

Module 8: Customer Service & Sales

Lesson 1 - Customer Service

OVERVIEW

In this lesson, students will gain a fundamental understanding of the importance of customer service.

OBJECTIVES

1. Define customer service.
2. Explain why customer service is important.
3. Describe what a business can do to provide the best customer service possible.
4. Explain the concept of retention and why it is important to a business.

KEY TERMS

Customer Service

Retention

This Lesson Bundle Includes:

- What is Customer Service? - Lesson Outline
- What is Customer Service? - Presentation Slides
- Industry Application - Related Links

Lesson 1 - Importance of Customer Service

“WE SEE OUR CUSTOMERS AS INVITED GUESTS TO A PARTY, AND WE ARE THE HOSTS. IT’S OUR JOB EVERY DAY TO MAKE EVERY IMPORTANT ASPECT OF THE CUSTOMER EXPERIENCE A LITTLE BIT BETTER.” - JEFF BEZOS



DISCUSSION

Think about the last experience you had with a customer service representative. What was the interaction like? Were they accommodating? Was it a positive experience or a negative experience? Did the customer service representative’s assistance resolve your issue? Do you think that company’s customer service should be improved? Why or why not?

WHY IS CUSTOMER SERVICE IMPORTANT?

Customer service is the action taken by a sales professional to make the relationship between a business and its customers satisfactory. Many businesses strive to meet and exceed customer expectations, often integrating service goals with company mission statements. Customer service represents a critical step in the sales process and is ultimately about gaining and retaining the customer base.

It is much harder to find new customers than to keep the ones you already have, and exceeding customer expectations is critical to the success of any business.

It is the role of the customer service professional to help customers enjoy and value their relationship with the business or brand. Customer Service is all about solving problems and increasing [customer satisfaction](#). While customer service includes the service you provide helping a customer to make the right purchase for them, it also includes the service you provide post-purchase.

Who are the Customers?

A customer is anyone who purchases a product or service. This is the end-user for whatever product is being manufactured or the service that is being provided.

Examples of customers:

- A business professional purchasing a first-class ticket to London for a work meeting
- A college student paying tuition
- A family buying a Disney+ subscription
- A gamer buying a Nintendo Switch



Customer Service Benefits

Excellent customer service benefits a business in the following ways:

- Increased levels of customer retention and cost reduction
- Decline in negative associations with the business or brand via word-of-mouth advertising
- An opportunity to provide a source of differentiation
- Amplified levels of profitability
- Creation of brand loyalty
- New sales opportunities through positive word-of-mouth associations

Customer Retention

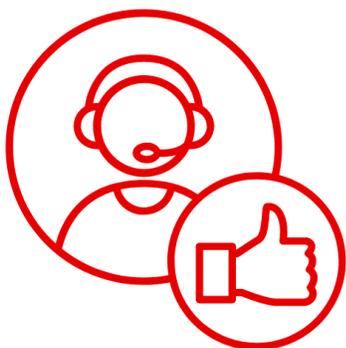
Sales professionals work hard to connect with customers. Once a business gains a new customer, it is important to build loyalty and trust to maintain a solid core customer base.

Retention is the process that helps a company earn repeat business from its existing customers. It is critical for any business to keep customers coming back. To maximize retention, a business must meet and exceed customer expectations at every step along the way in the business/customer relationship. In fact, increasing customer retention rates by just 5% can increase profits by between 25% and 95%, according to research from [Bain and Company](#). Consumers are becoming less patient, making retention that much more important to businesses and brands. According to [TCN Inc's annual customer service survey](#), 73% of consumers say they switch brands after just one negative interaction. Compare that number to 66% of consumers that said they would abandon a retailer in 2022, and 42% in 2021.

More interesting statistics to consider

According to the Customer Service Institute:

- It can cost up to five times as much to acquire a new customer as it does to service an existing one.
- According to the same institution, customers tell twice as many people about a bad experience as a good one.
- It takes twelve positive service incidents to make up for one negative incident.
- According to [HubSpot Research](#), 93% of customers are likely to make repeat purchases with companies that offer excellent customer service.
- 89% of consumers are more likely to make another purchase after a positive customer service experience, and 78% will do business with them again after a mistake, according to research from [Salesforce](#).



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It takes twelve positive service incidents to make up for one negative incident.

Source: Customer Service Institute

Delivering Great Customer Service

There are a variety of ways a business can consistently deliver customer service to meet and exceed customer expectations. While businesses will craft a customer service strategy that offers the best fit for organizational goals based on the resources available to them, the core principles behind any effective approach to customer service do not change.



