
UNIT 2 CUSTOMER SERVICE CLASSIFICATION

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2.0 OBJECTIVES

After going through this unit you will be able to:

- Understand the characteristics of **Customer** services
- Describe the different categories of Customer services
- Explain the goals of Customer service

2.1 INTRODUCTION

According to Payne and Clark, "Customer Service involves understanding what the customer buys and **determining** how additional value can be added to the offer". Customer service can take place before, during and after actual transaction. Customer service is a philosophy in which all employees feel and act accountable for creating satisfied customer. Value added customer service is the responsibility of all the employees of the organization. Accountability is vital to customer service and in a successful service oriented organization every one is accountable for the customer satisfaction. It is the job of every marketer to create satisfied customer.

In many organizations customer support service is a department or a section where customers with complaints are guided for a reactionary solution to the problem that he experiences with the use of the product. Customer service should be an attitude of the organization. It should become an integral part of the corporate culture. It should be the fundamental aspect of a business philosophy and should be a commitment to ensure that customers leave more excited than when they walked in the door. A popular saying is that advertising brings customers to the stores where **poor** customer service takes them away from the store and the brand.

The customer service is a value added service to match the customer expectations. It is also necessary to know what consumers value. They can be grouped as quality, availability, knowledge of the people, ease of doing business, **performance** of the product, follow through by the people with whom they deal and the price. All these elements are more important to the consumer than the element of price. In fact, the profitability and profit **potential of the organization** can be increased **through the performance of customer support service.**

There are various myths about the customer services and their lesser relevance in the Indian context. This is because Indian marketers think that good customer service is time consuming. The research speaks **otherwise**. It says that getting a new customer takes more time than getting more **business** out of an existing and satisfied customer. Some people are of the opinion that servicing existing customers is expensive. Quality gurus are of the opinion that 35% of the customer complaints are about the poor quality of the service delivery than the customer complaints on product performance or the price of the product. There is a high sense of gratification among managers and they often tend to forget that the expectation of the customers increase over a period of time. It is always prudent to benchmark against evolving customer service expectations than just benchmarking against competitors in the industry.

2.2 CHARACTERISTICS OF CUSTOMER SERVICES

Most companies in manufacturing and service business offer their customers a package of a product called a solution, which is a combination of the core product and a variety of service related activities. These services provide the differentiation that separates successful firms from the not so successful ones. According to Theodore Levitt "We live in an age in which our thinking about what a product or a service is must be quite different from what it ever was before. It is not so much the basic, generic central thing we are selling that counts, but the whole cluster of satisfactions with which we surround it." **Performing** well in a service delivery requires modern marketers to understand.

- What action and reaction consumer expect from the organization.
- Grouping of these actions into core and support service elements.
- Evaluate how well the organization is performing on each one.
- Redesign existing service packages in order to offer customers in each target market segment a product offering and delivery system that meets their expectations for performance and value within the constraints of a price that will allow the service provider to have an allowable profit.

The Customer support services should contribute to the overall service perception. It is necessary to obtain information about consumers' overall satisfaction on core as well as other services. Management must decide on the right set of support services to be offered to the customer.

Elements of Customer Service:

Lalonde and **Zinszer** categorised customer service into three distinct categories viz: **Pre Transaction**, **Transaction** and **Post Transaction**. For a retailing organization these will include the following elements:

- a. **Pre Transaction** element: Information about the product, assurance about the product **quality**.
- b. **Transaction** element: Responsiveness, product quality demonstration, convenience of buying, ambience.
- c. **Post Transaction** element: Warrantee, complaint handling, service recovery, managing loyalty clubs.

It takes coordination from the top, bringing together people, management, technology, and processes to give quality customer service to the customers. **Rakowski** took this model and broadened it further by subdividing customer-service activities into five phases: Pre-contact, personal contact, pre-delivery, delivery and post delivery. He argued that,

"Customer service activities are necessary before an order is placed and must continue long after the product is delivered". In the next section we describe the eight broad areas of customer service.

