

The Value and Challenges of Good Customer Service



It is well recognised that repeat business from an existing customer base is the most cost effective new business available. The cost of sale to a repeat customer is inevitably lower than the cost of converting a new customer. Also, an existing customer will already be familiar with the company's products and services so parts of the sales process, which are necessary for new customers, can therefore be shortcut.

Repeat customers are usually satisfied customers and can be a company's best advocates, helping, in turn, to attract new customers without additional marketing or sales expenditure. Existing customers are also more likely to be receptive to cross-selling of other products and the introduction of new ranges and services, again providing a more efficient and cost effective route to a sale.

Create advocates

Every contact with a customer presents an opportunity for a company to create an advocate. The negative feeling generated by a poor product or service experience can be balanced out, and even turned around, by an effective customer service experience.

The internet provides us with many good examples of companies building successful and expanding businesses, based on customer knowledge, personalised service and experience. These companies are pushing the bar and customers' expectations are, as a result, constantly rising. So, the service a company offers its' customers must evolve and improve to meet their changing expectations.

With happy customers, less investment is needed in handling complaints and dealing with lengthy and expensive refund and replacement procedures.

Keeping loyal customers

Loyal customers are invaluable but they can be hard to keep for several reasons:

- Customer expectations are rising
- Switching to competitive products and services is easy
- Customer services and enquiry processes are often disparate for logistical reasons.

This final point presents a problem for many companies whose processes and procedures have evolved as the company has grown. Technology allows for the central storage of customer data, but process functions are often assigned to new locations and teams, as a long-term cost saving measure. This can result in customers being redirected from one location to another to report on or track the status of a payment, product delivery or service, presenting a problem for the maintenance of good customer relationships. An effective knowledge management system is invaluable in these circumstances and allows customer service staff to be more responsive and effective.

Understanding customer needs

To deliver an effective customer service that builds loyalty and helps to grow business, companies must understand their customers' needs. The best way to do this is for companies to talk to their customers and ask them about the type of service they're looking for.

The UK Government's Customer Service Excellence standard identified that the provision of information is essential to effective customer servicing, in both public and private sectors. And, it is undoubtedly true that customers feel reassured when their order or service information is easily accessed and the root of a problem quickly identified.

Ineffective customer service can have a very damaging effect on a business's relationship with its customers, and can quickly push customers away and into business with their competitors.

Research conducted by Bacs into issues that Direct Debit users have experienced with customer service teams presents some interesting insight into the affects of customer service practices upon customer perceptions and purchasing habits. The research shows half of customers who blame their bank for a problem, say it has worsened their opinion of the bank and 41% of these people are now more likely to switch bank.

The impact of problems

Of all the problems experienced by customers, poor customer service was highlighted by the research as the most commonly reported negative experience. Other things that contributed to a negative experience, in order of importance were: they were slow to respond; didn't inform us of the problem; kept passing the blame; they charged me; they didn't listen. On the reverse-side, those things most commonly reported as positive experiences in relation to customer services' handling of a problem were: they refunded money quickly; handled it well; sorted it out quickly; they apologised.

Problem handling

So, speed of action and an apologetic and helpful attitude are key factors in a customer's perception of how well their problem has been handled.

The research also illustrates the characteristics of a positive customer service experience through the respondents' words:

- They acknowledged the issue and arranged a refund promptly
- They were friendly and efficient, got the problem solved
- They solved the problem for me immediately and courteously
- They were very understanding and allowed me to change my payment date

- They were very good. Having informed me I had missed a payment they reinstated the service (actually before it had been cut off) and advised me what I should say to the bank. I followed their advice and my bank waived charges for exceeding overdraft limit
- The company handled my situation very well and amended any problems
- They responded quickly and offered to pay any costs.

Fast and efficient problem solving and solutions, and courteous manner are the two main themes highlighted here as major contributing factors to a positive experience. In the opposing cases, lack of understanding and empathy, and delay or no action are cited as the main contributors to a negative customer service experience:

- Lots of promises but no action. I had to threaten with press and industry action
- They did nothing well and struggled to communicate. No help given when requested
- Totally useless call centre. First told me I didn't have enough funds – totally wrong – then told me it was a technical error and they would refund late payment charge. Have written to company no reply as yet
- They automatically assumed the worst and sent a threatening letter, which really annoyed me as it was their mistake for trying to put the Direct Debit through too early. It made me feel like I wasn't treated as an individual and my business which has been faultless for 9 years wasn't valued
- They blamed the bank, bank blamed them. No one offered assistance, they did nothing well
- They didn't give the matter the seriousness it required. They were dismissive. They wouldn't cooperate.

Invest in customer service

In conclusion, investment in an effective and efficient customer services operation is one of the most important investments for securing and growing business that a company can make. Customer service needs to deliver:

- Quick and easy access to the right person
- Apologies (where appropriate), empathy and explanations
- Quick resolution and in particular swift refunds (if appropriate)
- Keeping promises and fixing problems so there is no repeat.

Training and management of the team's customer service delivery is also key to a company's success in this area. An effective customer-facing representative needs to be equipped with the skills to remain calm; deliver clear and reassuring communication; understand the product and services adequately to be able to isolate the root of a problem and manage delivery of a solution. In all of this, an effective customer services representative has an opportunity to build a positive relationship with the customer and gather valuable insight into their perceptions and purchasing behaviour – what better way to find out about what's important to and what influences a customer than straight from the customer themselves.

Companies must constantly measure, analyse and adapt their customer service delivery performance. Customer preferences evolve and can go in unexpected directions, influenced by competitors' products and services and, with the influences of advanced technology, purchasing behaviour and loyalties can change fast, and businesses without a finger on the pulse can be left behind.