CHAPTER 12:
CUSTOMER SATISFACTION SKILLS

The key purpose of this chapter is to help students enhance their ability to satisfy customers, both external and internal. Customer satisfaction receives the highest priority in today’s business environment.

CHAPTER OUTLINE AND LECTURE NOTES

Many companies today emphasize total customer satisfaction over short-range profits because excellent customer service leads to good will, repeat business, and referrals. External customers are paying customers including clients, guests, and patients. Internal customers are the people one serves within the organization, or those who use a person’s job output. All workers in contact with customers are required to have customer satisfaction skills. Despite all the talk and writing about customer service in recent years, poor customer service particularly at the retail level remains a major problem. Many customers purchase over the Internet to avoid dealing with rudeness and indifference they sometimes receive from store associates.

I. GENERAL PRINCIPLES OF CUSTOMER SATISFACTION
   Certain general principles will sharpen a person’s ability to satisfy customers and thereby improve customer retention. Satisfaction, however, is considered a minimum expectation. Customer delight should be the ultimate goal. Customer satisfaction is also highly valued because it breeds customer loyalty, which in turn is very profitable. A set of key principles follows.

   A. Satisfied Employees Provide Better Customer Service
   Employees who are satisfied with their jobs are the most likely to satisfy customers. Employees want recognition and compensation that relates to their achievement of customer-service goals. A case history analysis at Sears found a strong relationship between employee and customer satisfaction. Employees can control some attitudes and beliefs related to customer satisfaction.

      1. Interest in the work itself
      2. A feeling of self-esteem
      3. Optimism and flexibility
      4. Positive self-image
      5. Positive expectations about the job

   B. Understand Customer Needs and Put Them First
   The most basic principle of selling is to identify and satisfy customer needs. To help identify customer needs, the customer service worker may have to probe for
information. Customers now have more power because of the availability of information and more competition. Satisfying customer needs adds value for them. After customer needs have been identified, the focus must be on satisfying them rather than on personal needs or those of the company.

C. Focus on Solving Problems, Not Just Taking Orders
Effective selling uses sales representatives to solve problems rather than merely taking orders. The focus on problem solving enables sales representatives to become partners in the success of their customers’ businesses. Using this approach, the customer is receiving consulting services in addition to the merchandise or services being offered.

D. Respond Positively to Moments of Truth
An effective customer contact person performs well during situations in which a customer comes in contact with the company and forms an impression of its service (a moment of truth). If the customer experiences satisfaction or delight during a moment of truth, the customer is likely to return when the need for service arises again. The customer who is angered or frustrated during a moment of truth will not return.

One way to track moments of truth is to prepare a cycle of service chart. Such a chart summarizes the moments of truth encountered by a customer during the delivery of a service.

E. Be Ready to Accept Empowerment
A major strategy for improving customer service is to empower customer-contact employees to resolve problems by themselves. Empowerment refers to managers transferring, or sharing, power with lower-ranking employees. In terms of customer relations it means pushing decision-making and complaint resolution down to customer-contact employees. For empowerment to work, the company must grant decision-making latitude to employees, who in turn must be willing to accept empowerment. Employees at Ritz-Carlton hotels have the authority to spend up to $2,000 to solve a customer problem.

F. Enhance Customer Service Through Information Technology
Information technology can play an important role in recording customer preferences and individualizing service. One such application is to use databases to have information on hand about customer preferences. Sending customers information they are likely to use is another way of enhancing customer service through information technology.

A major challenge in providing good customers service when using information
technology is to preserve the human touch. For example, (a) when you respond to a voice-mail outgoing message, leave specific, relevant information, and (b) use the customer's name when sending e-mail messages.

F. Avoid Rudeness
Although rudeness to customers is obviously a poor business practice, the problem is widespread. Rude treatment creates more lost business than does poor product quality or high prices. The Alamo Rent-A-Car "Best Friends" program is an example of a company program designed to overcome rudeness.