Customer Service Champs

Business Week, a leading international business magazine in its issue dated March 5, 2007 gave **its first ever ranking of the best providers of customer service** in U.S.A. It gave a ranking of 25 client - pleasing brands - The service leaders who don't just meet customer needs but anticipate and exceed them. Among the list were a number of retailing companies as well. Given below are some of the retailers included in the list of customer service champs and their key attributes of success.

- **NORDSTROM** : Customer ranked the **courtesy** of the seattle based department store chain's people tops among all retailers.
- **WEGMANS FOOD MARKET** : Wegmans received the best scores of any retailer for the **ease of returning items to the store**.
- **CABELA'S** : The retailer's loaner programme, which allows employees to borrow, test out, and review its products for free, pays **off**. It ranks top among all retailers when it comes to **product knowledge**.
- **PUBLIX SUPER MARKET** : Customer gave this grocery chain the highest marks among supermarkets when it comes to **convenience of locations and speed of check-out**.
- **STARBUCKS** : Starbucks **baristas** ,ranked high on their levels of **friendliness, knowledge and availability**. With almost 9,000 locations, they also did well on **convenience of locations**.

Source : **BusinessWeek**, March 5, 2007

2.3 CLASSIFICATION OF CUSTOMER SERVICE

Customer Service can be broadly classified into the following eight categories.

1) Information

New customers and prospects need information to make decisions about a product. They want to know what product will best meet their needs. The existing customers also need information regarding the usage, maintenance of the product during the life of the product. The prospects in online buying also need information that will guide them to move to the site that will provide information to them. Traditional ways to provide information is through the support literature, printed notices, flyers, brochures and instruction books. Current methods include videotapes, compact disks, software driven tutorials, touch screen video display, computer accessed bulletin boards and menu driven recorded telephone messages.

2) Consultation

Providing information suggests a simple response to customer's questions. Consultation involves dialogue to probe customer requirements and then develop a tailored solution. The services under consulting covers advice, personal counselling, tutoring and training in product usage, managing or technical consulting.

3) Order Taking

Once the selling process is over, acceptance of applications, orders, reservations are

components of order taking. Unless the organization is accessible to its customers, the real business may not happen. Some service providers establish formal member relationships with customers like retailers, insurance companies and utilities, credit card companies and clubs. A reservation is a special type of order taking. Examples include the airlines, cinema halls, and restaurant tables.

4) Hospitality

Retailing as well as some other services requires customers to enter the service factory and stay there till service delivery is complete. Well-managed businesses try to treat the customers as guests. Examples of hospitality elements include greeting, food and beverages, toilets and wash rooms, bathroom kits, waiting facilities and amenities, including lounges, waiting areas, seating facility, weather protection, magazines, entertainment and newspapers.

5) Safekeeping

While visiting a service site customers want assistance with personal possessions. Unless certain care taking services are provided, they might find the support services not feasible. The examples of safekeeping include provisions for baggage, safekeeping of the valuables and childcare. The second category of safekeeping involves the physical delivery of goods when the consumers buy them over phone or internet. Support services of this nature may include packaging; pick up, delivery, assembly, installation, cleaning and inspection. Customers buying consumer durable are also looking for safekeeping in the form of maintenance and warranty and whether they can purchase the maintenance contract as a part of insurance.

6) Exceptions

It includes a group of services that fall outside the routine of the normal service delivery. The exceptions include special request where individual or corporate customer may request some degree of customized treatment that requires a departure from the normal operating procedures. Advance requests include personal concerns related to stages in life cycle or personal disabilities. Problem solving involves situations when normal service delivery fails to run smoothly as a result of accidents, delays, equipment failures or customer experiencing difficulty in using the produce. Handling of **complaints/suggestions/complements** requires well-defined procedures. When the customer wants to express dissatisfaction, offer suggestions for improvement, or pass on compliments, it should be easy for the customer to do so and the service provider should be able to respond at the earliest to the problems. Restitution is the process by which the customer complaints are redressed. Customers expect to be compensated for serious performance failures. This compensation may take the form of repairs under warranty, legal settlements, refunds, an offer of free product service in the future or other form of payments in kind.

