to our store?”

“Didn’t I see you in here last week?” (Assuming you do recognize someone. If he

or she answers yes, thank the person for returning to the store).

* **Compliment**

“You look like you’re having a good day.” (Assuming the customer is smiling and

does look happy).

“That color really looks nice on you.”

“That’s a beautiful necktie/dress.”

**Instructor Note 12-16:** Lead a discussion with students based on their responses to the following questions:

How do you feel when you have to wait, even for a short time, while a service provider deals with a problem or another customer?

What alternatives does a service provider have to help improve such situations?

What alternatives does a customer have?

Have students group themselves in pairs. Then using a stopwatch or watch with a second hand, time the groups as they participate in ***Work It Out 12.3 - Passing Time***. After everyone has identified the stopping point, as they believe appropriate, lead a discussion. Focus on how busy service providers often fail to recognize how long a short period of time seems to someone who is waiting (on the phone or in person) for service. Also, discuss how the students can use this new or reinforced knowledge to better provide service to their own customers.

**Adaptiveness**

In a continually evolving world, you will likely have many opportunities to deal with

customers who have different beliefs, values, perceptions, needs, and expectations. You

will also encounter people whose personality styles differ from yours. Each of these

potential meetings will provide an opportunity for you to adapt your approach in dealing

with others. By doing so, you increase the likelihood of a successful interaction as well as

a satisfied customer emerging from the encounter. Taking measures to adapt your own

personality style to that of your customers in order to communicate with and serve them

effectively is a smart move on your part. Keep in mind that you cannot change the

customers; however, you can adapt to them and their approach to a situation.

Another more subtle way to show your ability to adapt relates to technology. By quickly

learning and mastering new technology systems provided to you by the organization, you

are able to respond faster and more efficiently to customer needs. This is especially true

since many of your customers will likely be very technology literate. If you cannot match

their expectations, or at least demonstrate knowledge and effectiveness in using

technology, you will potentially frustrate and drive them away.

**Instructor Note 12-17:** Have students think about times when they have called or visited

organizations and had to deal with a representative who obviously had difficulty in

dealing with equipment. They probably heard statements such as, “I’m sorry. I tired to

transfer you but it didn’t go through for some reason,” “I apologize for the delay. My

computer is slow today,” or “Please hold while I try to get to another screen to get that

information.” Ask how they felt about the provider or the organization at that point,

especially if the provider repeatedly failed in attempts to use the equipment? What might

such service provider and/or organizations do to preclude such incidents in the future?

# Communication Skills

By using a variety of effective interpersonal techniques you can determine customer

needs and what is important to your customers. The most successful service providers are

the ones who have learned to interact positively with and build rapport with customers.

To help ensure the most effective service possible, you should strive to continually

improve your ability to interact and communicate with a variety of people. The better

your skills get, the more likely you will be to address different situations that arise in the

workplace.

**Decisiveness**

Decisiveness relates to being able and willing to make a decision and take necessary actions to fulfill customer needs. Taking a wait and see, or a dependent approach to customer service often leads to customer dissatisfaction. Just as you probably do, customers value their time. By keeping them waiting while you run to someone else for a decision or answer can be frustrating. Granted, such a situation is sometimes created by the management style of supervisors or policies that require certain approvals (*e.g.* check approvals, returns or refunds, or discounts). However, those are internal issues that should be resolved BEFORE the customer encounters them. If you face such barriers, think of alternative ways of handling them, then approach your supervisor with suggestions for improvement. Your ideas will not only potentially make your life easier, but they can also reduce your customer’s opportunity for dealing with a frustrating and nonproductive service encounter.

**Instructor Note 12-18:** Divide students into groups of equal size and have them discuss

The following questions. After 10 to 15 minutes, ask for any general thoughts or

comments, both positive and negative. Ask students, when they had to wait for a service

provider to get assistance or an answer to a question, how did they feel about the service

provider? The organization? The experience in general? What thoughts ran through their

mind as they waited? How can such experiences help them avoid treating their customers

in a similar manner?

**Enthusiasm**

Attaining and maintaining a level of excitement about your customers, products, services,

organization, and job that says, "I'm happy to help you," is an important step towards

establishing a relationship as discussed earlier.

If you are enthusiastic about serving your customers, they will often respond by loyally

supporting you and the organization. People typically respond positively to enthusiastic

employees who appear to be enjoying themselves as they work. This should not be

interpreted as saying that providers should act unprofessionally or create an environment

where they have fun while sacrificing customer service or attention to their customers.

The long-term benefit is that if you and your organization can generate return customers

through enthusiasm, the potential for organizational growth and prosperity exists. This in

turn sets the stage for better benefits, salary, and workplace modifications that lead to

higher employee enthusiasm. So, all the elements are connected in cyclical pattern and

contribute to successful customer service.

**Ethical Behavior**

Establishing and maintaining high legal, social, and ethical standards in all interactions

with customers is imperative. Failure to do so can lead to loss of reputation and business,

and/or legal liability.

Positive example of ethical behavior include:

A company that voluntarily recalls of a product that it discovered was defective or potentially dangerous.

A manager who notifies a customer when he or she finds out that an employee has lied to or deceived the customer during a recent visit to the store.

