



Unit standard ID:	Unit standard title:
I0052	Monitor handling of customers by frontline customer service
I0054	Identify and manage areas of customer service impact
I0066	Manage customer relations
I0047	Close the deal

LEARNER GUIDE

Customer Service

Learning Unit I

Customer Relationship Strategy

INTRODUCTION

In today's business world, intense competition in many industries is eroding market share, turnover and profits. A variety of external risks, including fluctuations in the economy, social change, technological advancements and new legislation, to mention a few, add pressure in the quest to remain profitable or for some, to merely survive. Internal risks, including low levels of productivity, conflict in the workplace, structural changes, a lack of motivation and inefficiencies are some of the issues that need to be dealt with on a regular basis.

For many years industry leaders advocated improvements in the **quality of service** as one of the most important measures to maintain and increase market share.

The difference between ordinary customer service and extraordinary service is that little extra!

In this learning programme, we will focus on how your business can attract and retain customers by excellent **customer service**, i.e. the difference between just being ordinary and being extraordinary!

Your journey will include the following Learning Units:

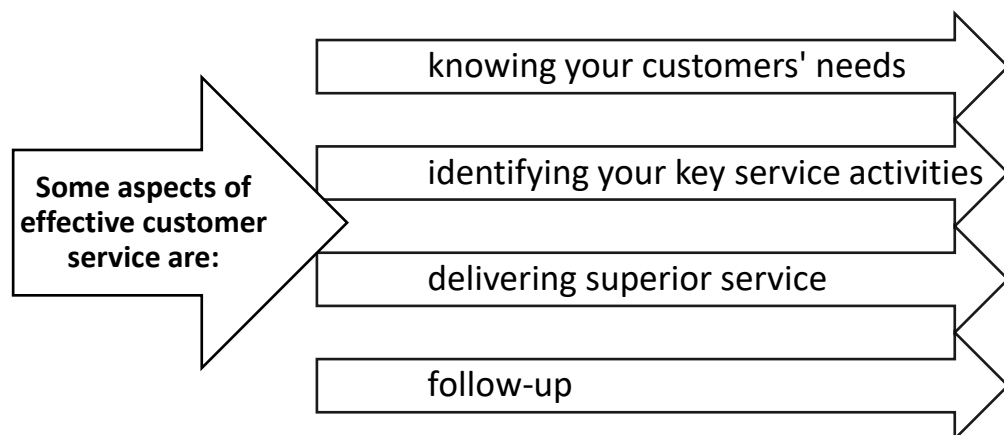
- Customer Experience Management
- Who is the customer?
- Identify and formulate standards for service excellence
- Measure and continuously improve customer service
- Selling techniques to 'Close the deal'

THE STRATEGIC IMPACT OF CUSTOMER SERVICE ON THE ORGANISATION

A consistent theme shared by those businesses thriving in this competitive marketplace is a strategic emphasis on enhancing revenue by making quality, innovation, and customer responsiveness the central values of their corporate cultures. Research has shown that companies that have successfully accomplished this differentiation charge more for their products, grow market share faster, and have a better return on sales than competitors who do not. On the other hand, businesses that neglect the service component are carrying the needlessly high costs of bad service through the active word of mouth of dissatisfied customers and increasingly expensive advertising and marketing to attract new customers.

Customer service is the provision of service to customers before, during and after a purchase or receiving service.

Finding new customers is much more expensive than retaining existing ones. Customer service is more than just keeping customers happy. It's about revenue, because a lost customer means lost revenue and an unhappy customer can damage your reputation.



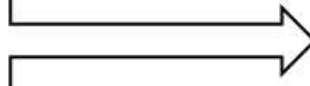
In a competitive marketplace it makes sense to aim to provide superior service. Customers base their purchasing decisions on the service they receive, not just price, quality and availability.

Word-of-mouth referral is the most effective form of promotion. It costs nothing and carries a lot of credibility as it is based on personal experience.

Satisfied customers not only tend to return to buy again from you but are also likely to talk positively about your business to others. A bad customer service experience is shared with around 10 other people who are likely to tell another 10. So, a negative reputation will spread quickly.

Superior customer service is service that exceeds your customers' expectations and will make your business stand out from your competitors'. To be effective, customer service must be consistently good in every part of your business. From the moment the customer thinks of purchasing, right through to the final sale, there are opportunities for the business to add superior customer service to the process.

Increasingly organisations are looking at service more as a strategic advantage than as an operational necessity.



CUSTOMER EXPERIENCE MANAGEMENT (CEM)

Customers receive some kind of experience, ranging from positive to negative, during the course of buying goods and services. As such, a supplier cannot avoid **creating an experience** every time it interacts with a customer.

It has been shown that a customer's perception of an organisation is built as a result of their **interaction across multiple-channels**, not through one channel, and that a positive customer experience can result in increased share of wallet and repeat business.

Loyalty is now driven primarily by a company's interaction with its customers and how well it delivers on their wants and needs.

-Jessica Debor-

The goal of customer experience management (CEM) is to move customers from satisfied to loyal and then from loyal to advocate.

The concept of customer experience was first introduced by Pine and Gilmore in their 1998 *Harvard Business Review* article. They believe that successful businesses influence people through engaging, authentic experiences that render personal value (Pine and Gilmore 1998).

According to Bernd Schmitt, "the term '**Customer Experience Management**' represents the discipline, methodology and/or process used to comprehensively manage a customer's cross-channel exposure, interaction and transaction with a company, product, brand or service."



Customer experience solutions provide strategies, process models, and information technology to design, manage and optimize the end-to-end customer experience process.

Traditionally, managing the customer relationship has been the domain of **Customer Relationship Management (CRM)**. However, CRM strategies and solutions are designed to focus on product, price

and enterprise process, with minimal or no focus on customer need and desire. The result is a sharp mismatch between the organisation’s approach to customer expectations and what customers actually want, resulting in the failure of many CRM implementations.

CUSTOMER EXPERIENCE MANAGEMENT	CUSTOMER RELATIONSHIP MANAGEMENT
<ul style="list-style-type: none"> • New approach • Customer focused – needs and desires • Align business operations and processes to individual customer needs 	<ul style="list-style-type: none"> • Traditional approach • Enterprise focused – product, price, process • Manage customers for maximum business efficiency

Please note that although CRM is the more traditional approach, one cannot ignore the basic focus on product, price and process. It should rather be used in partnership with the more modern CEM approach, i.e. first focus internally (CRM) and then on external (CEM). Through the customer relation journey, there must be constant interaction between CRM and CEM processes.

CEM systems

Building great consumer experiences is a complex enterprise, involving strategy, integration of technology, orchestrating business models, brand management and CEO commitment.

The key feature of successful CEM implementations is their ability to manage multi-channel interactions. Customer experience solutions address:

- the cross-channel (contact centre, Internet, self-service, mobile devices, brick and mortar stores),
- cross-touch point (phone, chat, email, Web, in-person),
- cross-lifecycle (ordering, fulfilment, billing, support, etc.) nature of the customer experience process.

Experience-based providers also integrate both internal and external innovations to create end-to-end customer experiences. They evaluate their business models as well as business support systems and operational support systems (BSS/OSS) from the customer’s point of view to achieve the level of customer-centricity necessary to improve customer loyalty, churn and revenue (Lopez, 2007).

ALIGNING PRODUCTS AND SERVICES TO A SPECIFIC MARKET SEGMENT

Definitions

Customer base - The total list of customers for a business, as well as the total number of potential customers with specific classification or buying characteristics.

Market segment - A market segment is a subgroup of people or organisations sharing one or more characteristics that cause them to have similar product needs.

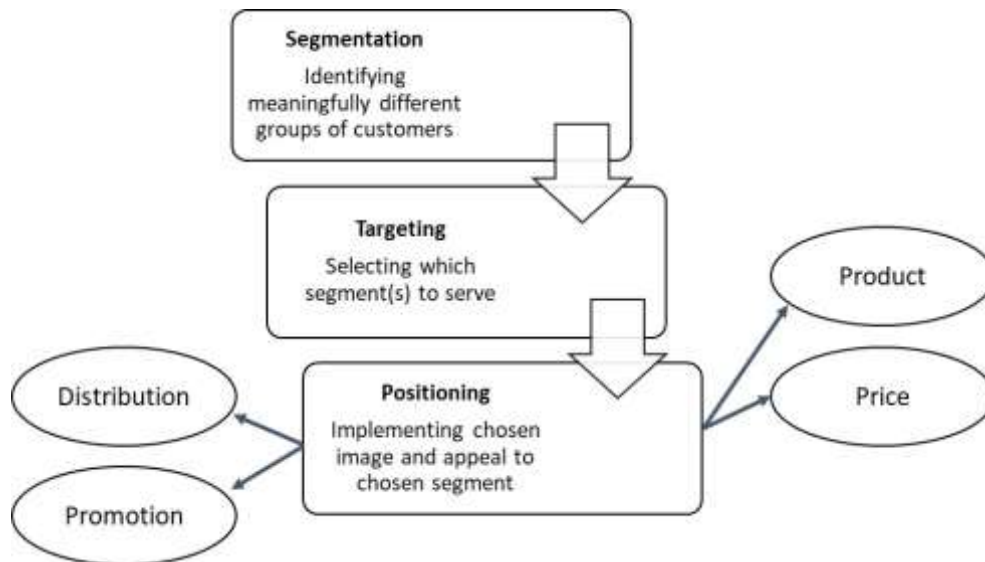
Market type – What kind of market you are dealing with. This could make reference to e.g. export vs. local market.

Product range – How many products are on offer. E.g. different brands and types of canned food available for sale in a grocery store.

Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar interests, needs, or locations

Segmentation, targeting, and positioning together comprise a three-stage process:

1. determine which kinds of customers exist, then
2. select which ones we are best off trying to serve and, finally,
3. implement our segmentation by optimizing our products/services for that segment and communicating that we have made the choice to distinguish ourselves that way.



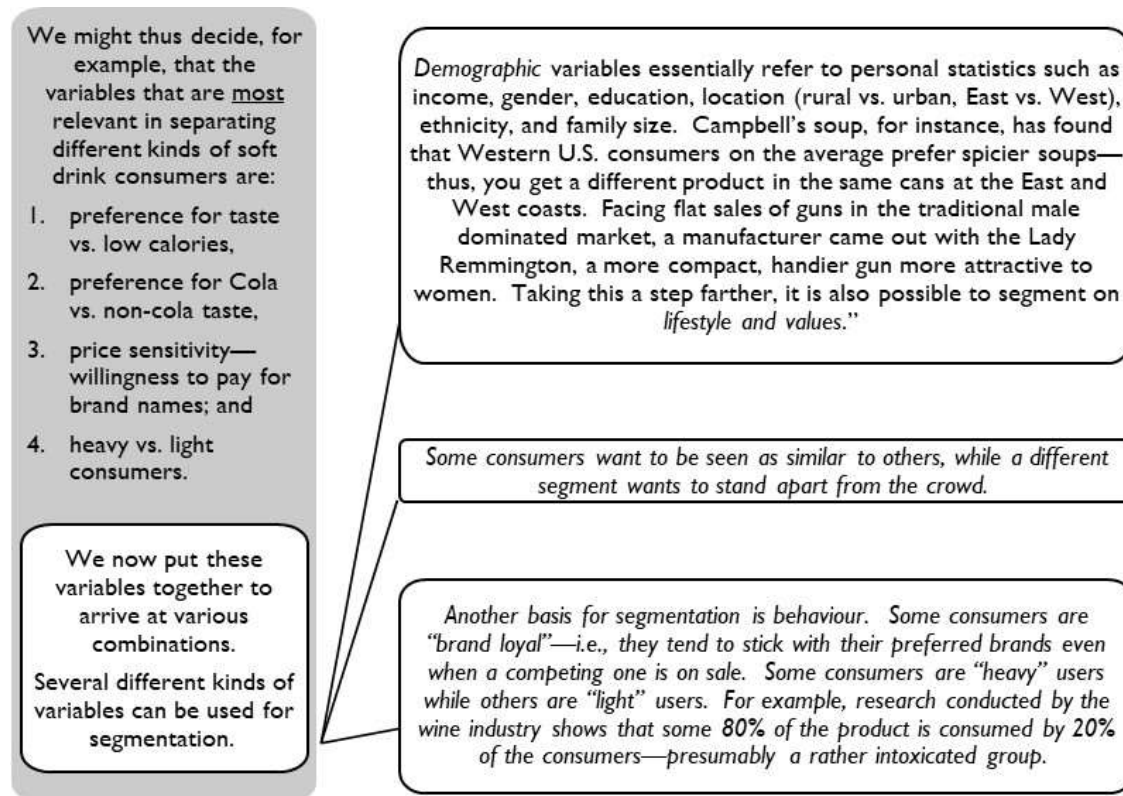
Segmentation involves finding out what kinds of consumers with different needs exist. In the auto market, for example, some consumers demand speed and performance, while others are much more concerned about roominess and safety. In general, it holds true that “You can’t be all things to all people,” and experience has demonstrated that businesses that specialize in meeting the needs of one group of consumers over another tend to be more profitable.

Generically, there are three approaches to marketing.

- **Undifferentiated strategy**, all consumers are treated as the same, with businesses not making any specific efforts to satisfy particular groups. This may work when the product is a standard one where one competitor really can’t offer much that another one can’t. Usually, this is the case only for commodities.
- **Concentrated strategy**, one firm chooses to focus on one of several segments that exist while leaving other segments to competitors. For example, Southwest Airlines focuses on price sensitive consumers who will forego meals and assigned seating for low prices.
- **Differentiated strategy**: Most airlines offer high priced tickets to those who are inflexible in that they cannot tell in advance when they need to fly and find it impractical to stay over a Saturday. These travellers—usually business travellers—pay high fares but can only fill the planes up partially. The same airlines then sell some of the remaining seats to more price sensitive customers who can buy two weeks in advance and stay over.

Note that segmentation calls for some tough choices. There may be a large number of variables that can be used to differentiate consumers of a given product category; yet, in practice, it becomes impossibly

cumbersome to work with more than a few at a time. Thus, we need to determine which variables will be most useful in distinguishing different groups of consumers.

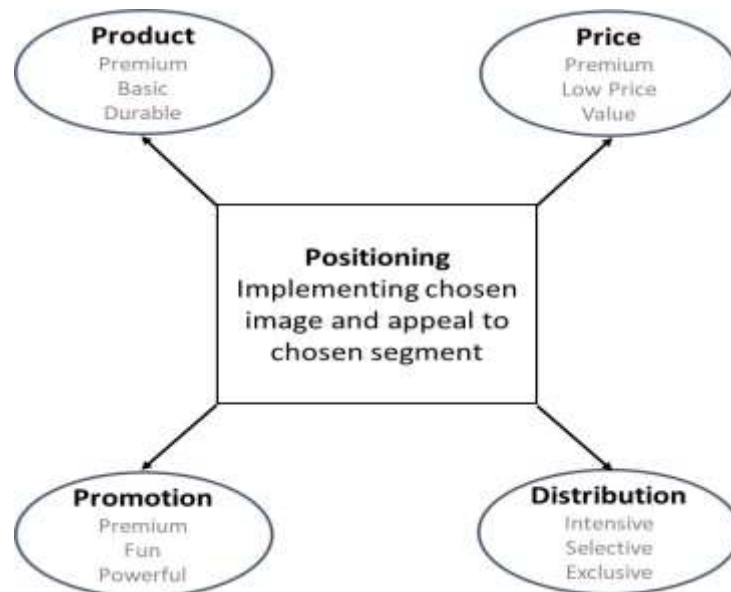


In the next step, we decide to **target** one or more segments. Our choice should generally depend on several factors.

- First, how well are existing segments served by *other* manufacturers? It will be more difficult to appeal to a segment that is already well served than to one whose needs are not currently being served well.
- Secondly, how large is the segment, and how can we expect it to grow? (Note that a downside to a large, rapidly growing segment is that it tends to attract competition).
- Thirdly, do we have strengths as a company that will help us appeal particularly to one group of consumers? Businesses may already have an established reputation. While McDonald's has a great reputation for fast, consistent quality, family friendly food, it would be difficult to convince consumers that McDonald's now offers gourmet food. Thus, McD's would probably be better off targeting families in search of consistent quality food in nice, clean restaurants.

Positioning involves *implementing* our targeting. For example, Apple Computer has chosen to position itself as a maker of user-friendly computers. Thus, Apple has done a lot through its advertising to promote

itself, through its unimimidating icons, as a computer for “non-geeks.” The Visual C software programming language, in contrast, is aimed a “techies.”



Michael Treacy and Fred Wiersema suggested in their 1993 book *The Discipline of Market Leaders* that most successful businesses fall into one of three categories:

- **Operationally excellent businesses**, which maintain a strong competitive advantage by maintaining exceptional efficiency, thus enabling the firm to provide reliable service to the customer at a significantly lower cost than those of less well organized and well-run competitors. The emphasis here is mostly on low cost, subject to reliable performance, and less value is put on customizing the offering for the specific customer. Wal-Mart is an example of this discipline. Elaborate logistical designs allow goods to be moved at the lowest cost, with extensive systems predicting when specific quantities of supplies will be needed.
- **Customer intimate businesses**, which excel in serving the specific needs of the individual customer well. There is less emphasis on efficiency, which is sacrificed for providing more precisely what is wanted by the customer. Reliability is also stressed. Nordstrom’s and IBM are examples of this discipline.
- **Technologically excellent businesses**, which produce the most advanced products currently available with the latest technology, constantly maintaining leadership in innovation. These businesses, because they work with costly technology that needs constant refinement, cannot be as efficient as the operationally excellent businesses and often cannot adapt their products as well to the needs of the individual customer. Intel is an example of this discipline.

Treacy and Wiersema suggest that in addition to excelling on one of the three value dimensions, businesses must meet acceptable levels on the other two. Wal-Mart, for example, does maintain some level of customer service. Nordstrom's and Intel both must meet some standards of cost effectiveness. The emphasis, beyond meeting the minimum required level in the two other dimensions, is on the dimension of strength.

Repositioning involves an attempt to change consumer perceptions of a brand, usually because the existing position that the brand holds has become less attractive. Sears, for example, attempted to reposition itself from a place that offered great sales but unattractive prices the rest of the time to a store that consistently offered "everyday low prices." Repositioning in practice is very difficult to accomplish. A great deal of money is often needed for advertising and other promotional efforts, and in many cases, the repositioning fails.

To position your business effectively, one needs to have a basic knowledge of market types. A summary of market types is included on the next page:

Characteristics of Different Types of Markets

	Perfect Competition	Monopolistic Competition	Oligopoly	Monopoly
Number of firms	very large	many	few	one
Type of product	standardized	differentiated	std or diff.	unique
Control over price	none	slight	considerable	considerable if not regulated
Entry conditions	no barriers	no barriers	large barriers	large barriers
Examples	wheat soybeans	restaurants retail stores clothing	automobiles air travel breakfast cereal	local phone and electric patented drugs

IMPLEMENTING A CUSTOMER RETENTION MANAGEMENT PROCESS.

In order to implement a Customer Retention Management (CRM) strategy, a key dimension is the question of customer service and the way in which it is perceived by the customer. Customer service can be defined as a task, other than pro-active selling, that involves interactions with the customers in person, by telecommunication, or by mail. It is designed, performed and communicated with two goals in mind: operational efficiency and customer satisfaction (Lovelock, 1991). The quality of customer service is determined and evaluated by the customer, and this affects the desirability of a relationship with the organisation. Customer service creates the moments of truth with the customer, and these service encounters need to be managed by the organisation (Payne, Christopher, Clark & Peck, 2001). Service encounters and CRM are thus associated.

Successful implementation requires specific actions on the part of the organisation. The implementation of a CRM strategy as proposed by Peppers, Rogers & Dorf (1999) comprises four steps, namely the identification of customers, the differentiation of service, interaction with customers and the differentiation among customers.

Step 1: The Identification of Customers

The identification of customers enables the organisations to select those customers that they regard as being **strategically significant** and who they believe can contribute to the success of the organisation. These customers have unique needs and due to their value to the organisation, will have products developed to meet these needs. It must be possible to identify these customers and so obtain as much detail as possible. This involves collecting as much data as possible in order to obtain as clear a picture as possible of the customer and their profile. This may require the development of a database or the continued maintenance of a database in order to ensure that the data stays as recent as possible. Having this information enables the organisation to determine those customers that have been with the organisation for a long period and those that have recently started using the products and services of the organisation.

Step 2: The Differentiation of Service

The differentiation of service implies that different customers receive a different level of service and a different product from the organisation, depending on the **value to the organisation and their specific needs**.

This requires the organisation to identify the top (or most significant) customers and adapt service accordingly.

Identification of these top customers takes place using sales figures or by calculating the CLV associated with each customer. As the organisation is aware of the value of their customers, service levels can be adjusted accordingly.

Customer lifetime value (CLV): *The present value of the future cash flows attributed to the customer during his/her entire relationship with the company. Inputs include:*

- **Churn rate**, the percentage of customers who end their relationship with a company in a given period. One minus the churn rate is the **retention rate**. Most models can be written using either churn rate or retention rate. If the model uses only one churn rate, the assumption is that the churn rate is constant across the life of the customer relationship.

- **Discount rate**, the cost of capital used to discount future revenue from a customer. Discounting is an advanced topic that is frequently ignored in customer lifetime value calculations. The current interest rate is sometimes used as a simple (but incorrect) proxy for discount rate.
- **Contribution margin**
- **Retention cost**, the amount of money a company has to spend in a given period to retain an existing customer. Retention costs include customer support, billing, promotional incentives, etc.
- **Period**, the unit of time into which a customer relationship is divided for analysis. A year is the most commonly used period. Customer lifetime value is a multi-period calculation, usually stretching 3–7 years into the future. In practice, analysis beyond this point is viewed as too speculative to be reliable. The number of periods used in the calculation is sometimes referred to as the model **horizon**.

Step 3: Interaction with Customers

This step refers to the importance of interacting with the customer in relationship building efforts through a variety of communication tools and technologies. This is necessary as the relationship can only develop and be sustained if there is communication with the customers regarding their needs, perceptions and desires. This involves developing methods of communication proactively with customers regarding the organisation's products and attempting to initiate dialogue with customers. The customers with whom communication takes place are not necessarily all the customers, but only those that the organisation regards as being strategically significant.

This interaction with the organisation increases the expectations of the customers regarding the service received as well as the quality of the relationship.

Step 4: Customisation of Product, Services and Communication

Customisation is carried out by the organisation in order to ensure that customer needs are met. It requires that the organisation **adapts its product, service or communication** in such a way as to have something unique for each customer. Communication can be customised to address the specific needs and profile the customer, and the organisation also makes use of personalisation as part of this process. Products can be customised as to the specific desires that the customer has of the organisation. In the case of the financial services, it refers to the product package that is offered to the customer. The purpose of customisation is to increase customer satisfaction, and the loyalty that is exhibited by customers.



PoE Activity 1A: Ritz Carlton Case Study - HO 2

- Watch the video clip:

https://www.youtube.com/watch?v=_pHOzEFQGCI

Learning Unit 2

Define Who the Customer Is

INTRODUCTION

No business can survive without customers. They are the very reason for our existence. Customers provide the revenue that ensures profitability, which in turn enables the business to employ people like you and me and to pay our wages and salaries! It is therefore essential that we not only attract customers, but that we ensure their satisfaction and turn them into loyal supporters of our business. We need to serve them in such a way that they keep on coming back and simultaneously spread the word about the great service they consistently receive.

Most businesses promise their customers products and services of a high quality. How many actually manage to keep these promises? Every one of us is a customer and we all had our share of bad experiences. Can you off-hand recall an exceptionally bad experience you as a customer had lately? Poor service or a service promise not being kept by the business caused nine out of ten times that bad experience. If we want to focus on customer service, it is important to establish exactly how we make and keep our promises to our customers. That brings us back to the relationship between external and internal customers and our business.

In order to provide excellent service, we must first establish whom we really serve. Once we have established who these people are, we can identify ways and means to serve them better.

IDENTIFY THE CUSTOMER

A customer is anyone who walks into a shop or phone in. By making contact, a person has made a decision that indicates interest or need. The challenge is to turn the customer into a buyer by identifying and meeting this interest or need.

Many customers know exactly what they want. Others may have a general idea. Some have nothing specific in mind, only the hope of finding something that will satisfy their desire to buy. The ultimate goal is the same for all these cases, which is to satisfy the customer.

In every business, two types of customers are served: External customers and internal customers.

Internal customers are those individuals or groups that depend on fellow employees to provide them with those products or services they need to enable them to serve external customers. In every business there is an internal value chain of suppliers and customers. Each department is either supplier or recipient (customer) of an internal service. The significance of the internal supplier/customer relationship is that the same principles that apply to external customers, also apply to internal customers. In the Learning Unit of Operational Planning, you have studied the internal customer relationship at length.

