

Eighth Edition

CUSTOMER SERVICE

SERVICE

SKILLS FOR SUCCESS



Mc
Graw
Hill

Robert W. Lucas

EIGHTH EDITION

CUSTOMER SERVICE

SKILLS FOR SUCCESS

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Robert W. Lucas





CUSTOMER SERVICE

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PERSONAL BIOGRAPHY

ROBERT (BOB) W. LUCAS is an internationally known, award-winning - author and learning and performance expert who specializes in workplace performance-based training and consulting services. He is the principal of Robert W. Lucas Enterprises and owner of Success Skills Press.

For over four decades, Bob has shared his knowledge and expertise as a coach and consultant. He has facilitated training sessions for thousands of workplace professionals in a variety of industries from national and international organizations. He also taught for over 15 years as an adjunct professor in the Human Resource Development Master of Arts program at Webster University and regularly presents educational sessions to various local and national groups. In addition, Bob has led or served on the boards of the Central Florida Chapter of the Association for Talent Development, the Florida Safety Council, Leadership Seminole, and the Florida Authors and Publishers Association.

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Ashton Photography

In recent years, Bob has dedicated much of his time to self-publishing books on a variety of skills topics and writing four blogs (*Customer Service Skills*, *Creative Training*, *Nonfiction Writing*, and *Cruising*). His areas of expertise include customer service, creative training and management program development, presentation skills, interpersonal communication, adult learning, and diversity. He has been listed in *Who's Who in the World*, *Who's Who in America*, and *Who's Who in the South & Southeast* and is an

avid writer. In addition to this book, he has written and contributed to 39 books and compilations and has published over 1,000 articles. Some of his other titles are *Please Every Customer: Delivering Stellar Customer Service Across Cultures* and *How to Be a Great Call Center Representative*.

Bob earned a bachelor of science degree in law enforcement from the University of Maryland; an M.A. degree with a focus in human resources development from George Mason University in Fairfax, Virginia; and a second M.A. degree in management and leadership from Webster University in Orlando, Florida.

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12 Managing Your Stress

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PREFACE

NEW TO THIS EDITION

Every Chapter

- Beginning of each section has *new Customer Service Interviews* with small service business owners
- Updated research and statistics throughout text
- Updates and addition of new *Trending Now* sections in many chapters

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Chapter 1

- Updated *In the Real World* chapter-opening case study (Amazon.com)
- New *Think About It*
- Updated research and statistics throughout chapter
- Updated *Key Developments* box highlighting developments that impacted the customer service profession
- Expanded definitions of service-related terminology
- New *Trending Now* segments added
- Added new information on pay and positions for customer service representative occupations
- Updated subhead area *Growth of the Service Sector* and changed that header to *Changes in the Service Sector*
- Added content on working in remote teams
- Included sections related to serving during the COVID-19 pandemic
- Updated discussion of *Global Economic Shifts* impacting customer service
- Revised *Components of a Customer Service Environment* model
- Included content on *Strategies for a Successful Job Interview*
- Additional *Work It Out* section
- Addition of section on *Shifts in Consumer Needs, Wants, and Expectations*
- Addition of suggestions for dealing more effectively with *Internal Customers*
- Additional *Customer Service Tips*

- Expanded discussion of small business trends and customer service
- Updated *Small Business Perspective* section to include content related to the COVID-19 pandemic
- Additional *Search It Out* resources
- Revised *Collaborative Learning Activities* section

Chapter 2

- Changed *In the Real World* chapter-opening case study to Target
- New *Think About It*
- Updated research and statistics
- Updated *Sample Mission Statements*
- Additional *Trending Now* segments added
- New *Customer Service Success Tip* added
- Revised *Positive Communication Model*
- Updated *Eleven Strategies for Developing and Promoting a Positive Service Culture* section
- Provided additional *Collaborative Learning Activities*