An employee who reports another that he or she saw taking money from a cash register.

A cab driver who turns in a wallet with a large amount of currency that was found in his taxi.

Some negative examples include:

Providing an inferior product or substituting such a product for a name brand item that was advertised.

Providing inferior products or repairs on a service call.

Lying to a customer about a warranty item.

Failing to adhere to local, state, or federal regulations ( *e.g.* dumping hazardous waste, such as petroleum or pesticide products, in unauthorized areas or collecting sales taxes, but failing to report the taxes to the state).

**Instructor Note 12-19:** Have students spend time thinking about the following questions,

then divide the class into small groups to allow them to share their reflections. After approximately 15 minutes of small group discussion, randomly elicit volunteers to share their situations and ask the group for ideas of how they can relate their situations to the customer service environment.

What personal experience have you had with a service provider who exhibited illegal or unethical behavior? What was the result of this behavior? If you have not had such experiences, what situations have you heard or read about in the news?

Show ***PowerPoint slide 12.10 – Provider Characteristics Affecting Loyalty (2)***

to continue your discussion on factors affecting loyalty.

**Initiative**

Acting on issues that relate to your job or customer service without having to receive instructions from others is a sign of enthusiasm and leadership on your part. Such actions also help to ensure that your customer’s needs are identified and met. Too many service providers take the “It’s not my job” or “I can’t do that” approach to dealing with customer situations. This can lead to customer dissatisfaction and label the provider as lazy or uncaring. To counter such impressions, you should take ownership when a problem or customer issue arises. By building a strong knowledge base (see below) and using the skills outlined in this book, you will have the tools to effectively deal with various situations without having to run to others for assistance. This can expedite service and elevate your value in the eyes of your customers, peers, and supervisors.

**Instructor Note 12-20:** Have students individually complete ***Worksheet 12-2,***

***Taking Initiative*** (<http://www.mhhe.com/lucas05>)***,*** then have them share with their

classmates. Lead a discussion on specific strategies to demonstrate initiative in the

workplace.

Knowledge

Your customers expect you to know what business your organization is in. With all the products and service variations available to customers, the high level of technology, deregulation of industries, and new innovations coming on the market daily, customers depend on service providers to educate and guide them in making purchases and decisions. Taking time to learn about policies, procedures, resources, products, services and other information can help you in providing total customer satisfaction in an efficient and timely manner.

Many organizations provide training and literature to help employees become more knowledgeable and to stay current on their knowledge. Take advantage of such resources, if available in your organization. If the organization you work for does not have such an approach, take the initiative yourself to ask supervisors or team leaders for materials and information. Also, develop a network with other employees throughout the organization and use that network to gain access to information. You, your organization, and your customers will ultimately benefit from your initiatives

**Perceptiveness**

Recognizing the need to pay close attention to verbal and non-verbal clues, cultural

factors, and the feelings or concerns of others is important. By staying focused on the

customer and the signals they send, you can often recognize hesitancy, buying signals or

adamant rejection, irritation, unspoken concerns, and a multitude of other unspoken

messages. Once identified, you can react appropriately to the customer’s signals and

address their needs. One way you can demonstrate customer needs is to anticipate them.

For example, if a customer makes a comment like, “Man, is it hot outside, my lips are

parched.” If available, you might either offer them a cold drink or suggest a cafeteria or

drink machine in the area. Another example might be to offer a chair to someone who is

accompanying a customer while he or she shops and tries on clothing. Such small

gestures show you are astute in noticing their needs and nonverbal cues. Remember that

it is sometimes the little things that mean a lot. Besides that, in both of these examples, by

taking care of the customer’s basic needs, you might encourage him or her to shop

longer.

**Planning Ability**

Planning is a crucial skill to possess when operating in today’s fast-paced, changing

customer service environment, especially in those environments that are technology-

based. In order to prepare for all types of possible customer situations, you and your

organization must create a planned strategy. This often involves looking at various

factors related to your organization, industry, products, services, policies and procedures,

resources, and customer base. By being proactive and in thinking about such factors, you

will better be able to provide service to your customers.

Additionally, you should look at planning alternative strategies for dealing with unusual

situations (contingency plan). Such alternatives are helpful when things do not go as

originally planned (*e.g.* a computer database fails, service is not delivered as promised, or

products that were ordered from another organization for a customer do not arrive as

promised).

**Instructor Note 12-21:**

Discuss the need to be able to effectively plan when dealing with customer. Use ***Figure***

***12.3 - Planning Process Model*** and ***PowerPoint 12.11 – Planning Process Model,*** as a basis for your discussion.

* **Set a Goal**

In a customer service situation, the obvious goal is to prevent problems from occurring with the customer. At the same time you want to successfully address customer needs, have them leave the service experience satisfied, spread positive word of mouth advertising, and then return in the future.

* **Examine and Evaluate the Situation**

In this phase of planning, you should look at all possible factors that could impact a customer interaction (*e.g.* the environment, policies, procedures, your skills and authority level, management support, and the customer). With these factors in mind, work with your peers and supervisor/team leader to establish criteria for selecting acceptable actions. For example, it might be acceptable to use voice mail if you are dealing with a customer; however, it is not alright to forward incoming messages to voice mail so you can meet with a peer on a non-work related issue.