External customers are those individuals or groups that acquire products or services they need from our business by making a financial sacrifice.

Definition: A customer is anyone who walks into a shop or phone in. By making contact, a person has made a decision that indicates interest or need. The challenge is to turn the customer into a buyer by identifying and meeting this interest or need.

Many customers know exactly what they want. Others may have a general idea. Some have nothing specific in mind, only the hope of finding something that will satisfy their desire to buy. The ultimate goal is the same for all these cases, which is to satisfy the customer.

However, there are different ways and means of satisfying these different types. So, a basic sales skill is to be able to “size up” the customers.

Buyers: Those who know what they want to buy are purposeful in their movements and confident in their tone. If they have a specific product in mind, they will usually be well informed about it. On the other hand, they may know little about the product or its price, but definitely have the need. Friends or other stores refer some buyers. Others get their information from previous browsing trips, the newspaper, or the telephone book. Buyers usually want to purchase a product soon. You may observe such decisive customer walking directly towards the item they want. They tend to welcome assistance in locating the product they want to purchase. When you identify such a customer, offer immediate and friendly service. You need to give accurate information rather than delivering a “hard sell” since further convincing is not needed. Instead, let the customer do the talking and you do the listening.

Searchers: Those who are undecided about what to buy will often look around at different items with interest. They may have a general idea of what they would like, but no specifics. For example, a searcher may need a gift for a baby shower but has nothing definite in mind. Or a customer may be looking for a VCR without knowing the brand, model, or price. Such customers welcome suggestions. Ask searching questions to determine what the customer likes and needs. Then use your imagination. The customer searching for a baby gift may not know what types of gifts are appropriate; you might suggest clothes, accessories, jewellery or toys. Such features as ease-of-use or low price may attract the customer looking for a VCR. Help the customer come to a decision by “turning in” to help the customer narrow their focus.

Browsers: Those who have no particular need in mind are “just looking.” They have come to the store for entertainment. Shopping around is fun for browsers. Some may have little product knowledge but are working on developing their awareness of both products and prices. Others may have a lot of product knowledge but still enjoy browsing. Welcome browsers and make yourself available to answer any questions they might have. Do not try to pressure them into telling you what they are looking for. Generally, browsers like to be left alone. But you should still greet them and try to engage them in conversation. Although they may not buy anything, they may return at another time to purchase something if you make a good impression.

CONSUMER BEHAVIOUR



Definition:

Consumer behaviour is the study of how people buy, what they buy, when they buy and why they buy. It blends elements from psychology, sociology, sociopsychology, anthropology and economics. It attempts to understand the buyer decision processes/buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics, psychographics, and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

The study of consumers helps businesses and organisations improve their marketing strategies by understanding issues such as how:

- The psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products);

- The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);
- The behaviour of consumers while shopping or making other marketing decisions;
- Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;
- How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and
- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.
- Behaviour occurs either for the individual, or in the context of a group (e.g., friend's influence what kinds of clothes a person wears) or an organisation (people on the job make decisions as to which products the firm should use).
- Consumer behaviour involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. Since many environmental problems result from product disposal (e.g., motor oil being sent into sewage systems to save the recycling fee, or garbage piling up at landfills) this is also an area of interest.
- Consumer behaviour involves services and ideas as well as tangible products.
- The impact of consumer behaviour on society is also of relevance. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy.

CUSTOMER BUYING MOTIVES AND BEHAVIOURS



Definitions

Consumer Behaviour – the study of consumers and how they make decisions.

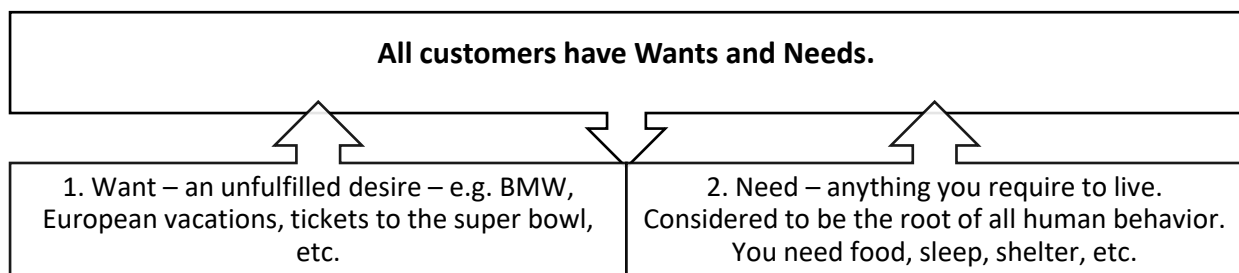
Final Consumer - buys a product or service for personal use. E.g. – when you buy a notebook, take it to school, use it in your marketing class, you are a final consumer.

Business Consumers – buys goods and services to produce and market other goods and services for resale.
E.g. - the notebook manufacturer buys paper, ink, glue, etc to produce and sell notebooks.

Buying Behaviour – describes the decision processes and actions of consumers as they buy and use services and products. It is advantageous for marketer to understand the process customers go through when selecting goods and services to purchase so that they can assist the customers in making the best possible decisions.

The Consumer Decision-Making Process – a process in which consumers collect information and make choices among alternatives.

Customer Wants and Needs



Abraham Maslow, a psychologist identified five areas of needs that people have.

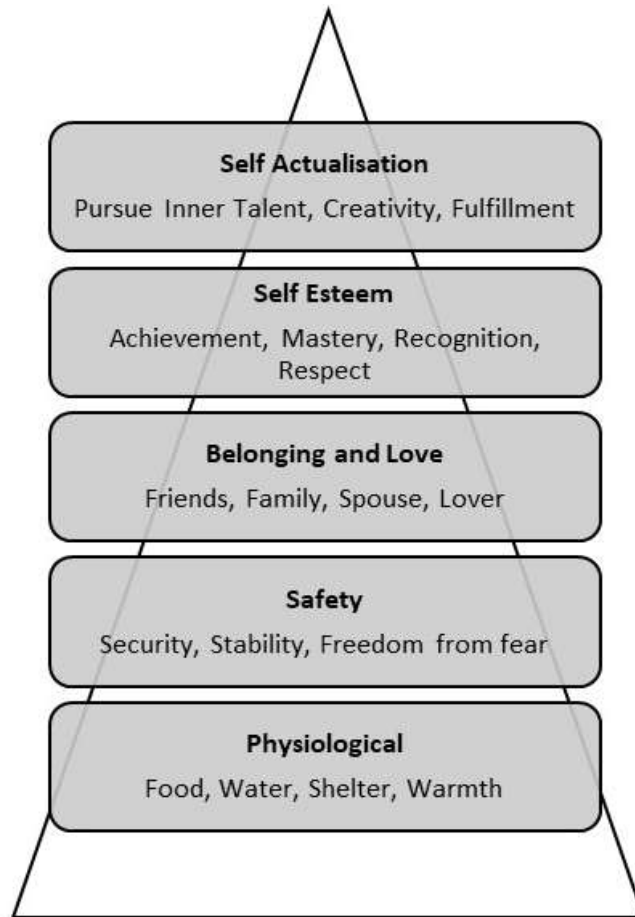
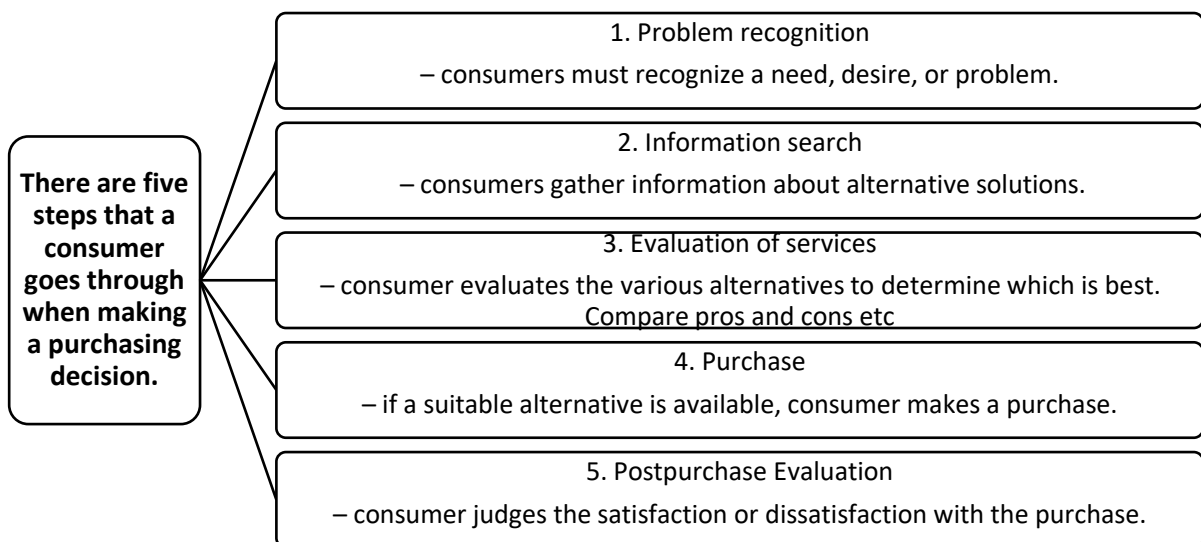
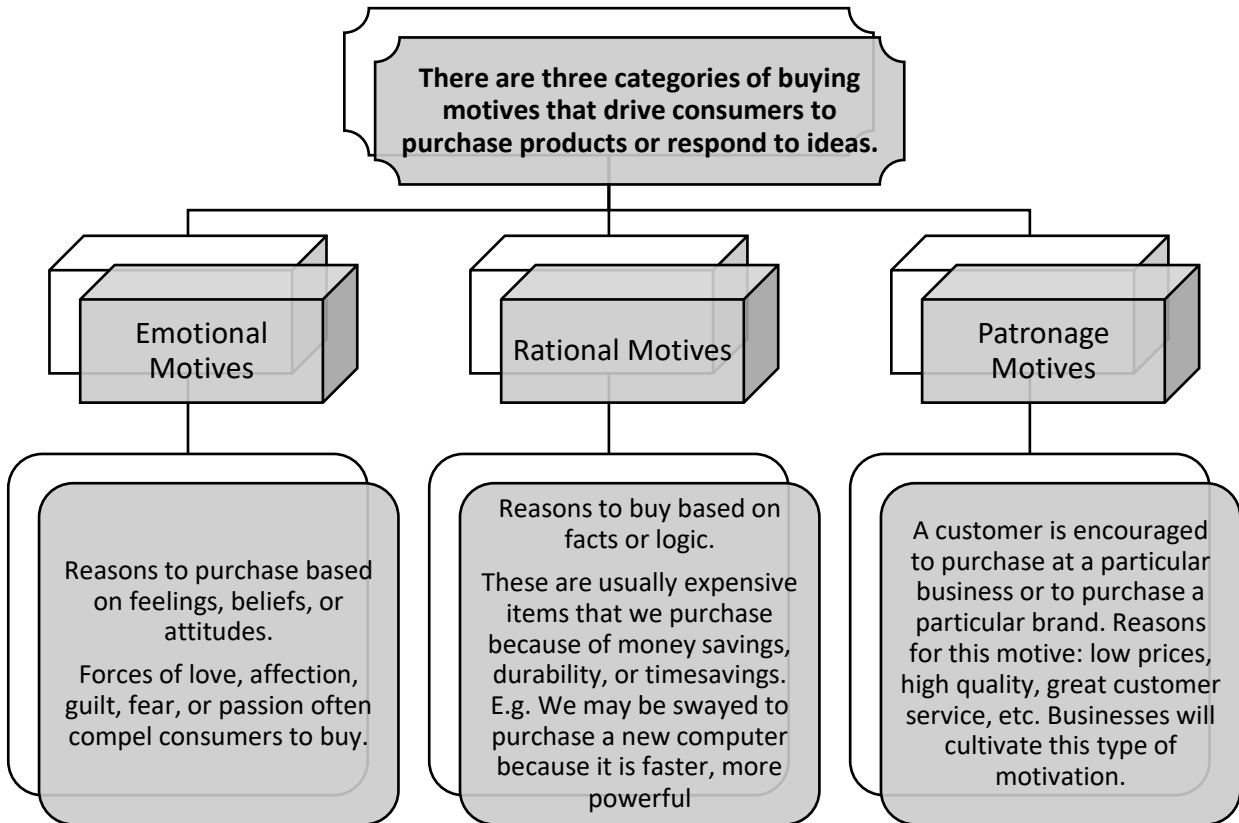


Figure 1 - Maslow's Hierarchy of Needs

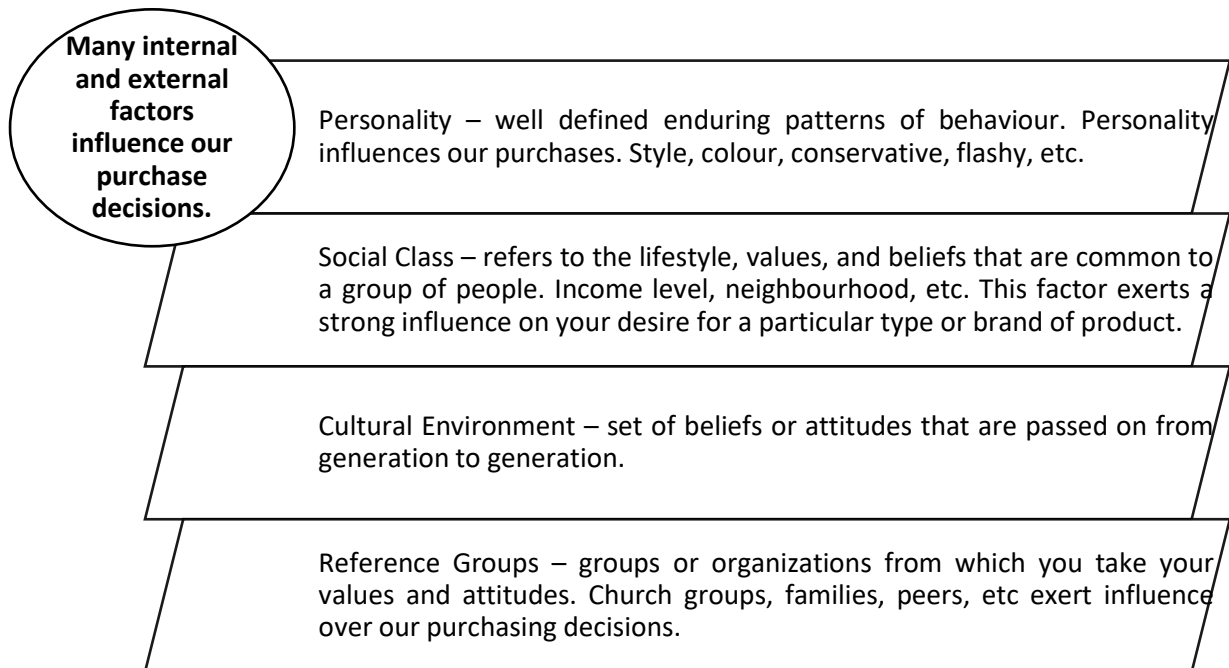
<p>Self-Actualisation – to realise your potential (intellectual growth, creativity, accomplishment – attending college, taking music lessons)</p>	<p>A house that is designed and built by the owner</p>
<p>Esteem – respect and recognition (running for student council)</p>	<p>A well-maintained house with a landscaped yard.</p>
<p>Social – friends, love, belonging (joining organisations/clubs, sports teams)</p>	<p>A house for a young family with children in a neighbourhood with many other young families.</p>
<p>Security – physical safety and economic security</p>	<p>A house in a safe neighbourhood with a security system</p>

Physiological – food, sleep, water, shelter, air (these needs are not options)	A house that offers protection from the weather
--	---

Needs change as the needs at each level are met. Needs must be met at the lowest levels first, before the needs at the next level can be met.



By understanding what motivates and influences customer purchases, businesses are able to provide the products and services at the right place and the right time.



Types of consumer buying behaviour are determined by:

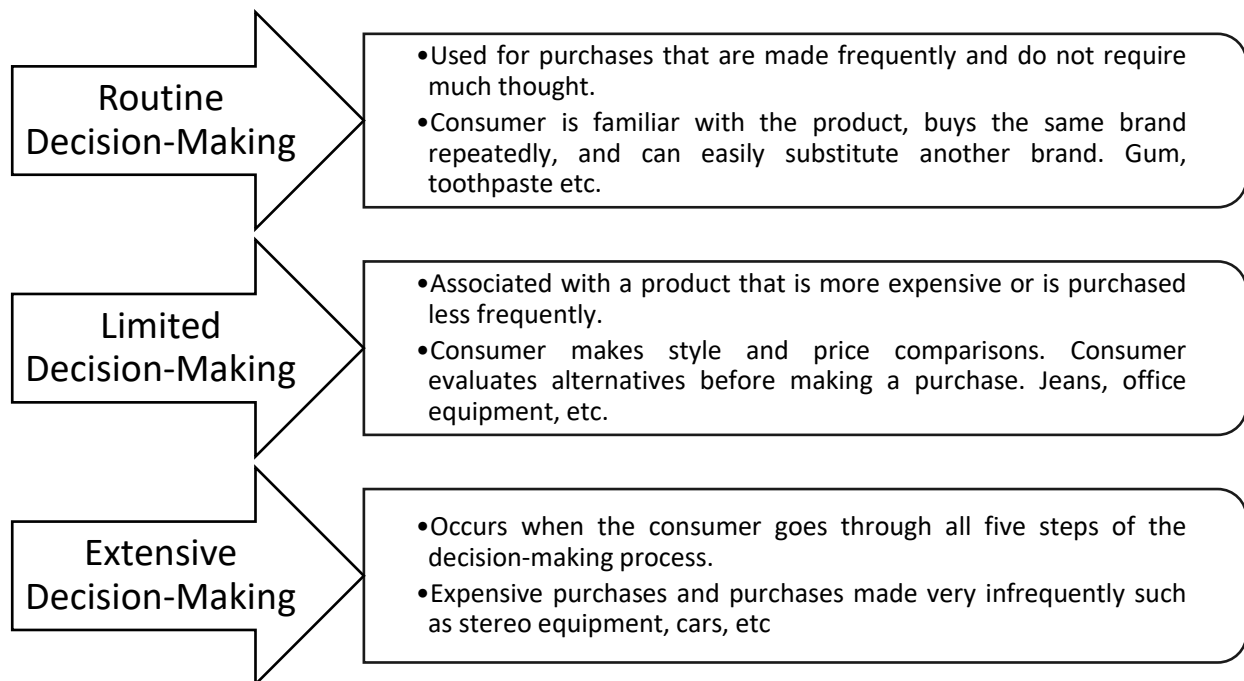
- Level of Involvement in purchase decision. Importance and intensity of interest in a product in a particular situation.
- Buyers level of involvement determines why he/she is motivated to seek information about a certain products and brands but virtually ignores others.

High involvement purchases--Honda Motorbike, high priced goods, products visible to others, and the higher the risk the higher the involvement. Types of risk:

- Personal risk
- Social risk
- Economic risk

TYPES OF DECISION-MAKING

There are different skills needed to, for example to buy toothpaste than to buy a new car.



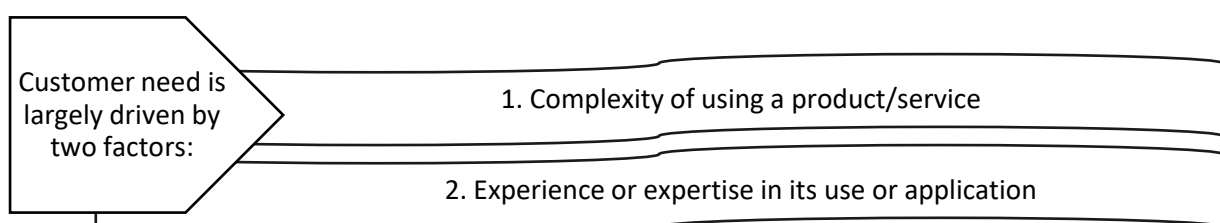
(Impulse buying can be added as fourth type of decision making, where no conscious planning takes place.)

The purchase of the same product does not always elicit the same buying behaviour. Product can shift from one category to the next.

For example:

Going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. The reason for the dinner, whether it is an anniversary celebration, or a meal with a couple of friends will also determine the extent of the decision making.

CUSTOMER NEEDS AND EXPECTATIONS



If you don't know what your customers want, you will not produce what the market requires.

Think about the following:

When I'm a Customer, I Want . . .

To be taken seriously	Honesty
Knowledgeable help	To be informed of the options
Competent, efficient service	Feedback
Friendliness	Not to be passed around
Anticipation of my needs	Professional service
To be kept informed	To be listened to (and heard)
Explanations in my terms	Empathy
Follow-through	Dedicated attention
Basic courtesies	Respect

Customers have different needs depending on the service or product that they require and thus each business will have customers with different needs.



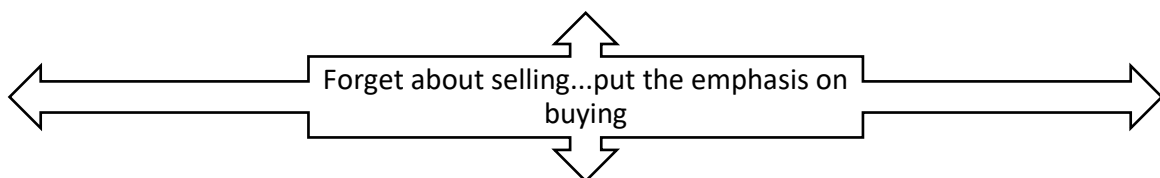
Individual Formative Exercise 2A: Identify customer buying motives

PERSONAL, SOCIAL, CULTURAL AND PSYCHOLOGICAL FACTORS THAT INFLUENCE CUSTOMER BEHAVIOUR AND RESPONSES

Consumer Buying Behaviour refers to the buying behaviour of the ultimate consumer. Many factors, specificities and characteristics influence the individual in what he is and the consumer in his decision-making process, shopping habits, purchasing behaviour, the brands he buys or the retailers he goes. A purchase decision is the result of each and every one of these factors. An individual and a consumer is led by his culture, his subculture, his social class, his membership groups, his family, his personality, his psychological factors, etc. and is influenced by cultural trends as well as his social and societal environment. By identifying and understanding the factors that influence their customers, brands have the opportunity to develop a strategy, a marketing message (Unique Value Proposition) and advertising campaigns more efficient and more in line with the needs and ways of thinking of their target consumers, a real asset to better meet the needs of its customers and increase sales.

Wooing customers is a little bit like dating. No, you can't present the engagement ring on your first date! There's a two-way relationship that grows one step at a time before it leads to the church doors. You can't rush it... you can't skip it... if you're looking for the satisfaction of a life-long commitment.

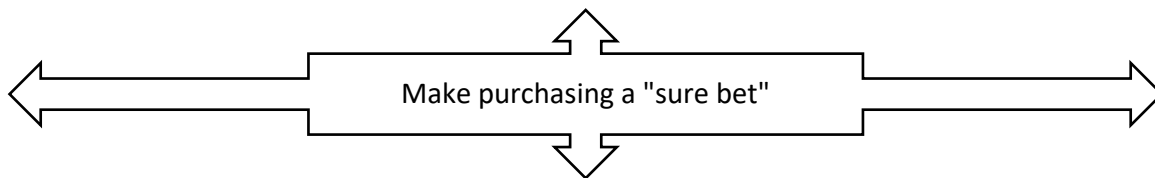
Getting to know your date or getting to know your customer takes a little time and effort. The personality likes and dislikes of each date are different, but customers share some commonalities that you, the marketer, can grab onto. Give them what they want, and they'll become the loyal, life-time customers that make your business prosper.



People like to think that all of their buying decisions were reached due to their own great ideas and skilful shopping. Hey, no one is fond of a pushy salesman. A salesman who “HELPS” them discover the best buy for their buck on the other hand, is a hero.

Really, when a person walks into your place of business, they are most likely thinking of making a purchase before they get there. You don't have to persuade them to buy. You can take it easy, and simply help them decide what the best purchase is.

Keep your focus on the customer and his needs. Think... what benefits would he be most interested in? What is the price range he can afford? Basically, keep in mind that you are there to serve his needs, not persuade him. Ah, the pressure's off!

