

Unit 6

Benefits of customer satisfaction surveys

Customer feedback

Such surveys provide a formal means of customer feedback to the organisation, which may identify existing and potential problems

Show that the company cares

Satisfaction surveys also convey the message to customers that the organisation cares about their well-being and values customer input concerning its operations.

Evaluating employee performance

Satisfaction results are often utilised in evaluating employee performance for merit and compensation reviews and for sales management purposes, such as the development of sales training programmes

Comparison purposes

Survey results help a company to identify its own strengths and weaknesses and where it stands in comparison to its competitors. When ratings are favourable, many organisations utilise the results in their corporate advertising

Focus on customer needs

Ultimately, the major advantage of customer satisfaction measurement is that it helps to secure an increased focus on customer satisfaction measurement is that it helps to secure an increased focus on customer needs and to stimulate improvement in the work practices and processes used within the company.

Measuring customer satisfaction

Problems in measuring customer satisfaction

Level of aspiration

- Satisfaction is relative to customers level of aspiration or expectation.
- Poor customers expect more as they see others higher living standards.

Changes in levels of aspiration

- Tend to rise with repeated successes and fall with failures.
- Products considered satisfactory one day may not be satisfactory the next day.

Personal Concept

- Looking at the average satisfaction of a while society doesn't provide a complete picture for evaluating effectiveness.
- Any evaluation of effectiveness has to be largely subjective. At a minimum, some consumers are more satisfied than others.

Ways of measuring customer satisfaction

After Sales Survey

Assesses customer satisfaction while the service encounter is still fresh in the customers mind.

The info reflects the organisations recent performance, but may be biased by the customers inadvertent attempt to minimise cognitive dissonance.

Can identify areas for improvement for improvement – proactive approach to assessing customer satisfaction.

Attempt to contact every customer and allow the company to take corrective action if a customer is less than satisfied with their purchasing decision.

Mystery shopping

A form of non-customer research that measures individual employee service behaviour

Generally trained personnel who pose as customers and who shop unannounced at the business.

Evaluate an individual employee during an actual service encounter and results are used as feedback.

Characteristics evaluated: time it takes for the employee to acknowledge the customer, eye contact, appearance & other customer service factors.

Aids the business in coaching, training, evaluating and formally recognising its employees

Customer Satisfaction Index

Based on regular interviews with many customers.

Makes it possible to track changes in customer satisfaction measures over time & allows for company comparisons

Questionnaire must be simple, to ensure a higher response rate & must provide the correct data that is usable –accurate & reliable

Questions asked of respondents vary & data can be collected by personal interviews or self-administered questionnaires (short telephone or cellphone interviews)

Should contain “objective” questions with a customer rating products on a 1-5 or 1-10 rating. Easier for organisations to prioritise action plans by comparing performance rating (scores) with importance rating (weighting).

SERVQUAL

It offers managers a systematic approach to measuring and managing service quality.

Emphasises the importance of understanding customer expectations and of developing internal procedures that align company processes to customer expectations.

The model identifies five core components of service quality: reliability, assurance, tangibles, empathy & responsiveness. There are 21 statements that cover these 5 service quality dimensions.