* **Identify Alternatives**

Sit with peers and supervisors/team leaders to objectively develop a list of all possible alternatives for dealing with various customer situations. Consider the advantages and disadvantages of each option.

* **Select the Best Alternative**

After reviewing all options in the previous step, select the one (or more) that best addresses the targeted goal of providing quality service to customers. Do not forget to measure against the criteria you established earlier.

* **Create an Implementation Plan**

Working with peers and supervisors/ team leaders, decide which resources (human and otherwise) will be needed to deliver effective service. Also, develop a system for determining success. For example, would you be successful in handling a customer situation where the customer wanted two items, but you only had one in stock and you apologized. Or, would the success be measured by the fact that, in addition to the apology, you called other stores, located an additional item, and had it delivered to the customer’s house at no cost. The customer now had his or her needs met and you exceeded expectations. The customer then followed up with a letter of appreciation.

**Instructor Note12-22:**

**ASK: How do you know when a service provider has not established a plan to deal with a specific customer situation type?**

Elicit and flip chart student responses to the question. Discuss the impact of such a lack of provider planning on customer service and ultimately customer loyalty.

**Problem-Solving Ability**

If the customer has a problem, you have a problem. Remembering this simple concept can go a long way in reminding you of your purpose for being a service provider. You exist (in your job position) to address the needs of your customer.To do this in a situation where a customer is dissatisfied or has a concern,you should take ownership of the issue instead of trying to fix blame. What or who created the problem (*e.g.*the weather,you, the customer, manufacturer, or distributor) doesn’t matter. Your goal is to identify and implement appropriate solutions to the level that you are authorized. Otherwise, you should escalate the situation to the appropriate person based on your organization’s policy. To accomplish sound problem-solving you will need a process for gathering and analyzing information. Like the planning process earlier, there are some specific steps you should take to effectively find a solution to a customer problem

**Instructor Note 12-23:**

Use ***Figure 12.4*** - ***Problem-Solving Model*** to discuss the problem solving process

* **Identify the Problem/Issue**

Common sense dictates that before you can fix something, you have to find out in

what way it is broken. However, many service providers do not seem to recognize

this fact. Instead they plunge into providing a standard solution because the

customer’s issue resembles another that the provider handled for another customer.

Not only does this potentially waste time and other organizational resources, but it

can also frustrate and anger the customer. This is especially true if THEIR issue is

not adequately resolved.

To effectively identify a problem, you must listen actively, ask questions to determine what did and did not work, and the customer’s expectation for

resolution, paraphrase back to the customer your understanding of the issue, then

go to the next step.

* **Analyze the Problem/Issue**

In the second step of problem resolution, you should carefully evaluate what the

customer told you and look for any additional information that will help

understand contributing factors and customer expectations for resolution.

* **Identify Alternatives**

This third step can significantly reduce the chance of providing a solution that

does not satisfy your customer. Reflect on what was learned from the customer in

Step #1 and then determine what product and/or service options you have

available to offer the customer. For example, did the customer specify a certain

brand, feature, color, size, or some other specific issue. If so, providing an

alternative may not be an acceptable option. However, if the customer was not

specific, maybe offering a compatible product or service might satisfy the

customer.

* **Evaluate Alternatives**

Step 4 involves having a thorough knowledge of available products and services as

well as knowing the capabilities, warranty information, features and benefits of

each product and service. This knowledge can help you decide which of the

alternatives available, if any, might be appropriate to offer.

If the customer is with you or on the telephone, trying to determine an alternative

may simply be a mental process of going through your mind and selecting possible

solutions or options. With a goal of meeting customer needs and expectations, the

more alternatives you can come up with to offer your customer, the better your

chances for successful resolution of the problem.

* **Make a Decision**

Based on what you identified as the best alternatives in Step #4, you can now

offer specific suggestions to your customer. In some cases, this might result in a

compromise with the customer. For example, assume that you are a host/hostess in a restaurant where reservations are required. A customer calls and wants a

dinner reservation at 8:00 p.m., but there is no room because of a large party

being seated at that time. So, you offer 7:30 as a compromise and throw in free

cocktails or glasses of wine for their inconvenience. In offering this alternative,

you may be able to satisfy the customers desire to eat around 8 o’clock and you

have done a quick service recovery by offering the drinks.

* **Monitor the Results**

Once a decision has been made, it is important to follow up with customers to

ensure that their needs have been met. This can be done by simply asking a

customer how the solution is working the next time you see him or her.

**Instructor Note 12-24:** Have students group into teams of 3-4 and complete ***Work It Out 12.4 - Problem Solving***. Allow them to work in groups for approximately 10 minutes to answer the questions at the end of the activity then discuss their solutions as a class.

**Additional things for the groups to consider:**

When did she purchase the lamp?

Did she pay with cash, check, or credit card?

Does she want to exchange for another item? (This keeps the store from losing money/a sale).

Once you have gathered your data, you must then analyze options available, then decide what alternatives are available to you (*e.g.* making the refund/exchange, challenging the customer on the unrecognized product, or calling a team leader/supervisor to resolve the issue). Next you must select an alternative and make a decision on next steps.