Chapter 3

- New *In the Real World* chapter-opening case study (GEICO Insurance)
- New *Think About It*
- Revised definitions related to service terminology
- Additional *Customer Service Tips*
- Additional *Trending Now* segments
- Updated research and statistics
- Expanded *The Importance of Effective Communication* section
- Revised *Guidelines for Providing Positive Feedback*
- *Small Business Perspective* segment expanded and updated
- Additional *Search It Out* activity resources
- Updated *Collaborative Learning Activities* section

Chapter 4

- Interview by customer service industry professional

- Updated *In the Real World* chapter-opening case study (American Express)
- Updated *Think About It*
- Addition of *Words to Live By* quote
- Addition of *Impact of Masks on Service* figure with Dos and Don'ts when serving with protective masks
- Expanded definitions related to service terminology
- Additional *Customer Service Tips*
- Additional *Trending Now* segments
- Revised *Work It Out 4.3—Adding Emphasis to Words*
- Updated research and statistics
- Additional *Search It Out* activity resources

Chapter 5

- New *In the Real World* chapter-opening case study (Nordstrom)
- New *Think About It*
- Expanded definitions related to service terminology
- Additional *Customer Service Tips*
- Additional *Trending Now* segments

Chapter 6

- New *In the Real World* chapter-opening case study (ALDI Supermarket)
- Revised *What Are Behavioral Styles?* section
- Updated *Identifying Behavioral Styles* section
- Revised *Work It Out 6.1*
- Revised *Key Term* definitions

Chapter 7

- Updated *In the Real World* chapter-opening case study (Coca-Cola)
- Expanded definitions related to service terminology
- Additional *Customer Service Tips*
- Enhanced strategies for interacting with *Rude or Inconsiderate Customers*
- Revised *Handling Emotions with the Emotion-Reducing Model*

- Expanded *Strategies for Preventing Dissatisfaction and Problem Solving* section
- Expanded *Causes of Conflict* section
- Additional *Trending Now* section
- Addition of *Work It Out 7.8—Recovering from Policy Restrictions* activity
- Updated *Disaster Planning Initiatives in the Service Recovery Process* section
- Revised *Summary* section
- Additional *Search It Out* activity resources
- Revised *Face-to-Face* activity

Chapter 8

- New *In the Real World* chapter-opening case study (Chipotle Mexican Grill)
- New *Think About It*
- Updated research and statistics
- Enhanced *Customers with Disabilities* section
- Expanded *Trending Now* segments

Chapter 9

- Updated *In the Real World* chapter-opening case study (Zoom Video Communications Inc.)
- Updated *Think About It*
- Updated research and statistics
- Additional *Trending Now* segments
- Updated *The Role of Technology in Customer Service* section
- Revised *Traditional Call Center Technology* segment
- Expanded definitions related to service terminology
- Updated *Social Media* section
- Additional *Customer Service Tips*
- Expanded *Technology Etiquette and Strategies* section
- Expanded *The Telephone in Customer Service* segment

Chapter 10

- Updated *In the Real World* chapter-opening case study (Costco)
- New *Think About It*
- Expanded definitions related to service terminology
- Updated research and statistics
- Additional *Trending Now* segments
- Customer Loyalty section renamed *Customer Brand Loyalty* with expanded content
- Revised *Figure 10.3 Examples of Product and Service Breakdowns*
- Enhanced *The Importance of Customer Relationship Management* section
- Revised *Small Business Perspective* section
- Updated *Search It Out* activity resources
- Updated *Collaborative Learning Activities* section

CHAPTER FEATURES

AN UPDATE ON A TRUSTED CUSTOMER SERVICE TEXTBOOK RESOURCE

PAGE XIII

Welcome to a brand-new look for the top-selling customer service textbook in the United States. This book has been the top-selling customer service textbook in the United States for over a decade and won the 2017 Textbook Excellence and the 2020 William Holmes McGuffey Longevity Awards from the Textbook and Academic Authors Association (TAA). In this edition, we have updated, expanded, and reformatted much of the content.

Customer Service: Skills for Success addresses real-world customer service issues and provides a variety of revised resources, activities, examples, and tips from the author and active customer service professionals in the industry. We did this to help gain and hold readers' interest while providing additional insights into the concepts and skills related to customer service. The text begins with a macro view of the history of customer service and what the profession involves today. It also provides projections for the future, and then focuses on specific skills and related topics to aid service practitioners.