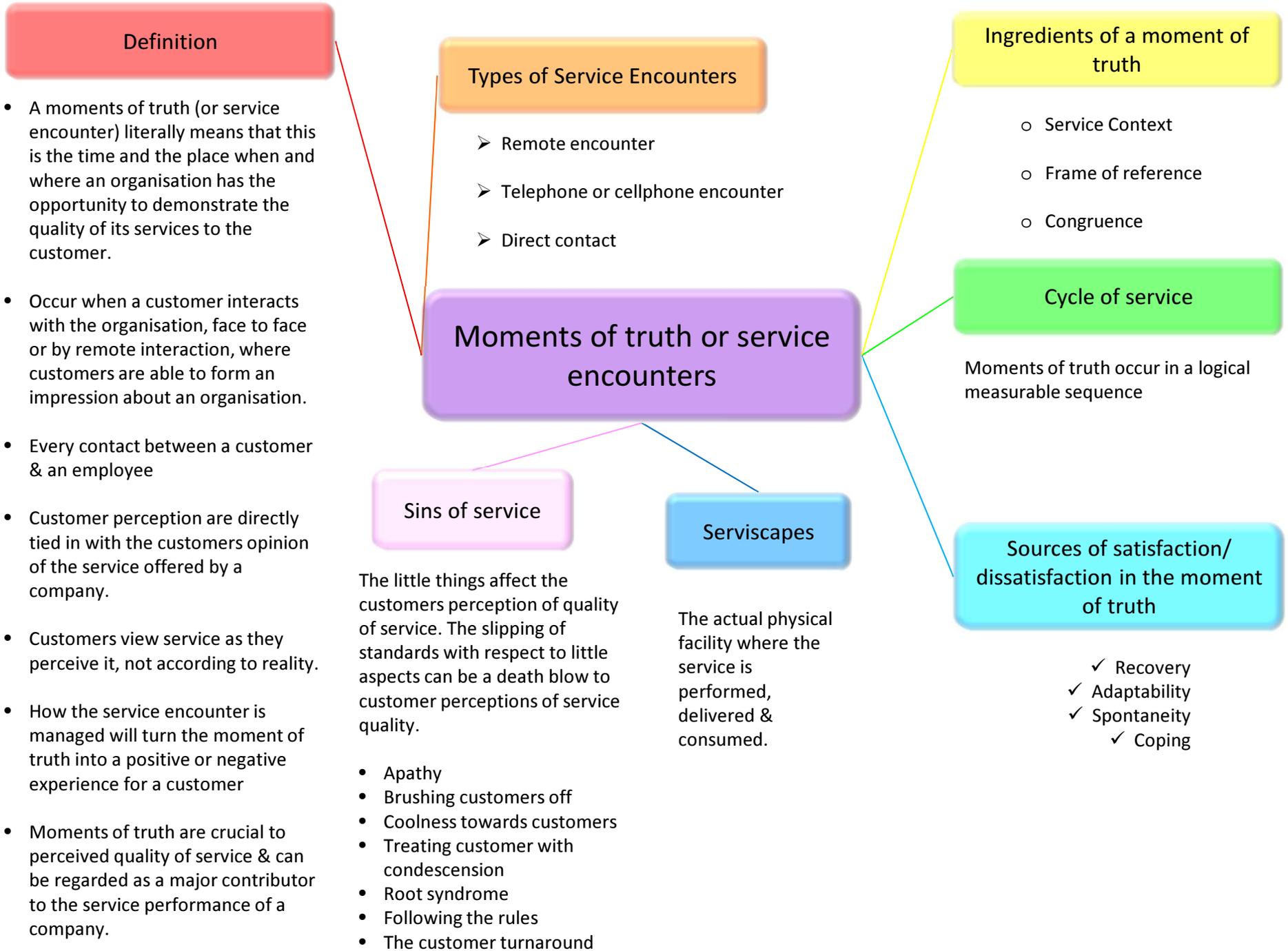
Statements are formulated & based on the statements, the respondent is able to indicate both the expectation & perceptions that they have of the specific dimension.

The difference between the perceptions & expectations indicates the existence of a gap.

Indicates the type of actions management needs to take to improve the quality of service and thus the overall relationship with the customer

Servqual example:

	My expected level of service							My perception of my lecturer's level of service						
	LOW						HIGH	LOW						HIGH
The lecturer on this course inspires confidence	1	2	3	4	5	6	7	1	2	3	4	5	6	7



Definition

- A moments of truth (or service encounter) literally means that this is the time and the place when and where an organisation has the opportunity to demonstrate the quality of its services to the customer.
- Occur when a customer interacts with the organisation, face to face or by remote interaction, where customers are able to form an impression about an organisation.
- Every contact between a customer & an employee
- Customer perception are directly tied in with the customers opinion of the service offered by a company.
- Customers view service as they perceive it, not according to reality.
- How the service encounter is managed will turn the moment of truth into a positive or negative experience for a customer
- Moments of truth are crucial to perceived quality of service & can be regarded as a major contributor to the service performance of a company.

Types of Service Encounters

- Remote encounter
- Telephone or cellphone encounter
- Direct contact

Moments of truth or service encounters

Sins of service

The little things affect the customers perception of quality of service. The slipping of standards with respect to little aspects can be a death blow to customer perceptions of service quality.

- Apathy
- Brushing customers off
- Coolness towards customers
- Treating customer with condescension
- Root syndrome
- Following the rules
- The customer turnaround

Serviscapes

The actual physical facility where the service is performed, delivered & consumed.