**Professionalism**

As you have read in previous chapters, projecting a positive personal image, through manner of dress, knowledge, appearance of your work area, and your mental attitude, is a crucial element in communicating an “I care” image to customers and potential customers. By paying close attention to such factors, you position yourself to better establish and maintain a strong customer relationship. This is especially true of the attitude factor. Attitude can mean success or failure when dealing with customers and can be communicated through various verbal and nonverbal cues you have read about in other chapters

***BE RESPONSIBLE FOR CUSTOMER RELATIONSHIPS***

Taking a concerned, one-on-one approach to working with customers helps satisfy immediate needs while building a basis for more long lasting relationships. Customers tend to enjoy dealing more with people whom they believe are caring and have their best interests at heart. To interact with someone they like that is more pleasant. Take the time to personalize your customer interactions and to make each customer feel special. This can lead to enhanced trust and helps ensure that the customer returns.

You have reviewed some of the following points in other chapters, they are solid skills and go a long way toward building customer loyalty and ultimately, customer retention. Take the following actions to make your customers feel special.

Instructor Note 12-25: Use PowerPoint 12.12 - Be Responsible for Relationships to discuss ways in which students can develop and maintain customer relationships.

**Personalize Your Approach**

Think of the theme song for the very popular television comedy show *Cheers.* In the song

the concept put forward was that *Cheers* was a great place to go because “everyone

knows your name.” Do you remember the Social need in Maslow’s Hierarchy of Needs?

For the most part, people are a sociable species and need to be around others to grow and

flourish. Helping your customers feel accepted can create a bond that will keep them

coming back.

To create a social bond with customers, you will need to take time to get to know your

regular customers and serve them individually. Recognizing them and using their name

while interacting goes a long way. For new customers, immediately start using the

positive interpersonal communication skills you have learned. Treating customers as

individuals and not as a number or one in a series goes a long way toward building

rapport and loyalty.

**Listen Actively**

By practicing active listening skills learned in Chapter 5 and avoiding distractions while determining customer needs and providing service, service providers can send the “I care” messages discussed earlier. At the same time, they can discover the customer’s needs and work towards satisfying them.

**Keep an Open Mind**

To help you to develop and maintain an open-mind, make it a habit to assess your attitude

about your job, customers, products, services and a variety of other items before contact

with your customers. Make sure you are positive, objective, prepared, and focused. Don't

let negative factors or issues block good service.

Many service providers, even the more seasoned ones, go through slumps where they feel

down about themselves, their job, supervisors, organizations, customers and whatever.

This is normal. Customer service is a stressful job and external and internal factors (*e.g.*

Circadian Rhythm, workload, and personal problems) influence perceptions of people

and the world in general.

If you are facing personal issues that you feel are overwhelming, contact your supervisor,

human resources/personnel, or whatever resource necessary to assist in resolution of the

issue. Failure to do so could lead to poor customer service or result in a lowered

professional image being projected to others.

**Individualize Service**

Each customer is unique and has his or her own desires and needs. For that reason, every situation you handle will be slightly different. As students read in Chapter 8, you should view each person as an individual and not deal with customers based on preconceived ideas. By addressing customers on an individual level, listening for his or her needs and issues, and then working to satisfy them, service providers can potentially create a loyal customer. A simple way of accomplishing individualized service, is to ask what else the customer would like. For example, in the case of a restaurant server who uses such a question, a customer might respond, “Do you have any\_\_\_\_?” If the item is available, the server could cheerfully reply, “We certainly do, I’ll get it for you right away.” If the item is not available, the server might reply, “I’m sorry we do not have \_\_\_\_, however, we do have\_\_\_\_. Would that be acceptable?”

Remember --- tell the customer what you can do, not what you cannot do.

**Instructor Note 12-26:** Have students think about organizations that they have

patronized in the past where many or all of the employees knew them. How did it

feel when they walked in and they were greeted by name? How did other customers react

to this type of greeting? Elicit examples that they have had of such situations. Lead a

discussion on the impact of friendly service environments and providers on customer

retention.

**Show Respect**

Even if you don't agree with a customer, appreciate his or her point of view or individual

need and provide the best possible service. In return, the customer will likely respect and

appreciate you and your efforts. An adaptation of an old adage may help put this concept

into perspective:

“*The customer may not always be right, but he/she is still the customer.”* If you ever lose

sight of the fact that it is the customer who supports the organization, pays your salary,

provides for your benefits, and gives you a job, then you may want to examine why you

are working in your present position. By acknowledging the value of your customers and

affording them the respect and service that they deserve, you can greatly improve your

chances of having a satisfied customer. Some easy ways to show respect to customers

include:

*Use the last name and title when addressing the customer* (If you are on the telephone,

you may want to write it down as they give it to you, along with other pertinent

information).

*Stop talking when the customer begins to speak.*

*Take time to address the issues, questions, or concerns* (whether or not they buy

something).

*Return calls or e-mail messages within reasonable amounts of time.*

*Show up for scheduled meetings as agreed.*

*Do what you promised to do and do it right the first time, within the agreed upon*

*timeframe.*

**Instructor Note 12-27:** Have students form several equal sized groups (no

more than 8 per group) and use ***Work It Out 12.5 - Showing Respect***, generate a list of

additional ways for showing respect to customers. Allow them approximately 10 minutes

to develop their lists, then regroup the class, solicit examples from the groups and discuss

the merits of their ideas. You may want to flip chart responses as they present them to the

class.

