

# Customer Service: The New World of Customer Care

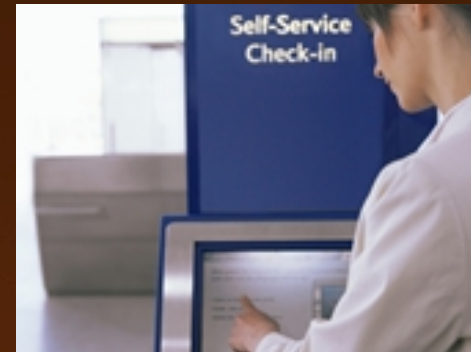
TX Tire Dealers Association

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# Customer Service is Not Dead....

- ...but it is on life-support
- Why?



- Technology is our friend, but it also makes our world increasingly more insular, less humanized
  - We can do more ourselves and do it in isolation
  - We are losing the art of politeness, respect and manners
  - We are also very “stressed & pressed”, and employees often are working with fewer resources

# 5 Reasons Why Customer Service Matters

- Stable business:
  - Customer retention
- Growing business:
  - Customer referrals
- Profitable business:
  - Higher profits/margins
- Healthy business:
  - Less vulnerable to market conditions
- Happy business:
  - Better employee relations



# Stable Business: Customer Retention

- Retention reduces “churn”
  - All businesses experience churn, but some are especially prone to high churn
    - Telecommunications: wireless, long distance
    - Utilities
    - Gasoline
    - Online commerce (customers defect for free shipping)
- It’s a mixed bag
  - Technology makes it easier than ever to defect
  - Transactions increasingly less “human”
  - Yet, most people desire to maintain relationships
    - Length of relationship
    - Depth of relationship
- Retention is less expensive than replacing customers
  - conquering or growing “new” customers



# Growing Business: Customer Referrals

- Each of us has, every day, countless interactions of referral
  - Items purchased, movies seen, services provided
- Increasingly, we rely on each other for initial referrals, then go to the internet or others for validation
  - Technology eases searching, but doesn't have our best interests at heart. Friends, family, coworkers do. And people take pride in “helping” others
    - Ultimately, that's what a referral is - *assistance*



# Profitable Business: Higher Profits/Margins

- People will pay more to receive good service

- Neiman Marcus & Nordstroms
- Country Clubs
- Top restaurants and fine dining
- Expensive salons
- Hertz car rentals



- Anecdote: United Supermarkets vs. Wal-Mart

- Lost customers after Wal-Mart came into town, but regained them after 90 days

- United's prices are higher, but they carry groceries to your car
- Verbatim: "With United, I only have to haul groceries once (to my house) instead of twice" (to my car, and then to my house)



# Healthy Business: Less Vulnerable to Market Conditions

- If you hang your hat on price, someone can always beat your price



- Chiccos clothing store
  - After 9/11, women's apparel sales plummeted
  - Not Chiccos – they were rising astronomically
  - The secret: knowing their customer completely and never taking the easy way out
    - Real estate that's right for them, not their brokers



# Happy Business: Better Employee Relations

- Service is all about people, so your employees are your greatest asset
- Attract, recruit and retain the best employees
- Find out what constitutes pride in the workplace
  - We all want to make a difference, be proud of where we work
- Be the employer of choice, not of necessity



# Customers, Customers, Customers



# Focus on Customers to Grow Your Business

- Figure out what people want, then give it to them
- Don't guess – find out! People are more than willing to tell you what they want.
  - Terrific source of new product or service development and/or systems



# Great Examples of Giving Them What They Want

- Cingular wireless:
  - the first with rollover minutes
- Target vs. K-Mart
  - Deliverable: Style on a budget
  - Benefit: *Value with dignity*
- Starbucks in Detroit: sweet potato scones
- Hotels: the new emphasis on bedding & baths
  - what travelers say really matters
- United Airlines: new double docking jet way systems allow passengers to unload from both ends of the plane. Addresses key complaint among travelers and improves airline efficiency at the same time
- Banks/Credit Unions located inside grocery stores
  - common today but revolutionary!