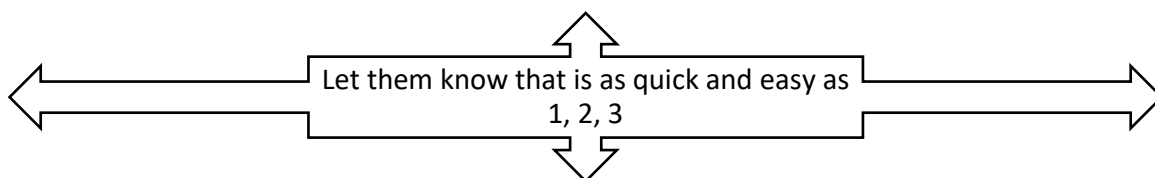


Buying is a “risky” business. The higher the price tag reads, the higher the risks are! Yep, a customer is just looking for a product that satisfies the needs he purchased it for. The question they ask themselves is... “Is it worth it?”

Hey, it’s a legitimate question. The world is full of scams where you spend your hard-earned cash and end up with trash that doesn’t last and that you can’t get serviced. A few tough lessons leave customers wary about off-the-cuff purchases. They want something they can trust.

A money back guarantee alleviates a great amount of concern in the mind of the consumer. There’s peace in knowing that if the product doesn’t live up to its claims, they aren’t stuck footing the bill for a piece of junk.

Customer testimonials also clearly tell "would be" buyers that you really do deliver customer satisfaction. No one can say it better than a satisfied customer – just make sure ‘customer testimonials are authentic and credible.



Simplicity... ah, it makes life so much easier. Convenience stores testify to the fact that quick and easy often overrides a better price!

Make the buying process as simple as you possibly can. Remember that not everyone prefers the same method. The more options you have available, the more customers you will please.

When you’re planning your marketing campaign, don’t forget to point out the quick, fast, and easy benefits of your product. Remember that value isn’t everything.

It's pretty easy to charm your customers when you know what they like! Keep these 3 tactics in mind as you go about the daunting task of growing your business and expanding your customer list... and watch your profits go through the roof.

Personal factors

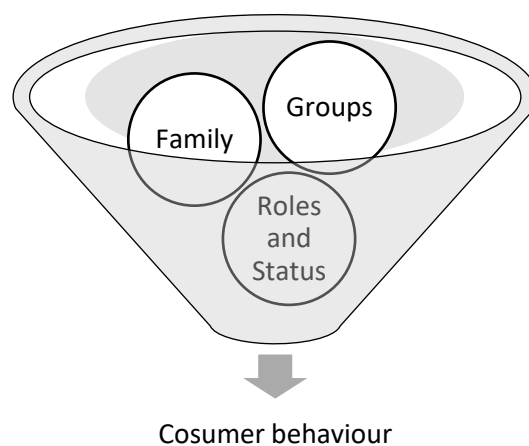
Age influences a buyer's decision. The need for different products and services changes with age. Babies and children have special needs for products such as milk powder, baby foods and toys. Young adults need cloths, recreational and educational facilities, transportation and a host of other age and fashion related consumption needs.

Gender, i.e. differences between men and women result in different consumption needs. Women need specialized medical facilities for pregnancy and delivery. Their requirement of clothes and cosmetics is different from that of men. Each gender thus has its own need for specific products and services.

Family life cycle has a profound influence on buyer decisions, e.g. the need of a young family as opposed to more senior citizens.

Social factors

A consumer's behaviour is influenced by social factors, such as the (i) Groups (ii) Family (iii) Roles and status



Groups	Two or more people who interact to accomplish individual or mutual goals.
	A person's behaviour is influenced by many small groups. Groups that have a direct influence and to which a person belongs are called membership groups.

	Some are primary groups includes family, friends, neighbours and co-workers. Some are secondary groups, which are more formal and have less regular interaction. These include organisations like religious groups, professional association and trade unions.
Family	Family members can strongly influence buyer behaviour. The family is the most important consumer buying organisation society and it has been researched extensively. Marketers are interested in the roles, and influence of the husband, wife and children on the purchase of different products and services.
Roles and Status	A person belongs to many groups, family, clubs, and organisations.
	The person's position in each group can be defined in terms of both role and status.
	For example. M & "X" plays the role of father, in his family he plays the role of husband, in his company, he plays the role of manager, etc. A Role consists of the activities people are expected to perform according to the persons around them.

Cultural factors

Culture is part of the *external* influences that impact the consumer. That is, culture represents influences that are imposed on the consumer by other individuals.



Definition:

“That complex whole which includes knowledge, belief, art, morals, custom, and any other capabilities and habits acquired by a person as a member of society.” From this definition, we make the following observations:

- Culture, as a “complex whole,” is a system of interdependent components.
- Knowledge and beliefs are important parts. In some countries it is known and believed that a person who is skilled and works hard will get ahead. In other countries, it may be believed that differences in outcome result more from luck. “Chunking,” the name for China in Chinese, literally

means “The Middle Kingdom.” The belief among ancient Chinese that they were in the centre of the universe greatly influenced their thinking.

- Other issues are relevant. Art, for example, may be reflected in the rather arbitrary practice of wearing ties in some countries and wearing turbans in others. Morality may be exhibited in the view in most countries that one should not be naked in public. In Japan, on the other hand, groups of men and women may take steam baths together without being perceived as improper. On the other extreme, women in some Arab countries are not even allowed to reveal their faces. Notice, by the way, that what at least some countries view as moral may in fact be highly immoral by the standards of another country. For example, the law that once banned interracial marriages in South Africa was named the “Immorality Act,” even though in most civilised countries this law, and any degree of explicit racial prejudice, would itself be considered highly immoral.

Culture has several important characteristics:

- 1) **Culture is comprehensive.** This means that all parts must fit together in some logical fashion. For example, bowing and a strong desire to avoid the loss of face are unified in their manifestation of the importance of respect.
- 2) **Culture is learned** rather than being something we are born with. We will consider the mechanics of learning later in the course.
- 3) **Culture is manifested within boundaries of acceptable behaviour.** For example, in South African society, one cannot show up to class naked, but wearing anything from a suit and tie to shorts and a T-shirt would usually be acceptable.
- 4) **Conscious awareness of cultural standards is limited.** One American spy was intercepted by the Germans during World War II simply because of the way he held his knife and fork while eating.
- 5) **Cultures fall somewhere on a continuum between static and dynamic depending** on how quickly they accept change. For example, South African culture has changed dramatically since 1994 and the move away from the Apartheid system and its laws and segregation, while the culture of e.g. Saudi Arabia has changed much less.

The impact of cultural awareness on customer relations:

Dealing with culture	Culture is a problematic issue for many marketers since it is inherently nebulous and often difficult to understand. One may violate the cultural norms of another country without being informed of this, and people from different cultures may feel uncomfortable in each other’s presence without knowing exactly why (for example,
-----------------------------	---

	two speakers may unconsciously continue to attempt to adjust to reach an incompatible preferred interpersonal distance).
Warning about stereotyping	When observing a culture, one must be careful not to over-generalize about traits that one sees. Research in social psychology has suggested a strong tendency for people to perceive an “outgroup” as more homogenous than an “ingroup,” even when they knew what members had been assigned to each group purely by chance. When there is often a “grain of truth” to some of the perceived differences, the temptation to over-generalize is often strong. Note that there are often significant individual differences <u>within</u> cultures.
Cultural lessons	We considered several cultural lessons in class; the important thing here is the big picture. For example, within the Muslim tradition, the dog is considered a “dirty” animal, so portraying it as “man’s best friend” in an advertisement is counter-productive. Packaging, seen as a reflection of the quality of the “real” product, is considerably more important in Asia than in the U.S., where there is a tendency to focus on the contents which “really count.” Many cultures observe significantly greater levels of formality than that typical in the U.S., and Japanese negotiator tend to observe long silent pauses as a speaker’s point is considered.
Cultural characteristics as a continuum	There is a tendency to stereotype cultures as being one way or another (e.g., individualistic rather than collectivistic). Note, however, countries fall on a <i>continuum</i> of cultural traits. Hofstede’s research demonstrates a wide range between the most individualistic and collectivistic countries, for example—some fall in the middle.
Hofstede’s Dimensions	Gert Hofstede, a Dutch researcher, was able to interview a large number of IBM executives in various countries, and found that cultural differences tended to centre around four key dimensions
	<ul style="list-style-type: none"> Individualism vs. collectivism: To what extent do people believe in individual responsibility and reward rather than having these measures aimed at the larger group? Contrary to the stereotype, Japan actually ranks in the middle of this dimension, while Indonesia and West Africa rank toward the

	<p>collectivistic side. The U.S., Britain, and the Netherlands rate toward individualism.</p> <ul style="list-style-type: none"> • Power distance: To what extent is there a strong separation of individuals based on rank? Power distance tends to be particularly high in Arab countries and some Latin American ones, while it is more modest in Northern Europe and the U.S. • Masculinity vs. femininity involves a somewhat more nebulous concept. “Masculine” values involve competition and “conquering” nature by means such as large construction projects, while “feminine” values involve harmony and environmental protection. Japan is one of the more masculine countries, while the Netherlands rank relatively low. The U.S. is close to the middle, slightly toward the masculine side. (The fact that these values are thought of as “masculine” or “feminine” does not mean that they are consistently held by members of each respective gender—there are very large “within-group” differences. There is, however, often a large correlation of these cultural values with the status of women.) • Uncertainty avoidance involves the extent to which a “structured” situation with clear rules is preferred to a more ambiguous one; in general, countries with lower uncertainty avoidance tend to be more tolerant of risk. Japan ranks very high. Few countries are very low in any absolute sense, but relatively speaking, Britain and Hong Kong are lower, and the U.S. is in the lower range of the distribution. <p>Although Hofstede’s original work did not address this, a fifth dimension of <i>long term vs. short term orientation</i> has been proposed. In the U.S., managers like to see quick results, while Japanese managers are known for take a long-term view, often accepting long periods before profitability is obtained.</p>
<p>High vs. low context cultures</p>	<p>In some cultures, “what you see is what you get”—the speaker is expected to make his or her points clear and limit ambiguity. This is the case in the South Africa. —if you have something on your mind, you are expected to say it directly, subject to some reasonable standards of diplomacy. In Japan, in contrast, facial expressions and what is <u>not</u> said may be an important clue to understanding a speaker’s</p>

	<p>opinion. Thus, it may be very difficult for Japanese speakers to understand another’s written communication. The nature of languages may exacerbate this phenomenon—while the German language is very precise, Chinese lacks many grammatical features, and the meaning of words may be somewhat less precise. English ranks somewhere in the middle of this continuum.</p>
<p>Ethnocentrism and the self-reference criterion</p>	<p>The <i>self-reference criterion</i> refers to the tendency of individuals, often unconsciously, to use the standards of one’s own culture to evaluate others. For example, Americans may perceive more traditional societies to be “backward” and “unmotivated” because they fail to adopt new technologies or social customs, seeking instead to preserve traditional values. In the 1960s, a supposedly well read American psychology professor referred to India’s culture as “sick” because, despite severe food shortages, the Hindu religion did not allow the eating of cows. The psychologist expressed disgust that the cows were allowed to roam free in villages, although it turns out that they provided valuable functions by offering milk and fertilizing fields. <i>Ethnocentrism</i> is the tendency to view one’s culture to be superior to others. The important thing here is to consider how these biases may come in the way in dealing with members of other cultures.</p>
	<p>It should be noted that there is a tendency of outsiders to a culture to overstate the similarity of members of that culture to each other. In the United States, they are well aware that there is a great deal of heterogeneity within their culture; however, they often underestimate the diversity within other cultures. For example, in Latin America, there are great differences between people who live in coastal and mountainous areas; there are also great differences between social classes.</p>

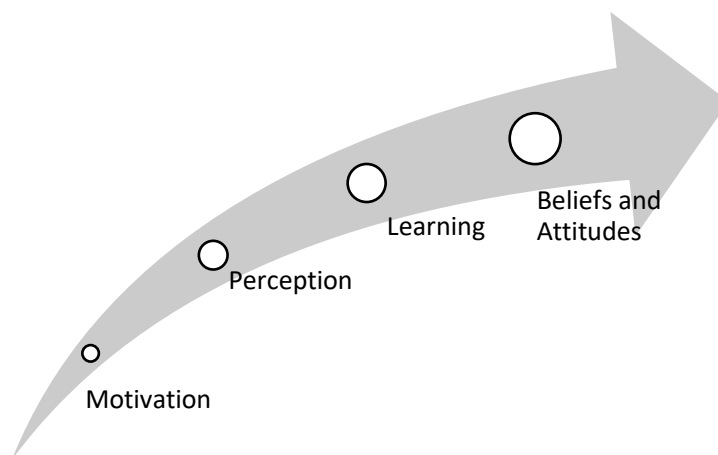
Language issues. Language is an important element of culture. It should be realised that regional differences may be subtle. For example, one word may mean one thing in one Latin American country, but something different in another. It should also be kept in mind that much information is carried in non-verbal communication. In some cultures, we nod to signify “yes” and shake our heads to signify “no;” in other cultures, the practice is reversed. Within the context of language:

- There are often large variations in regional dialects of a given language. The differences between South African, U.S., Australian, and British English are actually modest compared to differences between dialects of Spanish and German.

- Idioms involve “figures of speech” that may not be used, literally translated, in other languages. For example, “now, now” and “just now” are South Africanisms causing a lot of confusion for other English speakers. A word such as “robot” is a traffic light in South Africa, but an electronic creature in most other countries.
- Neologisms involve terms that have come into language relatively recently as technology or society involved. With the proliferation of computer technology, for example, the idea of an “add-on” became widely known. It may take longer for such terms to “diffuse” into other regions of the world. In parts of the World where English is heavily studied in schools, the emphasis is often on grammar and traditional language rather than on current terminology, so neologisms have a wide potential not to be understood.
- Slang exists within most languages. Again, regional variations are common and not all people in a region where slang is used will necessarily understand this. There are often significant generation gaps in the use of slang.


Psychological Factors

- It includes these Factors:



Motivation	Motive (drive) a need that is sufficiently pressing to direct the person to seek satisfaction of the need
Perception	The processes by which people select, organize, and interpret information to form a meaningful picture of the world.

Learning	Changes in an individual's behaviour arising from experience.
Beliefs and attitudes	Belief is a descriptive thought that a person holds about something
	Attitude, a Person's consistently favourable or unfavourable evaluations, feelings and tendencies towards an object or idea



2B Group Formative Exercise: Distinguish customer purchasing motives and behaviours.



2C Individual Formative Exercise: Design a checklist

COMMUNICATE EFFECTIVELY WITH CUSTOMERS

Focusing on customer communication is important to the long-term success of any business. In the early stages of the relationship, effective communication ensures your product or service meets the customer's immediate needs. As time goes on, regular communication with your customer base allows you to adapt and grow so you can continue to meet its requirements.

Clarity of communication is important when attempting to understand what the customer truly needs. Attaining clarity often involves asking key questions to gain a better understanding of the customer's situation. Providing the customer with a clear understanding of what actions you intend to take the remedy the situation along with a specific time frame leaves little doubt in her mind of what to expect and eliminates confusion or misunderstandings.

Communication can serve as a valuable reinforcement tool to solidify the purchase. For example, a salesperson who stays in touch with a customer in the period immediately following the sale can reinforce the benefits of his product or service and how they meet the customer's needs. They can also quickly address any problems the customer may have, such as attempting to figure out how to use a new product. In the process, the salesperson can also lay the foundation for a long-term relationship leading to repeat sales.

THE DIFFERENCES IN COMMUNICATING WITH INDIVIDUALS VS. GROUPS.

It is important to remember that there is a difference between communicating with an individual and communicating with a group. Individuals are driven by their own motivations, while groups either experience peer pressure or are in conflict with the group dynamic.

Example:

Mrs. Hanson is a hard-of-hearing, near-sighted 65-year old lady and is complaining quietly to the manager of a groceries store that she cannot read the signs on the isles that show where what is kept.

vs.

Mrs. Hanson and her senior citizen club visits the store. They see that all signs are written too small for senior citizens to read. They draw up a petition, organise a march with placards and hand the memorandum/petition to the manager of the store. The march features on the 19h00 television news.

Here are the most common ways that companies communicate with their customers:

<p>In Person</p>	<p>When shopping retail, the most important interactions will be made in person. While this seems simple enough, some companies do a remarkably poor job at this. The most common problem is understaffing; in many stores you can visit in person and have a hard time finding anyone who will actually help you; or you may have to fight with a dozen other customers for the attention of the staff. Other stores have no problem letting you wait for 20 minutes in a checkout line while they have people in the back room "on break". The best way to assess a store in this regard is to visit the store and see for yourself.</p>
<p>Telephone</p>	<p>The ability to reach someone who can answer questions or help you with your order is essential for most online, direct-market or catalogue sources. While online methods (see below) are also important for online vendors, nothing replaces the speed and ease of communication that personal voice contact represents. Assess the reach ability of every company by phone. Do they have a toll-free number, or do you have to pay by the minute? Can you get through to a human quickly, or do you have to wade through ten levels of touch-tone menus? How long do you have to wait on hold before you get through? Long waits on hold sometimes mean the company is overwhelmed with unexpected demand, but just as often mean they are too cheap to hire more phone staff. Incidentally, the ability to reach someone by phone is also very important when buying a new PC at a retail store. You don't want to have to go down to the store to deal with every issue, problem or question.</p>
<p>Email</p>	<p>I had high hopes that by now most companies would be using email extensively to handle communications with their customers, because I think this has advantages for both the customers and the company. Certainly, it is a better use of a customer's time, compared to waiting on hold. There are in fact some companies that use this medium to its full advantage, replying in a matter of minutes to product questions, requests for quotes or stock status inquiries. Unfortunately, most companies still seem to relegate email questions to their "this can wait" pile, and responses can take a day or more (sometimes <i>much</i> more) to arrive. Send an email question and see what the reply time is like before you rely on a company's claims that they respond promptly to email. A large company that takes a full day to respond to email order questions isn't taking the medium seriously.</p>
<p>The Web</p>	<p>The Web is a "passive" communications method, and therefore inferior to the others listed above. You can read static information about the company or its products, and</p>

you can provide information about yourself or place orders. This is useful, but very limiting, which is why I think it is *extremely* important when dealing with an online vendor to be sure that they are easily reachable on the phone. Most of these companies want you to order over the Web, and I can understand why it saves them money. But web sites aren't always up to date, and email often is too slow to resolve important issues. Be sure to keep this in mind.

CREATING AN EFFECTIVE CUSTOMER COMMUNICATIONS PROGRAM

To develop and maintain an effective customer communication program will assist your business to gain credibility and to maintain long term relationships with customers.



Summative Exercise: S1: Evaluate your company's customer communication plan

Learning Unit 3:

Identify and formulate Standards for Service Excellence

WHAT IS SERVICE?

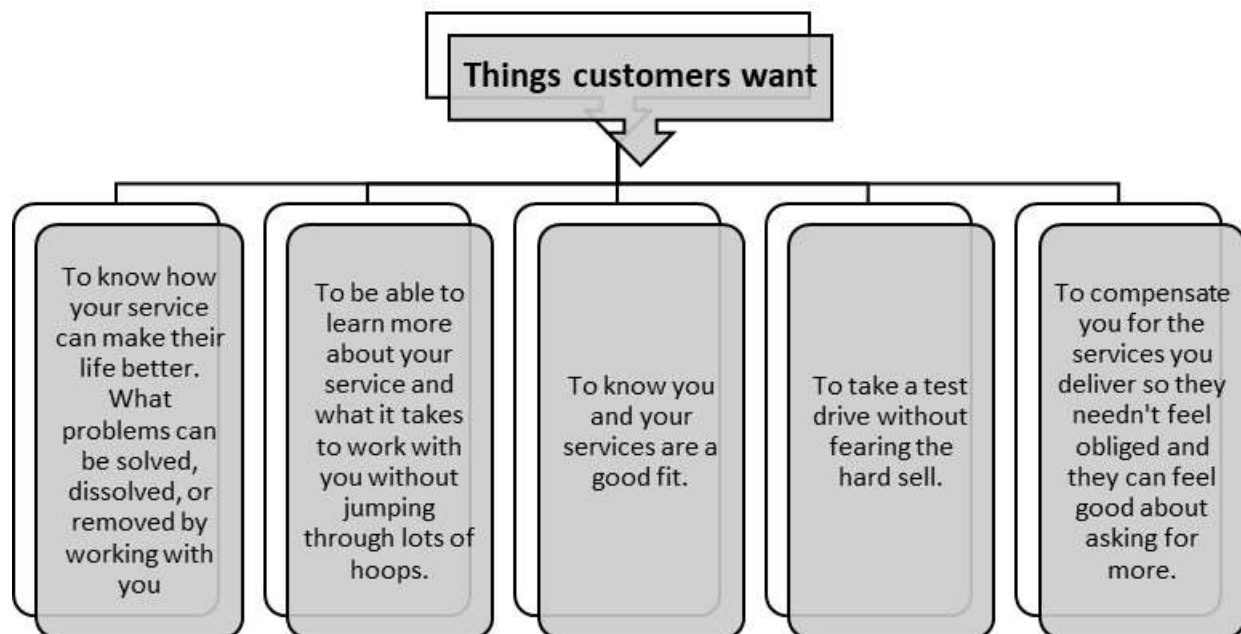
To enable your staff to render excellent customer service, you should ensure that you:

- **Get to Know Your Regulars:** Do your utmost to remember faces and names, as well as the reason for their previous visits. You can devise some or other informal system to record their previous purchases – a good memory can often do the trick. Certain waiters in restaurants have the uncanny ability to remember what the customer ordered the last time and surprise the customer by this remarkable recollection of his / her favourite drink! Good salespeople easily recollect what the customer purchased earlier and use this knowledge to anticipate the next request or to recommend something that will complement the previous purchase.
- **Ask the Customer:** In order to establish the needs and wants of your customer, you should never let an opportunity go by to ask as many questions as possible. The old adage that it is better to listen than to talk very much applies here. If you ask customers what they expect, and you give them the opportunity to tell you, you are in a much better position to pose a solution and make a recommendation. You also inspire much trust and confidence in the person, because your attitude speaks of a willingness to learn more about the unique needs of the customer.
- **Encourage Complaints:** When customers complain, it should be obvious that they are expressing dissatisfaction with some or other aspect of the service. Complaints should be listened to, because it often provides us with clues on how we can improve our service. Hotels encourage guests to fill out guest questionnaires in an effort to establish in which areas the hotel manages to satisfy them and also to solicit information on areas where service is not satisfactory. Never forget to act on this valuable information!

Too many service providers continue to make the same mistakes over and over again, whilst they had ample opportunity to establish what their customers expect, need and prefer. Too many service providers still believe they know what customers should be getting, what is right or wrong, what is

good enough for the customer, and so on without ever really getting to know them. And still they wonder why they are losing customers!

Once you have established the needs, expectations and preferences of your customers, you can consider the importance of service encounters.



HOW TO DELIVER GOOD CUSTOMER SERVICE

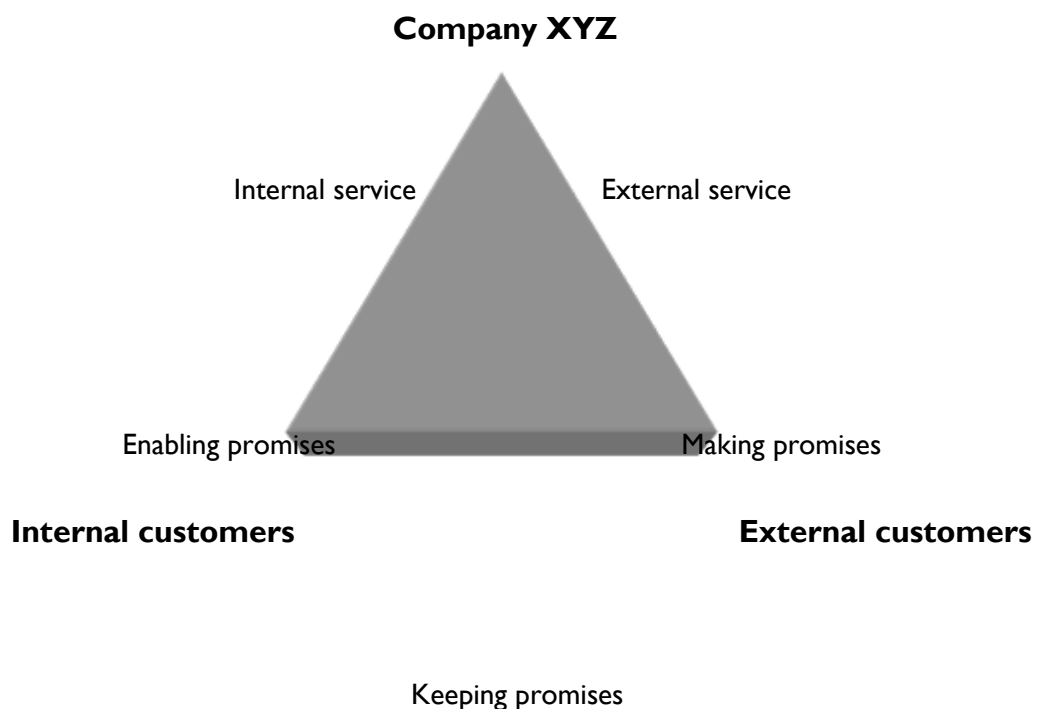
1. Be up front, even bold, in stating how your goods or services make things better for your customers so that they can make a decision about whether to ask for more information. This respects their time and attention by answering the question, "What can you do for me?"
2. Be clear about what it takes for you to deliver consistent value. How much time? How much money? How much energy? What kind of commitment? What support? What resources? What else?
When you know what you need in order to deliver good customer service, set your prices, policies, and procedures accordingly and make it easy for your customers to understand them.
3. Show up in your business. Use language, imagery, colours that are consistent with the way you naturally serve your customers. Are you a funny, organized, motherly midwife? Or a charming, blunt career coach? It's almost certain that lots of people do what you do and do it as well or better. However, it is highly unlikely that anyone else relates to their customers and serves them quite like you do. Make it easy for prospective customers to tell how well you're likely to fit.