# Elicit Input

**Instructor Note 12-28:** Use ***PowerPoint 12.13 – Eliciting Customer Input (1)*** and ***PowerPoint 12.14 – Eliciting Customer Input (2)*** to guide discussion on various ways of gathering important customer feedback on products and services.

Many times service providers do not take the time to ask for feedback because they are

afraid it may not be good. In other instances, they simply do not think or care to do so. To

increase your own effectiveness and that of your organization, you may want to actively

seek input from your customers regularly. This is due mainly because no one knows

better than the customer does what he or she likes or needs. Take the time to ask him or

her, then listen and act upon what you are told. By asking customers questions, you give

them an opportunity to express interest, concerns, emotion, and even complaints. There

are many ways of gathering this information (*e.g.* customer satisfaction cards, written

surveys, and service follow-up telephone calls). The key is to somehow ask the customer,

“How well did we do in meeting your needs?” or “What do you think?”.

**Use Effective Closing Statements**

Just as you would likely part company with a friend by saying goodbye; you should leave on a positive note with customers. After all, this is your final opportunity to convey your appreciation and show that you value the relationship you have established with them. Some typical approaches to accomplishing this are:

“May I assist you with something else?”

“If we may assist in the future, please let us know.”

“Thank you for coming to/calling/writing \_\_\_\_\_\_\_\_\_.”

“Please come/call/write again.”

“I look forward to serving you again, Ms. Ramirez, I’ll see you at your next appointment.”

**Instructor Note 12-29:** Have students complete ***Work It Out 12.6 – Personal Customer Experiences***, then randomly discuss some of their answers as a group. Ask them how they can use what they heard and wrote to improve service to their customers.

Have students use ***Worksheet 12.3 - Building Relationships*** (<http://www.mhhe.com/lucas05>) to identify positive relationship building characteristics. Once they have finished, have them divide into small groups to discuss how they can develop such traits. Suggest that those who feel strong in a certain area provide tips to the others on how they too can develop such characteristics.

***MAKING THE CUSTOMER NUMBER ONE***

Most people like to feel that they are important and valued. By recognizing and acting on that fact, you can go a long way to provide solid customer service and build a strong relationship with customers. By being an "I care" person, you can generate much good will while meeting customer needs.

Every time you encounter a customer in person or over the phone you have an opportunity to provide excellent service. Some companies call a service encounter the **“moment of truth” in** which the customer comes into contact with some facet of the organization. At this point you and service providers have an opportunity to deliver Knock Your Socks Off service, as Kristin Anderson and Ron Zemke discuss in several of their books on customer service. Each customer encounter moves through the following stages, although sometimes the order varies. At each step, you have another opportunity to provide excellent customer service.

**Instructor Note 12-30:** Use ***PowerPoint 12.15 - Making the Customer #1*** to lead a discussion on strategies to make the customer feel they are cared for.

**Make Positive Initial Contact**

First impressions are crucial and often lasting. To ensure you put your best effort forward, remember the basics of positive verbal and nonverbal communication, giving a professional salutation, projecting a positive attitude, and sincerely offering to assist that you have read about thus far. This is crucial because the average customer will come into an initial contact with certain expectations. If the expectations are not met, you and your organization can lose relationship-rating points that can ultimately cost the organization a customer. Such points are awarded similarly to a performance appraisal used in many organizations to evaluate and rate employee performance.

**Instructor Note 12-31:**

As you review this section, go over ***Figure 12.5 – Relationship-Rating Point Scale,*** and discuss how it can be used in various facets of customer service to determine how well service providers are doing in delivering service to customers.

# Establish Rapport

Customers react to and deal effectively with employees who they perceive as likeable, helpful, and effective. Throughout your interaction, continue to be helpful, smile, listen, use the customer’s name frequently, and attend to the customers’ needs or concerns. Also, look for opportunities to generate small talk about non-business related issues. People who feel a kinship with service providers typically give higher ratings on the Relationship Rating Point Scale when something goes wrong or not as expected.

**Identify and Satisfy Customer Needs Quickly**

Use questioning, listening, observing, and feedback skills outlined in this book to focus

on issues of concern to the customer. By effectively gathering information you can then

move to the next phase of customer service.

**Exceed Expectations**

As you can see on the Relationship Rating Point Scale, customers typically expect that if

they pay a certain price for a product or service that they will receive a specific quality

and quantity in return. This is not an unusual expectation. The average customer looks for

value today. As you read in earlier chapters, today’s customers tend to be better-educated

consumers who recognize that if they cannot fulfill their needs at one place, they

can easily access the same or similar products and services on the Internet or by visiting a

competitor. Many terms to describe this concept of exceeding expectations – knock their

socks off service, Positive Memorable Customer Experiences, E-Plus service, customer

delight, dazzling service, fabled service, and Five Diamond or Five Star service can be

heard in customer service discussions. The one thing that all these phrases have in

common is that the concept of going above and beyond customer expectations is at their

heart – “under promise and over deliver.” By going out of your way to not only satisfy a

customer, but also to “wow” them by doing, saying, or offering the unexpected related to

high quality service delivery, you could exceed expectations. The result could be the

reward of continuing patronage by the customer.

