

Customer Service in a Recession

There is not a country or an organisation in the world which does not appear to be impacted in some way by the recession. In these difficult times consumers have a choice about where they spend their money. Those organisations that provide excellent customer service are more likely to not only retain their customers but to attract new ones. So how do you do this in times of recession? In this article the authors provide practical advice on how to encourage your people to deliver outstanding levels of customer service in a recession.

Focus on the customer

Organisations that succeed in the customer service arena understand and anticipate customer needs. Instead of cutting research budgets during times of economic downturn, they continue to invest in on-going customer satisfaction surveys using methodologies such as customer focus groups and on-line forums to gain insights into customers' future needs.

The outputs from customer research can help the organisation to develop a clear value proposition to target, attract and retain customers. Whitbread's hotel chain Premier Inns has been particularly successful over the past 12 months. During the last year it has seen its like for like sales rise by 6%. Analysts have stated that this is a result of Premier Inn's having a "well defined value proposition" at a time when hotel guests are looking for cheaper accommodation. The chain's emphasis is on value for money. It used customer data to help improve its booking systems, tailor marketing efforts to boost weekend trade, and carry out a refurbishment programme to better meet the guests' needs. Harnessing the trend for value for money, Whitbread intends to add 4,000 rooms to its Premier Inn chain.

During the last recession in the early 90's airport operator British Airports Authority (BAA) spent half a million pounds on customer research and used the results to reinvent its business model. The EU's planned abolition of duty free in 1996 meant that BAA would potentially lose a quarter of its revenue. It needed urgently to redefine its customer proposition to attract and retain new business. The result of the customer research activity was the development of a new strategy that completely changed the customer experience and led to the continual growth of BAA as a business. As BAA's then CEO commented, "The recession actually helped us to improve our customer focus and our staff were more open to change".

Remember to: -

- Listen to customers to better understand their needs. Find out both what is important to them and how well you meet their needs
- Anticipate changes in customer requirements and priorities during the credit squeeze
- Develop a strong value proposition that appeals to customers' needs for personalisation, value for time and value for money

And importantly – share the information you receive from customers with your team. Research shows that only 10% of organisations involve team member in the results of customer insights. Only 40% actually take action as a result of insights!

Get the basics right

In times when every penny counts, best practice organisations ensure that their people deliver excellent service on a consistent basis. This is the first step in ensuring customer satisfaction. Food supermarket chain, Waitrose, for example, has a clear picture of the types of customers it attracts. Every Waitrose partner attends a training workshop where they learn the standards of service that customers expect. These standards are measured by mystery shopper visits and reinforced via on-going coaching in store.

How well do your service employees know what is expected of them? When was the last time that you experienced the service your organisation provides? Or that of your competitors? Organisations like Waitrose and John Lewis regularly benchmark their service against their competitors.

Best practice organisations:

- Use customer feedback to set service standards with your team
- Train all employees to adopt these standards to refresh the standards on an on-going basis and regularly monitor performance.

“Going the extra mile”

A business can have many satisfied customers, but that does not necessarily mean they are loyal to your organisation. Consistency of service and getting the basics right will help drive customer satisfaction. Customers “delight” comes from going one step further than the customer expects. The more likely the customer is to recommend you to others as an organisation the more likely they are to stay with you.

So how do you encourage your team to “delight the customer”? Certainly product and service innovation has a role to play here. Virgin Airways for example has carved a niche for itself by providing “add on” services to help create a memorable customer experience. They include pre-flight chauffeured limousine, complementary beauty treatments in its Clubhouse and flat beds for Upper Class customers. Dell Computers is beginning to arrest its downturn in market share by looking to create an Apple and Nike “try before you buy and customisation experience” for their customers. Shoppers will be able to try Dell’s products before make their purchase. They will have the option of configuring and ordering a custom product online that meets their exact specifications. Yet the problem with product and service enhancements is that they are easily replicable. What is not replicable is the quality of services delivered by people in the organisation.

So how do you encourage people to “go the extra mile” for the customer.

Catch people getting it right

“Catching people getting it right” is a proven way of enhancing employee confidence and encouraging them to go the extra mile. During times of recession studies show that those people who remain in jobs are likely to be more engaged with the company and working to give discretionary effort than when the economic climate is good. Research by the Hay Group shows that if you do not give any feedback to employees they are 40% less likely to be engaged. If you provide only developmental feedback e.g. feedback about what they can improve, they are 22% more likely to be engaged and want to give discretionary effort. If you provide motivational feedback and recognise what employees

are doing well, an organisation will see a 1% increase in employee engagement. 1% may not seem much of an increase but it often only takes one small extra touch to go the extra mile for the customer. For example:

- The team member who goes out of their way to call the customer to check that the delivery they have been promised has arrived and that the customer is happy
- The member of staff who remembers the customer's name and personalises the service interaction.

80/20 Rule

People join businesses and leave managers. Research shows that the biggest influence in encouraging excellent service is the employees' direct line manager. Businesses like John Lewis encourage their managers to adopt the 80/20 rule: Provide four pieces of motivational feedback for every one developmental piece that you give. In other words, build confidence through praise and recognition of excellence service. This can be as simple as a "thank you" or "well done," said sincerely by the manager on a one to one basis to each team member. Likewise best practice is to raise, in a constructive manner, the 20% of times when the team member does not deliver excellent customer service.

Effective feedback is based on observed behaviour. The AID model is useful in this regard:-

Action – Describe what you saw the individual do or say

Impact – Describe the consequence, effect or impact of behaviour to the customer, the organisation or the team

Do – Discuss what the team member can continue to do to provide excellent service or what they can do differently to improve.

Make sure that the discussion is followed by on-going coaching and monitoring to encourage improvements in performance. When line managers are set targets and rewarded for excellent service, they are more likely to adopt a customer focus.

Use service recovery as a means of gaining customer loyalty.

The reality is that some percentage of your service will result in failure. Customer expectations are constantly increasing and it is likely that there will be times when your customers complain.

The key is to treat customer complaints as an opportunity to put things right. A lot of customers do not bother to complain if they do not want to continue doing business with you – they walk with their feet.

Best practice organisations train their staff to:

- Listen to the complaint to show the customer that they do understand
- Empathise and apologise – take ownership of the complaint and say they are sorry – even if the fault is not of their own doing
- Ask questions to clarify the issues and what the service provider can do to put the situation right.
- React positively – by telling the customer what they can do to make amends not what they can't do.

- Notify the customer of the actions they will take to resolve the issue and inform the relevant functions within the organisations so that the mistake is not repeated.

In this way the organisation can LEARN from complaints. When handled well complainants are likely to become advocates of the organisation, but the business only has one chance to put things right.

Conclusion

In a recession any environment, providing excellent customer service can help businesses attain a competitive edge.

Best practice and information:

- a) Listen to their customers, communicating what they learn to team members and acting on customer feedback.
- b) Set standards of service based on customer feedback, provide training on these and deliver these standards on a consistent basis
- c) Encourage line managers to adopt the 80/20 rule and recognise excellent customer service. Link line managers' objectives and rewards to customer service results.
- d) Treat complaints as an opportunity to enhance the customer relationship and as a way of learning to do things better for the customer.