4. Offer a test drive. If you sell products, give samples. If you sell services, give samples. What does that look like? An eight-page special report, a newsletter, reprints of articles, audio of speeches or seminars. Keep your eyes and ears and mind open, and your samples may add up to a product and a new income stream.
5. Make it easy for clients and customers to pay for your work. When your just-right customer pays for a service, they are making a conscious commitment to getting their money's worth. This makes it a lot more likely that they will do what it takes to benefit from what you offer.

The first step in creating an environment for excellent service is to find out as much as possible about our customers. What do you think is essential to know about your customers from a service point of view? Apart from conducting formal market research, do this basic exercise:

IMPORTANCE OF CUSTOMER SERVICE

Consider the following figure:



Types of Service

Three types of activities need to be carried out successfully for a service to succeed:

External service - where promises are made to customers via the traditional marketing activities such as advertising, sales and special promotions;

Internal service - where promises are enabled by equipping the frontline service providers with the necessary skills, abilities, tools and motivation to deliver;

Interactive service - where promises are to be kept during the “moment of truth” or when the customer interacts with the organisation and the service is produced and consumed.

In order to improve customer service, we need to focus primarily on internal and interactive service, to fulfil those promises made in the external service.

CUSTOMER EXPECTATIONS

Before we consider those factors that shape the expectations of customers, it is important to know that customers hold two levels of expectations:

- Desired service and
- Adequate service.

Desired Service

Refers to the level of service the customer hopes to receive – a blend of what the customer believes is possible and what is necessary.

Adequate Service

Refers to the level of service that a customer will accept, because they often realise that the desired level of service is impossible. On a month-end Saturday morning, we all accept that the local supermarket is going to be extremely busy and that you will inevitably have to queue in awaiting service at the checkout point. We will tolerate the waiting, but often only up to a certain point. If you notice the long queues and simultaneously realise that only two cashiers are on duty, many of us will rather leave, go somewhere else or return at a later stage. In other words, the level of service is unacceptable.

Desired service can thus be regarded as the “ideal” level of service and adequate service represents the “minimum tolerable expectation”. Between these two extremes, customers tolerate different levels of service. The extent, to which they recognize and accept these variations in the level of service, is called the zone of tolerance.

Different factors shape the expectations that customers have about service.

HOW CUSTOMERS PERCEIVE SERVICE

Customers perceive service in terms of the quality of the service and the satisfaction they derive from the overall experience. A company puts its image on the line even in the most casual of encounters with customers. Whenever an employee comes into contact with a customer (internal or external), he or she creates an impression that can determine whether or not the customer will continue to do business with the organisation. Each meeting or encounter is a vital moment to win or lose business, based on how the company is perceived in terms of service and quality.

Customer Expectation Factors

Four factors shape customer expectations. Let us identify them in terms of an example:

You have planned a weekend away at a luxurious guest lodge in Mpumalanga. The following will probably influence your expectations of your stay and the service at this lodge:

Explicit service promises - what you read about the lodge; what are promised in the lodge’s advertising material.

Implicit service promises - what the chalets at the lodge look like; the appearance of the staff at the lodge; the rates charged.

Word of mouth - what friends, colleagues or family have told you about the lodge; other people’s personal experiences at the lodge, which they have shared with you.

Past experience - maybe you stayed at the same lodge a couple of years ago and the memories of that experience shape your new expectations.

So, what is the bottom-line? As service providers, we are responsible to live up to those expectations!

Service is Only as Good as the Customer’s Perception

It does not matter how well we think we're doing. Customer perception of service is the only measurement that counts. Based on recent surveys, these are our customers' top complaints:

Promises are not delivered.

Service was rude and inefficient.

Feeling of being victimised by the business or operation.

Delays and long waits.

Lack of communication between parties and duties.

Questionable business integrity or honesty.

Feelings of being dismissed or discounted by the person.

The Service Formula

How do you provide service beyond expectations?

$$\begin{array}{c} \text{Preparation} \\ + \\ \text{Interaction} \\ + \\ \text{Follow-through} \\ = \\ \text{Service beyond expectations} \end{array}$$

Preparation

Customers expect you to know your products and services and how to get things done. They want to deal with people who know policies and procedures, how to operate equipment and systems and where to go for more information or help with a problem.

You want to be seen as a professional, ready and able to handle a variety of situations in order to meet and exceed customers' needs. Preparation is of the utmost importance.

Interaction

It's important to find out what the customer needs and make sure you satisfy those needs. Customers want to receive the right product or service, but they also want to be treated with respect. Interaction skills help you to satisfy both needs.

Follow Through

Not all interactions end when your call with the customer ends. Customers expect you to keep your promises and they like to be kept informed. They appreciate unexpected follow-through, a follow-up note or a phone call to check for satisfaction.

You need to follow-through to the organisation, too. As the primary contact with the customer, you are the eyes and ears of your organisation. *You need to provide important customer and product information to other people and departments within the organisation.*

CUSTOMER SATISFACTION

Refers to the way in which customers evaluate a service in terms of it having met their needs and expectations. The customer may thus be highly satisfied, just satisfied or dissatisfied with the service.

Service Quality

Refers to the various dimensions of service a customer considers when evaluating service. The evaluation of these dimensions usually determines the customer's perception of quality being poor, acceptable or good.

What are moments of truth?

In a severely competitive world, how does businesses distinguish themselves, i.e. ensure that they attract and retain customers more than the competition does? Product differentiation, technological advances, price-cuts are often not enough. One of the best ways to put your business at the top is by continuously improving the positive impact you have on the customer.

Touch points in customer contacts are also known as 'moments of truth'. During any stage of customer contact, the customer could form a positive or a negative opinion of any aspect of the process.

“Whenever a customer comes in contact with your organization their response to your service is a Moment of Truth” – Dr W.E. Demming

Many people think of customer service as treating the customer in front of them as politely as possible and if they have problems to resolve them as quickly as possible. However effective customer service goes far beyond being polite to the customer.



Definition: In customer service, instance of contact or interaction between a customer and a firm (through a product, sales force, or visit) that gives the customer an opportunity to form (or change) an impression about the firm.

There are two types of ‘moments of truth’, i.e.

- **‘Moments of Magic’** : Favourable moments of truth have been termed as ‘moments of magic’. These are instances where the customer has been served in a manner that exceeds his expectations. Eg: An airline passenger being upgraded to from an economy to a business class ticket or the 100th (or 1000th) customer of a new department store being given a special discount on his purchase. Such gestures can go a long way in creating a regular and loyal customer base. However, a moment of magic need not necessarily involve such grand gestures. Even the efficient and timely service consistently provided by the coffee shop assistant can create a moment of magic for the customers.
- **‘Moments of Misery’** : These are instances where the customer interaction has a negative outcome. A delayed flight, rude and inattentive shop assistants or poor quality of food served at a restaurant all qualify as moments of misery for the customers. Though lapses in service cannot be totally avoided, how such a lapse is handled can go a long way in converting a moment of misery into a moment of magic and creating a lasting impact on the customer.

ASSESSMENTS OF SERVICE QUALITY

Researchers have found that customers typically consider the following five dimensions (**TERRA**) in their assessments of service quality:

How Do Customers Rate Service Quality?

You should now have an understanding of how customer expectations are shaped and how their perceptions of service are formed. A combination of these two concepts will determine how they will rate the quality of your service. We can use the following equation to illustrate:

$$\begin{array}{c}
 \text{Perceived service quality} \\
 = \\
 \text{Perceptions (P)} \\
 \text{Minus} \\
 \text{Expectations (E)}
 \end{array}$$

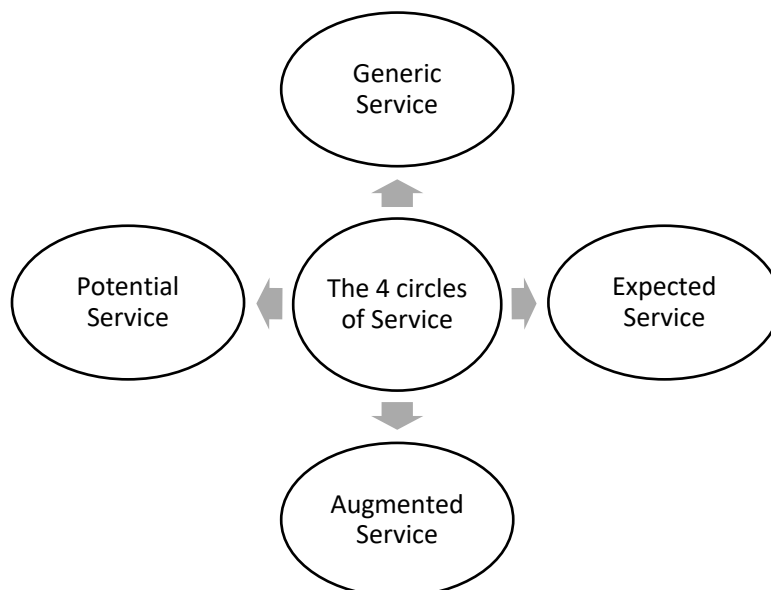
P > E: The customer is highly satisfied or surprised with the quality of service and the business managed to exceed the expectations.

P = E: The customer is satisfied with the service quality and the business managed to meet the expectations.

P < E: The customer is dissatisfied with the service quality and the business has disappointed the customer.

We agreed that the intention of the business should not only be to attract new customers, but also to provide them with such a level of customer service, that they will become loyal supporters and walking, talking advocates of our business. The least we should aim at is to meet customer expectations and to avoid disappointing them. Then only can we aspire to exceed their expectations and build a reputation as an exceptional service provider!

THE FOUR CIRCLES OF SERVICE



The **Generic Service** relates to what is generally done in the industry, e.g. a bank offers a basic savings account as a service product.

The **Expected Service** refers to the very minimum that the customer requires e.g. in the case of the savings account, they will require that the bank give them a safe place to leave their money, easy access to their money and some reward for savings.

Augmented Service is defined as doing it more, doing it better, or doing it faster than anyone else. In the case of the savings account, it would be the different “add-on’s” that the banks offer to attract customers and can be e.g. on negotiating lower bank charges, having more ATM machines available, etc.

Potential Service is defined as what makes you unique or different. This is often closely linked with Augmented Service. A bank that offers a “no bank fees” approach to a savings account will automatically set itself apart from its competitors.

You should review your Circles of Service every 90 days.

SERVICE CHARACTERISTICS

Services can be paraphrased in terms of five generic **key characteristics**:

1. Intangibility

Services are intangible and insubstantial: it cannot be touched, gripped, handled, looked at, smelled, tasted or heard. Thus, there is neither potential nor need for transport, storage or stocking of services. Furthermore, a service cannot be (re)sold or owned by somebody, neither can it be turned over from the service provider to the service consumer nor returned from the service consumer to the service provider. Solely, the service delivery can be commissioned to a service provider who must generate and render the service at the distinct request of an authorized service consumer.

2. Perishability

Services are perishable in two regards

- The service relevant resources, processes and systems are assigned for service delivery during a *definite period in time*. If the designated or scheduled service consumer does not request and consume the service during this period, the service cannot be performed for him. From the perspective of the service provider, this is a lost business opportunity as he cannot charge any service delivery; potentially, he can assign the resources, processes and systems to another service consumer who requests a service. Examples: *The hairdresser serves another client when the scheduled*

starting time or time slot is over. An empty seat on a plane never can be utilized and charged after departure.

- When the service has been completely rendered to the requesting service consumer, this particular service irreversibly vanishes as it has been consumed by the service consumer. Example: the passenger has been transported to the destination and cannot be transported again to this location at this point in time.

3. Inseparability

The service provider is indispensable for service delivery as he must *promptly* generate and render the service to the requesting service consumer. In many cases the service delivery is executed automatically but the service provider must assign resources and systems and actively keep up appropriate service *delivery readiness and capabilities*. Additionally, the service consumer is inseparable from service delivery because he is involved in it from requesting it up to consuming the rendered benefits. Examples: The service consumer must sit in the hairdresser's shop & chair or in the plane & seat; correspondingly, the hairdresser or the pilot must be in the same shop or plane, respectively, for delivering the service.

4. Simultaneity

Services are *rendered and consumed during the same period of time*. As soon as the service consumer has requested the service (delivery), the particular service must be generated from scratch without any delay and friction and the service consumer instantaneously consumes the rendered benefits for executing his upcoming activity or task.

5. Variability

Each service is unique. It is one-time generated, rendered and consumed and can never be exactly repeated as the point in time, location, circumstances, conditions, current configurations and/or assigned resources are different for the next delivery, even if the same service consumer requests the same service. Many services are regarded as heterogeneous or lacking homogeneity and are typically modified for each service consumer or each new situation (consumerised). Example: The taxi service which transports the service consumer from his home to the opera is different from the taxi service which transports the same service consumer from the opera to his home - another point in time, the other direction, maybe another route, probably another taxi driver and cab.

Each of these characteristics is retractable per se and their inevitable coincidence complicates the consistent service conception and makes service delivery a challenge in each and every case. Proper service marketing requires creative visualization to effectively evoke a concrete image in the service consumer's mind. From

the service consumer's point of view, these characteristics make it difficult, or even impossible, to evaluate or compare services prior to experiencing the service delivery.

Mass generation and delivery of services is very difficult. This can be seen as a problem of inconsistent service quality. Both inputs and outputs to the processes involved providing services are highly variable, as are the relationships between these processes, making it difficult to maintain consistent service quality. For many services there is labour intensity as services usually involve considerable human activity, rather than a precisely determined process; exceptions include utilities. Human resource management is important.

The human factor is often the key success factor in service economies. It is difficult to achieve economies of scale or gain dominant market share. There are demand fluctuations and it can be difficult to forecast demand. Demand can vary by season, time of day, business cycle, etc. There is consumer involvement as most service provision requires a high degree of interaction between service consumer and service provider. There is a customer-based relationship based on creating long-term business relationships. Accountants, attorneys, and financial advisers maintain long-term relationships with their clients for decades. These repeat consumers refer friends and family, helping to create a client-based relationship.

SERVICE SPECIFICATION

Any service can be clearly, completely, consistently and concisely specified by means of the following 12 standard attributes which conform to the MECE principle (Mutually Exclusive, Collectively Exhaustive)

1. Service Consumer Benefits
2. Service-specific Functional Parameter(s)
3. Service Delivery Point
4. Service Consumer Count
5. Service Readiness Times
6. Service Support Times
7. Service Support Language(s)
8. Service Fulfilment Target
9. Maximum Impairment Duration per Incident
10. Service Delivering Duration
11. Service Delivery Unit

12. Service Delivering Price

The meaning and content of these attributes are:

1. Service Consumer Benefits describe the (set of) benefits which are callable, receivable and effectively utilizable for any authorized service consumer and which are provided to him as soon as he requests the offered service. The description of these benefits must be phrased in the terms and wording of the intended service consumers.

2. Service-specific Functional Parameters specify the functional parameters which are essential and unique to the respective service and which describe the most important dimension of the service scope, the service output or outcome, e.g. maximum e-mailbox capacity per registered and authorized e-mail service consumer.

3. Service Delivery Point describes the physical location and/or logical interface where the benefits of the service are made accessible, callable, receivable and utilizable to the authorized service consumers. At this point and/or interface, the preparedness for service delivery can be assessed as well as the effective delivery of the service itself can be monitored and controlled.

4. Service Consumer Count specifies the number of intended, identified, named, registered and authorized service consumers which shall be and/or are allowed and enabled to call and utilize the defined service for executing and/or supporting their business tasks or private activities.

5. Service Readiness Times specify the distinct agreed times of day when

- the described service consumer benefits are
 - accessible and callable for the authorized service consumers at the defined service delivery point
 - receivable and utilizable for the authorized service consumers at the respective agreed service level
- all service-relevant processes and resources are operative and effective
- all service-relevant technical systems are up and running and attended by the operating team
- the specified service benefits are comprehensively delivered to any authorized requesting service consumer without any delay or friction.

The time data are specified in 24 h format per local working day and local time, referring to the location of the intended service consumers.

6. Service Support Times specify the determined and agreed times of day when the usage and consumption of commissioned services is supported by the service desk team for all identified, registered and authorized service consumers within the service customer's organizational unit or area. The service desk is/shall be the so called the Single Point of Contact (SPoC) for any service consumer inquiry regarding the commissioned, requested and/or delivered services, particularly in the event of service denial, i.e. an incident. During the defined service support times, the service desk can be reached by phone, e-mail, web-based entries and/or fax, respectively. The time data are specified in 24 h format per local working day and local time, referring to the location of the intended service consumers.

7. Service Support Languages specifies the national languages which are spoken by the service desk team(s) to the service consumers calling them.

8. Service Fulfilment Target specifies the service provider's promise of effective and seamless delivery of the defined benefits to any authorized service consumer requesting the service within the defined service times. It is expressed as the promised minimum ratio of the counts of successful individual service deliveries related to the counts of requested service deliveries. The effective service fulfilment ratio can be measured and calculated per single service consumer or per consumer group and may be referred to different time periods (workday, calendar week, work month, etc.)

9. Maximum Impairment Duration per Incident specifies the allowable maximum elapsing time between:

- the first occurrence of a service impairment, i.e. service quality degradation or service delivery disruption, whilst the service consumer consumes and utilizes the requested service,
- the full resumption and complete execution of the service delivery to the content of the affected service consumer.

10. Service Delivering Duration specifies the promised and agreed maximum period of time for effectively delivering all specified service consumer benefits to the requesting service consumer at the currently chosen service delivery point.

11. Service Delivery Unit specifies the basic portion for delivering the defined service consumer benefits. The service delivery unit is the reference and mapping object for all cost for service generation and delivery as well as for charging and billing the consumed service volume to the service customer who has commissioned the service delivery.

12. Service Delivering Price specifies the amount of money the service customer has to pay for the distinct service volumes his authorized service consumers have consumed. Normally, the service delivering price comprises two portions

- a fixed basic price portion for basic efforts and resources which provide accessibility and usability of the service delivery functions, i.e. service access price
- a price portion covering the service consumption based on
 - fixed flat rate price per authorized service consumer and delivery period without regard on the consumed service volumes,
 - staged prices depending on consumed service volumes,
 - fixed price per particularly consumed service delivering unit.

SERVICE RECOVERY

Sometimes organisations lose customers or have a decline in customers because of something that went wrong, and they have to come up with a “recovery strategy”.

The six steps of recovery include:

- Offer a sincere apology.
- Do something extra.
- Involve customers in the solution.
- Follow up.
- Fix the problem, not the blame.
- Ask for repeat business.

A satisfied customer will tell four or five others about a pleasant brand experience. Deliver a poor experience, and seven to 13 others will hear about it. Another study's scary statistic: Unhappy customers will continue to voice their dissatisfaction for up to 23 years.

No company can afford to have its brand spoken badly of in the marketplace for two decades. No company can also afford to lose half its customers every five years, yet that's the average across most industries. Yet despite the unprofitable implications of customer dissatisfaction, surprisingly little attention is paid to customer retention. About 80% of marketing budgets are devoted to customer acquisition, even though it costs three to five times more to replace than to keep a customer.

That's unfortunate. Customer recovery - the effort to satisfy unhappy customers to reduce defection - must be a core element of customer equity strategies.

Customer recovery can substantially impact profitability. Studies indicate that customer recovery investments yield returns of 30%-150%. British Airways calculates that customer retention efforts return \$2 for every dollar invested. In fact, British Airways finds that "recovered" customers give the airline more

of their business. Hampton Inn Hotels estimates that its service guarantees increased revenue \$11 million and earned it the industry's highest customer retention rate.

An effective customer recovery program includes two level processes that must be incorporated into customer service operations.

1. The first level consists of both apology and accountability.

Say, "I'm sorry," and take ownership of a mistake, even if it's because of supplier or other problems.

Next, work with the customer to determine an appropriate remedy. This involves the customer in the resolution and sometimes uncovers less costly solutions. Resolution should not only address a customer's direct loss but also compensate "pain and suffering." Some refer to such compensation as "atonement." Manage expectations with resolution schedules.

Finally, follow-up. Determine whether the customer has received the promised treatment, and, more importantly, how they feel about it. One study indicated that a follow-up call to a once-unhappy customer can boost satisfaction by 5%-7%, and intentions to repurchase by 8%-12%.

2. The second level is building integrated customer recovery capabilities in the following four areas:

Companies must do more to upgrade the skills and training of customer service representatives, especially since they handle an estimated 65% of all complaints. Other employees must also understand the importance of customer retention.

Customers should be easily able to complain via email, letter or even well-publicised hot lines. Systems should streamline complaint acceptance and generate complaint-based reports. To institutionalise improvements, systems should be developed to hold other departments accountable for their actions. Complaint data should also be used to determine investment priorities and service improvements.

Such systems must incorporate integrated customer and product databases. A specific type of database identifies customers who haven't visited a casino within a certain period. Knowing this may be a sign of dissatisfaction; the casino calls to find out why and sends a personal invitation to return along with a coupon.

No one likes to hear complaints, but they're actually opportunities for positive change, not reasons for defensiveness. Carefully track the number of complaints and resolution. More importantly, complaints must be relayed to the appropriate organisational areas to minimise re-occurrences. Remember that a rising

number of complaints are usually a sign of success, not failure. Often, complaining customers are the ones most committed to a brand.

MAKING SURE THAT TOOLS AND METHODS USED FOR CUSTOMER SERVICE IMPROVEMENT ARE "FIT FOR PURPOSE"

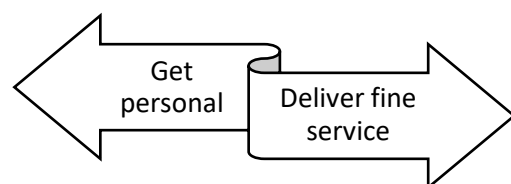
It's very easy to be full of ideas when you first start working with a client but maintaining this enthusiasm and complementing it with your growing knowledge of their business is the key to maintaining a strong relationship. This can be approached from two angles:

1. Get personal

Getting to understand your customer personally is a very important aspect of building your relationship. One of the key areas is understanding their career motivations, which can have an enormous impact on ensuring you are meeting the client's wants as well as needs. Whilst you might have the perfect solution to help your client achieve its objectives, that solution must also meet your contact's needs. The more you understand your client, the greater ability you will have to ensure you know what they want and are able to meet their expectations.

You can use very simple tools such as keeping a record of key dates such as birthdays in Outlook to give your contact a quick call or send them a card. Also keeping a record of special interests can have its benefits. You can use this interest to set up a social activity to help you get to know your client better. For example, your client might be a mad rugby fan and you can invite him/her to an upcoming game. However, this doesn't mean you have to love all your clients and become their best friends. The main aim is to understand your client and their motivations, as well as you can, to ensure you can meet their expectations and retain their business.

2. Deliver fine service



It is equally important to ensure you are providing service of the utmost quality, always focusing on attention to detail and meeting deadlines. Here are some examples of quality control measures you can put in place:

Double checking - It's essential to proof/check all materials you produce for a client. It's easy to miss something yourself, so to make doubly sure there are no faults you can ask a colleague to check your work. If you don't have a colleague, use your network to set up a relationship with an appropriate business associate to help this process.

Templates - Set up templates for the work you have to frequently create like client reports, invoices, plans, media releases, faxes etc. Templates can be created in all Office applications or visit the Microsoft Office Template Gallery to explore the many pre-formatted templates available.

Job list - Set up tasks for work due for clients in Outlook to ensure you meet your deadlines. Print out the calendar version in Outlook and pin it to your notice board to highlight key dates.