**Instructor Note 12-32:** Spend some time talking about service expectation levels,

review the Relationship Rating Point Scale again and elicit both positive and negative

examples of how the scale is mentally applied by students and other customers.

# Encourage Customers to Return

Just as with your initial impression, you need to close on a high note. Smile, remind the

customer you are available to help in the future, give an opportunity for last-minute

questions, and invite the customer to return.

**Instructor Note 12-33:** Have students take a piece of blank paper and work on ***Work It Out 12.7- Strategies for Making Customers Number One.*** Give them approximately 8-15 minutes, then randomly elicit and flip chart their responses. Discuss how each strategy offered can help customers feel as if they are the most important people in the service provider’s life. Students’ responses will vary, however, check CD-ROM for possible responses.

Possible Solutions for Work It Out 12.7 - Strategies for Making Customers Number One

***Customer Initiative Action(s) Expected Customer***

***Response***

# Make positive initial contact If in person:

***Smile, make eye contact, Friendly and***

***use open positive, open receptive. Non-***

***gestures (e.g. nodding head confrontational***

***as you listen, arms and willing to***

***uncrossed, and facing the work with***

***customer), don’t make you to resolve***

***the customer wait long. issues.***

***If busy with another***

***customer, gesture with***

***An index finger to indicate***

***that you will be with him or***

***in one minute.***

**If on the phone:**

***Remain positive in language Friendly and***

***language and tone of voice. cordial throughout***

***professional in all your the conversation.***

***interactions. Use the***

***Reciprocal in tone hold function***

***and demeanor sparingly and***

***if you must place a***

***customer on hold do***

***so only after getting***

***his or her***

***permission.***

# Establish rapport *Offer to assist, smile, use They will reciprocate,*

# *positive voice tone and open up to you as a*

# *gestures, listen openly, use person, and trust you.*

***the customer’s name***

***frequently throughout the***

***interaction, stay focused,***

***and attend to the customer’s***

***needs. Focus on the***

***customer as a person and if***

***possible and appropriate, get***

***to know them through small***

***talk about non-business***

***related issues.***

# Identify and satisfy *Use open- and closed-end Provide information*

# customer needs quickly *questions, listen actively to that will help you*

***what customers tell you, determine the***

***and use verbal and non- customer’s true needs***

***verbal feedback to or concerns.***

***exchange ideas and***

***information. Once identified,***

***strive to fulfill customer***

***needs in a timely manner.***

**Exceed expectations *Go out of your way to They will show***

***provide quality customer appreciation verbally***

***service by doing the and non-verbally,***

***unexpected (e.g. being reward you with***

***ahead of schedule in loyalty, and give***

***delivering service, giving positive word- of-***

***something extra to mouth publicity.***

***compensate for customer***

***inconvenience, or anticipating***

***and satisfying a customer’s***

***needs before they identify***

***them to you.***

**Follow-up *Take the time to check in They will be***

***with customers following appreciative and transactions to ensure they continue to patronize***

***are satisfied (e.g. customer your organization.***

***satisfaction cards, thank***

***you notes, e-mail, or phone***

***calls). You might also provide***

***discount coupons, free items,***

***or small prizes to show your***

***appreciation for their business.***

**Encourage customers to *End transactions on a They will return and***

**return *positive note. Smile, thank tell others about their***

***the customer, ask what else experience(s).***

***the customer needs, and***

***invite them back.***

***ENHANCING CUSTOMER SATISFACTION AS A STRATEGY FOR RETAINING CUSTOMERS***

Building good relationships in order to increase customer satisfaction is valuable because it can lead to repeat business -- the key to keeping a business productive and profitable.

Many books and articles have been written over the years touting the fact that even when customers are satisfied, they may still desert and go to a competitor. This does not mean that you should give up and stop trying to improve relationships with your customers. What it means is that you and your peers should work hard to satisfy customer needs. Satisfaction is a big factor for many customers in remaining loyal. Interestingly, a recent review of customer satisfaction in the United States shows a slight rise in the level of general customer satisfaction in America after a steady decline from 1994 when the numbers were first tracked.

**Instructor Note 12-36:** Use ***PowerPoint 12.17- Enhancing Customer Satisfaction (1)*** and ***PowerPoint 12.18- Enhancing Customer Satisfaction(2)*** to stress the need for effectively identifying and satisfying customer needs.

**Pay Attention**

Focus all your attention on the customer as you listen to identify and address his or her need(s). If in serving in person, use positive non-verbal cues (*e.g.* face the customer, smile, use open gestures, make eye contact, stop doing other things, and focus attention on the customer) and language. Ask open-ended questions to determine the customer’s needs. Also, use the active listen techniques discussed in Chapter 4 to ensure you get all the information you need to properly address the customer’s needs or concerns

**Deal With One Customer at a Time**

You cannot effectively handle two people (on the phone or in person) simultaneously.

When situations arise where more than one call or customer comes in at the same time,

seek assistance or ask one customer to wait, or ask if you can get back to him or her at

later time. Then, give personalized attention to the other customer.

