**N4 & N5**

**ADMINISTRATION**

**& IT**

**Outcome 1.2**

**Customer Service**

**Pupil Notes**





**ADMINISTRATIVE**

**PRACTICES UNIT**

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**Customer Service Knowledge Checklist**

The following traffic light checklist should be used to track and record your progress -

|  |  |
| --- | --- |
| Customer Service Checklist | TrafficLight |
| I can define “the customer” |  |
| I can define customer service |  |
| I can describe the key features of good customer service |  |
| I can explain the role of the admin assistant in providing good customer service |  |
| I can explain the benefits of good customer service |  |
| I can outline how businesses maximise customer service* Customer focus groups
* Mystery shopper
 |  |
| I can describe what loyalty schemes are |  |
| I can distinguish between a guarantee and a warranty |  |
| I can describe the methods of communication used to interact with customers |  |
| I can suggest reasons why customer service is important to business success |  |
| I can assess the impact of poor customer service |  |

**Introduction**

**The Customer**

Most people will have an idea of who customers are but you may not appreciate that ALL organisations have “customers” even though they may not be called that! The customers of a hospital are the patients, the customers of a school are the pupils and the customers of a solicitor are the clients.

So far the customers we have discussed are all external to the organisations but many organisations also have internal customers.

In a place of business, everyone is the customer of one another and as such need to be treated in the same was as external customers in order to maintain productivity and the motivation of staff. It may well be better to think about a customer as anyone that you would interact with and has expectations.

**Customer Service**

Customers are all around. Customers are people who have needs and expectations. Customer service is about meeting and often exceeding, these needs.

"Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation."

The ability, or lack of ability, of an organisation to successfully meet customer expectations, can have a substantial impact on an organisation. The importance of customer service should never be overlooked!

**Customer Needs**

Customers nowadays are more savvy about what they want. There is far more choice available for customers, especially since internet shopping took off and customers can take the time to shop around for the best deal. They can be more selective about how and where their needs are met.

With competition and prices being so fierce, organisations need something to give them the competitive edge, something to attract customers from the competition.

It costs a lot more to attract a new customer than it does to keep an existing one but many organisations still don’t place enough emphasis on customer needs, satisfying them and keeping customers loyal.

Excellent customer service can be the reason an organisation attracts new customers and retains existing ones.

**The Key Features of Good Customer Service**

Organisations attempt to keep customers happy using different strategies. Good customer service is about satisfying the needs of customers and keeping customers loyal to the organisation.

**Mission Statements**

A lot of organisations will have a mission statement which sets out the main aims of the organisation and explains how the aims will be met.

A good mission statement will tell a customer about your organisation in a few sentences. It should let them know the organisations ideals and what the organisation stands for.

All employees should know the mission statement as this helps provide them with direction and helps them feel more motivated as they may feel they are contributing to the success of the organisation.

The following is an example of a mission statement from The John Lewis Partnership.





*Source: http://www.johnlewispartnership.co.uk/content/cws/resources/faqs/general.html*

**Customer Care/Service Strategy**

Organisations will have a separate written statement of principles relating to customer service. It is produced in order to ensure that the customer gets what they want, to the standard that they want it, at the quality they want and at a price that is acceptable.

The strategy will usually outline the organisations plans for:

* ensuring the quality of customer care
* measuring and testing that customers’ needs are being met
* making sure that service level agreements are in place
* dealing with customer complaints

**Complaints Procedure**

Most organisations will have some form of procedure for dealing with customer complaints. Large organisations even have a designated department that deals with complaints. Regardless of whether the organisation is large or small, all employees need to know the complaints procedures as customers will usually remain with an organisation after making a complaint as long as the complaint is dealt with to their satisfaction.

A good procedure for dealing with complaints should include the following:

You should note that not everyone will complain. Some customers will accept bad service and will not complain. These customers will often not return to the organisation and will talk about their bad experience to friends and family.