Core customer service principles include:

1. Know your product or service.
2. Create and maintain open lines of communication with customers.
3. Get to know your customers; build quality relationships that last.
 - Click [here](#) to learn how large corporations like McDonald's are hiring new high-level positions within the company dedicated to the understanding customer, called CCO (Chief Customer Officer).
4. Actively listen and empathize with customer concerns and don't be afraid to apologize.
5. Respond quickly to customer feedback (including suggestions, criticism, compliments, and complaints) and do all you can to right any wrongs.
 - Click [here](#) to read about Lego's approach to responding to customers with missing pieces to a Lego set (Lego reportedly receives more than 4 million customer calls every year and as many as one-third of those calls are about lost pieces).
6. Reward loyalty.
7. Incorporate the customer service element into the organization's mission statement.
8. Effectively utilize technology.
9. Maintain positive attitudes.
10. Genuinely be grateful for and appreciate your customers.

Commitment to Service

Companies recognize the importance of customer service to the overall health of the business, and the long-term implications of a successful service strategy. That is why businesses have more commitment to customer service than ever, with companies investing in CRM software, larger customer support staff, customer service training, and more.

In the corporate world, executives at the highest level of the organization are represented with "C-suite" job titles. The "C" stands for "chief", and that designation signals a top-ranking leadership position within the organization.

Traditionally "C-suite" positions include:

- CEO (Chief Executive Officer)
- CFO (Chief Financial Officer)
- CMO (Chief Marketing Officer)
- COO (Chief Operation Officer)
- CIO (Chief Information Officer)

As more businesses commit to elevating customer service, some companies are investing in establishing a new "C-suite" position—the CCO, which stands for Chief Customer Officer. The CCO is dedicated to gaining a better understanding of the organization's customers while managing the overall customer experience. Several Fortune 500 companies are among those who have recently [created](#) CCO positions, including McDonald's, Walgreens, Under Armour, and CVS Health.

Customer Service Example: Walt Disney Company

The Walt Disney Company has long been a leader in corporate commitment to customer service. Since its founding, Disney has prioritized achieving high levels of service by establishing a customer-first culture throughout the organization. How do they accomplish this customer-first culture? It begins with the employees.

Consider the following, according to Walt Disney World Info (an online [blog](#)):

- Employees are expected to do their part to make every guest feel special while they are visiting a Disney-owned property, even encouraged to "check their smiles" before entering the park.
- Employees are encouraged to constantly wear a smile.
- They are told to never point with one finger. Instead, they must use their entire hands to indicate a certain direction, which is considered less threatening.
- If an employee sees any trash on park grounds, no matter how small, they are expected to pick it up to keep the property as clean as possible at all times.
- The company welcomes feedback, positive or negative, from employees to help the company improve.





DISCUSSION

Think about your favorite business or brand. If you were hired as the company's new CCO (Chief Customer Officer), what would you do to enhance the customer experience? Think about what you just learned about The Walt Disney Company's approach to customer service. What lessons could you incorporate as part of your overall customer service strategy?



KEY TAKEAWAY

Customer service represents a critical step in the sales process and is ultimately about gaining and retaining the customer base. It is much harder to find new customers than to keep the ones you already have, and exceeding customer expectations is critical to the success of any business.

It is the role of the customer service professional to help customers enjoy and value their relationship with the business or brand.



INDUSTRY APPLICATION

Connect your classroom with industry examples by reviewing the following news stories relating to concepts covered in this lesson:

Customer Experience - [These Are the Best and Worst Airlines of 2023 So Far, According to a New Report](#)

Customer Experience - [Delta invests in electric air taxi startup Joby, plans last-mile airport service](#)

Customer Experience - [McDonald's unveiled an automated store. Some consumers aren't loving it.](#)

Customer Service - [In the Midst of Hundreds of Canceled Flights, Delta Air Lines Did Something Completely Unexpected. It's What Every Company Should Do](#)

Customer Service - [A new top job at McDonald's that is all about understanding the customer](#)

Customer Service - [How Disney Beats All Others in Customer Service](#)

Customer Service - [Lego Customers Lose Millions of Pieces a Year. The Company's 4-Word Response Is the Best I've Ever Seen](#)

Customer Service - [More U.S. customers than ever before report experiencing product and service problems](#)

Customer Service - [These Travel Companies Have The Best Customer Service In 2023](#)

Customer Service - [Chick-Fil-A Still Reigns Supreme In Customer Service \(But Maybe Not For Long\)](#)

Customer Service - [One Negative Chatbot Experience Drives Away 30% Of Customers](#)

Customer Service - [Most consumers jump ship after 1 bad brand experience](#)

KEY TERMS DEFINED:

Customer Service: The action taken by the seller to make the relationship between the organization and its customers satisfactory.

Retention: The process a business engages in to earn repeat business from its existing customers.