***NB:** Remember, if you're collecting customer information you must comply with all national privacy laws and obligations and make sure that any collection of customer information is permission based. That is, the customer has opted to receive your communications.

Once you've established a relationship with a prospect or client, what can you do to stay in touch with them? The following list will give you some different ways to keep that connection strong:

Send newsletters or e-zines	Send articles of interest (about their industry, hobbies, etc.)	Send birthday card (and gift)
Send anniversary card	Refer them to a website of interest	Suggest and introduce to people who can be helpful
Give a referral	Send survey or ask for feedback about your services	Invite to lunch, breakfast, dinner or coffee
Send postcards	Send holiday greetings	Send a book or other gift
Drop by with a give-away	Send audiotape or CD	Give tickets to events
Send email messages	Phone to see how everything is going	Send a testimonial
Send book reviews of interest	Invite to be guest at event or meeting	Send announcement of upcoming events
Ask for advice/recommendations	Invite to an open house or other client appreciation event	Send a puzzle with a message
Send video of workshop with popcorn	Send a holiday gift for every holiday (especially the more obscure ones)	Send them a list of ideas that would help their business.

Use the above techniques to strengthen relationships with clients and prospects and increase the likelihood of future business.



MORE TIPS FOR BUILDING STRONG CUSTOMER RELATIONS

WHAT ARE THE BENEFITS OF HAVING A PRODUCTIVE BUSINESS RELATIONSHIP WITH THE CUSTOMER?

- They think of you right away when they need help or solutions. They more easily share long-term business issues, research and development initiatives, and access to future business plans. They will give you first shot at new business.
- You get mutual problem solving and mutual growth in profitability. You get repeat business. You gain the ability to introduce new products and increase business. You know the internal structure and practices of a company, so you can better meet their current needs and anticipate future ones. You can develop new opportunities with decision makers in other divisions.
- Communication is much better. They give you a heads-up on problems and will work with you to resolve them. You are more aware of what's happening with the customer and the customer's organisation. You get answers when you need them. You get access to people. You get the truth, including honest feedback on pricing.

- It's more difficult to get displaced by price. The customer may offer information on competitive situations. You get a second chance. In a tie, you win. You're able to use the customer for a testimonial and referral to similar customers.
- Time is used much more productively. Less time is involved in routine business transactions. Both organisations share the benefits of increased sales volume.

WHAT DO YOU DO TO HELP BUILD STRONG RELATIONSHIPS WITH YOUR CUSTOMERS?

- Be honest about what you can and cannot do. Always keep your commitments. Look for mutually beneficial solutions and outcomes. Follow through on what you say you'll do.
- Make their jobs easier. Make them more productive. Educate, plan, and then execute together.
- Always return calls promptly. Ask about call frequency. Always respond to their request even if the answer is negative.
- Bring them customers and help them make more money. Support them with ideas, targets, and joint calls.
- Provide the best possible support after the sale. Be accessible. Get them technical support when they need it.
- Be available, be trustworthy, and show interest and understanding.
- Understand their objectives and help them to achieve them.
- Gain understanding of their business process and their products.
- Keep up with industry trends.
- Solve their problems by thinking "out of the box."
- Communicate with all levels in the company.
- Make their concerns your concerns. Put a high priority on addressing them.
- Know your products and their applications.
- Communicate about new products and offer assistance and training for them.
- Schedule planned visits with specific purposes and outcomes in mind. Use an agenda.
- Get to know the engineering, planning, financial, and administrative people in the account.
- Listen, listen, listen. Learn their business and treat every issue with concern.
- Convince the customer that you want to work to solve their problems.
- Do what you say and follow up until you are absolutely sure everything has been handled to their satisfaction. Ask them how satisfied they are with you, your company, and its products or services. Ask them for a forthright assessment of what you can do to improve. Let them know they can count on you to go to bat for them any time.

WHAT HAVE YOU FOUND YOU NEED TO AVOID IN MAINTAINING GOOD RELATIONSHIPS?

- Don't get caught up in internal politics. Don't get involved in rumours, gossip, or complaints. Never play he said, she said. Avoid internal power plays. (You'll end up on the wrong side at some point.) Don't leave people out of the loop, either intentionally or unintentionally.
- Don't knock your competition. (This includes warning the customer about a competitor's financial problems.) Also avoid comparing or discussing the customer's competition.
- Make sure you really can fix their needs with your product applications. Be cautious of untested solutions.
- Don't be pushy or become complacent about the customer, the relationship, or your performance.
- Let the customers determine how personal they want the relationship to be. Never waste their time. Don't allow a personal relationship to interfere with business decisions.
- Identify problem areas and then don't go there: religion, politics, call waiting, answering the phone during customer meetings. Avoid giving advice on personal issues. Don't offer an opinion if it wasn't asked for. Avoid things that are too personal.
- Be careful of the humour and language you use.
- Avoid negativity of any kind toward anyone or anything. Avoid the appearance of conflicts of interest and avoid putting customers in such a position.
- Avoid anything illegal or illicit.
- Avoid negative comments on business surroundings.
- Avoid revisiting problems that have been solved.
- Don't put down the people who work in your company or their company.
- Take responsibility for problems.

Building strong customer relationships helps build loyalty. Building relationships allows you to partner with and be integrated into the customer's company. You're not considered just another salesperson pushing product. You and your customer can have a sense of trust about your relationship. Never take the relationship for granted—as soon as you do, you'll start to lose the trust that you worked so hard to gain.



3A Group Formative Exercise: 'Moments of Truth'



3B Individual Formative Exercise: Determine solutions and implement



Summative Exercise: S2: Presentation of action plan

Learning Unit 4

Measure and Continuously Improve Customer Service

MONITORING CUSTOMER SERVICE

In service organisations, systematic mechanisms for securing customer feedback can be a remarkably cheap source of market research. Further, the mechanisms themselves can generate useful public relations benefits; customers think they must be important because they have just been asked their opinion. Next time, they will more than likely volunteer their opinion and encourage their friends to do the same.

There are times when, as an organisation, we think we are listening to customers, but we do not gain a true picture.

This can be because:

- We only hear about the complaints – not the compliments.
- A large percentage of dissatisfied customers do not complain, and we are lulled into complacency.
- We have a different perception about the complaint- thinking it is minor whereas in fact it is a major upset for the customer e.g. not getting their grants, but we get our salaries!
- Measuring service delivery is an effective means of identifying the success of a programme for service improvements. And feedback forms the basis for this measurement. Such measurement will provide:
 - An understanding of customer needs.
 - Feedback on how the Department is currently performing.
 - Information on future demands of customers – for continues improvement.
 - Understanding of comparative competitive performance – what other departments are doing that we are not doing.

TO MEASURE WE NEED KNOWLEDGE AND UNDERSTANDING

To be competent at monitoring and solving customer service problems you need to know and understand:

- Organisational procedures and systems for dealing with customer service problems.
- Organisational procedures and systems for identifying repeated customer service problems.
- How the successful resolution of customer service problems contributes to customer loyalty with the external customer and improved working relationships with service partners or internal customers.
- How to negotiate with and reassure customers while their problems are being solved.

What Is Monitoring – The process of continually assessing a project’s progress towards its objectives. Monitoring focuses on inputs, outputs and targets.

What is Evaluation – Focuses on the effectiveness of a project etc. at a specific point of time. Focuses on the “outcomes” achieved in respect of the objectives.

What to Monitor and Measure

The target should be issues that are of most concern to the institution, those which are important to the customers.

Are our customers getting what they need?

Are the customer rights being adhered to?

Is the service up to or exceeding the standards we have put in place?

What is the cost of poor quality?

Are problems, which happen frequently, having a substantial impact when they occur?

Customers’ quality concerns – in practical terms:

- Job not done right.
- Too slow.
- Indifferent personnel.
- Unqualified personnel.

- Lack of courtesy.

What value is being added? If we discontinued this activity or service, what would the impact be on the customer?

What are the costs in adding this value?

HOW TO MEASURE CUSTOMER SERVICE

The importance of measuring customer service

Customers are not only buying your products. They also buy expectations. They expect that the product they buy will be according to the promises made by you and the manufacturer. They expect that it will work and if not, that you will replace it. How you handle the customer during this transaction will also determine whether the customer will return again.

Service as a product

If you find it difficult to attach a value to service, see it as a product:


- ❖ A service is produced as soon as it is delivered
- ❖ A service is delivered the moment you have contact with a customer
- ❖ You cannot revoke a service if it was of poor quality
- ❖ Service is subjective. Every customer has his/her own idea of what is good service

Formula for the measuring of customer service


The following must be evaluated:

- How many employees handle a customer before the end of the transaction?
- How many employees handle the customer after the transaction is completed?
- If a transaction is stopped because of poor service, what is the minimum and maximum worth money wise that is lost by the organisation?
- What is the average lost? (Count the minimum and maximum together and divide by two)
- If a dissatisfied customer tells it to 5 potential customers, what will the potential lost be? (Multiply the average by 6).
- Divide the total lost by the total of employees before, during and after the transaction.

1. Count the total of employees who are in contact with the customer before, during and after a transaction.	
2. What is the potential lost?	
Maximum worth	
Minimum worth	
Average worth	
3. Potential impact of lost:	
Average worth x 6	
4. Potential lost per contact with customer. (Divide the potential impact of lost by the total of employees)	



4A Individual Formative Exercise: Formula for the measuring of customer service



4B Group Formative Exercise: Strategy, Policies and Procedures

METHOD 1: MEASURE YOUR CUSTOMER SERVICE LEVELS BY STATISTICS

Where possible, put systems in place to assess your performance in business areas which significantly affect your customers' satisfaction levels. Identify Key Performance Indicators (or areas) (KPIs) which reflect how well you're responding to your customers' expectations. Put internal systems in place whereby you can gather information regarding your customer service performance.

For instance, you might track:

- sales renewal rates

- the number of queries or complaints about your products or services
- the number of complaints about your employees
- the number of damaged or faulty goods returned
- average order-fulfilment times
- the number of contacts with a customer each month
- the volume of marketing material sent out and responses generated
- time taken from order to delivery

Your customers and employees will be useful sources of information about the KPIs which best reflect key customer service areas in your business. Make sure the things you measure are driven not by how your business currently runs, but by how your customers would like to see it run.

METHOD 2: MEASURING CUSTOMER SATISFACTION BY MEANS OF RESEARCH

There are several ways to gather input from customers. The simplest way to find out how customers feel and what they want, is to ask them. If you have only 20 customers, you can talk to each one personally. The advantage of this approach is that you'll get a personal "feel" for each customer. The disadvantage is that you'll gather different information from each customer depending on how the conversation goes.

Customer surveys with standardized survey questions insure that you will collect the same information from everyone. Remember that few of your customers will be interested in "filling out a questionnaire". It's work for them without much reward. By launching a customer survey as an attempt to find out "how we can serve you better" -- your customers will feel less put upon.



Definitions

Market research is a form of business research and is generally divided into two categories:

- consumer market research and
- business-to-business (B2B) market research, which was previously known as industrial marketing research.

Consumer marketing research studies the buying habits of individual people while business-to-business marketing research investigates the markets for products sold by one business to another.

Market research uses the following types of research designs:

a. Based on questioning:

- **Qualitative marketing research** - generally used for exploratory purposes - small number of respondents - not generalisable to the whole population - statistical significance and confidence not calculated - examples include focus groups, in-depth interviews, and projective techniques

Quantitative marketing research - is the application of quantitative research techniques to the field of marketing. It has roots in both the positivist view of the world, and the modern marketing viewpoint that marketing is an interactive process in which both the buyer and seller reach a satisfying agreement on the "four Ps" of marketing: Product, Price, Place (location) and Promotion.

b. Based on observations:

- **Ethnographic studies** -, by nature qualitative, the researcher observes social phenomena in their natural setting - observations can occur **cross-sectionally** (observations made at one time) or **longitudinally** (observations occur over several time-periods) - examples include product-use analysis and computer cookie traces.
- **Experimental techniques** -, by nature quantitative, the researcher creates a semi-artificial environment to try to control factors, then manipulates at least one of the variables - examples include purchase laboratories and test markets.

Questionnaires can be administrated in three ways:

1. Personal Interviews

These can be costly and time-consuming, but they are ideal in that they permit simultaneous observation of the respondent and the surroundings.

2. Telephone Interviews

This method is gaining favour because it gives quick results. It combines flexibility and efficiency, providing it is done under close supervision.

3. Mail surveys

This type of survey techniques is rigid and often slow. It requires incentives to achieve acceptable return rates. For example, a company in South Africa attached a two-rand coin to the cover letter in a survey of South African architects and promised to donate five rand to the “Save the Rhino” fund for every returned questionnaire. The results were three times higher than expected.

Here are a few of the possible **dimensions** you could measure:

- quality of service
- speed of service
- pricing
- complaints or problems
- trust in your employees
- the closeness of the relationship with contacts in your firm
- types of other services needed
- your positioning in clients' minds

If, however, you have too many customers to ask personally, or your amount of customer touch points are too many, there are other ways to collect information in order to measure customer satisfaction. They are:

I. Satisfaction Surveys

A survey should ask customers for their views on products and on the standard of service they receive from the company or its distributors. Customers are asked to indicate their degree of satisfaction using a scale such as “are you completely satisfied, very satisfied, satisfied, not very satisfied or very dissatisfied?” or “on a scale of 10, how satisfied were you with ...? 10 is excellent, 5 is reasonably satisfied, while 2 or less is very poor.

By issuing a customer satisfaction survey, you demonstrate that your company is serious about customer care. A letter, which explains the reasons for the survey, should accompany the survey questionnaire and it should invite customers to talk directly to the staff if they have any concerns.

One way of maximising the benefit is to get staff to contact customers directly if they do have concerns. Feedback to customers on what action steps will follow the survey results is essential.

When the results of surveys are measured and compared with other dealers or manufactures, take the opportunity to tell customers about any important achievements. If for example, a distributor achieves an extremely high level of satisfaction and wins an award, let customers know and invite them to take part in the celebrations.

1.1. Internal Customer Surveys

This is carried out to test the 'people image' of the company. It is the climate of the organisation that matters. For example, staff is required to fill in survey documents on what they like and dislike about their jobs.

1.2. External Customers Surveys

This type of survey is carried out to test what customers like and dislike about the company and its service. Many hotels, for example, leave questionnaires in bedrooms and invite guests to give their comments on standards of food and accommodation.

The following variables can also be included in your measurement:

- **Reliability:** the ability to provide what was promised.
- **Assurance:** the knowledge and courtesy of employees and their ability to convey trust and confidence.
- **Empathy:** the degree of caring and individual attention provided to customers.
- **Responsiveness:** the willingness to help customers and provide prompt service.
- **Tangible Aspects:** Tangible aspects include an evaluation of the company's physical facilities and equipment. It may also include an evaluation of the appearance of the personnel. The variables are ideal for general feedback but talking regularly to customers to determine what aspect of the service is making them happy and / or letting them down can have really useful, directly applicable information.

Take the following in consideration:

- Which aspects of the product or service should your customers comment on?
- How frequently should you ask your customers for their opinions?
- How do you intend to use the results of the surveys?
- Do you tell customers about your performance in customer satisfaction?

- Do you run a customer satisfaction award scheme for staff?
- Do you have a mechanism for responding to specific customer comments?

2. Focus Groups

Focus groups are good ways to get informal input from a group of customers or prospects. You bring in 5-10 customers or prospects and ask them questions or have them react to material. You can pay a professional facilitator and videotape the whole session, or just lead an informal discussion yourself. In either case, you have a chance to gather ideas about customer needs, reactions to your company, suggestions for new services, and so forth. In addition to individual responses, you get ideas that develop as the group reacts to each other's responses. Features of focus groups include:

- an interactive group discussion lead by a moderator
- unstructured (or loosely structured) discussion where the moderator encourages the free flow of ideas
- usually 8 to 12 members in the group who fit the profile of the target group or consumer
- usually last for 1 to 2 hours
- usually recorded on video
- the room usually has a large window with one-way glass - participants cannot see out, but the researchers can see in
- inexpensive and fast
- can use computer and internet technology for on-line focus groups
- respondents feel a group pressure to conform
- group dynamics is useful in developing new streams of thought and covering an issue thoroughly

3. Client Advisory Groups

Another way to get regular input from customers is to put together an advisory group. This can act like a focus group but is set up to provide input over time. You may pay members, or simply buy them dinner every quarter.

There are many benefits to such groups. They give you a source of input from the customer viewpoint. They provide a sounding board for specific questions. They enhance your relationship with good customers who become more committed to your success. And they can move relationships with prospects ahead.

Advisory boards are a much-underused way to improve customer service, develop new services, and encourage repeat business. Even the smallest businesses can use them effectively.

4. Service Audit

If there is a great deal of upheaval or confusion in the marketplace with rapidly changing customer satisfaction criteria, then the service audit may need to be a more creative process and take the form of a market survey.

The simplest way to obtain information is to talk to customers face to face. Asking customers what they like and dislike about our products and services and what they can and cannot depend upon when dealing with you is invaluable whether yours is a large corporation or a one-man business. Senior management should be prepared to go out and get first-hand information if necessary. They should be able to listen unobtrusively to their staff interacting with customers. Raymond Ackerman of Pick 'n Pay has been known to spend lots of time at branches and has even been seen pushing trolleys for old ladies while he has a chat to them. In this way he has developed a very personal understanding of how his customers think.

The most important element for personal service audits is active listening. To listen to someone is a requirement for responding, but it is usually taken for granted or looked upon as too much trouble. Sometimes a person does not listen at all but focuses on that person's responding answer. This lack of attention destroys the communication process.

The way a person responds informs the partner in the communication process that they are listening or not. They will know the quality of your listening, whether you are active about it or just hearing the sounds without registering the meaning.

GUIDELINES FOR EFFECTIVE CUSTOMER SERVICE MEASUREMENT

Here is a quick list of points to help you create a top-notch performance-measurement feedback system.

Begin with Your Service Strategy

If it's well designed, you will find a number of measurable promises in it. A company with a 'zero-defect forty-eight-hour turnaround on all orders' has a strategy that is eminently measurable. The service strategy

should also suggest some less obvious measurements. For example, a company strategy should suggest certain internal measurements, such as ‘where does the service-delivery programme break down?’

Measure Your Service Frequently

In many businesses, particularly restaurants, once a month is a minimum but obviously this type of feedback depends very much upon the type of industry and whether an external or internal customer is under consideration.

Ask Customer-based Questions

Tap both the customer’s experience (‘what happened to you?’) and the customer’s perception (“How do you feel about what happened to you?”) The customer’s specific personal experience and interpretations are far more enlightening than open-ended general questions such as ‘On the whole, how was your stay?’ or ‘How did you feel about our product?’

Ask Fair Questions

Ask questions, which can yield information that the staff themselves can act upon. Concentrate on people-regulated process, not machine-regulated systems that people are powerless to change.

Collect Group and Individual Data

Look for data that can be helpful to individual performers as well as to working groups. The people responsible for the cleanliness of the rooms in a hotel need to know specifically how the guest felt about the cleanliness, as well as the general view of the hotel service.

Watch the Competition

You should also try, where possible, to collect information on the sales, market share and levels of customer satisfaction of your competitors, at least twice a year. A well-known retail chain sends its managers out into the malls to ask how customers feel not only about their own store, but about the competition’s stores.

Collect both quantitative and qualitative data. The measurement system should collect numerical ratings as well as customer comments. Both need to be analysed and discussed and specific comments should explain the numbers. Both kinds of information are useful.

Make the Result Visible

Display the results emphasising their importance. It destroys the notion that customer ratings are something held in confidence and not discussed with the frontline, that is, those employees who deal directly with customers. Frontline results should be posted where frontline people can see them.

Make Sure the Results are Employee-Friendly

Simple straightforward averages and ratios work better than artificially compiled and weighted index scores. People are more likely to understand that 87% of customers rated frontline employees cheerful and helpful.

Make Sure the Results Are Believable

If employees have seen the results collected, know how they are compiled and have evidence that it was their customers who gave the information, they are more likely to act on it. If the information comes down from management, represents random sampling and anonymity, employees tend to discount it.

Make Sure the Results Are Used

Customer-satisfaction results should be discussed with the staff. If a celebration is held following excellent results, staffs begin to see the data as important. Some companies hold a barbeque (braai) to which all the staff members are invited. Merely posting numbers or sending out a memo about complaints does not work.

AREAS OF IMPORTANCE FOR CUSTOMER SURVEYS

Seven Standard Areas to check for customer satisfaction regarding our service delivery

Check the box that applies to your organisation.

I. Timing	What are your timing standards for delivering service to customers? How long should it take? Are there several steps that require different timing standards? Does timeliness equate to promptness? Or can service at times be too fast, causing the customer to feel rushed?
------------------	---

	We have timing standards.
	We need new or revised timing standards.
2. Flow	How do the various components of the service delivery system coordinate, cooperate and / or mesh with each other?
	How do you control the flow of goods or service to the customer?
	How can you avoid back-ups and log jams?
	What are the indicators of this that can be seen or measured?
	We have procedures in place to accommodate a smooth workflow.
	We need help in this area.
3. Accommodation	How flexible are your systems?
	Can this flexibility be adapted to varying customer needs and / or requests?
	How convenient are they for customers?
	How do they make customers' service experience easier?
	Are your service systems designed around your customers' needs?
	What are your observable indicators of accommodating systems?
	We are flexible when it comes to customer's needs.
Our systems come first, our customers' second.	

<p>4. Anticipation</p>	<p>How well can you anticipate customer needs?</p> <p>How can you be one step ahead of customers, so service can be provided without them having to remind you service is needed?</p> <p>How do you know what will happen?</p> <p>How do you know when you and your team have anticipated correctly?</p> <p>What indicators of proper anticipation by your service delivery systems can be seen or measured?</p> <hr/> <p>We normally keep one step ahead of our customers.</p> <hr/> <p>We never seem to stay ahead of our customers' needs.</p>
<p>5. Communication</p>	<p>Service delivery systems cannot function optimally without effective and efficient communication within the system and between you and your customers.</p> <p>How do you know when messages are communicated thoroughly, accurately and in a timely way?</p> <p>What are the signs of effective communication?</p> <p>How do you know when communication has broken down?</p> <p>Is it too late?</p> <p>What measurable standards reflect effective communication in your operation?</p> <hr/> <p>Our communication is A-O.K.</p> <hr/> <p>We need help with our communication systems.</p>

<p>6. Customer Feedback</p>	<p>How do you find out what your customers are thinking?</p> <p>How is customer feedback systems used to improve service?</p> <p>How do you know if your customers are pleased, displeased, satisfied, dissatisfied, happy or unhappy?</p> <p>What are your observable indicators of effective customer feedback systems?</p> <p>How do you know when they are working correctly?</p> <hr/> <p>We encourage customer feedback and routinely collect and analyse it.</p> <hr/> <p>Feedback is not a priority with us.</p>
<p>7. Organisation and Supervision</p>	<p>Efficient procedural service requires organisation and organisation, in turn requires supervision.</p> <p>Who does what in your service operation?</p> <p>How are you organised?</p> <p>What would your optimal organisational structure look like?</p> <p>How should it be supervised?</p> <p>What role should the supervisor take in the service delivery process?</p> <p>How are all the parts of the service delivery system kept coordinated with each other?</p> <p>What are the signs that can be seen or measured that tells you all is going well?</p> <hr/> <p>We have a clear and efficient organisation.</p> <hr/> <p>We lack organisation when it comes to customers.</p>



4C Group Formative Exercise: Design survey document

CREATE AN EMPLOYEE FEEDBACK SYSTEM

An employee feedback system is an organised way of noting employee job performance behaviour and sharing that information with the employee. It is a system whereby you and your employees can mutually check on the quality level of customer service as performed by the employee.

An employee feedback system that supports quality customer service focuses on:

- **Customer Service Behaviour:** An employee service feedback system must focus on what the employees do, how they act and what they say to produce defined, observable and measurable results. It is not a time to dwell on intangible personality characteristics. The behaviours that you are after must be job related and reflect your quality customer service standards.
- **Sharing Information:** Make sure that all information regarding employee customer performance is positively, readily and openly shared with employees to reinforce positive customer service behaviour.

Mutual Give and Take of Ideas: An employee feedback system that supports quality customer service must allow and nurture a two-way exchange of ideas and perceptions between the manager and customer-service employees.

To set up a Performance Management System for front line staff, we first have to recap what we have learnt: Mobilise and Manage Performance.

RECAP ON PERFORMANCE MANAGEMENT

Below is a workable definition of performance management:



DEFINITION: Performance management is the process of planning, implementing, monitoring, improving and sustaining the efficiency and effectiveness of organisations, teams and individuals.

WHO IS RESPONSIBLE FOR PERFORMANCE MANAGEMENT?