**The Role of the Admin Assistant**

It is often an admin assistant who will be the first person a customer has to deal with. It is important that the admin assistant is aware of all the procedures and policies that they should be following. An admin assistant can make a positive impact on customer service by trying to adhere to the following:

* When dealing with external customers it is important to **keep the relationship formal**. Although some customers don’t mind being addressed by their first name, this should always be checked first and if there is any doubt, first names should not be used.
* **Communication is vital** in any business especially when dealing with customers. It is important to keep in touch with customers and keep them informed of the situation. This is still true even if you have nothing to tell them. Letting them know that there is no news makes them feel that you are dealing with the situation and keeping them informed.
* A customer should always feel that they can approach a member of staff within an organisation. **Manner, body language and facial expressions** are extremely important when dealing with customers.
* All **customers expect honesty** from the people in an organisation. If a customer is lied to, even about bad news, then the relationship with that customer will suffer and the trust that the customer had will be gone. If the customer has no trust in the organisation, they are likely to take their custom elsewhere.
* The admin assistant should not step outside the remit of their job. Although it may seem appropriate to make a promise to a customer, if you can’t keep that promise and need to go back on it later, it will only make the situation worse. Limits should not be ignored or overstepped. They are there for a reason and **all organisational procedures should be followed** correctly to avoid any issues.

**The Benefits of Good Customer Service**

It is important that customers feel as if they are being treated well. Providing good customer service can bring many benefits to an organisation -

**How Businesses Maximise Customer Service**

The benefits of good customer service speak for themselves but what methods can an organisation use to try and make the customer experience as positive as possible?

**Market Research**

It is important for organisations to find out what their customers think about them and about the level of service they receive from the organisation. As good customer service is important to all organisations, they need to receive feedback from their customers so they can evaluate what they are doing well and what needs improved on.

There are two main ways for an organisation to carry out market research –

1. **Customer Focus Groups**

Customer focus groups are small groups of customers who meet to provide an organisation with feedback on their goods or services. These meetings happen face-to-face which means that the feedback received from customers is instant and any issues can be clarified there and then. The main issue with a customer focus group is the cost involved which means they are not held very often.

1. **Mystery Shopper**

A mystery shopper is used by many organisations to check on the level of service and care given by the organisation. They pretend to use the organisation as if they were a normal customer and they record and report on the experience they had with the organisation.

Staff within the organisation will be given positive or negative feedback based on the report provided by the mystery shopper. Any negatives can then be looked at to see how they can be resolved so they don’t happen again in the future.

There are other methods that can be used to find out about the experience of a customer. These are –

* A written or telephone survey
* Face to face interviews
* Suggestion boxes
* Online survey
* Freephone customer service telephone numbers
* Comment cards

**Loyalty Schemes**

Loyalty schemes are designed to reward customers for being loyal to an organisation. They are intended to try and get customers to remain with an organisation by giving something back to the customer.

When a customer buys something from an organisation they receive points on a card. After a period of time these points can be redeemed for more goods or services or the points are turned in to vouchers that the customer can spend with the organisation.

Loyalty scheme cards provide an organisation with valuable information about the customer and their spending habits. They give the organisation a very clear picture of who their customers are, what they spend money on, how much they spend and how often they use the organisation.

The most common loyalty card schemes are from Tesco (Clubcard), Boots (Advantage Card) and Nectar (Nectar Card).



**Guarantees/Warranties**

Many organisations offer guarantees and/or warranties to customers who use the organisation.

A guarantee is a formal promise by an organisation and demonstrates that the organisation has confidence in the products and services it has on offer.

Some retail organisations offer a full money back guarantee if the customer isn’t happy with a purchase and although some customers will use the guarantee, it generally brings in more customers.

A warranty is offered for a set period of time and shows that an organisation has faith in its products lasting for that time period. If the product fails, the organisation will repair or replace the product at no cost to the customer.

Some organisations now offer extended warranties for a period time that is usually longer than a normal warranty.

Extended warranties usually cost the customer extra money but they provide the customer with the security that if anything goes wrong with the product during the extended warranty period, it will be dealt with, usually, at no cost.

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**Communication with the Customer**

Communicating with customers is important if an organisation is trying to maximise customer service. The two main ways this communication occurs are face to face or by telephone. This means that the words we use, the tone of our voice and our body language are important when dealing with customers.

**Face to face** communication is important as an organisation can receive immediate feedback from a customer and any misunderstandings can be sorted out. It also helps to build a relationship with the customer and this leads to loyalty from the customer.