The eighth edition of *Customer Service: Skills for Success* contains 10 chapters divided into four parts, plus the Glossary, Notes, and Bibliography. These parts focus on different aspects of customer service: (1) The Profession, (2) Skills for Success, and (3) Building and Maintaining Relationships, and (4) Retaining Customers. Along with valuable ideas, guidance, and perspectives, readers will also encounter interviews of real-world small business service providers who offer advice for current and aspiring service professionals. Readers will also discover tips for implementing proven customer service strategies, case study scenarios, and activities to help them apply concepts learned to real-world situations in order to challenge their thinking on the issues presented. For users of previous editions, you will note the addition of several new information elements and a tie-in to today's technology throughout the chapters. In the Instructor Resources in Connect, you will find various individual and small group activities, case studies, and other support material. These can be used

to engage readers and enhance content found in the book.

Each chapter begins with behavioral-based **Learning Outcomes** to direct students' focus and to measure end-of-chapter success in grasping the concepts presented. Students will also find a **quote** from a famous person to prompt their thinking related to the chapter topic and text focus. Throughout the book, the abbreviation LO indicates the Learning Outcome that applies to that section.

As students explore the chapter material, they will find many helpful tools to enhance their learning experience and assist them in transferring their new knowledge to the workplace. Throughout the chapters, students are asked key questions in the form of a **Knowledge Check**. This allows students to consider what they have just read and test themselves to help ensure that they have grasped the concepts covered in each chapter.

Every chapter opens with **In the Real World**. These candid snapshots offer a view into a variety of well-known businesses, industries, and organizations and are designed to provide insight into how quality customer service can lead to success in a highly competitive global world. To support the scenarios, students are asked to do an Internet search on the featured organization and answer the questions provided in the **Think About It** section that follows.

Self-assessments listed as **Quick Previews** allow students to pretest their knowledge on a range of topics, and prime them to watch for specific content as they read the chapter. Answers to the questions are also provided at the end of each chapter.

Throughout the chapter, **Work It Out** activities challenge students' knowledge and provide an opportunity for individual and/or small group work on a specific topic or issue. The **Street Talk** tips offered by customer service professionals currently working in various organizations and industries provide a glimpse of real-world insights into strategies and techniques that professionals are using every day in their interactions with customers to enhance their service delivery. Also threaded throughout every chapter, **Trending Now** boxes highlight new and innovative strategies being put into practice in companies and industries to enhance the service experience for current and potential customers.

In addition, there are activities in every chapter that encourage students to engage with common customer service problems. **Ethical Dilemmas**

present a difficult scenario and ask readers how they might appropriately handle the situation. Potential solutions or best practices are provided at the end of each chapter. **Small Business Perspective** activities discuss situations that a small business may be faced with and present students with information that makes for great in-class discussion.

At the end of each chapter is a **Summary** with **Review Questions**, which bring together the key elements and issues covered throughout the chapter. While the summaries encapsulate and reinforce key themes, the review questions test students' retention of the content and highlight areas for remedial study to promote mastery of the chapter topics. Students also are encouraged to use the Internet to research chapter-related skills and obtain a variety of customer service facts, figures, and related information to use in group activities, presentations, or discussions through **Search It Out** activities.

Collaborative Learning Activities encourage role-playing. In these activities students are given a variety of scenarios they can act out with an instructor or a peer in order to engage with real customer service issues, practice their skills, and reinforce their knowledge of the chapter topic, while **Face-to-Face** exercises provide students with a detailed background narrative of a specific employee and allow them to identify with that employee by using the information to determine how they might handle a similar customer service issue if faced with it on the job. Additionally, the **Planning to Serve** activities provide a road map for students to identify techniques and strategies from the book to provide superior customer service in their future.

THE CUSTOMER SERVICE TEXT THAT GIVES YOU MORE ADDITIONAL RESOURCES

Author's Customer Service Skills blog There are hundreds of articles on various customer service–related topics to supplement information in this book on the author's blog that can be used as references or as discussion starters for the classroom and online. To access the blog, please visit the instructor resources at www.customerserviceskillsbook.com within Connect.