Performance management is the responsibility of all stakeholders (shareholders, executive management, line management, human resources, unions and employees).

If developed, implemented and managed correctly, performance management can be to the advantage and advancement of everybody in the organisation.

An organisation's performance planning typically occurs in four plans.

- Strategic plan – performance requirements over the next 3-5 years
- Business plan – performance priorities for the next year
- Division/department/team plan – the role of these entities in achieving the goals in the business plan
- Individual performance plans – what each person (staff or manager) will achieve in the next year.

KEY PERFORMANCE AREA

A performance area or key performance area (KPA) is a measure of performance. It is the answer to the question: "What is really important to different stakeholders?" KPAs are typically tied to an organization's strategy using concepts or techniques such as the Balanced Scorecard.

- The **balanced scorecard** (BSC) is a strategic performance management tool for measuring whether the smaller-scale operational activities of a company are aligned with its larger-scale objectives in terms of vision and strategy.
- Company Mission (fundamental purpose of the organisation) and Vision (desired/intended future state of the organisation) forms the basis of any KRA in a Performance Management System.

The following table indicates what areas may be looked at for improvement (the areas are not exhaustive and are often company-specific):

Steps in the Performance Management process

Step 1: Formulate KPAs and developing a performance agreement for individual staff

The performance agreement contains the following components:

- **A statement of performance areas.** These are the major outcomes the staff member is expected to achieve over a period of 12 months.
- **Manager's support.** This requires the supervisor to specify how he/she will assist the staff member to achieve the performance results.
- **Learning and development plan.** This specifies how the staff member will develop the skills required to achieve the performance results and to advance their personal career.
- **Performance evaluation.** This includes the rating that represents the extent to which the staff member has achieved their performance results.
- **Career plan.** An explanation of how this year's performance and development relates to the overall career objectives of the individual.

Step 2: Formulate objectives

The next step is to formulate performance objectives that will lead to the achievement of the agreed KPAs. For each KPA you could potentially have between 3 and 8 performance objectives. Objectives must be specific, measurable, achievable, realistic and time bound. We talk about SMART objectives:

- **Specific:** What is the exact scope of the objective? What is included and what is not? What might be thought to be included but is being done by someone else?; What must be done with the outputs?
- **Measurable:** What measures will be used to know that the objective has truly been reached? When and how often will the process be measured? What measurement tools can be used to determine success? What format must the output take?
- **Achievable:** A delegated impossibility is still impossible! If there is doubt over whether the objective is achievable, then the first part of the process should be either to test feasibility or to identify what would have to be changed in order to make the rest feasible.
- **Realistic:** What is a realistic task for a functional expert to undertake in a week, may not be realistic for a junior joiner in a month. A series of roll-out meetings might be scheduled in two weeks, but clashes with public and personal holidays could mean that a month will be required. The test for a good objective is that it always deals with the reality of how long it will take to do things, rather than how long we would like it to take if we could ignore inconvenient facts.

- **Time bound:** An objective without a clear specification of its timing priority is likely to be put at the bottom of the list. It will not get done. The simplest way to ensure that an objective will be achieved is to agree on a realistic deadline, even for objectives that are not time critical for success.

Step 3: Consult and agree on performance standards with individuals and teams.

The purpose of this discussion is to agree on goals and objectives and tracking methods. This is especially important because it sets a positive tone while you gain the person's commitment to performance levels and participation in the process. People are most committed to achieving individual and departmental objectives when they play an active role in setting them and carrying them out.

To prepare them for involvement and to ensure their commitment, it is essential that they:

- Understand their role in the process.
- See how their KPA's and objectives are based on departmental and organisational goals and objectives.
- Receive coaching from their manager/supervisor when they develop their KPA's and objectives.
- Understand that they are responsible for tracking their own performance and choosing informative and reliable tracking methods.

Step 4: Provide feedback on performance

Feedback is the process according to which you receive information from the external environment on both the positive and negative aspects of your performance.

Feedback provides an answer to the question "How am I doing?"

Constructive feedback on performance is important because it encourages and motivates employees to perform at acceptable standards. It also helps correct mistakes and solve problems, it builds relationships between people, saves money and provides direction. People participating in a performance management process, both managers/supervisors and staff members, need to know how to provide constructive feedback to fellow employees as well as how to receive feedback in such a manner that it will have a positive effect on performance. Open and direct criticism provides the opportunity to clear misunderstandings and correct wrong perceptions and behaviour.

- **Timely Feedback:** Provide feedback as soon as possible after an incident occurs. Feedback today on something that happened this morning means much more than feedback tomorrow or the following week. The incident is still fresh in the person's mind, so feedback will be more meaningful.
- **Balanced feedback:** Mix positive and constructive comments throughout the discussion where possible. Too much negative feedback might make people defensive and unwilling to communicate. If you recognise all the good performance in the beginning and leave the corrective feedback for the end, a person might feel 'set up'. Disappointment and resentment might then replace any feeling of satisfaction. After giving corrective feedback, end the discussion with a plan for improving performance. Work closely with the staff member on the plan. The more the individual contributes to it, the more committed she will be to carry it out
- **Specific Feedback:** A vague comment, like "You could have done a better job on that report", does not identify the problem. It does not indicate what was wrong and how to improve. It is not the type of feedback that will help someone achieve his or her objectives. Along the same lines, general praise like "You have done a good job on that report", also does not specify what the individual did well and should continue doing. Specific feedback explains what the individual did and why it was effective or ineffective.

PROVIDE FEEDBACK TO CUSTOMER SERVICE EMPLOYEES

Three ways you can provide feedback to customer-service employees:

Provide daily verbal feedback regarding customer service success on an individual basis to your customer facing employees.

Post measures of individual and group customer-service productivity.

Conduct periodic performance appraisals based on measurable / observable quality customer-service standards.

EQUIPPING STAFF TO PROVIDE EFFECTIVE SERVICE

The commitment and involvement of staff is essential to customer service. You need to involve people at all levels in the recommendations, decisions and actions you take to build customer service. That way, you maximise the use of your people's talents and at the same time achieve their active commitment. The power of people to improve performance is enormous when they are committed.

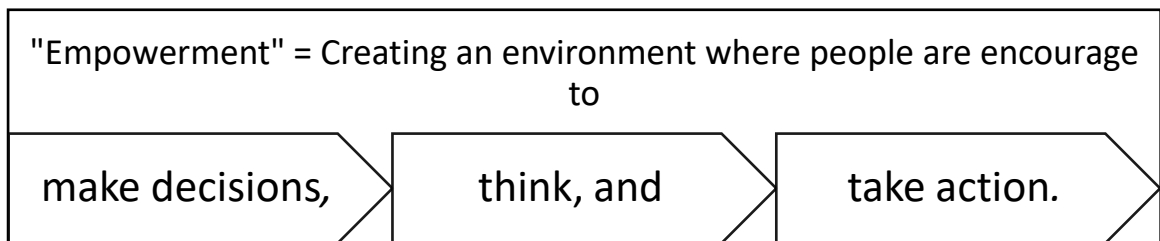
To achieve this, you need to take a number of actions:

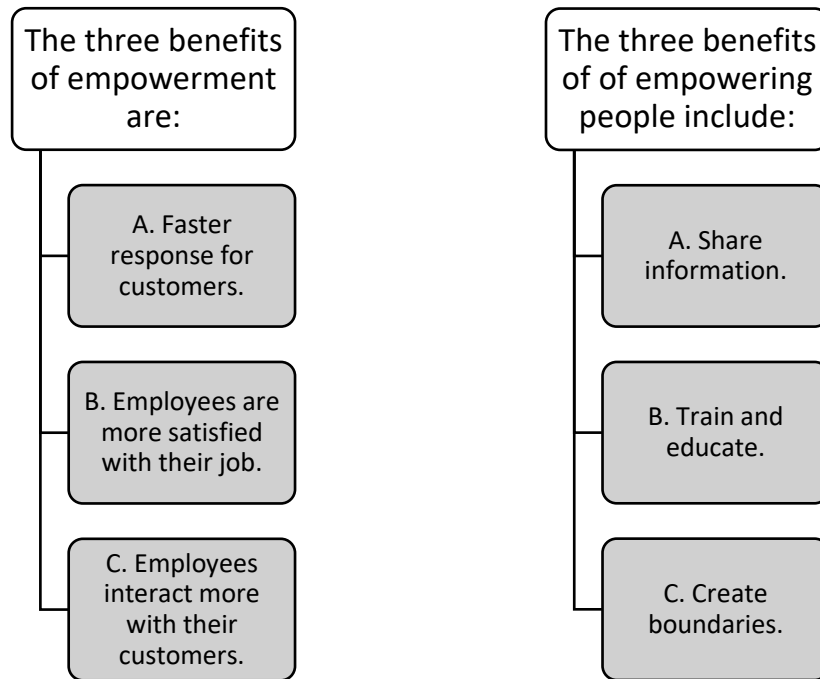
- Provide information at all levels, including information, which in the past might have been regarded as confidential and open only to top management.
- Improve co-operation across all departmental functions so that people understand and are committed to your business objectives.
- Improve the quality and attitude of your people by actively encouraging staff to develop their own skills through training and career development.
- Encourage people who have taken their own customer care initiatives.

Customer loyalty is built on quality service and the key to that is the quality of people:

- ❖ Recruiting people who are motivated to succeed through achievement.
- ❖ Provide staff with continuous specialist and quality training to develop their own personal skills.
- ❖ Ensure that staff understands the customers' requirements for the highest standards of service.

Empowering staff to make decisions and act independently when problems arise can have huge benefits for the company. On the next page is a summary of what employee empowerment is, the benefits as well as examples of how it can be implemented.





Empowerment is the key that makes exceeding customer expectations work.

Here are some examples of empowered front-line employee actions in terms of customer service:

A) Customer Service Communication

Customer service communications cut across traditional company boundaries, impacting on perceptions of the company as a whole and on perceptions of individual departments. It is therefore important that customers' service messages are understood and presented consistently throughout the company. Research should be carried out within the company to assess the understanding of customer service issues at corporate level and within product groups and departments responsible for customer contact.

B) Are we consistent in messages to customers?

Look at the content of communications projects to ensure that it reflected current customer service positioning messages and was relevant to the information needs of the target audience. Presentations, brochures, videos, internal communications, advertisements and press information should incorporate constant customer service messages.

C) Are we effective in our support of the Sales Process

Considerable opportunities exist for developing customer service through the sales force. Assess the level of customer service awareness within the sales force and look at the potential for increasing motivation to build service.

The sales force currently receives information on products and marketing development from all product groups. The audit will consider whether the customer service information they receive is relevant to their information needs and whether it is presented in a convenient persuasive form.

Review the channels of sales force communication available to assess which would be the most effective for customer service messages.

D) Staff improvement programmes

While it is essential to let all your staff know how they can contribute to customer service, it is equally important to get the highest standards of performance from key staff whose actions have a direct impact on the customer – the customer-facing staff who are in regular contact and who are seen by the customers as the personification of the company. By identifying those people and analysing the skills they need to achieve the highest levels of satisfaction, the company can concentrate its training and resources on key activities.

Sales staff for example has to undergo major changes in attitude if they are to adopt a customer care role. Sales force performance is vital to effective management of customer relationships, but sometimes sales staff is more concerned with the drive for short-term maximisation of revenue and this can interfere with building long-term relationships. Continuity of contact, for example, is essential, but sales time is vital, and it may be necessary to appoint other staff to support the direct sales force.

Customer reception staff is also in the front line and it's important that they are supported not just with training and skills development, but with the technology to make the customer reception process as effective and convenient as possible. The introduction of single points of contact and efficient call transfer has simplified the problem of customer access.

By targeting areas like this where there is immediate and measurable improvement to be made, the company can make significant improvements in customer satisfaction.

The success of companies often varies according to the overall spirit that exists among their employees. In some organisations there is a high energy level, a sense of accomplishment and even a sense of excitement and this inevitably leads to success.

Naturally managers dearly love to see service-mindedness in their employees and do recognise it when they see it, but do not know what causes it.

To have a high standard of service, it is necessary to create and maintain a motivating environment in which staff can find personal reasons for committing their energies to the benefits of the customer.

Quality customer service will not happen unless you train for it to happen.

A variety of problems are found in training programmes. One commonly cited criticism is that training programmes rely too much on passive learning techniques and not enough on participant involvement; such are role-playing, simulations and case studies. Related to this is the argument that customer care training concentrates on ensuring that the trainees understand various service situations, rather than on how they will perform or behave in those situations.

Too often management approves a training programme hoping that it will solve all the company's service problems and then sends the trainees back to their posts without planning and follow-up activities. During the training, interest and morale are built up, only to disappear a few weeks later. All is forgotten, and the staff goes back to doing things in the way they did before the training took place. And managers are not coaching or helping them apply what they have learned. This is like training a rugby team before the start of the season and then not using the coach for the rest of the season.

Properly used, training and development can provide huge payoffs in service performance. It is not always possible to trace a direct monetary relationship between training investment and profit, but the qualitative advantages are easy to identify. Fortunately, some training methods have evolved to a sophisticated level. Techniques of job analysis and the assessment of training needs can produce well-designed training programmes targeted at the needs of the organisation.

The key to the success of a training programme is to know what you want the trainees to be able to do when they have finished. An effective programme starts with job analysis. Current incumbents should be observed and / or interviewed to determine what they actually have to do in order to serve the customer well. A job analysis should spell out the knowledge, attitudes and skills required of the person doing the job.

Once you know what it takes to do a particular job well, you can establish the most cost-effective way of helping people learn the skills required. If the job knowledge and duties are fairly simple, then on-the-job training should be a carefully planned process in which the trainee learns by doing, while being productively employed. Furthermore, a good on-the-job training programme contains established procedures of evaluating and reviewing the trainee's progress.

e) Reporting Progress

Any programme will fail if people are not kept up to date with progress. Such a number of companies that fail to notify winning staff of their success in award schemes and of programmes that quickly lose their impetus because nobody is providing continuity.

Any customer loyalty programme should have elements of continuity built into it.

- A magazine, which features examples of successful individuals or organisations, can act as a prompt and motivates people.
- Letters from senior executives congratulating high achievers and inviting them to participate in an achievement programme will help to maintain interest and motivation.
- Meetings, which recognise the achievements of the whole company, can help to bring people together and build that vital team spirit.



4D Individual Formative Exercise: Key Result Areas



4E Group Formative Exercise: Performance Discussion



Summative Exercise: S3: Customer Survey



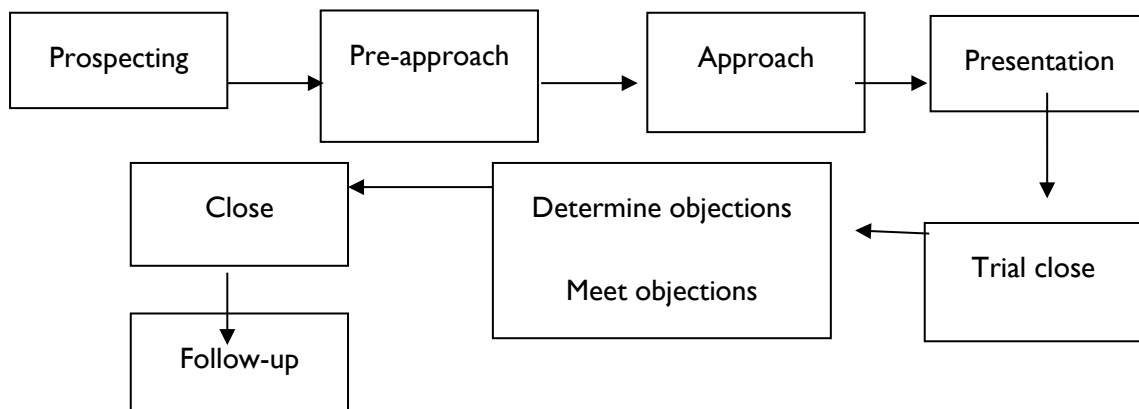
Summative Exercise: S4: Employee Performance Review

Learning Unit 5:

Selling Techniques to 'Close the Deal'

STEPS IN THE SALES PROCESS

The **sales process** refers to a sequential series of actions by the salesperson that leads toward the customer taking a desired action and ends with a follow-up to ensure purchase satisfaction. Although many factors may influence how a salesperson makes a presentation in any one situation, there exist a logical, sequential series of actions that, if followed, can greatly increase the chances of making a sale. This selling process involves the following basic steps.



STEP I: PROSPECTING – THE LIFEBLOOD OF SELLING

Prospecting is the first step in the selling process. A prospect is a qualified person or organisation that has the potential to buy your product or service. Prospecting is the lifeblood of sales because it identifies potential customers. There are two reasons that a salesperson must look constantly for new prospects:

- To increase sales
- To replace customers that will be lost over time

The name of a person or organisation that might be a prospect can also be referred to as a **lead**. A lead can also be referred to as a suspect, indicating the person or organisation is suspected of being a prospect.

As a salesperson, you can ask yourself the **MAD questions** to determine if an individual or organisation is a qualified prospect:

- Does the prospect have the **money** to buy?
- Does the prospect have the **authority** to buy?
- Does the prospect have the **desire** to buy?

A simple way to remember this qualifying process is to think of the word **mad**. A true prospect must have the financial resources, money or credit, to pay and the authority to make the buying decision. The prospect also should desire your product. Sometimes an individual or organisation may not recognise a need for your product. Your challenge is to create a desire for the product.

PROSPECTING METHODS

The actual method by which a salesperson obtains prospects may vary. Prospecting is the lifeblood of selling. While some salespeople do not have to prospect, most rely on prospecting to increase sales and make money.

STEP 2: THE PRE-APPROACH

Great care must be taken during the pre-approach contact phase of the referral cycle. Whether the initial contact is face-to-face or via telephone, the effectiveness of your approach will be the deciding factor in determining whether or not you are given the opportunity to make a sales presentation.

Many prospects will hang up the phone as soon as they suspect an attempt is being made to sell them something. If, in the first several seconds, you fail to overcome their initial feelings of discomfort and intrusion, your chances of developing a relationship are slim.

Mentioning that a firm or business acquaintance of theirs recommended that you call helps alleviate some of the initial anxiety in dealing with quick objections. This is one of the reasons why working on referrals is so effective.

Certainly, people are willing to listen a bit longer if they know a person whom they trust has caused this personal contact to occur.

Here is an example:

Hello, is this John? ... Hi, John, my name is Charles Futrell from Merrill Lynch. George and Barbara Smith are clients of mine; I met with them last week and helped them set up their retirement program. They were really pleased with both my products and service. And since I work primarily through referrals, they were kind enough to mention that you might be interested in learning about the value I have to offer.

I would like to set up a time to stop by your home or office and share some ideas that you may find of great benefit.

STEP 3: APPROACH

Given a satisfactory method of sales prospecting and an understanding of the psychology of buying, a key factor in the selling process that has yet to be addressed is obtaining a sales interview. Although cold calling (approaching a prospect without prior notice) is suitable in a number of selling situations, industrial buyers and some other types of individuals may have neither the time nor the desire to consult with a sales representative who has not first secured an appointment.

THE BENEFITS OF APPOINTMENT MAKING

The practice of making an appointment before calling on a prospect can save a salesperson hours in time wasted in travelling and waiting to see someone who is busy or even absent. When an appointment is made, a buyer knows you are coming. People are normally in a more receptive mood when they expect someone than when an unfamiliar salesperson pops in. Appointment making is often associated with a serious, professional image and is sometimes taken as an outward gesture of respect toward a prospect.

From the salesperson's point of view an appointment provides a time set-aside for the buyer to listen to a sales presentation. This is important, since adequate time to explain a proposition improves the chance of making the sale. In addition, a list of appointments aids a salesperson in optimally allocating each day's selling time. Appointments can be arranged by telephone or by contacting the prospect's office in person.

TELEPHONE APPOINTMENT

For obvious reasons of time and cost, salespersons usually phone to make sales appointments. Though seemingly a simple task, obtaining an appointment over the telephone is frequently difficult. Business

executives generally are busy, and their time is scarce. However, these practices can aid in successfully making an appointment over the telephone:

- Plan and write down what you will say. This helps you organise and concisely present your message.
- Clearly identify yourself and your company.
- State the purpose of your call and briefly outline how the prospect may benefit from the interview.
- Prepare a brief sales message, stressing product benefits over features. Present only enough information to stimulate interest.
- Do not take no for an answer. Be persistent even if there is a negative reaction to the call.
- Ask for an interview so that you can further explain product benefits.

Phrase your appointment request as a question. Your prospect should be given a choice, such as; “Would nine or one o’clock Tuesday be better for you?”

While on the telephone get to the point quickly (as you may have only a minute), disclosing just enough information to stimulate the prospect’s interest.

For example:

Mr. West, this is Sally Irwin of On-Line Computer Company calling you from Birmingham, Alabama. Businessmen such as yourself are saving the costs of rental or purchase of computer systems, while receiving the same benefits they get from the computer they presently have. May I explain how they are doing this on Tuesday at nine o’clock in the morning or would one o’clock in the afternoon be preferable?

PERSONALLY, MAKING THE APPOINTMENT

Many business executives maintain gatekeepers (secretaries or receptionists) who execute established time-use policies by acting as filters for all correspondence, telephone messages and people seeking entry to the executive suite. It might thus be difficult to get an appointment with the CEO of a company.

Successful navigation of this filtration system requires a professional salesperson who: (1) is determined to see the executive and believes it can be done; (2) develops friends within the firm (many times including the gatekeepers) and (3) optimises time by calling only on individuals who make or participate in the purchase decision.

STEP 4: PRESENT YOUR OFFERING

KNOWLEDGE INCREASES SALES

When presenting your offering ensure that you have the following knowledge:

KNOW YOUR COMPANY

Knowledge of your firm usually aids you in projecting an expert image to the prospect. Company knowledge includes information about the history, policies, procedures, distribution systems, promotional activities, pricing practice and technology that have guided the firm to its present status.

The type and extent of company knowledge to be used depends on the company, its product lines, and the industry. In general, consumer-goods salespeople require little information about the technical nature of their products; however, selling high-technology products (computers, rocket-engine components, complex machinery, etc.) to highly knowledgeable industrial buyers require extensive knowledge.

All salespeople need to know the background and present operating policies of their companies. These policies are your guidelines and you must understand them to do your job effectively. Information on company growth, policies, procedures, production and service facilities is often used in sales presentations.

Here are four examples:

COMPANY GROWTH AND ACCOMPLISHMENT

Knowledge of your firm's development since its origin provides you with promotional material and builds your confidence in the company.

POLICIES AND PROCEDURES

To give good service, be able to tell a customer about policies; how an order is processed; how long it takes for orders to be filled; your firm's returned goods policy; how to open a new account and what to do in the event of a shipping error. When you handle these situations quickly and fairly, your buyer gains confidence in you and the firm.

PRODUCTION FACILITIES

Many companies require their new salespeople to tour their production facilities to give them a firsthand look at the company's operations. This is a good opportunity to gain product knowledge. For example, the Bigelow-Sanford Carpet Company salesperson can say, "When I was visiting our production plant, I viewed each step of the carpet-production process. The research and development department allowed us to watch comparison tests between our carpets and competitor's carpets. Our carpets did everything but fly ... and they are working on that!"

SERVICE FACILITIES

Many companies, such as Intel, Xerox and 3M have both service facilities and service representatives to help customers. Being able to say, "We can have a service representative there the same day you call our service centre," strengthens a sales presentation, especially if service is important for the customer (as it is in the office copier and computer industries).

KNOW YOUR PRODUCT

Knowledge about your company's product and your competitors is a major component of sales knowledge. Become an expert on your company's products. Understand how they are produced and their level of quality. This type of product knowledge is important to the buyer.

Product knowledge may include such technical details as:

- Performance data
- Physical size and characteristics
- How the product operates
- Specific features, advantages and benefits of the product
- How well the product is selling the marketplace

Many companies have their new salespeople work in the manufacturing plant (for example, on the assembly line) or in the warehouse (filling orders and receiving stock).

This hands-on experience may cost the salesperson a lot of sweat and sore muscles for a couple of weeks or months, but the payoff is a world of product knowledge and help in future selling that could not be earned in any other way. International Paper, for example, has its new salespeople spend several weeks in

a production plant. Often, new salespeople in the oil and gas industry roughneck and drive trucks for Exxon and Shell Oil during the first few months on the job.

Also, a sales representative for McKesson Chemical spends the first two or three weeks on the job in a warehouse unloading freight cards and flatbed trucks and filling 55-gallon drums with various liquid chemicals.

Much is learned at periodic company sales meetings. At sales meetings, a consumer-goods manufacturer, such as Frito-Lay, may concentrate on developing sales presentations for the products to receive special emphasis during the company sales period. Company advertising programs, price discounts and promotional allowances for these products are discussed. Although little time is spent on the technical aspects of consumer products, much time is devoted to discussing the marketing mix for these products (product type, promotion, distribution and price).