Ingredients of a moment of truth

- Service Context
- Frame of reference
- Congruence

Cycle of service

Moments of truth occur in a logical measurable sequence

Sources of satisfaction/dissatisfaction in the moment of truth

- ✓ Recovery
- ✓ Adaptability
- ✓ Spontaneity
- ✓ Coping

Types of service encounters

Remote encounter

- No human contact
- EG: ATM's or direct mail methods
- The tangible evidence of service and the quality of the process itself become the basis for judging the quality of the service.

Telephone or cellphone encounter

- The most frequent type of encounter with end customer
- Criteria for judging include tone of voice, employees knowledge and their effectiveness in handling customer issues.
- EG: Call centres

Direct contact

- Face to face
- Complex way of trying to establish service quality as both verbal and non-verbal behaviour need to be considered.

Service context

- All encounters between the organisation and the customer occur in a specific setting or service context.
- The collective impact of all the social, physical and psychological elements that happen during the moment of truth.
- The service context that is created is the overall effect of the environment created by the attitude and approach of all employees as they assist customers.

Frame of reference

- Both the customer & service employee approach the moment of truth encounter from the individuals frame of reference, which then totally dominates their thinking processes, attitudes, feelings and behaviour.
- Frames of reference can change in an instant.
- As the customer perceives that a need is / not being met, the frame of reference filter changes.

Among the many possible inputs that help to create the customer's frame of reference are:

- past experience with the business or similar business;
- beliefs about the business;
- expectations formed by previous experiences;
- attitudes, beliefs, ethnic norms and values that have formed during the customer's lifetime; and
- recommendations or warnings from other customers.

Inputs that help to create the service employee's frame of reference include:

- what the company has told the employee to do;
- rules and regulations set for service employees and customers;
- the employee's level of emotional maturity;
- expectations of customer behaviour based on past experience;
- attitudes, beliefs and values formed during the employee's lifetime; and
- the tools and resources, or the lack thereof, used to deliver the service or product.

Ingredients of a moment of truth

Congruence

- Working compatibility among the three factors of context, the customers frame of reference and the employees frame of reference.
- There must be some alignment of the customers frame of reference with that of the service employee in order for the moment of truth to be positive for the company on a consistent basis, and both must be congruent with the service context.

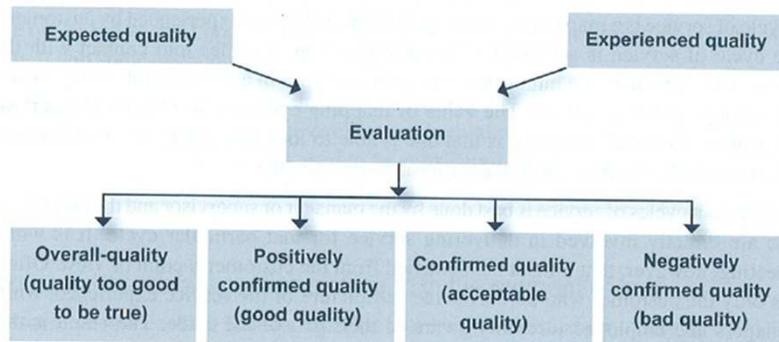


Figure 3.1 Possible quality outcomes

Cycle of service

- The chain of events made up of particular moments of truth or encounters that customers go through as they experience a service.
- A map of the moments of truth as they are experienced by customers
- Activated every time a customer comes into contact with the business
- Mapping out cycles of service is best done by managers and employees who are directly involved in delivering service for that particular cycle from the customers point of view
- Managing the moments of truth implies establishing the customers expectations at each critical moment of truth and then deciding on how to ensure that service is delivered to meet expectations.
- Critical moments of truth: Once cycles have been created, critical moments of truth can be spotted. If not managed positively, will almost certainly lead to customer dissatisfaction, loss of loyalty to your service or product and possible loss of the customers business.
- Separate the important moments of truth from the critical moments of truth
- Moments of truth occur in a logical measurable sequence
- Aspects that need to be considered at each encounter include:
 - skills
 - competencies
 - attitudes
 - time
 - knowledge
 - equipment
 - decision-making capability
 - authority