II. CREATING A BOND WITH YOUR CUSTOMER
Creating a bond or emotional relationship with a customer helps bring about customer satisfaction and delight. Warm, constructive customer relationships enhance customer retention. Creating a bond is aimed at increasing sales, but also enhances service. If the customer relies on and trusts the sales representative, the customer will perceive the service to be of high quality. Five key principles are as follows:

1. Create a welcoming attitude, including a smile. (Smile at customers, but not in a sexy manner.)
2. Provide exceptional service.
3. Show care and concern.
4. Make the buyer feel good.
5. Build a personal relationship.
6. Invite the customer back. (Y’all come back, now!)

III. DEALING WITH CUSTOMER DISSATISFACTION
Most customers put honest effort into preventing customer dissatisfaction. Despite the many efforts to achieve total customer satisfaction, some customer dissatisfaction is inevitable. One reason for this dissatisfaction is that mistakes in dealing with customers are inevitable. Three different approaches to dealing with customer dissatisfaction follow.

A. Deal Constructively with Customer Complaints and Anger
Customer satisfaction specialists recommend the following techniques for dealing with angry customers:

1. Acknowledge the customer’s point of view.
2. Avoid placing blame.
3. Use six magic words to defuse anger. (I understand [that this is a problem]; I agree [that it needs to be solved]; I’m sorry [that this happened to you].)
4. Apologize for the problems created by you or your company.
5. Take responsibility, act fast, and be thorough.
6. Follow up on the resolution of the problem.

B. Involve the Customer in Working Out the Problem
To minimize the perception of poor service, the customer should be involved in deciding what should be done about the problem. By involving the customer in the solution to the problem, the customer is more likely to accept a deviation from the service promised originally.

C. Anticipate How to Handle an Unreasonable Request
The customer who makes an unreasonable demand is usually aware of the unreasonableness, and therefore may not expect to be fully granted the request. A few of the suggestions for dealing with an unreasonable request are as follows:

1. Let your customers retain their dignity by stating your position politely and reasonably.
2. Avoid arguing with an upset customer.
3. Appeal to your customer’s sense of fair play and integrity.
4. Be firm by repeating the facts of the situation, but keep your temper under control.
5. Accept responsibility for your decision.
6. Be willing to say no to a customer when it is justifiable.

D. Maintain a Realistic Customer Retention Attitude
Some customers are too unreasonable, and therefore may not be worth keeping. A realistic goal is to retain as many profitable customers as possible. Airline passengers who engage in air rage are not worth keeping.

IV. CUSTOMER SERVICE TRAINING AT A LUXURY CHAIN HOTEL
The help reinforce the exercises and information already presented in the chapter, an interview about customer service training at the Ritz Carlton is presented. Nearly all 16,000 employees undergo training; prospective employees are carefully screened for the right traits; employees are trained to become service professionals; and cultural differences in what constitutes hospitality are taken into consideration.

ANSWERS TO DISCUSSION AND REVIEW QUESTIONS

1. An industry analyst recently stated that part of the explanation for the decrease in profits at McDonalds restaurants has been rude employees. What is your opinion of McDonalds employees who you have seen personally?

Student input here should be illuminating because many of the students have eaten
at McDonalds, worked there, or have friends or family members who work there. It could readily be argued that the customer service skills of the people in McDonalds advertisements exceed those of the actual employees. Many McDonalds employees appear indifferent toward customers.

2. For what reason is a satisfied employee more likely to provide better customer service?

A satisfied employee is less likely to be harboring discontent that he or she might take out on customers. A satisfied employee is also less preoccupied and can therefore concentrate better on customers, thereby serving them better. Another consideration is that when one is satisfied, it is easier to deal with the challenges of human interaction.

3. Describe a situation in your life when you experienced customer delight. What made the experience delightful?

Students who can identify incidents of customer delight will help provide insight into the nature of customer delight. It will be helpful to share these episodes of delight with classmates to look for trends.

4. Imagine any sales situation involving a major purchase. Describe how you might identify customer needs.

Whichever description the student chooses for identifying customer needs, it should realistically involve an interview along with probes for more details. The investigation should also take indirect paths such as asking about the customer’s lifestyle and professional activities.

5. Describe several customer moments of truth you have experienced this week. What made you classify them as moments of truth?