INSTRUCTOR RESOURCES

Instructor's Manual The Instructor's Manual outlines course materials,

additional in-class activities, and support for classroom use of the text. It has been organized to give instructors not only a basic outline of the chapter, but to assist in all facets of instruction. For every question posed in the text, the IM provides a viable answer. The text page numbers provide easy reference for instructors. In addition, the Instructor's Manual guides instructors through the process of integrating supplementary materials into lessons and assignments. It also includes sample syllabi and video notes. Ultimately, this will be an instructor's greatest advantage in using all materials to reach all learners.

Connect Matrix We know that instructors' time is valuable. To help you prepare, we have created a Connect Matrix that is organized by chapter, learning outcome, Bloom's, and Level of Difficulty auto-gradable assessments that are available for you to assign in Connect. Visit the Instructor Resources within Connect to preview how the Connect Matrix can help!

SmartBook 2.0 SmartBook 2.0 in Connect personalizes learning to individual student needs, continually adapting to pinpoint knowledge gaps and focus learning on concepts requiring additional study.

Video Cases & Case Analyses Video cases and case analyses, featuring real companies, are assignable within Connect with corresponding comprehension questions that help students analyze and apply key customer service concepts.

PowerPoints PowerPoint slides, created specifically for instructors, include additional teaching notes and are tied directly to learning outcomes. Each slide is provided in a format that offers alt descriptions, screen reader capability, and a color palette that will assist students requiring accommodations.

Test Bank Every chapter provides a series of test questions, available in our Test Bank, which can be accessed via Test Builder in Connect. Test Builder is a cloud-based tool that enables instructors to format tests that can be printed or administered within an LMS. Test Builder offers a modern, streamlined interface for easy content configuration that matches course needs, without requiring a download. Test Builder allows you to:

- Access all test bank content from a specific title.
- Easily pinpoint the most relevant content through robust filtering options.
- Manipulate the order of questions or scramble questions and/or answer.
- Pin questions to a specific location within a test.
- Determine your preferred treatment of algorithmic questions.
- Choose the layout and spacing.
- Add instructions and configure default settings.

New Remote Proctoring and Browser-Locking Capabilities New remote proctoring and browser-locking capabilities, hosted by Proctorio within Connect, provide control of the assessment environment by enabling security options and verifying the identity of the student.

Seamlessly integrated within Connect, these services allow instructors to control students' assessment experience by restricting browser activity, recording students' activity, and verifying students are doing their own work.

Instant and detailed reporting gives instructors an at-a-glance view of potential academic integrity concerns, thereby avoiding personal bias and supporting evidence-based claims.



Create Instructors can now tailor their teaching resources to match the way they teach! With McGraw Hill Create, www.mcgrawhillcreate.com, instructors can easily rearrange chapters, combine material from other content sources, and quickly upload and integrate their own content, such as course syllabi or teaching notes. For those instructors needing additional information on customer service skills, stress and time management, or communicating with customers in writing, there are three additional chapters available in Create. Find the right content in Create by searching through thousands of leading McGraw Hill textbooks. Arrange the material to fit your teaching style. Order a Create book and receive a complimentary print review copy in three to five business days or a complimentary electronic review copy via e-mail within one hour. Go to www.mcgrawhillcreate.com_today and register.

McGraw Hill Customer Experience Group At McGraw Hill Education, we understand that getting the most from new technology can be challenging. That's why our services don't stop after you purchase our products. You can e-mail our Product Specialists 24 hours a day to get product training online. Or you can search our knowledge bank of Frequently Asked Questions on our support website. For Customer Support, call 800-331-5094 or visit mhhe.com/support. One of our Technical Support Analysts will be able to assist you.

BASIS FOR CONTENT

In the past, some students have commented that the content in this book is common sense. Certainly, that might be true if you have experience and education related to dealing with a variety of other people. However, my experience is that "common sense" is not so common for many people. If that were true, every service provider would be effective at offering stellar customer service to every one of his or her customers. When has that happened to you as a customer?