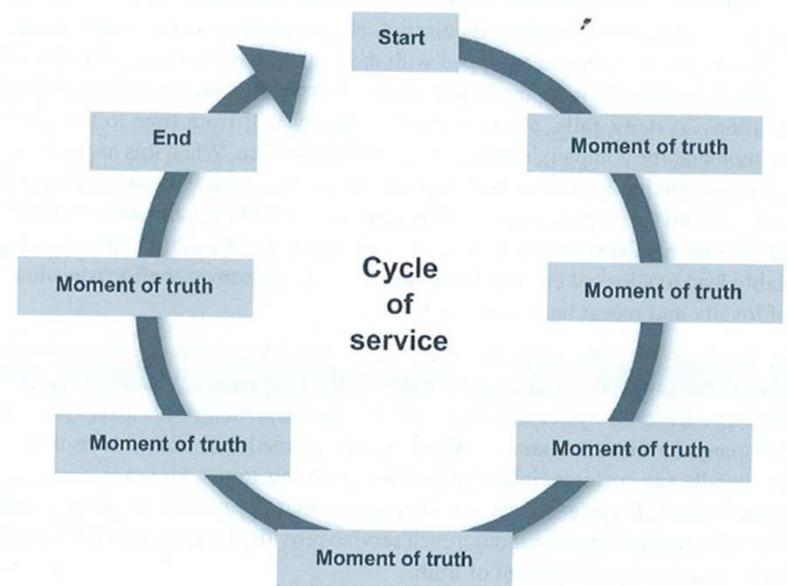


Figure 3.2 Cycle of service

Sources of satisfaction/dissatisfaction in the moment of truth

Recovery

- All incidents where the service delivery system has failed somehow and an employee has to respond to customer complaints.
- The way the employee responds, in terms of content and form, leads to a favourable or unfavourable memory of the incident for the customer

Adaptability

- How adaptable the service delivery system is when the customer has special needs or requests.
- Customers often perceive the something special is being done for them based on their needs, or they are frustrated by the unwillingness of the company to adapt or to accommodate their needs.

Spontaneity

- Encompasses pleasant surprises for the customer, such as special attention to something being done that was not requested.
- Unsatisfactory incidents often include negative or rude behaviour towards the customer.

Coping

- Revolves around the customer being uncooperative, where the service provided could do nothing that would satisfy the customer or lead them to be pleased about the encounter.
- Coping is the behaviour of the employees in handling these "problem customers."

Table 3.2 General service behaviours for the four factors

Factor	Do	Don't
Recovery	<ul style="list-style-type: none"> Acknowledge the problem Explain its causes Apologise Compensate/upgrade Lay out options Take responsibility 	<ul style="list-style-type: none"> Ignore the customer Blame the customer Leave the customer to 'fend for him-/herself' Downgrade Act as if nothing is wrong 'Pass the buck'

Factor	Do	Don't
Adaptability	<ul style="list-style-type: none"> Recognise the seriousness of the need Acknowledge Anticipate Attempt to accommodate Adjust the system Explain rules/policies Take responsibility 	<ul style="list-style-type: none"> Ignore Promise, but fail to follow through Embarrass the customer Laugh at the customer 'Pass the buck'
Spontaneity	<ul style="list-style-type: none"> Take time Be attentive Anticipate needs Listen Provide information Show empathy 	<ul style="list-style-type: none"> Exhibit impatience Ignore Yell/laugh/swear Discriminate
Coping	<ul style="list-style-type: none"> Listen Try to accommodate Explain Let go of the customer (i.e. stop dealing with the customer) 	<ul style="list-style-type: none"> Let the customer's dissatisfaction affect others

Servicescapes

- The actual physical facility where the service is performed, delivered and consumed is the servicescape.
- Forms part of the physical evidence that companies need to provide the customer with as cues for its service quality.
- *Exterior attributes:*
 - visible on the outside of the facility
 - not all factors can be controlled by the company
- *Internal attributes:*
 - can be managed more extensively by the company
 - improving the interior can improve the overall customer impression

Table 3.3 Elements of servicescapes

Facility Exterior	Facility Interior
Exterior design and colour scheme	Interior design and colour scheme
Signage	Equipment
Parking	Signage
Landscape	Layout
Surrounding environment	Air quality/temperature

1st Role: Package the offer

- Appearance can be extended to the actual dress of the staff & other aspects related to their outward appearance
- Appearance can be extended to the actual dress of the staff & other aspects related to their outward appearance
- The initial impression and is a moment of truth for the customer

2nd Role: Facilitator

- In terms of helping the performance of people in that environment
- Through good design, the flow of activities can be improved, facilitating goal achievement.
- Good design = pleasurable experience for the customer; where bad design = frustration and even actual discomfort.

