Is Customer Service Relevant?
Lessons from Successful Service Organisations

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Insight #1:

Services are different from products.
Pure Goods
- Food product
- Chemical
- Book

Core Goods
- Appliance
- Data storage system
- Vehicle

Core Services
- Airline
- Hotel
- ISP

Pure Services
- Teaching
- Financial consulting
- Medical advice
Intangibility
- Cannot be inventoried, displayed, communicated clearly

Heterogeneity
- Service delivery/customer satisfaction depends on employee actions
- Many uncontrollable factors

Simultaneity of production and consumption
- Customers/employees both affect service experience; customers affect each other

Perishability
- Difficult to synchronise supply and demand
- Services cannot be returned or sold

Customer participation
- Customers are partial co-producers
Search qualities
• Attributes can be determined prior to purchase

Experience qualities
• Attributes can be determined during or after consumption

Credence qualities
• Attributes are difficult to determine even after service delivery
Insight #2:
The service experience is key for customers.
People are important part of service, sometimes they are the service

– “Moments of truth”

– Interpersonal trust and perceived fairness are key to customer experience

Supplementary services gain importance
Core product/service

People

Service Environment

Delivery Process
Insight #3:

Know your customers. How do they think? What do they really want?
How companies think

- CRM
- Call Centres
- Pricing
- Product Variety
- Product Manufacturing
- Technology
- Processes
- Marketing
- Platforms
- Systems

Point of Exchange

How customers think

- Hopes
- Dreams
- Desires
- Peace of Mind
- Family Lifestyle
- Stages of Life
- Communities
- Expectations
- Needs
- Chats
What’s really important?

COMPANY PERFORMANCE

IMPORTANCE TO CUSTOMERS

Under-investment?

Over-investment?
<table>
<thead>
<tr>
<th>Low Impact and Strong Performance</th>
<th>High Impact and Strong Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain or reduce investment or alter target market</td>
<td>Area of competitive advantage – maintain or improve performance</td>
</tr>
<tr>
<td>Low Impact and Weak Performance</td>
<td>High Impact and Weak Performance</td>
</tr>
<tr>
<td>Inconsequential – do not waste resources</td>
<td>Area of competitive vulnerability – focus improvements here</td>
</tr>
</tbody>
</table>
Performance-importance chart

- Product
- Sales
- Installation
- Repair
- Billing

Performance (Average Quality Score)

Importance (Regression Weight)
Insight #4:
Create a service culture within your organisation.
“A culture where an appreciation for good service exists, and where giving good service to internal as well as, ultimately, external customers, is considered a natural way of life and one of the most important norms by everyone in the organisation.”
Service quality emphasis

- Customer feedback
- Management support
- Support systems
- Hiring
- Teamwork
- Training
- Rewards and recognition

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Service profit chain

Operating strategy and service delivery system

- Service Concept
- Target market
- Outcomes

Employees

- Service Quality
- Service Capability
- Productivity & Output Quality
- Satisfaction
- Loyalty

Revenue growth
Firm
Profitability

Customers

Service Value → Satisfaction → Loyalty

Customers

Service Concept

- Operating strategy and service delivery system
- Service Quality
- Service Capability
- Productivity & Output Quality
- Satisfaction
- Loyalty
Insight #5:
Measure what really counts.
“Not everything that counts should be counted, and not everything that can be counted, counts.”

-Albert Einstein
DOGBERT'S TECH SUPPORT

HELLO, I...

SHUT UP AND REBOOT.

HEY, IT WORK...

SHUT UP AND HANG UP.

MY AVERAGE CALL TIME IS IMPROVING.

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Insight #6:

Plan for service recovery. If service fails, recover quickly and treat customer fairly.
Mistakes are inevitable, customers don’t expect superhumans and can be forgiving

“To err is human; to recover, divine”
Best practices in service recovery

- Fail-safe service as much as possible
- Incorporate recovery into hiring, training, and empowerment
- Apology, assistance, compensation
- Act quickly
- Treat customers fairly: Outcomes vs procedural vs interactional
- Learn from recovery experiences
Proportion of unhappy customers who buy again depending on complaint process

- **Customer did not complain**: 9%
- **Complaint was not resolved**: 37%
- **Complaint was resolved**: 46%
- **Complaint was resolved quickly**: 54%

**Source:** Adapted from data reported by the Technical Assistance Research Program.
Impact of effective service recovery on retention

No Problem

Problem, but effectively resolved

Problem Unresolved

Customer Retention

Source: IBM-Rochester study
Insight #7:
Make your customers complain.
Complaints are a gift!
Strategies to encourage customer complaints

- Train and reward staff to view complaints as gifts
- Market the fact that you look for complaints
- Evaluate your internal “complaint structures”
- Set up listening posts
- Make customer comment forms available
- Let customers complain in private
- Set up customer confidants
- Randomly ask for feedback
Insight #8:

Close any service gaps.
Gaps model of service quality

- Expected service
- Perceived service
- Service delivery
- Service delivery specifications
- Company perceptions of customer expectations
- External communications to customers

Customer gap (Gap 5)

Gap 1

Gap 2

Gap 3

Gap 4
THANK YOU!