An appropriate answer to this question includes an understanding of the concept of moments of truth: interactions in which the person forms an impression of the company’s service. Many of these moments of truth will be negative, such as two store associates conducting a conversation while the student was waiting to be served. Another negative many students have experienced is not being taken seriously because they were dressed as students.

6. Visualize yourself as an executive at Target. Develop a policy to empower customer service desk associates to resolve customer problems, including the limits to their empowerment.
Policy development is a stretch exercise that students enjoy. Here is a sample policy for the customer service desk personnel:

Target customer service associates are granted the authority to resolve a wide range of customer problems without approval from their supervisor. Customer service workers are authorized to grant full refunds when it appears the customer has tried out but not regularly used merchandise. Full refunds and exchanges can be granted for defective merchandise. Customer service personnel, however, are not authorized to make payments to customers in excess of the retail price of the merchandise. A supervisor must be consulted before a customer service worker can grant refunds or exchanges without proof of purchase. (Students might be asked to critique this sample policy from the point of view of the customer service worker and management.)

7. Identify typical ways in which customers are rude to customer-contact workers.

Customers are rude to customer-contact workers in numerous ways, such as displaying impatience, trusting them, speaking to them in terms of endearment, sexually harassing them, and accusing them of cheating the customer on change.

8. What is your opinion of the impact of information technology on customer service? Offer at least two specifics in your answer.

A wide range of responses are possible here, including negative, neutral, and positive. On the negative side, all the e-mail ads can be annoying, and so can being routed through a long menu of options to answer a question asked on the telephone. On the neutral side, calling in utility reading, or reporting them online seeks satisfactory. On the positive side, many people enjoy paying bills online, and receiving account information from the bank through voice-recognition systems.

9. Can you identify any ways in which a customer-contact worker has made you feel good? If so, please provide the details.

Many positive experiences will probably be reported in response to this question. The feel-good episode often centers on a customer-contact worker smiling and also being supportive in other ways.

10. How effective is the principle "the customer is always right" when dealing with dissatisfied customers?

Following the principle "the customer is always right" too literally can create problems for the firm. Some customers make unreasonable demands and can lose
money for the company. When the customer does appear to be wrong, however, it is necessary to tactfully resolve the conflict.

ANSWERS TO CASE QUESTIONS

The Troublesome Big Screen

This story of an unusual customer-service problem illustrates the agony poor product knowledge and customer service can create. Students provide such detailed recommendations to this problem that we continue to use the case.

1. What mistakes in customer satisfaction principles did Appliance City personnel make?

A key mistake was failing to provide exceptional customer service by not carefully checking the TV monitors before selling them. We have no evidence that the store associate showed care and concern, nor did he make the buyer feel good.

2. What mistakes in customer satisfaction principles did Modern TV and Appliance make?

The personnel at Modern TV and Appliance should have been indoctrinated into realizing that they contribute to a perception of customer service. The sales associates did not respond well to a moment of truth when Tony initially called for assistance. Nor did she show care and concern.

3. What would you have done if you experienced a similar problem with an expensive TV receiver?

Here is an opportunity to see if students recall information about methods of conflict resolution and assertiveness. Some students will choose the option of screaming at the customer service representative over the phone.

4. Should the manufacturer of the giant-screen TV set have any responsibility for the problem faced by the Chavez family?

The manufacturer does have some responsibility for the problems faced by the Chavez family. A design error enabled a customer to trigger the demonstration mode after the television receiver was shipped. The manufacturer should have instructed retailers to disengage the demonstration mode before shipping a TV set.
COMMENTS ABOUT QUIZZES AND EXERCISES

The Customer Orientation Quiz

Answering the straightforward questions in this questionnaire directs the student’s thinking toward the behavioral specifics involved in customer service. The questionnaire also touches on advanced knowledge about customer service, such as No. 13, Now that individual consumers and companies can shop online, the personal touch in business is losing importance.

Moments of Truth

The moments of truth exercise works well in helping the student nail down the meaning of moments of truth. At the same time, the exercise raises awareness about the importance of seemingly minor incidents in customer service.

Am I Being Rude?

Responding to this questionnaire gives students a refresher on what actions are likely to be interpreted as rude behavior when serving customers. Several of the items warrant discussion as to why they constitute rudeness. Number 11 is an example: "I comment on customer’s appearance in a flirtatious, sexually-oriented way."