3rd Role: Aid in socialisation

- Both customers and employees can better understand their expected roles, behaviours and relationships.
- By absorbing the position, appearance & placements of the surroundings, employees can deduce what expectations the company has of them.
- The design can also help to establish, for customers and staff, exactly what types of interactions are encouraged.

4th Role: Differentiation

- Differentiation of the company from its competitors.
- Changes in the servicescape can be used to reposition a company, or even attract new market segments.

Servicescapes

- **Apathy:** The worst form of apathy is when service employees convince customers that they really do not care about the customers' problems. Apathy is an indication of an employee who has lost interest in customers, and when service employees stop caring, they should be replaced.
- **Brushing customers off:** This is when service employees try to dispose of the customers, usually because they have something else to do, especially close to lunch time and closing time.
- **Coolness towards customers:** Here the service employee is overly formal, unsmiling and officious. The service context in this situation is perceived by the customer as cold and uncaring.
- **Treating customers with condescension:** This is shown when service employees talk down to customers, use words that the customer cannot understand, or shout at customers who cannot speak a certain language well.
- **Root syndrome:** This occurs when service employees become so used to the routine that they do everything in the same way, day after day. Many times, service employees do not even realise that the customers are there, do not acknowledge their presence, and often speak to the social class of the customer rather than directly to the customer. How many times have you tried to pay a bill and the person behind the counter hasn't acknowledged you as a customer? Employees like this ignore the face-to-face customer contact that is so critical to positive service perceptions.
- **Following the rules:** This occurs when the rules and procedures of a company are created more for the organisation's convenience than for the convenience of customers. Often, systems and procedures are established by employees in an organisation who are far removed from the face-to-face customer's point of view. In terms of CRM, the rules must be designed from the customer's point of view. This will ensure that the company is perceived as service oriented.
- **The customer turnaround:** This is a way of disposing of customers by directing them to another department in the organisation. How many times have you been transferred from one department to another, while nothing is done to deal with your complaint?

Key success factors

Key success factors of service management

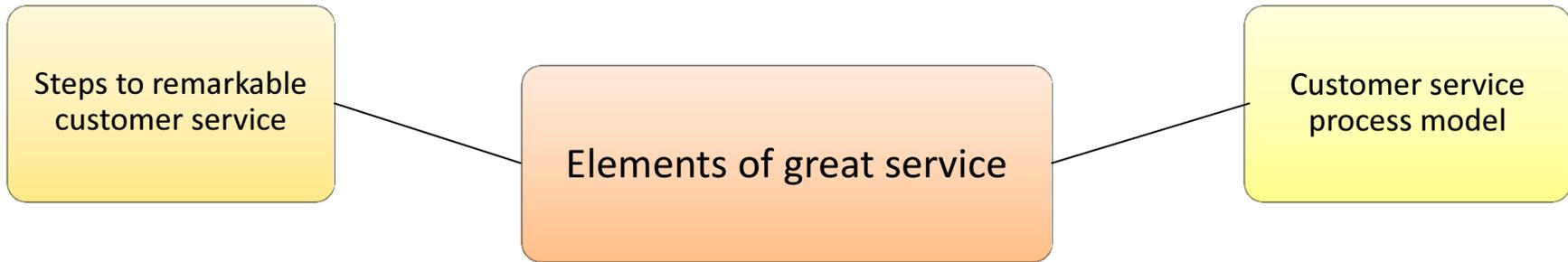
Encouraging employees to recognise the cash value of each customer

- **The customer:**
 - All activities in the organisation must be centred on the customer.
 - The customer always comes first.
- **The service strategy:**
 - This strategy will be centred on directing the activities of the organisation towards satisfying the needs of the customer.
 - Two key parts of a service strategy:
 - ✓ The official corporate commitment to service
 - ✓ The service promise to customers.
- **The people:**
 - Superior service must be delivered by all staff especially the front-line staff.
- **The systems:**
 - All organisational systems must be designed for easy customer interaction.
 - Must be designed for the convenience of the customer not the organisation

- The lifetime value is the same as the cash value.
- The CLV is a formula that expresses a customer's present value in monetary terms.
- CLV consists of 3 factors:
 - Recency
 - Frequency
 - Volume
- Other factors that should be taken into account when measuring the lifetime value of a customer include:
 1. The period of time over which CLV should be measured
 2. The interest rate to be used to determine the present value of the customer
 3. All the costs related to the customer that should be taken into account, eg: merchandise sold, services provided & maintenance