Since customer service spans all organizations and involves internal customers (employees) and those outside the organization, I encourage you to keep an open mind as you read the content in these pages. Objectively assess your current knowledge and skills against what you find. Do you have the knowledge and skills addressed herein? If you sincerely know all there is to know about customer service, then I applaud you. I am sure you will make a fine CEO for a service organization someday. In the meantime, I encourage you to think about what you find in the text, discuss ways to improve with your instructor and classmates, and make notes of potential areas for improvement as you go through the semester. Never forget that customer service is the pivotal role in any organization. Everyone from the CEO down to frontline employees must embrace positive customer service skills and work to gain and retain customers. Without customers, there is no need for any position in a company.

Page xvii

This book draws from my more than four-plus decades of real-world experience in customer service environments, management, and human resource development. My background includes positions serving as a frontline employee and managing or overseeing entire companies. I have worked in sales, retail management, and service functions for a number of organizations; owned and run all phases of operation and management for an

online retail business for over 19 years; was a partner in a human resource performance consulting firm working with client organizations around the world; and taught at numerous colleges and universities from undergraduate through master's level for over two decades. Currently, I am an author, a presenter, and the principal of Robert W. Lucas Enterprises, where I consult, write, publish, and promote my own books through Success Skills Press. Part of my role involves negotiating and contracting with other businesses and organizations and providing a variety of services to them. I deal with customer issues and needs every day and know that the techniques described in this book will work because I, and other service professionals cited in the book, have used them effectively. While there are some research and theoretical sections in the chapters, much of the information is derived from personal experience, research, and reflections of actual customer service encounters experienced by others.

Whether you are new to the service profession and have no base of customer service knowledge, or are more experienced and wish to enhance your knowledge and skills, *Customer Service: Skills for Success* and accompanying ancillary materials can provide a catalyst for your success. I encourage you to visit Connect to access and review ancillary materials designed to assist you in your quest for customer service expertise.

I am confident that this book will assist you in reaching your goal to become a better service provider.

Bob Lucas



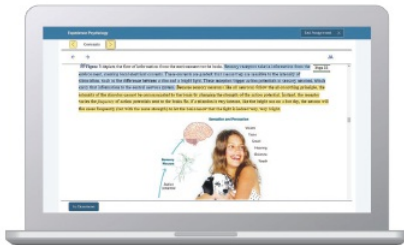
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Luke Ryba

PART ONE

THE PROFESSION

- 1 The World of Customer Service
- 2 Contributing to the Service Culture

Luke Ryba

Position/Job Title:

Owner/Operator Organization: Culver's
Restaurant

*Total years of experience providing service to
internal and external customers (in all
organizations): 11 years*

1 What are the personal qualities that you believe are essential for anyone working with customers in a service environment?

I believe that one of the basic qualities we need for anyone working with customers is to Page 2 have a genuine respect for the person to whom you are providing the service.

Realizing that we are all humans and able to help each other has always been a natural driver for me. To make the customer feel at home and ultimately effectively get them what they purchased is crucial.

If we overcomplicate it and try to be someone else (not genuine) it becomes tough to be real. This makes it difficult to give the genuine respect that the other human across from you deserves along with the exchange of goods.

2 What do you see as the most rewarding part of working with customers? Why?

A smile is the most rewarding part of working with customers. Seeing someone happier than before they came into our business is a great accomplishment. If they were at a 9 out of 10 on a scale of 10 and we brought them to an 11, that is a wonderful feeling. Even more rewarding would be if someone was at a 5 and we brought them up to a 9 out of 10 on their happiness scale.

Making someone's day better is my biggest reward.

3 What do you believe that the biggest challenge(s) is/are in working with customers?

The biggest challenge is overcomplicating how we help our guests. We must keep it simple Page 3 and effectively serve one guest at a time; one person at a time.

Making mistakes is tough but crucial to our success as well. How we use mistakes in our day-to-day job and training to learn to not make the same mistake twice helps make us better at what we do. Training and working with our team every day determines how successful we will be in our customer service endeavor.