Bonding with Customers

Most students will enjoy these two positive role-plays. Students who watch the role-play can provide feedback on how well the sales representatives accomplished their goals.

Dealing with Difficult Customers

Anticipate some lively action with these role-plays. Students will also receive a demonstration of the challenge of resolving conflicts with customers. In scenario one the customer appears to be wrong, whereas in scenario two the customer appears to be right.
EXAMINATION QUESTIONS

Multiple Choice

(b) 1. An internal customer is a(n)
   a. customer who knows top management personally.
   b. person within the company who uses your output.
   c. person who buys a product or service in person.
   d. employee who acts as a customer spokesperson.

(c) 2. Studies indicate that an upset or angry customer tells an average of
   between ______ and ______ people about an unhappy experience.
   a. 1, 5
   b. 6, 9
   c. 10, 20
   d. 25, 75

(a) 3. The highest level of customer satisfaction is termed
   a. customer delight.
   b. extra satisfaction.
   c. expectations satisfied.
   d. basic needs satisfied.

(d) 4. Which one of the following levels of customer satisfaction is the most
   closely associated with true appreciation?
   a. common treatment
   b. friendly service
   c. world class experience.
   d. extra satisfaction.

(b) 5. A financial result associated with a small increase in customer retention is a(n)
   a. a comparable increase in profits.
   b. a substantial increase in profits.
   c. almost no increase in profits.
   d. a slight decrease in profits.

(c) 6. Satisfied employees are the most likely to
   a. not pay too much attention to customers.
   b. feel secure enough to enter into conflict with customers
   c. satisfy customers.
   d. ask to be transferred away from customer service positions.

(a) 7. High job satisfaction is likely to be associated with
   a. a feeling of self-esteem.
b. pessimism and rigidity.
c. low expectations about the job.
d. a striving for external rewards.

(c) 8. A recommended way of understanding customer needs is to
   a. give each customer a needs analysis survey.
   b. conduct focus groups with 10 percent of the customers.
   c. probe for information at point of sale.
   d. imagine you are the customer complaint department.

(b) 9. After identifying customer needs, you then
   a. search for ways to satisfy company needs.
   b. find ways of satisfying them.
   c. ask the customer to satisfy your needs.
   d. modify those needs to fit your company’s requirements.

(d) 10. The way to add value for customers is to
   a. reduce the price of goods.
   b. provide training for using the product or service.
   c. offer a discount for future purchases.
   d. satisfy their needs.

(d) 11. The emphasis in effective selling is to
   a. get customers to accept the same solution to their problems.
   b. minimize the size of the order.
   c. maximize the size of the order.
   d. solve customer problems.

(a) 12. A moment of truth takes place when the customer
   a. forms an impression of company service.
   b. does not pay the bill within 30 days.
   c. expects a refund because of poor service.
   d. files a formal complaint against the company.

(b) 13. The cycle of service chart lists a series of
   a. highs and lows in providing customer service.
   b. moments of truth experienced by a customer.
   c. service problems encountered by a customer.
   d. times at which a product should be serviced.

(d) 14. In relation to customer service, empowerment involves
   a. getting rapid approval from management on dealing with customer problems.
b. granting huge discounts to customers with a problem.
c. granting customers more time to pay their bills.
d. giving customer-contact workers more power to resolve customer problems.

(c) 15. Empowerment often improves customer service because
a. customer service workers have the authority to refer problems to higher management.
b. managers have more time to work with customers.
c. employees have the authority to resolve customer problems.
d. more employees work in customer service positions.

(a) 16. Under a system of empowering customer-contact workers, the employee would
a. make a quick decision as to whether the customer is right.
b. get quick approval from top management on a solution to a customer problem.
c. not admit that the company made a mistake.
d. avoid the risk of losing money on a customer transaction.

(d) 17. A major role played by information technology in improving customer service is to
a. present customers with a long menu of options when they ask for help.
b. sell customer lists to other companies.
c. provide uniform services.
d. individualize service.