Sales managers for firms selling technical products, such as Merck, Alcoa and Emerson Electric, might spend as much as 75% of a sales meeting discussing product information. The remaining time might be allotted to sales techniques.

KNOW YOUR PRODUCT WORTH

An important part of comprehensive marketing strategy for a product is establishing its price. **Price** refers to the value or worth of a product that attracts the buyer to exchange money or something of value for the product. A product has some want-satisfying attributes for which the prospect is willing to exchange something of value.

The person's wants to assign a value to the item offered for sale. For instance, a golfer who wants to purchase a dozen golf balls already has conceived some estimated measure of the product's value. Of course, the sporting goods store may have set a price higher than estimated. This could diminish *want* somewhat, depending on the difference between the two. Should the golfer then find the same brand of golf balls on sale at a discount store, at a price more in line with a preconceived idea of the product's value, the want may be strong enough to stimulate a purchase.

Many companies offer customers various types of discounts from normal prices to entice them to buy. These discounts become an important part of the firm's marketing effort. They are usually developed at the corporate level by the firm's marketing managers. Immediately before the sales period when the product's promotion begins, the sales force is informed of special discounts that they may offer to customers.

This discount information becomes an important part of the sales presentation. It is important for salespeople to familiarise themselves with the company's price, discount and credit policies so that they can use them to competitive advantage and enhance their professional image with the buyer.

BARRIERS IN SELLING PRESENTATIONS

TELLS INSTEAD OF SELLS; DOES NOT ASK ENOUGH QUESTIONS.

The salesperson does most of the talking. Instead of asking questions to determine a customer's interest, the salesperson charges ahead and rattles off product benefits. This forces the customer into the passive role of listening to details that may not be of interest. As a result, the customer becomes increasingly irritated.

OVER-CONTROLS THE CALL; ASKS TOO MANY CLOSED-END QUESTIONS.

This sales dialogue resembles an interrogation and the customer has limited opportunities to express needs. The over-controlling salesperson steers the conversation to subjects the salesperson want to talk about without regarding the customer. When the customer does talk, the salesperson often fails to listen or respond, or does not acknowledge the importance of what the customer says. As a result, the customer is alienated, and the sales call fails.

DOES NOT RESPOND TO CUSTOMER NEEDS WITH BENEFITS.

Research shows a direct relationship between the result of a call and the number of different benefits given in response to customer needs; the more need-related benefits cited, the greater the probability of success.

DOES NOT RECOGNISE NEEDS; GIVES BENEFITS PREMATURELY.

For example, a customer discussing telephone equipment mentions that some clients complain that the line is always busy. The salesperson demonstrates the benefits of his answering service, but the customer responds that busy lines are not important since people will call back. In this case, the customer is not concerned enough to want to solve the problem.

DOES NOT RECOGNISE OR HANDLE NEGATIVE ATTITUDES EFFECTIVELY.

The salesperson fails to recognise customer statements of objection (opposition), indifference (no need) or scepticism (doubts). What is not dealt with effectively remains on the customer's mind and left with a negative attitude, the customer will not make a commitment.

MAKES WEAK CLOSING STATEMENTS; DOES NOT RECOGNISE WHEN OR HOW TO CLOSE.

In one extreme case, the customer tried to close the sale on a positive note, but the salesperson failed to recognise the cue and continued selling until the customer lost interest. The lesson is that successful salespeople are alert to closing opportunities throughout the call. The most powerful way to close a sales call involves a summary of benefits that interest the customer.

KEYS TO IMPROVING YOUR PRESENTATION

How is the bridge from average to successful salesperson made? Xerox found it involves learning and using each of the following skills:

- Ask questions to gather information and uncover needs.
- Recognise when a customer has a real need and how the benefits of the product or service can satisfy it.
- Establish a balanced dialogue with customers.
- Recognise and handle negative customer attitudes promptly and directly.
- Use a benefit summary and an action plan requiring commitment when closing.

Learn and use these five selling skills, use the other skills emphasised throughout the manual and develop your natural ability and a positive mental attitude to become a successful, professional salesperson.

STEP 5: TRIAL CLOSE

Your prospect has raised an objection that you have answered and overcome; now what? First, use a trial close, then either return to your presentation or close the sale.

First, use a Trial Close – Ask For Opinion

After meeting an objection at any time during the interview, you need to know if you have overcome the objection. If you have not overcome it, your prospect may raise it again. Whether it resurfaces or not, if your prospect believes that an objection was important, your failure to handle it or your mishandling of it, will probably cost you the sale. Ideally, all objections raised should be met before closing the sale. So, after responding to the objection, use a trial close to determine if you have overcome the objection. Ask questions such as:

- That clarifies this point entirely, don't you agree?
- That's the answer you are looking for, isn't it?
- With that question out of the way, we can go ahead – don't you think?
- Do you agree with me that we've covered the question you raised and given you a way to handle it?
- Now that's settled, isn't it?
- That solves your problem, doesn't it?

Once you have confirmed overcoming an objection, immediately go to the next SELL sequence step. To signal that the last step is over and that you are moving on, use body language as you speak. That is, make an appropriate gesture, look in a new direction, turn the page of your proposal or shift in your chair - make some physical movement.

Now, do one of two things (assuming you have handled the objection): either returns to your presentation or close the sale.

If you are 100% sure that you cannot overcome the objection and that the prospect will not buy, go ahead and close. *Always ask for the order.* Never be afraid to ask your prospect to buy. The buyer says no to the product - not you. Someone else may walk into the prospect's office after you with a product similar to yours. Your competitor also may be able to overcome this person's objection, but he or she may get the sale nonetheless just by asking for it!

STEP 6: DETERMINE AND MEET OBJECTIONS

When a prospect first gives an objection, *smile*, because that is when you start earning your salary. You want to receive personal satisfaction from your job and at the same time increase your salary – right? Well, both occur when you accept objections as a challenge that, handled correctly, benefits both your prospect and you. The more effectively you meet customers' needs and solve their problems, the more successful you will be in sales. If you *fear* objections, you will *fumble* your response, which often causes *failure*.

Remember, while people want to buy, they do not want to be taken advantage of. Buyers who cannot see how your offering will fulfil their needs ask questions and raise objections. If you cannot effectively answer the questions or meet the objections, you will not make the sale. It is *your* fault, not the buyer's; that the sale was not made if you sincerely believe your offering fulfils a need by the prospect still will not buy. The

salesperson who can overcome objections when they are raised and smoothly return to a presentation will succeed.

Interestingly, prospects who present objections often are easily sold on your product. They are interested enough to object; they want to know what you have to offer.

Opposition or resistance to information or to the salesperson's request is labelled a sales objection. Sales objections must be welcomed because they show prospect interest and help determine what stage the prospect has reached in the buying cycle – attention, interest, desire, conviction or readiness to close.

FOUR MAJOR CATEGORIES OF OBJECTIONS

Most objections that salespeople encounter is placed into the six categories. Know how you will handle each situation before it occurs. An advance idea about how you handle these objections will help you become a better salesperson by improving your image as a problem solver.

The Hidden Objection

Prospects that ask trivial, unimportant questions or conceal their feelings beneath a veil of silence have hidden objections. They do not discuss their true objections to a product because they may feel that they are not your business, they are afraid objections will offend you or they may not feel your sales call is worthy of full attention.

Such prospects may have a good conversation with you without revealing their true feelings. You have to ask questions and carefully listen to know which questions to ask in order to reveal their real objections to your product. Learning how to determine what questions to ask a prospect and how to ask them are skills developed by conscious effort over time. Your ability to ask probing questions improves with each sales call if you try to develop this ability.

With prospects who are unwilling to discuss their objections or who may not know why they are reluctant to buy, be prepared **to smoke out objections by asking questions**. Do what you can to reveal the objections. Consider the following questions:

- What would it take to convince you?
- What causes you to say that?
- Let's consider this, suppose my product would [do what prospect wants] ... then you would want to consider it, wouldn't you?

- Tell me, what is really on your mind?

Uncovering hidden objections is not always easy. Observe the prospect's tone of voice, facial expressions and physical movements. Pay close attention to what the prospect is saying.

You may have to read between the lines occasionally to find the buyer's true objections. All these factors will help you discover whether objections are real or simply an excuse to cover a hidden objection.

Prospects may now know consciously what their real objections are. Sometimes they claim that the price of a product is too high. In reality, they may be reluctant to spend money on anything. If you attempt to show that your price is competitive, the real objection remains unanswered and no sale results. Remember, you cannot convince anyone to buy until you understand what a prospect needs to be convinced of.

If, after answering all apparent questions, the prospect is still not sold, you might subtly attempt to uncover the hidden objection. You might ask the prospect what the real objection is. Direct inquiry should be used as a last resort because it indirectly may amount to calling the prospect a liar, but if it is used carefully, it may enable the salesperson to reveal the prospect's true objection. Smoking out hidden objections is an art form developed over time by skilful salespeople. Its successful use can greatly increase sales. This approach should be used carefully, but if it enables the salesperson to uncover a hidden objection, then it has served its purpose.

The Stalling Objection

When your prospect says, "I'll think it over." or "I'll be ready to buy on your next visit." You must determine if the statement is the truth or if it is a smoke screen designed to get rid of you. The stalling objection is a common tactic.

What you discovered in developing your customer profile and customer benefit plan can aid you in determining how to handle this type of objection. Suppose that before seeing a certain retail customer, you checked the supply of your merchandise in both the store's stockroom and on the retail shelf and this occurs:

<i>Buyer:</i>	"I have enough merchandise for now. Thanks for coming by."
<i>Salesperson:</i>	"Ms. Marcher, you have 50 cases in the warehouse and on display. You sell 50 cases each month, right?"

You have forced her hand. This buyer either has to order more merchandise from you or tell you why she is allowing her product supply to dwindle. When the prospect says, “I’m too busy to see you now.” You might ask. “When would be a good time to come back today?”

Another common stall is the alibi that your prospect must have approval from someone else, such as a boss, buying committee, purchasing agent, or home office. Since the buyer’s attitude toward purchasing your product influences the firm’s buying decision, it is important that you determine the buyer’s attitude toward your product.

When the buyer stalls by saying, “I will have to get approval from my boss,” you can counter by saying, “If you had the authority, you would go with the purchase, wouldn’t you?” If the answer is yes, chances are that the buyer will positively influence the firm’s buying decision. If not, you must uncover the real objections. Otherwise, you will not make the sale.

An additional response to the “I’ve got to think it over” stall is, “What are some of the issues you have to think about?” Or you may focus directly on the prospect’s stall by saying, “Would you share with me something that holds you back?”

Another effective response to “I have got to talk to my boss” is, “Of course you do. What are some things that you would talk about?” This allows you to agree with the reluctant prospect. You are now on the buyer’s side. It helps encourage the buyer to talk and to trust you. This empathetic response (“Of course you do.”) puts you in the other person’s position.

Sometimes, the prospect will not answer the question. Instead, the response is, “Oh, I just need to get an opinion.” You can follow up with a multiple-choice question such as, “Would you explore whether this is a good purchase in comparison with a competitor’s product or would you wonder about the financing?” This helps display an attitude of genuine caring.

As with any response to an objection, communicate a positive attitude. Do not get demanding, defensive or hostile. Otherwise, your nonverbal expressions may signal a defensive attitude – reinforcing the prospect’s defences.

Your goal in dealing with a stall is to help prospects realistically examine reasons for and against buying now. If you are absolutely sure it is not in their best interest to buy now, tell them so. They will respect you for it. You will feel good about yourself. The next time you see these customers; they will be more trusting and open with you.

However, the main thing to remember is to not be satisfied with a false objection or a stall. Tactfully pursue the issue until you have unearthed the buyer's true feelings about your product. If this does not work

(1) present the benefits of using your product now;

(2) if there is a special price deal, mention it; and

(3) if there is a penalty for delay, mention it. Bring out any or all of your main selling benefits and keep on selling!

The No-Need Objection

The prospect says, "Sounds good. I really like what you had to say and I know you have a good product, but I am not interested now. Our present product [or supply or merchandise] works well. We will stay with it." Standing up to conclude the interview, the prospect says, "Thanks very much for coming by." This type of objection can disarm an unwary salesperson.

The no-need objection is used widely because it politely gets rid of the salesperson. Some salespeople actually encourage it by making a poor sales presentation. They allow prospects to sit and listen to a sales pitch without motivating them to participate by showing true concern and asking questions. Therefore, when the presentation is over, prospects can say quickly, "Sounds good, but ..." In essence, they say no, making it difficult for the salesperson to continue the call. While not always a valid objection, the no-need response strongly implies the end of a sales call.

The no-need objection is especially tricky because it also may include a hidden objection and/or a stall. If your presentation was a solo performance or a monologue, your prospect might be indifferent to you and your product, having tuned out halfway through the second act. You might resurrect your presentation by asking questions.

The Money Objection

The money objection encompasses several forms of economic excuses. I have no money; I do not have that much money. It costs too much, or your price is too high. These objections are simple for the buyer to say, especially in a recessionary economy.

Often, prospects want to know the product's price before the presentation, and they will not want you to explain how the product's benefits outweigh its costs. Price is a real consideration and must be discussed,

but it is risky to discuss product price until it can be compared to product benefits. If you successfully postpone the price discussion, you must eventually return to it because your prospect seldom forgets it. Some prospects are so preoccupied with price that they give minimal attention to your presentation until the topic re-emerges.

Get to know the prospect and the prospect's needs. Show your true interest. Do not try to get all of the business at once – go for a trial run, a small order. It is important to learn exactly what bothers the prospect by applying the following techniques to meet objections.

STEP 7: CLOSE

Closing Begins the Relationship

Successful salespeople do not give a presentation and then ask for the order. Successful salespeople cultivate selling techniques that help develop a natural instinct, sensitivity and timing for when and how to close with each buyer.

Closing is the process of helping people makes a decision that will benefit them. You help people make the decision by asking them to buy. As successful salespeople know, there are no magic phrases and techniques to use in closing a sale. It is the end result of your presentation. If everything has been done to properly develop a sales presentation, closing the sale is the next step in a logical sequence.

Although it seems obvious, some salespeople forget that prospects know that the salesperson is there to sell them something. So, as soon as they meet, the prospect's mind already may have progressed beyond the major portion of the salesperson's presentation. At times, the prospect may be ready to make the buying decision early in the interview.

So, when should you attempt to close a sale? Simply, *when the prospect is ready!* More specifically, when the prospect is in the conviction stage of the mental buying process. A buyer can enter the conviction stage at any time during the sales presentation. You might ask someone to buy as early as the approach stage or as late as another day. Much of the time, however, the close comes after the presentation. An ability to read a prospect's buying signals correctly helps a salesperson decide when and how to close a sale.

After prospects negotiate each stage of the mental buying process and are ready to buy, they often give you a signal. A buying signal refers to anything that prospects say or do indicating they are ready to buy. Buying signals hint that prospects are in the conviction stage of the buying process.

READING THE BUYING SIGNALS

Here is several ways prospective buyers signal readiness to buy:

- Ask questions – “How much is it?” “What is the earliest time that I can receive it?” “What is your service and returned goods policies?” At times, you may respond to a buying signal question with another question. This helps determine your prospect’s thoughts and needs. If your question is answered positively, the prospect is showing a high interest level and you are nearing the close.
- Asks another person’s opinion – The executive calls someone on the telephone and says, “Come in here a minute; I have something to ask you,” or the husband turns to his wife and says, “What do you think about it?”
- Relaxes and become friendly – Once the prospect decides to purchase a product, the pressure of the buying situation is eliminated. A state of visible anxiety changes to relaxation because your new customer believes that you are a friend.
- Pulls out a purchase order form – If, as you talk, your prospect pulls out an order form, it is time to move toward the close.
- Carefully examines merchandise – When a prospect carefully scrutinises your product or seems to contemplate the purchase, this may be an indirect request for prompting. Given these indications, attempt a trial close; “What do you think about?” If you obtain a positive response to this question, move on to close the sale.

A buyer may send verbal or nonverbal buying signals at any time before or during your sales presentation. The accurate interpretation of buying signals should prompt you to attempt a trial close. In beginning a trial close, summarise the major selling points desired by your prospect. If you receive a positive response to the trial close, you can wrap up the sale. A negative response should result in a return to your presentation or to determine objections. In any case, a successful trial close can save you and your prospect valuable time, while a thwarted trial close allows you to assess the selling situation.

Good closers have a strong desire to close each sale. They have a positive attitude about their product’s ability to benefit the prospect. They know their customers and tailor their presentations to meet each person’s specific needs.

Good closers prepare for each sales call. They take the time to carefully ascertain the needs of their prospects and customers by observing, by asking intelligent questions and most of all, by earnestly listening to them. To be successful, salespeople should know their ABCs. ABC is an acronym for *Always Be Closing*. Be alert for closing signals and close when the prospect is ready to buy.

The successful salesperson does not stop with the prospect's first no. If a customer says no, determine the nature of the objection and then return to the presentation. After discussing information relative to overcoming the objection, use a trial close to determine if you have overcome the objection and then determine if there are other objections. If resistance continues, remain positive and remember that every time you attempt to close, you are closer to the sale. In addition, always ask for the order and then be silent.

HOW TO CLOSE?

- *Ask for the order and be quiet*

No matter when or how you close, remember that when you ask for the order, it is important to be silent. Do not say a word. If you say something – anything – you increase the probability of losing the sale.

You must put the prospect in a position of having to make a decision, speak first and respond to the close. If you say anything after your close, you take the pressure off the prospect to make that decision.

Imagine this situation: The salesperson has finished the presentation and says, "Would you want this delivery in two or four weeks?" The average salesperson cannot wait more than two seconds for the prospect's reply without saying something like, "I can deliver it anytime." or starting to talk again about the product. This destroys the closing moment. The prospect does not have to make the decision. There is time to think of reasons not to buy. By keeping quiet for a few seconds, the prospect cannot escape making the decision.

All individuals experience the urge to say no, even when they are not sure of what you are selling or when they may want what you propose. At times, everyone is hesitant in making a decision. To help the prospect make the decision, you must maintain silence after the close.

The professional salesperson can stay quiet all day, if necessary. Rarely will the silence last over 30 seconds. During that time, do not say anything or make a distracting gesture merely project positive nonverbal signs. Otherwise, you will lessen your chances of making the sale. This is the time to mentally prepare your response to the prospect's reaction.

It sounds simple, yet it is not. Your stomach may churn. Your nerves make you want to move. You may display a serious look on your face instead of a positive one. You may look away from the buyer. Most of

all, you may want to talk to relieve the uncomfortable feeling that grows as silence continues. Finally, the prospect will say something. Now, you can respond based on the reaction to your close.

Constantly practice asking your closing question, staying silent for 30 seconds and then responding. This will develop your skill and courage to close.

- *Get the order and move on!*

Talking also can stop the sale after the prospect has said yes. An exception would be if you ask the customer for names of other prospects. Once this is done, it is best to take the order and move on.

In continuing to talk, you may give information that changes the buyer's mind. So, ask for the order and remain silent until the buyer responds. If you succeed, finalise the sale and leave.

In short:

While there are many factors to consider in closing the sale, the following items are essential if you wish to improve your chances:

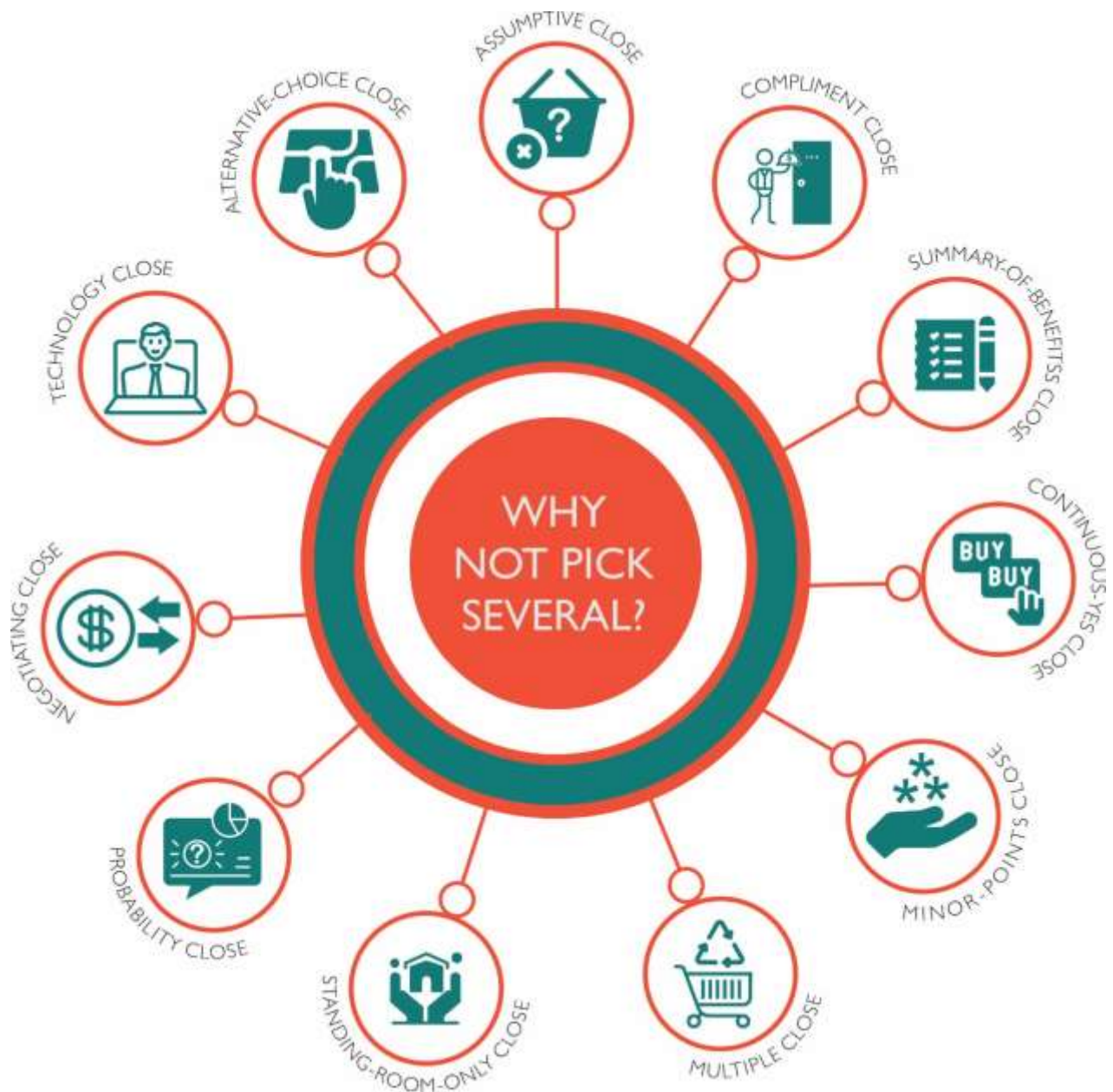
- Be sure your prospect understands what you say
- Always present a complete story to ensure understanding
- Tailor your close to each prospect. 80% of your customers will respond to a standard close. It is the other 20% of customers that you need to prepare for. Prepare to give the expert customer all facts requested to give the egotistical customer praise, to lead the indecisive customer and to slow down for a slow thinker.

CLOSING TECHNIQUES

To successfully close more sales, you must determine your procrastination's situation, understand the prospect's attitude toward your presentation and be prepared to select instantly a closing technique from several techniques based on your prospect.

For example, suppose you profiled the prospect as having a big ego, so you planned to use the compliment closing technique. You find the prospect is eager to buy, so you switch to using your standing-room-only closing technique. By changing to a closing technique that first the situation, you can speed the sale and keep your customer satisfied

Successful salespeople adapt a planned presentation to any prospect or situation that may arise. Some salespeople have up to 11 closing techniques, each designed for a specific situation.



Whatever product is sold, whether an industrial or consumer product, the closing techniques are used to ask a prospect for the order.

ONE: The Alternative Choice Close Is an Old Favourite

The alternative-choice close was popularised in the 1930s as the story spread of the Walgreen Drug Company’s purchase of 800 dozen eggs at a special price. A sales trainer named Elmer Wheeler suggested to the Walgreen clerks that when a customer asked for a malted milk at a Walgreen fountain, the clerk should say, “Do you want one egg or two?” Customers had not even thought of eggs in their malteds. Now, they were faced with the choice of *how many* eggs - not whether or not they wanted an egg. Within one week, all 800 dozen of the eggs were sold at a profit.

Two examples of the alternative close are:

- Which do you prefer – one or two neckties to go with your suit?
- Would you prefer the Xerox 6200 or 6400 copier?