What have you done in the past, or could you do in the future, to help

4 overcome the challenges you indicated in #3 and deliver better customer service?

In my experience, the best way to overcome these challenges is to focus on ways to address our mistakes to better our future.

A lot of leadership team conversations focus on the following: What is our relationship with mistakes? How will we use them in our training and development? How can we use these for personal growth within our team and guest satisfaction?

We must show that we genuinely care when we make a mistake. This helps to create even stronger customer relationships.

The customer is choosing you or your product for that moment. You must ask yourself: What am I doing to make them happy and get them to come back tomorrow, next week, and next month?

5 As a whole, what changes have you seen in the customer service profession since you took your first service provider position?

As a whole, I have not seen a lot of changes through the years other than more effectively communicating with our guests through technology.

Technology needs to be suitable for getting information and our products to our guests more efficiently and in a timely manner.

At Culver's, we are always going to be working with other people. In order to be successful, we must:

- Possess emotional awareness.

- Respect our customers.

- Show that we care.

- Demonstrate that we are willing to work hard as a team and for our customers.

- Keep customer needs at the forefront.

These principles are the basics of teaching and learning in my customer service experience.

6 What were the biggest challenges you noted related to delivering customer service during the COVID-19 pandemic?

The biggest challenge was navigating the emotions of our team and our guests. We did not have an answer for what was going on; we just had each other.

7 What adjustments did you and your organization have to make in order to continue delivering quality service to your customers during the pandemic?

Safety was at the forefront of our goals. From there we could provide our product and deliver it with great customer service.

Being aware of our team's emotions was very important. If they were not able to be the best version of themselves, we would not be able to help our guests get what they needed.

We did not have an answer for what was happening with the unforeseen future. However, we did have a planned vision that included the right team pulling on the same rope in the same direction.

Adjusting to how we served our guests with the current available tools while handling higher drive-thru traffic was a challenge. We needed to develop processes that made customers comfortable when receiving our service. Listening to our guests and analyzing the trends that our production numbers were showing was crucial. Based on those, we decided to close our dining room and make a two-lane drive-thru.

Keeping our team and guests safe by not having groups of people congregate in our dining room was a key part of that plan.

8 What future issues do you see evolving in your industry/organization related to dealing with customers and why do you think these are important?

If we do not continue to update our technology as times change to get our guests what they want at a quick and safe rate, we may not be competitive. Updating how our guests can order through technology will help keep us relevant in the quick-service restaurant environment.

We also need to make sure we keep our core values of people being the most important asset that we have. This means our team is our most important resource. We must continue to train, guide, encourage, and empower team members to take care of our guests. This will always keep us relevant. Through engaged leadership we will succeed in our training and continue to provide quality service to our guests.

9 What advice related to customer service do you have for anyone seeking or continuing a position in any customer service environment?

The advice I would give anyone seeking or continuing customer service is you need to look at the other human you are helping and follow through on that experience. They are customers, [Page 4](#) but they are humans who have a story. You have the opportunity to make their story better for that moment or that day through excellent customer service. It is very encouraging to see this and to make someone's day a little better. Human nature tells me that is a great thing to do.

Author's Perspective

I visited Culver's Restaurant in Casselberry, Florida, for the first time in 2018. It had opened almost a year earlier, and I often passed by the sign that touted "ButterBurgers and Custard." I remember thinking, "Oh good, another burger joint" and "What the heck is custard, anyhow?" At any rate, I eventually decided to stop because I noted that the parking and drive-thru lane always seemed to be full. From the time I walked in, I sensed that the operation was not the normal fast-food establishment run by competitors. Several employees immediately greeted me shouting, "Welcome to Culver's" as I walked through the door. My order was taken quickly and effectively as I was informed that

everything was made fresh (they do not cook items in advance and put them under heat lamps). The menu was varied, and the prices offered a fair value.