The most common form of communication with the customer is by **telephone** and many organisations now have dedicated customer care call centres. Customers are able to deal with an organisation from the comfort of their own home and it will cost them very little to do so as a lot of organisations have Freephone customer service phone lines. The main issue for a customer is that before they are able to speak to another person, there can be a large number of automated menu’s for the customer to navigate through and this often leads to the customer being wound up and angry.

Most organisations will have a policy in place for dealing with customers on the telephone and it will include –

* How quickly a call should be answered
* The greeting given when the call is answered
* What to do if you can’t provide help to the customer
* How to end the call

Many customers still like to put any complaint they may have in **writing**. This method of communication can be very effective as a record is kept and time is taken by the customer to read a reply and understand it.

**Email** is now a popular method of communication with customers. Using email can have many advantages –

* One email can be sent to a vast number of people at the same time
* The tone used in an email is less formal than would be needed in a letter
* They can be sent and received 24 hours a day
* It is a relatively cheap method of communication
* Emails can be tracked using delivery reports and read receipts

The main disadvantage of using email is that customers have an expectation that a reply will be instant which means that the organisation has to try and meet that expectation!

**Why Customer Service is Important to Business Success**

**The Customer as a Stakeholder**

Customers are vital to the survival of any business, since they purchase the goods and services which provide an organisation with the majority of its revenue.

Customers are stakeholders in an organisation but what are customers looking for? Customers are looking for a high quality product or service at a price that is appropriate. If the price is too high or the product is of poor quality, the customer won’t buy it.

It is therefore vital for an organisation to find out exactly what the needs of the customers are and to attempt to directly satisfy these needs - this is done through market research. The goods and services must then be promoted in such a way as to appeal to the target market and to inform them of the availability, price, etc.

Once the goods and services have been purchased by the customer, it is essential that after-sales service is offered and that the customer is happy with their purchase. The organisation must try to keep the customer loyal so that they return in the future and become a repeat-purchaser.

Customers are unlikely to remain loyal and repeat purchase from the business if the product that they have purchased is of poor quality and/or is poor value for money. More customers are prepared to complain about the quality of products and after-sales service than ever before, and the organisation must ensure that it has in place a number of strategies designed to satisfy the disgruntled customer, reimburse any financial loss that they may have incurred and persuade them to remain loyal to the business.

If an organisation doesn’t satisfy the customer, they will take their business elsewhere and will also tell others about their negative experiences and this will almost certainly have a very negative effect on the organisation.

**Business Objectives and the Customer**

All organisations from all three sectors of the economy will have objectives. Most organisations in the private sector have the same objectives. Listed below are the main objectives that the customer can have an impact on –

* **Profit**
	+ Organisations make a profit by having more income than costs. Most organisations are looking to make as big a profit as they can.
* **Survival**
	+ This is a common and obvious objective for any organisation to have. In order for any organisation to meet the other objectives it has to be around to do so, it has to survive!
* **Customer satisfaction**
	+ Most organisations will try their best to make sure that their customers are happy so that they remain customers.

If a customer isn’t happy with an organisation for any reason, that organisation will not be able to meet the customer satisfaction objective.

Those customers who aren’t happy will stop using the organisation and take their business to a competitor. They will also tell other people about their negative experience resulting in others also taking their business to competitors. This will result in the organisation make less profit and therefore not satisfying the profit objective.

If the profit of an organisation falls so much that it starts becoming a loss, the survival of the organisation is then at risk. To avoid failing, an organisation may have to pay off staff, close outlets and find other ways to reduce costs. If all this has been attempted and the organisation is still making a loss, it is likely that the organisation will close.

The importance of keeping the customer happy is clearly demonstrated here. Customer service should be a high priority for all organisations!



**The Impact of Poor Customer Service**

If an organisation fails to deliver good customer service, it can have a considerable impact on the organisation.

Ultimately, the survival of the organisation is dependent on the customer. As repeat custom is important, it is essential that customers are satisfied with the service they receive. If they are not satisfied, there are plenty of competitors who are more than happy to acquire new customer!

Poor customer service can be what causes an organisation to collapse.