As you see, the alternative choice does not give prospects a choice of buying or not buying but asks which one or how many items they want to buy. It says, “You are going to buy, so let’s settle the details on what you will purchase.” Buying nothing at all is not an option.

Take, for example, the salesperson who says; “Would you prefer the Xerox 6200 or 6400?” This question: (1) assumes the customer has a desire to buy one of the copiers (2) assumes the customer will buy; and (3) allows the customer a preference. If the customer prefers the Xerox 6400, you know the prospect is ready to buy, so begin the close. A customer who says, “I’m not sure,” is still in the desire stage, so you continue to discuss each product’s benefits. However, you see that the customer likes both machines. Should the prospect appear indecisive, you can ask; “Is there something you are unsure of?” This question probes to find out why your prospect is not ready to choose.

If used correctly, the alternative-choice close is an effective closing technique. It provides a choice between items, never between something and nothing. By presenting a choice, you either receives a yes decision or uncover objections, which if successfully met, allow you to come closer to making the sale.

TWO: The Assumptive Close

With the assumptive close the salesperson assumes the prospect will buy. Statements can be made such as, “I’ll call your order in tonight” or “I’ll have this shipped to you tomorrow.” If the prospect does not say anything, assume the suggested order has been accepted.

Many times, the salesperson who has called on a customer for a long time can fill out the order form, hand it to the customer and say, “This is what I am going to send you,” or “This is what I believe you need this month.” Many salespeople have earned customer trust to such an extent that the salesperson orders for them. Here, the assumptive close is especially effective.

THREE: The Compliment Close Inflates the Ego

Everyone likes to receive compliments. The **compliment close** is especially effective when you talk with a prospect who is a self-styled expert, who has a big ego or who is in a bad mood. Would-be experts and egotistical prospects value their own opinions. By complimenting them, they listen and respond favourably to your presentation. The prospect with low self-esteem or one who finds it difficult to decide also responds

favourably to a compliment. Here is an example of a house wares salesperson closing a sale with a grocery retail buyer.

Salesperson: “Obviously, you know a great deal about the grocery business. You have every square foot of your store making a good profit. Ms. Stevenson, our products also will provide you with a good profit margin. In fact, our profit will exceed your store’s average profit-per-square-foot. And they sell like hotcakes. This added benefit of high turnover will further increase your profits – which you have said is important to you. [He pauses and when there is no response, he continues.] Given the number of customers coming into your store and our expected sales of these products due to normal turnover, along with our marketing plan. *I suggest you buy* [he states the products and their quantities]. This will provide you with sufficient quantities to meet your customer’s demands for the next two months, plus provide you with the expected profit from your products. [Now he waits for the response or again asks for the order using the alternative choice or assumptive close.]

All buyers appreciate your recognition of their better points. Conscientious merchants take pride in how they do business: customers entering the retail clothing store take pride in their appearance; people considering life insurance take pride in looking after their families. So, compliment prospects relative to something that will benefit them as you attempt to close the sale.

Remember, always make honest compliments. No matter how trusting you may think people are, nearly anyone can detect instantly in a compliment. When a compliment is not in order, summarise the benefits of your product for a specific customer.

FOUR: The Summary of Benefits Close Is Most Popular

During the sales presentation, remember the main features, advantages and benefits of interest for the prospect and use them successfully during the close. Summarise these benefits in a positive manner so that the prospect agrees with what you say; then ask for the order.

Here is an example of using the summary-of-benefits close on a prospect. Assume that the prospect indicates during your sales presentation that she likes your profit margin, delivery schedule and credit terms.

Salesperson: “Ms. Stevenson, you say you like our profit margin, fast delivery and credit policy. Is that right?” [Summary and trial close.]

Prospect: “Yes, I do.”

Salesperson: “With the number of customers in your store and our expected sales of the product due to normal turnover, along with our marketing plan, *I suggest you buy* [state the products and their quantities.] This will provide you with sufficient quantities to meet customer demand for the next two months, plus provide you with the profit you expect from your products. I can have the order to you early next week.” [Now wait for her response.]

You can easily adapt the FAB statements and SELL Sequence for your summary close. The vacuum cleaner salesperson might say, “As we have discussed, this vacuum cleaner’s high-speed motor [feature] works twice as fast [advantage] with less effort [advantage], saving 15 to 30 minutes in cleaning time [benefit] and the aches and pains of pushing a heavy machine [benefit of benefit]. Right? [Trial close. If positive response, say: “Would you want the Deluxe or the Ambassador model?”

The sporting goods salesperson might say, “As we have said, this ball will give you an extra 10 to 20 yards on your drive [advantage], helping to reduce your score [benefit] because of its new solid core [feature]. That’s great – isn’t it? [Trial close] If positive response, salesperson: Will a dozen be enough?”

The air-conditioning salesperson could say, “This air conditioner has a high efficiency rating [feature] that will save you 10% on your energy costs [benefit] because it uses less electricity [advantage]. What do you think of that? [Trial close] If positive response, say: “Would you want it delivered this week or do you prefer next week?”

The summary close is possibly the most popular method to ask for the order. Emmett Reagan, sales trainer consists of these three basic steps of the summary close: (1) determine the key product benefits that interest the prospect during the presentation, (2) summarise these benefits and (3) make a proposal. The summary-of-benefits technique is useful when you need a simple, straightforward close rather than a close aimed at a specific prospect’s personality.

FIVE: The Continuous Yes Close Generates Positive Responses

The continuous-yes close is like the summary close. However, instead of summarising product benefits, the salesperson develops a series of benefit questions that the prospect must answer.

Salesperson: “Ms. Stevenson, you have said you like our quality products, right?”

Prospect: “Yes, that’s right.”

Salesperson: “And you like our fast delivery?”

Prospect: “Yes, I do.”

Salesperson: “You also like our profit margin and credit terms?”

Prospect: “That’s correct.”

Salesperson: “Ms. Stevenson, our quality products, fast delivery, profit margin and good credit terms will provide you with an excellent profit. With the large number of customers, you have coming into your store [salesperson completes the close as done in the summary-of-benefits close].”

In this example of the continuous-yes close, the salesperson recognised four product benefits that the prospect liked: (1) the product’s quality, (2) fast delivery, (3) profit margin, and (4) favourable credit terms.

After the presentation, three questions were used to give the prospect the opportunity to agree that she was impressed with each of the four product benefits. By stacking these positive questions, the salesperson kept the prospect continually saying, “Yes, I like that benefit.”

The prospect has placed her in a positive frame of mind. Her positive stance toward the product makes it likely that she will continue to say “yes” when asked to buy.

Realise, of course, that some prospects may want to be cute and relish the thought of seeing the look of surprise on your face when, after they agree to all of your product benefit statements (yes ... yes ... yes), they respond to your request with an unexpected no. Also, suspicious prospects may view your continuous-yes close as trickery or as an insult to their intelligence rather than aiding a purchase decision.

In either case, calmly handling the situation reflects a sales professionalism that both surprises the trickster and impresses the suspicious person.

SIX: The Minor-Points Close Is Not Threatening

It is sometimes easier for a prospect to concede several minor points about a product than to make a sweeping decision on whether or not to buy. Bid decisions are often difficult for some buyers. By having the prospect make decisions on a product’s minor points, you can subtly lead into the decision to buy.

The minor-points close – is similar to the alternative-choice close. Both methods involve giving the buyer a choice between two options. The alternative-choice close asks the prospect to make a choice between two products, which represents a high-risk decision to some people that they may prefer not to make.

SEVEN: The Standing-Room-Only- Close Gets Action

What happens if someone tells you that you cannot have something that you would like to have? You instantly want it! When you face an indecisive prospect or if you want to have the prospect purchase a

larger quantity, indicate that if they do not act, they may *not* be able to buy in the future. Motivate the prospect to act immediately by using the **standing-room-only close**.

- I'm not sure if I have your size. Would you want them if I have them in stock?
- My customers have been buying all we can produce. I'm not sure if I have any left to sell you.
- Well, I know you are thinking of ordering X amount, but we really need to order (a larger amount) because we now have it in stock and I don't think we will be able to keep up with demand and fill your summer order.
- The cost of this equipment will increase 10% next week. Can I ship it today or do you want to pay the higher price?

For the right product, person and situation, this is an excellent close. Both retail and industrial salespeople can use this technique to get the prospects so excited that they cannot wait to buy. However, it should be used honestly. Prospects realise that factors such as labour strikes; weather, transportation, inflation and inventory shortages could make it difficult to buy in the future. Do them a favour by encouraging them to buy now using the standing-room-only close.

EIGHT: The Probability Close

When the prospect gives the famous, I want to think it over objection or some variation, try saying, "Ms. Prospect, that would be fine, I understand your desire to think it over, but let me ask you this – when I call you back next week, what is the probability, in percentage terms out of a total of 100, that you and I will be doing business?" Then pause and do not say another word until the prospect speaks.

The prospect's response will be from three possible categories:

1. *More than 50% but less than 85% for buying.* If your prospects respond in this range, ask what the remaining percent is against buying then pause and be silent. When you become skilled in this technique, you will see prospects blink as they focus on their real objections.

Many times, we hear that prospects want to think it over. It is not because they want to delay the decision; it is because they do not fully understand what bothers them. The probability close permits your prospects to focus on their real objections. Once you have a real objection, convert that objection with a persuasive sales argument.

2. *Above 85% but not 100% for buying.* If they are in this range, recognise that there is a minor probability against you. You might want to say, "As it is almost certain that we will do business

together, why wait until next week? Let's go ahead now and if you decide in the next couple of days that you want to change your mind, I'll gladly tear up your order. Let's get a running start on this project together."

When prospects indicate a high percentage of probability, you can use their statements as a lever to push them over the top.

3. *Less than 50% for buying.* This is a signal that there is little, if any, chance that you will ever close this particular sale. The only appropriate tactic is returning to square one and starting the reselling process. It is amazing how many professional salespeople in a closing situation expect the prospect to say 80-20 as a probability in their favour and instead they hear "80-20 against."

The probability close permits prospects to focus on their objections. It allows the true hidden objections to surface. The more prospects fight you and the less candid they are about the probability of closing, the less likely they will buy anything.

NINE: The Negotiation Close

Every sale is a negotiation. Most sales negotiations focus on two major themes; value and price. Customers often demand more value and lower prices. In their quest for more value at a lower cost, prospects often resort to unfair tactics and put heavy pressure on the salesperson. The purpose of a good sales **negotiation close** is not to haggle over who gets the larger slice of pie, but to find ways for everyone to have a fair deal. Both the buyer and seller should win. Here are two examples of a salesperson using a negotiation close:

- If we could find a way in which we would eliminate the need for a backup machine and guarantee availability, would you be happy with this arrangement?
- Why don't we compromise? You know I can't give you a discount, but I could defer billing until the end of the month. That's the best I can do. How does that sound?

When you hit a tennis ball over the net, the kind of spin put on the ball determines the type of return shot received. In negotiation, the attitude that you project determines the attitude you receive. Be positive! Be helpful! Be concerned! Show your interest in helping the prospect.

TEN: The Technology Close

Picture this! You have just completed the discussion of your product, marketing plan and business proposition. You summarise your product's main benefits to your customer. Now you bring out your laptop computer, placing it on the buyer's desk so she can see the screen, or you prepare to project the computer screen onto the wall. Using graphs and bar charts, you show the buyer past purchases and sales

trends. Then you call up your recommended purchase suggestion. If appropriate, you can show payment schedules considering different quantity discounts. This technology close is very impressive to buyers.

The exact use of technology in closing a sale depends on the type of product and customer you are selling. Without doubt, incorporating technology into your presentation will help you close more prospects and customers.

ELEVEN: Prepare a Multiple-Close Sequence

By keeping several different closes ready in any situation, you are in a better position to close more sales. Also, the use of a multiple-close sequence, combined with methods to overcome objections, enhances your chance of making a sale.

For example, you could begin with a summary close. Assuming the buyer says no, you could rephrase the objections and then use an alternative close. If again the buyer says no and would not give a reason, you could use the five-question sequence method for overcoming objections, repeating it two or three times.

Jane Martin, who works for an electrical wholesaler uses both methods to overcome objections and closing techniques. First, she uses the summary-of-benefits close and then waits for a response. Martin does not rush.

She realises it is a big decision and is prepared to handle resistance and ask for the order several times. The buyer is sending out green signals, so Martin does not stop, she continues to respond to the buyer.

The buyer finally gives the real reason for not buying when he says, “No. My supervisor will not let me buy anything.” By professionally handling John’s objections and politely continuing to close, Jane is in a position to talk with the real decision-maker – John’s boss.

In closing:

Since different closing techniques work best for certain situations, salespeople often identify the common objections they encounter and develop specific closing approaches designed to overcome these objections.

Assume, for example, that a buyer has a predetermined belief that a competitor’s product is needed. The salesperson could use the T-account approach to show how a product’s benefits are greater than a competitor’s product. In developing your sales presentation, review your customer profile and develop your main closing technique and several alternatives. By being prepared for each sales call, you experience increased confidence and enthusiasm, which results in a more positive selling attitude. You can help the customer *and* reach your goals.

STEP 8: FOLLOW UP

Good follow up will double your closing ratio. When a salesperson makes contact with a prospect a relationship has been built and follow up is how it is nurtured. Staying at the forefront of a prospect's mind requires persistence and should not be confused with being bothersome. This is why it's important to get agreement on some next step each time there is contact. Follow up therefore should never end. The pace may slow but it will never end. When a sale is made, then a new type of follow up begins.

Follow up conversations are best handled by the salesperson that started the relationship. Who else can better gauge a prospect's "willingness to buy" or pick up where "we last left off"? This means that detailed notes must be kept on each prospect with particular emphasis on their "state of mind". It is unwise and ineffective to keep track of this information anywhere other than a centralized database.

Additional note: It's important to hold some follow up ammunition in reserve. Overwhelming your prospects with every piece of information you possess on their first request hampers your ability to stay in touch. Having a stable of collateral materials gives you reason to follow up.

THE SALES PROCESS FOR WALK IN AND PHONE IN CUSTOMERS

Assisting the Customer

Customers often use the same service provider on a continuous basis and even then, it is important to make each service encounter count. Both positive and negative experiences add up over time and the sum-total of positive experiences over time creates an image of high quality, whereas many negative interactions have the opposite effect.

Service needs to be consistent. If you can only manage providing service at this point of time, the least you can do is to be consistently provide average service. Service cannot be good on some days and bad on others. The ultimate aim obviously should be to provide a high-quality service all of the time. We have to distinguish between the different types of service encounters.

Service encounters can be:

Phone in: Customers place orders and make inquiries by phone.

Walk in: Direct contact between the customer and an employee.

Regardless of the type of encounter, it should be a memorable, convenient and pleasurable experience for the customer.

The identification and analysis of service encounters in your business is thus a valuable method in establishing processes, procedures, actions and behaviours supportive of good customer service.

Serving Phone in Customers

Not every customer walk into the store - many just call in. These phone-in customers deserve the same quality of service you deliver to customers in person. In some ways, serving phone-in customers is easier because you do not have to worry about appearances. The customer's first impression of you will be based completely on your telephone manner. If you are polite and pleasant, you will please the customer. If you are rude or impolite, you will not only lose a customer, but so will the company.

A customer who telephones instead of visiting a store is most likely a buyer who knows exactly what they want. Therefore, they do not want to waste time travelling to the store to find out about the products price and availability. Since time is important to this customer, you should accommodate with prompt and efficient service. You are likely to be rewarded with a quick and easy sale. The key to quality service over the phone is good attitude and quick response.

In some ways, you have a built-in sale with a phone-in customer. Your challenge is to "close." You must convince the customer that it is worth their time to visit the store and make a purchase. One way is to schedule an appointment. Another way is by offering to put product on hold. Do what you can to make shopping convenient for the phone-in customer.

Basic Contact Pattern Steps for Dealing with Phone-In Customers

The steps below indicate the actions of the operator and the criteria of how each element in the contact pattern needs to be performed.

Step	Action
1	Greet and announce yourself
2	Acknowledge customers opening statement
3	Verify need
4	Fact Finding – get detail
5	Leave the line
6	Return to line
7	Presentation / explanation
8	Closing statement

Step 1 – Greet and Announce Yourself

Once the call has been connected to your workstation the customer will hear the following announcement: “Your name” speaking, “how may I help you?” Example: “Wayne speaking. How may I help you”?

Giving your name is a good way to begin establishing open communication, which is helpful later in the contact. Giving your name also indicates your willingness to take ownership of the customer interaction. It personalises the interaction and ties back to good customer service.

Step 2 – Acknowledge Customer’s Opening Statement

Personalise your response according to what the customer has said – health, empathy to complaints.

Respond **before** you begin with gathering of facts.

Clarify the customer’s need and acknowledge.

Paraphrase the customer’s request to ensure clarity of understanding.

Assure the customer that you are willing and able to help with his / her query.

Empathise when appropriate.

Example of response:

“I’ll be glad to assist you today with your query”.

“Let’s see what I can do about helping you with that, sir”.

Step 3 – Verify Information

The name provided by the customer.

Try and narrow down the number requested by the customer in order that you can find the solution as quickly as possible.

Thank the customer for the information.

Examples could begin with:

“ Did I understand correctly,?”

“So, you are saying....”

“Did I correctly understand that...”

“My understanding then is that you...”

Step 4 – Fact Finding

Often the information given by the customer is insufficient to provide the number after only the verification stage. Varying questions may be asked depending on the nature of the customer’s request.

Step 5 – Leave the line

If it is absolutely necessary for the operator to leave the line, ask the supervisor for help, it is important to remember to do the following:

- Advise reason for leaving the line.

Customers feel better about being on “hold” when they understand the reason why they are being put on “hold”. A simple explanation of what you will be doing off-line will be sufficient. Example: “Ma’am, I’m going to have to access information from one of our other systems in order to assist you with this enquiry.”

- Obtain Customer’s Agreement to Leave the Line.

This allows the customer to tell you that being on hold is not acceptable and they can be advised to call at a more convenient time.

Phrase your explanation for leaving the line as a request for permission. Some customers despise being put on hold. Get permission before pressing the “hold” button. Example: “Do you mind waiting while I get this information?” or you might say, “Would you excuse me while I check other records?”.

Acknowledge Customer’s Agreement and thank the customer.

Step 6 – Return to the line and offer information

- Obtain customer’s attention, when returning.
- Thank the customer for holding.
- Offer complete and accurate information.
 - Be clear
 - Provide complete information
 - Be accurate
 - Be honest
 - Offer clear explanation if information is not available

Example: “Sir, I’m back. Thank you for waiting. I have accessed all our systems and cannot find the information you require. If you can give me more specific information, I will be more than happy to assist you.”

Step 7 – End the call

Even if you practice perfect telephone etiquette throughout the call, don’t underestimate the importance of ending the call on a positive note. Some key actions for ending calls this way include the following:

Repeat any action steps you are going to take to ensure that both you and the customer agree on what is going to be done.

Ask the caller if you can do anything else for him or her. Doing so gives the customer the chance to tie up loose ends that may not have been discussed during the call.

Thank the customer for calling and let him know that you appreciate him bringing the problem (if there was one) to your attention.

Let the caller hang up first so that they do not accidentally get cut off the phone. Doing so prevents you from getting caught up in other things and forgetting pertinent information.

Example:

“Thank you for calling.”

“It’s a pleasure to have been of assistance.”

“Have a nice day”

“Please call again.”

Remember When Taking Messages:

- Name of Caller
- Name of Organisation
- To whom the call is made
- Reason for the call
- Time of the call
- Telephone number
- Remember to repeat detail

Walk-in Customers

Step 1: Initial Contact

Principles for initial contact

Principle 1: Every customer must be acknowledged on entrance.

Principle 2: Take the initiative to approach the customer!

Principle 3: Greet.

Principle 4: Keep eye contact.

Principle 5: The first customer stays first.

Principle 6: Communicate with the waiting customers. "I will be with you in a minute."

Principle 7: Do an introductory needs analysis to establish the primary need of the customer. "How can I be of help?"



Step 2: Identify and Confirm the Need

Principles for needs analysis

Principle 1: Create an atmosphere of hospitality. You do this by going out of your way to show the customer that you want to enhance their experience!

Principle 2: Ensure that you only use open-ended questions to enquire the needs of the customer. "How can I be of service?" "Anything I can help you with?"

Principle 3: Keep eye contact with the speaker at all times.

Principle 4: Take notes of the conversation if important information is discussed or a lengthy order/instruction is given.

Principle 5: Keep your composure and do not interrupt the speaker before they are finished.

Principle 6: Show you are listening by nodding your head or sending acknowledgements.

Principle 7: At the end of the conversation paraphrase the important information.

Step 3: Respond to Customer Requests

Principles for providing information

Principle 1: When you explain things, think from the client's perspective.

Principle 2: Organise explanations logically:

What they already know

What they need to know.

What words would they understand?

NB!!!



Principle 3: Use examples to explain what you want to say.

Principle 4: Encourage your clients to ask questions if they don't understand.

Principle 5: Monitor for understanding. In face-to-face situations observe the client's body language for obvious signs of discomfort.

Principle 6: Do not allow the client to lose face, because it could be that they don't understand. Politely offer to repeat yourself.

Principle 7: Throughout your conversation, show sensitivity and understanding towards the client. For example, if he or she is serious and formal, match their behaviour.

Step 4: Conclude the Service

Principles to conclude service experience

Principle 1: You must have a sense of urgency to prepare the bill or processing the merchandize to show the customer your focus and appreciation for their time.

Principle 2: On receiving payment you must thank the customer in a friendly and positive manner.

Principle 3: You must verbally ask the customer if they are completely satisfied with the products and service.

Principle 4: Make sure the customer receives all value-added products, which is available like mints or presents. Alternatively, if there are any fliers available with specials, it must be distributed to the customers.

Principle 5: The customer must be greeted with a friendly, professional “Thank you, enjoy your day, goodbye”.

Principle 6: A positive “come again” hint is the applicable way to invite the customer back when they leave, to seal the deal.

Principle 7: The moment the customer has left the business, you must take a moment to reflect on the interaction and measure yourself.



5A Individual Formative Exercise: Questionnaire



5B Individual Formative Exercise: Closing the Deal Checklist



S5 Summative Exercise: Closing the Deal evaluation and report

Bibliography / Reading List

References and Resources

Books

1. Slabbert, JA; Prinsloo, JJ; Swanepoel, BJ and Backer W, 1998: Managing employment relations in South Africa. Chapter 20: Reward and performance management. Butterworths.
2. Maximising Performance. FSA-Contact. Copyright: Development Dimensions International. 1975.
3. David Parmenter, Key Performance Indicators. John Wiley and Sons 2007, ISBN 0-470-095881.
4. Hooley, Graham J.; Saunders, John A.; Piercy, Nigel F. Marketing Strategy and Competitive Positioning. Pearson Education UK in 2004
5. Pickton, David; Broderick, Amanda. Integrated Marketing Communications. Pearson Education UK in 2005
6. Solomon, Michael; Bamossy, Gary; Askegaard, S.A. Hogg, Margaret K. Consumer Behaviour. Pearson Education

Internet Websites and Articles

1. Pine, B. Joseph II; Gilmore, James (7/1/98), "Welcome to the Experience Economy", Harvard Business Review.
2. Debor, Jessica (2008-02-20). "CRM Gets Serious". CRM Magazine. [http://www. Destinationcrm.com](http://www.Destinationcrm.com)
3. Peppers, Don and Martha Rogers, Ph.D. (2008), *Rules to Break and Laws to follow*, Wiley, ISBN 978-0470227541, [http://www. rulesandlaws.com](http://www.rulesandlaws.com)
4. Rae, Jeananne (2006-11-27). "The Importance of Great Customer Experiences". Business Week. [http://www.business week.com](http://www.businessweek.com)
5. Bernd H. Schmitt.; Bernd H Schmitt (2003), *Customer Experience Management: A Revolutionary Approach to Connecting with Your Customers*, Wiley: 1 edition, ISBN 0-4712-3774-4.
6. Lopez, Maribel D. (11/12/07). "Operators Thrive by Building and Enabling Experiences". Forrester. [http://www. forrester.com](http://www.forrester.com)
7. A description of performance management, <http://www.cpaaustralia.com.au>
8. Systems Thinking in the Public Sector, John Seddon.
9. Carol Taylor Fitz-Gibbon (1990), "Performance Indicators", BERA Dialogues.
10. The balanced Scorecard: Translating Strategy into Action, Harvard Business School Press, Boston (1996).
11. Hlavinka, K. (2005). *A Tale of Two Customers*. COLLOQUY, Vol. 13, Issue 1
12. "Great Customer Service For Your Small Business," by Richard F. Gerson, Ph.D.