After ordering, customers are given a plastic number tent to place on their tables where they wait for food to be delivered. As I waited for my meal, I had time to observe the restaurant activity. I saw that floors and tables were cleaned and that the common spills near the soda machine in many fast-food restaurants were not present. This is because there is a full-time person assigned to clean floors and immediately wipe down tables once they are vacated. This latter fact really took on significance during the pandemic when they had a cart of regularly changed cleaning solution wheeled around to clean tables, along with antiseptic spray used as a secondary line of defense against COVID-19 bacteria. Since they have reusable plastic number tents for tables, I asked a supervisor what they did to sanitize them. The answer was that they have a container of antiseptic cleaner behind the counter. As tents are brought back once orders are delivered to customers, they are put into the solution to soak. That solution is changed regularly to avoid potential contamination.

Another thing that really impressed me about the operation was that, just as inside, customers who order at the drive-thru were also given a number sticker that is affixed to their mirrors. They then move their vehicle forward to a parking space. Once food is ready for delivery, employees literally run each order to waiting customers, then race back to get the next order.

Being a service consultant for years, I wanted to know more about this efficiently run operation. I asked to speak to the manager (Luke Ryba), and he came out. He was an enthusiastic and highly energetic individual who emitted a persona of someone who really enjoyed what he was doing. After we spoke for about 10 minutes, he went back to running the restaurant and I ordered my first serving of custard. I was immediately hooked! The smooth and sweet flavor, along with the creamy Borden's whipped-cream topping, was like nothing I'd had before. As I ate my dessert, I watched Luke and the other employees going about their jobs. It appeared that everyone seemed energetic and were not just going through the motions of a job. They also seemed to rotate positions regularly, including Luke. Alternately, they operate the

register, assemble food orders, run orders to the drive-thru, work behind the grill, and take orders for the drive-thru.

In subsequent conversations with Luke, I learned that Culver's is a family-owned national chain that started in Eau Claire, Wisconsin. Luke started working at Culver's in 2009 when he was 15 years old, and ultimately became the restaurant's general manager. To my shock, he told me that at age 26 he and his business partners built and owned the Casselberry franchise. They now have three locations in the Orlando area. As I interviewed him for this book, he continually emphasized the importance of his team of 70 employees. He also stressed how team trust and empowerment was a key element in the restaurant's success. Apparently, that focus has paid off for him, because the restaurant opened in May 2017 and in 2019, the franchise was awarded the company's Culver's Team Challenge Award for the southeastern region. In doing so, they beat out franchises that have been in business for many more years.

Application to Customer Service

After reading Luke's comments, think about how what he said relates to your organization and the customer service profession as a whole and respond to the following:

1. Do you believe that the qualities and skills that Luke described are applicable to both small and large businesses? Why or why not?
2. Added to the solutions to challenges that Luke identified, what other strategies would you recommend for customer service professionals?
3. In addition to the changes in the customer service profession mentioned by Luke, what other changes have you experienced or read about and how do they impact service delivery in an organization?
4. What additional advice can you add to what Luke offered related to people entering the customer service profession?

CHAPTER

1

The World of Customer Service

“Treat every customer as if they sign your paycheck, because they do.”

Page 6

—UNKNOWN



Robert W. Lucas

LEARNING OUTCOMES

After completing this chapter, you will be able to:

- 1-1 Define customer service.
- 1-2 Describe factors that have impacted the growth of the service sector in the United States.
- 1-3 Identify societal factors that have influenced customer service.
- 1-4 Recognize the changes in consumer behavior that are impacting service.
- 1-5 List the six major components of a customer-focused environment.
- 1-6 Explain how some companies are addressing the changes impacting the service sector.

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For additional ideas and articles on customer service topics, visit the author's blog at www.customerserviceskillsbook.com.

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Jeff Bezos founded his company in 1994 as “Cadabra.com” and launched Amazon.com out of his garage in 1995. By 2016, Bezos boasted that the company was the fastest to ever reach the \$100 billion sales mark. Forbes magazine listed Bezos as the third richest person in the world on its 2017

list of wealthiest people in the world. In deciding on his business model, he observed predictions that online commerce would grow dramatically in coming years and then decided on five product lines that would sell well. Of the five, he focused on books since there is a universal demand for knowledge. As the company's capabilities and reputation grew, so did its product line. Today, the online behemoth carries music CDs, DVDs, MP3s, electronics (e.g., Kindle e-readers, Fire tablet, Echo, and Fire TV), computer software, video games, furniture, toys, cosmetics, and many other commercial items.