7) Billing

It is common to almost all services unless the service is provided free or as a part of the deal. Inaccurate, illegible or incomplete bills offer an opportunity to disappoint customers. Billing should be also done timely so that it will result in faster payments. Various **forms** of billing procedures exist including verbal billing practices to machine driven billing **procedures** and online billing procedures. Different kind of billing services include periodic statement of account activities, invoices for individual transactions, verbal statements of amount due, machine display of amount due, **self-billing** by the customer and the online billing.

8) Payments

A bill requires a customer to take action on payment either on personal basis or through the bank advice. Customers expect ease and convenience of payment including credit when purchasing goods.

The eight customer services explained above may not be equally important for all retailing organisation.

2.4 GOAL OF CUSTOMER SERVICE: CUSTOMER SATISFACTION

Customer satisfaction occurs when the performance meets customer expectations. In a competitive environment, with frequent new product introduction, merely meeting expectation may not be sufficient. Organizations that challenge themselves to exceed rather than meet expectations are more likely to pleasantly surprise their customers, cement loyalties, and invest in developing new products and processes that enhance customer value. The 'exceed' definition is compatible with the definition of customer satisfaction-meeting the customers stated and latent requirements. Customer expectations are a function of the past experience with the company's products and competitor's products and communication messages from the company and its competitors. If expectations are hard to match then performance is much more within the company's control for managing customer satisfaction level. The organization first identifies the components of product or service performance that are of special value to its target customers and then deliver superior satisfaction on those dimensions.



"Now that's service! Our insurance agent is on the way!"

Quality is a concept related to the attitude of customers and their comprehensive evaluation of the customer support services. It is built up from a series of evaluative experiences of the services delivery of the organization to the customers. The assessment of the quality of the service is made during the delivery of the service and encounter of the customer with the service personnel. Customer satisfaction with service quality can be defined by comparing perceptions of service received with expectations of service desired by the consumers. When the expectations exceeded, service is perceived to be of exceptional quality and also to be a pleasant surprise. Quality customer service helps in gaining competitive advantage particularly in a commodity market where every product looks similar.

Leading service and consumer durable companies measure the gap between the customer expected services against the perceived services as a routine feedback process. Some company's do not consider customer service as a strategy but as a way of life.

Example: A customer of a famous store fell in love with a pair of slacks that had just gone on sale. But the store was out of her size, and the sales associate was unable to

track down a pair from other outlets of the store in town. He was however, aware that the same slacks were available across the street at a competitor; the associate took some cash from the department manager, went across to the rival store, bought the slacks at full price, returned to the store and sold them to the customer at the "sale" price. Obviously, the store did not make any money on that sale, but it was an investment in terms of customer loyalty and the customer would in most probability come back to make her next purchase.

Activity 1

Visit a petrol pump, a multi brand outlet of refrigerators and a company showroom of a motor cycle company and conduct an interview with each of the service managers by asking a question "what is the meaning of customer satisfaction for their organization and what is the role of customer service in this regard?"

2.5 LET US SUM UP

In this unit we have essentially looked into the issue of customer services for the organizations. The complete product solution constitutes an intangible component to augment the physical product in the form of customer service. The objective of any customer service is to create a satisfied and loyal set of customers who will repurchase the product as well as get involved in cross selling and up selling. These customers will also play the role of an advocate for the product. Customer services augment the core product by delivering higher quality. There are various types of customer services like information, ordering, hospitality, safekeeping, exceptions, billing and payments. These services help in building higher level of customer satisfaction. The level of satisfaction largely depends on the type and quality of services provided to the customer.

2.6 TERMINAL QUESTIONS

1. Describe the concept of customer service. What is the importance of these services for marketers?
2. What are the various kinds of customer services? Discuss with the help of examples.
3. What is the goal of any customer service? Explain.

2.8 REFERENCES

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