(a) 18. Which one of the following is not a recommended as a way of using voice mail to enhance customer service?
a. Use a monotone, computerized-style voice to avoid misunderstanding.
b. Smile while leaving your message.
c. Attempt to minimize telephone tag.
d. Be specific about what you want from the person called.

(b) 19. Which of the following problems is said to be the major reason for lost business?
a. poor product knowledge
b. rude treatment of customers
c. poor product quality
d. over-attentive customer-contact workers

(a) 20. To bond with a customer is to
a. form an emotional relationship.
b. establish a tight legal agreement.
c. enter into frequent negotiations about price.
(d) 21. The best-accepted axiom about keeping customers happy is to
   a. keep prices lower than the competition.
   b. get involved in relationship selling.
   c. stay informed about what the competition is doing.
   d. maintain high-quality service.

(b) 22. Which one of the following is the least effective technique for creating
   a bond with a customer?
   a. Make the buyer feel good.
   b. Keep the relationship strictly business.
   c. Show concern for the customer’s welfare.
   d. Smile at every customer

(c) 23. To deal constructively with customer complaints,
   a. blame higher management for the problem.
   b. explain tactfully what the customer did wrong.
   c. acknowledge the customer’s point of view.
   d. avoid accepting the customer’s point of view.

(b) 24. Which one of the following tactics would be the least recommended approach
   to dealing with customer complaints?
   a. Acknowledge the customer’s point of view.
   b. Point out where the customer is at fault.
   c. Apologize for problems your company may have created.
   d. Follow up on the resolution of the problem.

(a) 25. A realistic customer retention policy centers on the idea that
   a. some customers are so unreasonable they are not worth keeping.
   b. the customer is always right.
   c. a customer retention rate of about 50 percent is realistic.
   d. a company should strive to retain all their customers.

True/False

(T) 1. One reason that total customer satisfaction is a good investment is that it leads to referrals.

(F) 2. Jennifer works for Marshall Fields in Chicago. Because Jennifer buys some of her clothing at the store, she is classified as an internal customer.

(F) 3. Customer satisfaction is the ultimate goal in relationships with customers.
4. The world-class experience in level of customer satisfaction is customer delight.

5. An increase in customer retention as small as 5% is likely to lead to an increase in profits as large as 60%.

6. Managers at Sears found out that satisfied company employees influenced customers to be satisfied, resulting in more purchases and profits.

7. People with low self-esteem are more likely to experience high job satisfaction.

8. A challenge in delivering high levels of customer satisfaction is that many customers may not be able to express their needs clearly.

9. A new emphasis for sales representatives is to take orders rather than wasting time attempting to solve customer problems.

10. A recommended approach to solving a customer problem is to ask the customer what problem he or she hopes to solve with the product.

11. A moment of truth in customer service would occur when you take your product home from the store and attempt to use it for the first time.

12. A moment of truth in customer service would occur when you walk into a computer store and ask for assistance in purchasing software that would enable you to create your own Web page.

13. The cycle of service chart lists the dates on which the company is available to provide you with customer service.

14. An empowered customer contact worker has the authority to resolve many customer complaints.

15. An empowered employee has the authority to make a quick decision as to whether the company or the customer is right about a customer problem.

16. A major contribution information technology makes to customer service is the ability to individualize service for customers.

17. With the right type of message, voice mail can minimize the problem of telephone tag.
18. For business purposes it is best to use an e-mail address that contain as sequence of numbers, letters, and dashes.

19. Poor product quality leads to substantially more lost business than does rudeness by customer contact workers.

20. In attempting to bond with customers, recognize that building a good working relationship with customers will often lead to a good personal relationship.

21. No matter how hard management attempts to please customers, some customer dissatisfaction will occur because some customers have a predisposition to complain.

22. A recommended approach for dealing with customer complaints is to take responsibility, act fast, and be thorough.

23. When a particularly difficult problem arises with a customer, it is recommended that the customer be involved in working out a solution to the problem.

24. A realistic customer retention policy is that managers and customer service workers should attempt to retain almost any customer that does not become involved in illegal acts.

25. The Ritz-Carlton Hotel experience with customer service workers suggests that experience is much more important than personal traits in selecting employees.