Table 3.4 Factors of CLV²⁴

	Recency	Frequency	Volume
Definition	Date of last purchase	Average number of purchases a year	Average spend per purchase
To increase CLV	Purchase should be recent	Purchases should be frequent	Spend per purchase should be high



1. Fix everything two ways
2. Think laterally to avoid customer offence
3. Make customers into fans
4. Service employees must seem eager to solve problems
5. Take the blame
6. Memorise useful phrases
7. Practise puppetry
8. Go the extra mile
9. Honour ceremonial expectations
10. Greed will get you nowhere
11. Provide a performance guarantee
12. Give customer service people a career path
13. Make sure something's in it for the employees

- Service organisations delivery to customers an experience rather than a tangible good, so it is the delivery that counts since that is what creates the experience.
- Implementing a process model is another way by which service employees can be given a very clear understanding of how to provide excellent service.
- The line of visibility represents everything the customer can see.
- Each block represents an event in the process.
- Arrows labelled wait represents an even in the process or can be labelled with time spans as indicators.

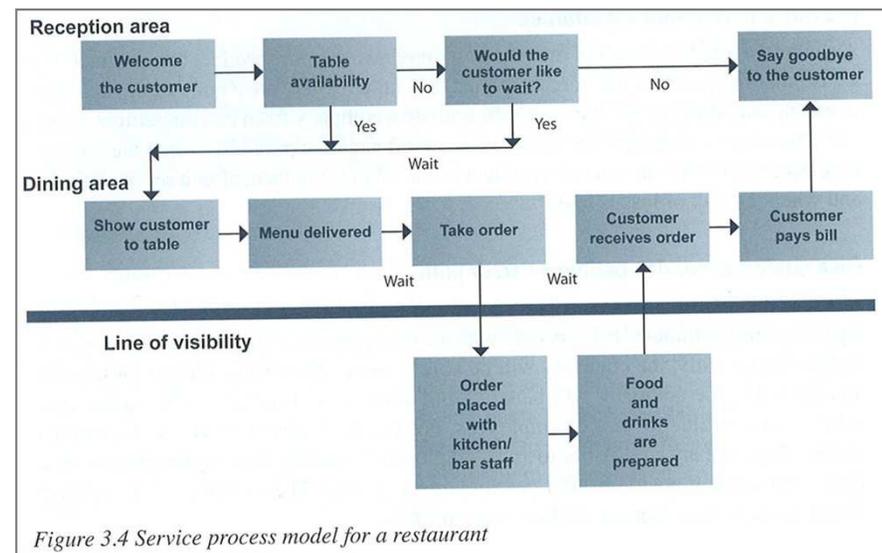


Figure 3.4 Service process model for a restaurant

Steps to remarkable customer service

Fix everything two ways

Think laterally to avoid customer offence

Make customers into fans

Service employees must seem eager to solve problems

Go the extra mile

Practise puppetry

Memorise useful phrases

Take the blame

Honour ceremonial expectations

Greed will get you nowhere

Provide a performance guarantee

Give customer service people a career path

Make sure something's in it for the employees



Definition

- A corporate culture is the set of common norms and values shared by people in the organisation.
- A service culture could be a basis for a sustainable competitive advantage.
- A service culture can be said to exist in an organisation when a service orientation and an interest in customer are the most important norms within the organisation.

Requirements for a service culture

1. A service strategy should be developed
2. The service strategy and processes should be reflected in all aspects of the organisational structure
3. A service-oriented leadership must be established
 - Management must support the service initiative in word & deed to maintain a service culture
4. The knowledge and attitudes needed for good service should be created through training

Managing the service culture

Corporate commitment

Necessary elements of corporate commitment:

- Commitment is worth more than the paper it is written on
- Commitment needs to flow from the top down
- Commitment to service needs to become entrenched
- Commitment to service needs to be properly compensated

Behavioural Code

- *Only speak well of customers*
 - Should want to help rather than have to help
- *Only speak well of competitors*
 - Focus on improving company, not one-upping competitors
- *No temper tantrums*
 - No negative behaviour as it has a chain reaction on staff
- *Speak to managers about issues*
 - Culture of open communication should be established
- *Teamwork*
 - Offering assistance to colleagues when needed