**Instructor Note 12-37:** Have students think of a situation in which they were a

customer (face-to-face or on the telephone) and a service provider when more than one

customer needed to be serviced at the same time. How well was the situation handled?

What worked and what did not from a service standpoint? What could have been done

differently? Use the questions as a discussion catalyst to elicit examples and talk about

various techniques that service providers can use to handle such situations.

Know Your Customers

This is crucial with long-term customers, but is also important with everyone. You may

see or talk to hundreds of customers a week; however, each customer has only one or two

contacts with you. While you might not typically recall the name of everyone you spoke

with during a day, your customers will remember what was said or agreed upon

previously, and expect you to do the same. For that reason, use note files or computer

contact software to record conversations with customers. You can then review or refer to

these in subsequent encounters. This precludes the customer from having to repeat

himself or herself, and he or she will feel "special" because you remembered them.

**Give Customers Special Treatment**

Service providers should try to take the time for a little "small-talk" from time to time.

This will help you learn about the customer and what's important to them (potential

needs). Occasionally, paying them compliments also helps (*e.g.* “That’s an attractive tie

you have on,” or “That’s perfume is very pleasing”).

**Service Each Customer at Least Adequately**

Take the time necessary to handle your customer's questions, complaints, or needs. If you

have multiple customers on the phone or in person, service one at a time and either

request to get back to the others or get help from a coworker, if possible. You might also

suggest alternative information resources to customers, such as fax on demand, Website,

on-line information fulfillment systems, or interactive voice response. This may satisfy

them and help reduce the calls or visits from customers in the future, since they can now

get information they need from alternate sources.

**Do the Unexpected**

Do not just provide service, provide exceptional service. Provide additional information,

offer suggestions which will aid the customer, send articles that may be of interest,

follow-up transactions with calls or letters to ensure needs were met, or send cards for

special occasions and to thank customers. These are the little things that mean a lot and

can mean the difference between the rating of “Average” and “Exemplary” on the

Relationship Rating Point Scale.

**Handle Complaints Effectively**

Treat complaints as opportunities to redeem missed service expectations and handle them

effectively. Acknowledge any error on your part, and do everything possible to resolve

the issue quickly and to the customer's satisfaction. Thank the customer for bringing his

or her concerns to your attention.

**Instructor Note 12-38:** Elicit examples of a time when they had a complaint that they

took to a service provider. What did the provider do that was effective or ineffective in

resolving the issue. Use examples provided as a basis for discussion on complaint

handling.

Sell Benefits Not features

Show each customer how your product, service, or information addresses his or her

needs. What benefit will result? Stress that while other organizations may offer similar

products and services, yours fits their needs best, if it does. If it does not, admit that, and

offer any available alternatives. Your customer will appreciate your honesty and even

though you couldn't help the customer with his or her needs, the customer will probably

return in the future because you were trusted.

**Know Your Competition**

Stay abreast of what other similar organizations are offering in order to counter

comments about them. This does not mean that you should berate or criticize and

belittle your competition or their products and services. Such behavior is unprofessional

and will likely cause the customer to lose respect for you. And with respect, goes trust.

Staying aware of the competition has an additional benefit of helping ensure that

you can offer and describe comparable products, services, and features to those being

offered by others.

***STRIVE FOR QUALITY***

**Instructor Note 12-39:**

Discuss the need for quality customer service in retaining customers. Show ***PowerPoint 12.19- RATER Model*** and talk about the RATER Model outlined in the text and how it can be used in better service to customers.

1. Reliability
2. Assurance
3. Tangibles
4. Empathy
5. Responsiveness

# *CHAPTER SUMMARY*

**Instructor Note 12-40:** Spend a few minutes to review the key aspects of the chapter. Review the objectives in doing so and use a question and answer format to determine what students learned.

Building enduring, strong customer relationships based on the principles of trust, responsibility, loyalty, and satisfying customer needs. These are all crucial elements of success in an increasingly competitive business world. To retain current customers than to find and develop new ones is less expensive and more effective. The key is to provide courteous, professional service that addresses customer needs. While many other factors potentially impact your ability to deliver quality service, there are specific methods and strategies that you can apply to keep your customers coming back.

Too often, service providers lose sight of the fact that they ARE the organization and that their actions determine the outcome of any customer-provider encounter. By employing the strategies outlined in this chapter, and those read previously, you could do much to ensure customer satisfaction and organizational success.

*SERVICE IN ACTION – BARNES & NOBLE, INC*

**Instructor Note 12-41:**

The Barnes & Noble book chain has helped redefine what a bookstore should be. Through innovative practices and quality service the company has established itself as an industry leader. Talk about some of the things that have made the company such a service success. You may want to research the company further on the Internet and bring in additional information.

*KEY TERMS AND CONCEPTS*

**Instructor Note 12-42:**

Use the key terms and concepts at the end of the chapter as a review vehicle, if desired. This might be in the form of a verbal quiz in which you ask students randomly to define the terms or describe the concepts.

***CHAPTER REVIEW QUESTIONS***

**Instructor Note 12-43:** Present each question in the Chapter Review section, elicit responses, and make appropriate comments, relating chapter content.