# Example of Focusing on Yourself - Disaster

- Home delivery of pizza
  - Three primary ways to increase business
    - Acquire new customers
    - Convince customers to order more often (unlikely)
    - Convince customers to order more food
- Customers have a mindset of what a delivered pizza should cost: \$20
  - Pizza makers ignore this threshold and consistently try to push additional food
  - It's not working – *it's failing spectacularly*
  - *All we want is a \$20 pizza!*



# Different Customers Have Different Needs

- Young vs. Old
  - Online vs. face-to-face interaction
    - Each customer group would describe the above as a “non-negotiable”
- Hispanic vs. Non-Hispanic
  - Speed & efficiency not as important as being given all the time I need, a “live person” to answer my questions. Transactions are relationship-oriented: high touch over high tech
- Men vs. Women
  - Upscale salad restaurant (Greenz) created salad with men in mind
    - Sliced steak instead of chicken, served in an edible pretzel bowl. Verbatim: “Feels like bar food, but it’s good for me”



# Employees, Employees, Employees



# Hire the Best You Can Find

- Don't settle for second-rate employees or those who don't share your passion
- Be selective and find the ones who match your vision
  - You can always teach them the business, but not how to be a great person with a winning attitude
- Don't be afraid to recruit from “new ponds”
  - Keep your eyes open for talent wherever you may find it



# Train Well & Often

- Even good employees can be poorly trained
- You owe it to them to provide thorough job training and consistent reinforcement
- Think about it from the customers' standpoint: it is maddening to have to wait while an untrained staff member fetches a more seasoned employee to handle something small. Most often, the employee could have handled it, but didn't know how.



# Arm Them With the Tools to Do Their Job

- Example: “Bea” at my local bank started asking me about business insurance every time I made a transaction. Finally one day I said, “OK - tell me about this insurance”.
- She handed me a brochure to read and said, “Let me know if you have any questions.”
- This woman is fantastic at her job – of being a teller. She is a lousy insurance salesperson.



# Systems, Not Smiles

- You can't "polite" your way to great customer service – you must create a consistent customer experience each and every time
- The largest companies in the world depend on systems that won't fail their people
  - McDonald's french fries
  - Wal-Mart's inventory system
- Devise the systems that allow you to give the customer what he wants every time



# Let Employees Take Care of Their Customers

- If a customer has a problem, solve it. If the employee can't solve it, get a manager. If the manager can't solve it, get the CEO.
- Good employees love taking care of customers
  - Tremendous pride in handling issues, being resourceful



# Have Weekly Meetings to Discuss Service

- Your front-line employees have much to share in terms of customer insight
- Harvest their knowledge regularly to develop improvements and solutions
- Two fast results:
  - Improved customer service
  - Improved employee morale – who doesn't want to contribute good ideas and be recognized for that?
- Great idea: “Kudos” bar at weekly meetings for employee recognition



# Respond to Every Issue/Complaint

- No matter how small
- Customer pet peeve: sending an email with a question or issue and never receiving a response
- Best: respond to all issues within 24 hours, even if it is just to tell a customer that you are working on a solution and need more time. Acknowledge, don't ignore.



# Beware the “Curse of Knowledge”

- Strategies often fail because executives formulate them with sweeping, general language
  - “Achieving customer delight”
  - “Unlocking shareholder value”
- Front-line employees hear only vague, opaque phrasing. As a result, strategies don’t stick
- 1990 Stanford experiment demonstrated the curse of knowledge by studying a simple game
  - “Tapper” or “listener” with the Happy Birthday song
- Participants predicted that listeners would guess correctly 50% of the time
- Guessed correctly 3 out of 120 times



# Why? What happened?

- When a tapper taps, it is impossible for him/her to not hear the tune in their head. All the listener can hear is a Morse code of tapping. Yet tappers were floored by how listeners couldn't "get it".
- At issue: once we know something, we can't imagine not knowing it. Our knowledge has "cursed" us. We have difficulty sharing it with others because we can't readily recreate their state of mind.
- In business, managers and employees, customers and marketers, corporate HQ's and front line people suffer from enormous information imbalances



