

## Customer Service Doesn't Cut It Anymore

By Roger H. Nunley

Conventional wisdom says an organization must have satisfied customers if it is to survive. But today, organizations are realizing that satisfying customers may not be enough. Recent studies indicate that satisfied customers are not necessarily LOYAL customers and even though customers say they are satisfied, they may still defect to a competitor.

Many organizations use a 1-5 rating system to measure customer satisfaction with 5 indicating the highest level of satisfaction. In most cases, organizations are content with a score of 3 ("satisfied").

But according to a 1994 study reported in the Harvard Business Review, a 3 rating indicates that the customer is "satisfied," but not necessarily "loyal." The article reported that a score from 3.5 to 4.5 indicates that customers are indifferent. Only a score of 4.6 or above indicates a truly loyal customer.

So how does an organization achieve customer loyalty? Is it simply a matter of answering a customer call on the first ring? Offering high speed internet access in every meeting room? Seating only 8 instead of 10 at function tables? Not exactly.

Achieving customer loyalty is an ongoing process, not a single action. An organization must understand what customers want and provide it, because, in the end, the only perspective that matters is the customer's.

### So what do customers want?

The Institute has studied the issue and found that customer expectations generally fall into the five dimensions outlined in the SERVQUAL model (according to Parasuraman, A., Zeithaml, V.A., and Berry, L.L. (1988). SERVQUAL: A Multiple Item Scale for Measuring Consumer Perceptions of Service Quality. Journal of Retailing, 64 (Spring): 12-37): Tangibles; Reliability; Responsiveness; Assurance, and Empathy.

**Tangibles** are the physical aspects of a service experience such as the appearance of the facility and staff, as well as items like communication materials. In short, this is the image that an organization projects. In the hospitality industry, for example, the facility and the staff must be neat, clean and organized in order for the customer experience to be satisfactory. To engender loyalty, however, that physical image must exceed the customer's expectation. Some organizations take steps to create not just a certain physical appearance, but tangible ambiance – selecting a soothing color scheme, installing plush carpets and comfortable furniture. Westin's concept of a "Heavenly Bed" is a prime example of an organization that is working to inspire customer loyalty using the tangible aspects of service quality.

**Reliability** means performing the promised service dependably and accurately, keeping promises, and doing it right the first time. In the hospitality industry, this can be as simple as honoring the fees quoted for a service and ensuring that the service provided is the service that the customer expects. Are you taking steps to ensure that there are no interruptions in service delivery? Is there a well-staffed reception desk, an informative website, an efficient toll-free number or strategically located information kiosks? When guests need directions or have a question, do they know where to go for an answer? If a first-time guest walked into your facility, would they be able to find their way to their destination? Is directional signage clear and easy to spot? Are employees easy to identify and prepared to answer most guest questions?



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## Customer Service Doesn't Cut It Anymore (cont.)

**Responsiveness** refers to the timeliness of service and the willingness to help. The loyalty factor is engaged when an organization responds to a customer's need before he or she even realizes that a need exists, or when an organization goes above and beyond the call of duty in responding to a request.

Several years ago, the Institute held its annual conference at a popular resort in South Florida. Upon our arrival, we realized that we had not shipped any nametag holders for the conference. We asked our contact at the hotel to provide directions to the nearest office supply store. Instead of sending us on our way, she offered to go herself to pick up whatever we needed so we could continue with our conference preparations. She returned from the store with a variety of nametag holders for us to make a selection. We were so impressed with her initiative and responsiveness that we rewarded her service by returning to the resort for our next four events. That small investment of her time was returned with thousands of dollars in revenue for the hotel.

**Assurance** is the knowledge, courtesy, and professionalism that build a customer's trust. Ensuring that representatives are knowledgeable requires that an organization invest in effective training initiatives. They must be targeted and ongoing. But training alone will not guarantee knowledgeable representatives. Hiring right, paying appropriately, coaching effectively, measuring accurately and rewarding often are critical success factors for developing knowledgeable representatives who can resolve most issues on the spot.

**Empathy** is the caring, individualized service that makes a customer feel valued. Loyal customers are made when an organization remembers their names and their likes and dislikes. The Ritz-Carlton, for example, has earned numerous customer service awards by creating individual guest profiles and offering personalized services; from remembering a guest's preference in pillows to making certain that their favorite newspaper is delivered daily.

To ensure that these five dimensions of service quality are integrated into your day-to-day operations requires a commitment from management. Exceptional customer service must be incorporated as a primary business goal and a core value of an organization and must be reflected in its policies and procedures. A constant process of performance evaluation is also necessary to ensure that the organization remains customer-focused.

Any organization that understands what its customers want, and then provides it, will be on a fast track to achieving customer loyalty.

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