**Possible responses for Chapter Review questions:**

1. **How can you build customer trust?** Trust must be earned through continued

positive efforts on the part of everyone in your organization can you demonstrate

to customers that you are worthy of being trusted. Through actions and deeds, you must deliver quality products, services, and information that satisfies the needs of your customers. Some specific strategies for helping to build trust include:

Communicating effectively and convincingly.

Displaying concern for customers.

Being fair to all customers.

Admitting errors or lack of knowledge.

Trusting customers.

Keeping your word.

Providing peace of mind to customers.

1. **What are some key reasons that customers remain loyal to a product, service**

**or organization?** Customers will often remain loyal if they believe the product, service, or organization that they use meets their needs. Additionally, when a breakdown occurs, it is important that the organization makes a sincere attempt to resolve the problem and make restitution for the error.

1. **What are some of the provider characteristics that impact customer loyalty?**

Responsiveness, adaptiveness, communication skills, decisiveness, ethical behavior, initiative, knowledge, enthusiasm, perceptiveness, planning ability, problem-solving ability, and professionalism.

1. **Describe the steps in the Planning Process Model.** The model consists of five

steps designed to help a service provider to logically prepare to deal with a variety of customer situations. The five steps are:

* Set a goal in which the provider determines how he or she can best prevent problems from occurring and at the same time address custo9mer needs, have the customer leave a service interaction satisfied, spread positive word-of-mouth publicity, and return in the future.
* Examine and evaluate the situation by looking at all the factors that could impact a customer situation, then work with peers and/or management to select appropriate actions that will remedy problem situations.
* Identify alternatives with peers and supervisors/team leaders to best address targeted goals.
* Select the best alternative of those examined and available using the criteria established earlier in the model.
* Create an implementation plan that will deliver effective customer service.

1. **What are six common customer needs?** To feel welcome, understood,

comfortable, appreciated, important, and respected.

1. **What are ways for service providers to take responsibility for customer relations?**

There are number of ways to accomplish this. Some of them include:

Personalizing their approach to serving customers by getting to know the customer and his or her needs.

Listening actively to customers to determine needs.

Keeping an open mind.

Individualizing service and treating customers as if they are unique.

Showing respect to all customers.

Soliciting customer input.

Using effective closure statements to encourage customers to return.

1. **What are some techniques for making a customer feel as if he or she is Number 1?**

Make a positive initial contact, establish rapport, identify and satisfy customer needs quickly, exceed expectations, follow-up, and encourage customers to return.

1. **What was the purpose of the RATER model developed at Texas A&M?**

The RATER model is a five-dimensional model, developed to describe quality service. The acronym stands for Reliability, Assurance, Tangibles, Empathy, and Responsiveness.

***SEARCH IT OUT***

**Instructor Note 12-44:** As an out-of-class activity to reinforce what students have learned from the chapter, classroom activities, and discussions, have them complete the Search It Out activity and bring their findings to class to share with the group.

***COLLABORATIVE LEARNING***

**Instructor Note 12-45:** For activity option #1, divide students into groups of 3-4 people as indicated in the Collaborative Learning activity and have them role-play. Walk around to listen and make notes as they practice. Once all students have had a chance to play each role, bring the class together and discuss how they felt they did individually, what was easy, what was difficult, and what they learned form the practices.

For option #2, create equal sized student groups and have them share their examples. Also, have members of each group discuss how each of the policies impact customer loyalty and how the organization with negative examples could turn them into positives.

***FACE TO FACE***

**Instructor Note 12-46:** Have students individually complete the questions at the end of the Face to Face activity. Next, divide them into groups of equal size and give them 15 minutes to discuss their answers. Bring the group back together and lead a discussion on the case.

**Possible answers for Face to Face:**

1. **What impressions did you have as a result of your initial phone call?**

###### Obviously, there are some severe issues related to professionalism and customer

service in his scenario. The initial call sent a message of you are not important and that “I don't really care about you.”

2. **How did your office visit impact you?** The office visit only reinforced earlier

impressions. Everything from the lack of attention from Claudia, the impersonal number system, lack of personnel to serve customers, empty coffee pot and unprofessional and unfriendly behavior by Sue and Tom sends a message of we're not taking this job or our customers seriously.

3. **What will you tell Marsha and Connie about employee professionalism?**

There isn't much professionalism being exhibited by employees, based on all the issues outlined in the response to question #2. There is a serious need to begin counseling of all the staff members involved, documenting their performance, and taking whatever action necessary to correct the situation. This might involve training and/or termination.

4. What customer needs are being overlooked in this scenario? The customer's need to feel welcome, comfortable, appreciated, important, and respected were all ignored.

5. **In what ways can this situation be improved?** Correcting the behavior of

employees immediately or replacing them is crucial if the company is to survive. An environment that is customer friendly and responsive to customer needs must be established immediately. Implementation of a telephone standard requiring the phone to be answered professionally with 2-4 rings should be done right away and employees must be held accountable for adherence to the policy. Ensuring that the environment, (including the coffee pot) is redesigned to send a positive customer-focused message. Continual re-evaluation of service should be done to prevent it from getting to this point again in the future.

*PLANNING TO SERVE*

**Instructor Note 12-47:**

Have students work individually or in groups to complete the Planning to Serve activity.