# Fed Ex Beats the “Curse” with Stories

- Stories require concrete language
- Fed Ex has a Purple Promise Award, given to employees who uphold the company promise of “absolutely, positively” delivering packages overnight
- A Fed Ex delivery truck broke down in NY and the driver started delivering packages on foot. However, thinking she wouldn’t be able to finish all her deliveries, she persuaded the driver of a competing service to take her the last few stops
- Stories like this are tangible examples of the company’s mission: to be the most reliable shipping service in the world
- Employees can use the story to understand their roles:
  - “My job is not to be a driver on a route until 5pm. My job is to get packages delivered anyway I can”



# 8 Strategies To Improve Service Now

# #1: Listen to What the Customer is Really Asking For...

- ...not just what they are saying
- Ritz Carlton: guest asked repairman spotted in the hallway where the ice machine was



## #2: Provide Hospitality, Not Just Service

- Service is what you provide - Hospitality is what you feel
- The greatest luxury these days is time
  - We all have limited amounts of it, so we will choose to spend our time wisely and only with those who provide a hospitable experience
    - Example: Starbucks
      - Great coffee,  
great environment,  
great music



## #3: Go Above & Beyond

- Courtyard by Marriott hotel changed my tire when I discovered a flat 30 minutes before a meeting.
- A staffer changed it and refused my tip
- Verbatim: “We cater to businesspeople. Anything we can do to help you be productive and get your business done is what we’re here for”



## #4: Practice Full Disclosure

- The truth can never hurt you. Be upfront. People can handle the truth – the only thing they can't and won't handle is the unexpected and/or the suppressed.
- People absolutely cannot stand it when they feel misled or uninformed
- AT&T Wireless now provides comprehensive coverage maps that show what you can expect your signal to be like in different areas of the country.

# #5: Write a “Great Last Chapter”

- Tabla Restaurant in New York
  - Woman left wallet & cell phone in cab
  - Woman was seated and assured she could pay later. While she dined, receptionist continuously dialed her cell phone number for 30 minutes until the cab driver, now far away, answered.
  - Unbeknownst to the woman, the restaurant sent a staffer to meet the cab across town.
  - By the time the woman finished her meal, the staffer returned with the phone and gave it to the woman.
  - Cost to the restaurant: *a \$31 cab ride to get the phone*



## #6: Provide Solutions, Not Excuses

- Every business has its problems and mishaps
- “Mishaps are like waves and we are like surfers. What defines your customer service is how well you ride the waves”



# Another Story from the Same Restaurant...

- Couple came in for a special anniversary
- Husband mentioned to the maitre d' that he'd left a special, expensive bottle of champagne in the freezer and wondered if it would explode.
- Maitre d' said the champagne would likely be ruined and offered to drive to the couple's home and take it out of the freezer. The couple agreed and gave him their keys.
- While they dined, the maitre d' drove to their home, put the bottle in the fridge and also left dessert chocolates, a tin of caviar and a congratulatory note.



# #7: Try New Paradigms *for your customer*

- It may feel weird and unconventional to you, but if it's what the customer wants, then it's the right thing
- Examples:
  - MedXpress health clinics popping up in supermarkets
  - barber shops in mega Wal-Marts
- Flex-plan loans: designed to give young people the option of skipping a payment once a year
- Furniture retailer bringing back layaway for Hispanic customers without credit



# #8: Empower Your People

- Customer service is a skill and like any skill, it can be learned
- Teach employees, *in meaningful ways*, what you expect of them and give them the tools to do their jobs
  - Example: “dress better” means different things to different people
- Example: hotel front desk clerk empowered to approve up to \$50 credit per guest for problems or unique situations
- Without empowerment, true customer service is just a phrase
  - National pet store has employees wear badges: “Ask me – I can help!”
  - The problem is, many of them can’t help – only the manager can fix a problem or override a transaction code or make an exchange



# Business is Tough Enough...

- There are many business variables that we can't control:
  - Cost of goods and labor
  - Market conditions
- Customer service is *100% within your control*
- Every customer wants service and people will pay more for good service and stay loyal to your business
- Your business can grow and thrive by honing your customer service skills and deliverables
- It's an investment with unlimited ROI



*Thank you!*

Any questions?



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