Based in Seattle, Washington, and often referred to simply as Amazon, this mighty retail operation stands out among others for many reasons. As the world's largest Internet retailer, the company dominates e-commerce through superior electronic and cloud computing sales and marketing. An article on the Amazon website touts that "from prioritizing health and safety, to paying an industry leading \$15 minimum wage, to providing competitive benefits including 401k, health insurance, and up to 20 weeks of paid maternity leave, Amazon works hard to provide a positive experience for our 876,000 employees. We also are committed to ensuring that partners in our supply chain are treated with fundamental dignity and respect. Last year we published our *Global Human Rights Principles* to codify our commitment to the people and communities who support our value chain. We're now taking another step in this important journey by further detailing our work in a new people section of our sustainability report." In recent years, it has moved into land-based retail ventures by opening brick-and-mortar retail and bookstores. Amazon has now surpassed many publicly traded companies in market value and has been listed as one of the World's Most Admired Companies by *Fortune*. If you visit the Amazon website and search for information about its positions on various societal and workplace issues you will find why this company stands out among competitors. There the company describes its philosophy on many issues: LGBTQ+ rights, diversity/racial equity, equal pay, climate issues, government access to technology, and much more. Here is a direct link to that information: www.aboutamazon.com/our-company/our-positions. Since its inception, Amazon has continued to be a retail innovator by using strategies such as an associate program to allow affiliates to place Amazon banner links on their own websites through the Amazon Associates program. These hotlinks redirect potential buyers who

click them to www.amazon.com. If the prospect purchases any item, the associate receives a sales commission.

Additional success strategies have included the following:

1. Opening websites in numerous foreign countries.
2. Opening retail sites for products such as apparel, groceries, health and personal care, sporting goods, and kitchenware.
3. Acquiring established catalog businesses (e.g., AbeBooks.com, Audible.com, Zappos.com, and Shopbop.com) to tap established business lines and customer bases.
4. Establishing geographically dispersed fulfillment centers to speed up processing and shipping to customers.
5. Patenting 1-Click checkout to allow customers to purchase an item with a single click on the website.
6. Forming corporate relationships with retail giants such as Target and Kohl's.
7. Offering free shipping on orders over \$25.00 and for Prime members.
8. Setting up a textbook trade-in program for students to allow them to recoup a small portion of their original purchase price.
9. Introducing cloud technology that supports multiple consumer needs.
10. Establishing its Amazon Appstore, which in 2019 offered over 487,000 applications for download.
11. Starting an online Amazon Pharmacy in 2020 to compete with competitors like CVS, Walmart, and Walgreens.

These initiatives have been focused on driving up revenue while providing a seamless shopping experience for a diverse customer base with varying needs, wants, and expectations.

Learn more about Amazon by visiting www.amazon.com. You can scroll to retail offerings at the bottom of its website and to its “About Amazon” section on the site. Additional information is available on the Internet, and in books and articles. Be prepared to share your findings in class.

Think About It

Visit www.amazon.com, search the Internet, and visit local libraries to learn more about Amazon and its business operations. Read articles and books about this highly successful global company. Based on what you read above and learn through your research, answer the following questions and be prepared to discuss your responses in class.

1. Do you have personal experience with this company as a customer or employee? If so, describe your impressions of the organization (e.g., positive or negative) and explain why you feel this way.
2. How does this organization differ from other successful service organizations of which you are aware?
3. Related to providing quality customer service, what do you think are some of Amazon's strengths?
4. As a current or potential customer, what do you think the company might do to improve customer service and satisfaction?
5. Do you think that the organization lives up to its mission and vision statements?
6. Would you want to work for this company? Why or why not?

Quick Preview

Before reviewing the content of the chapter, respond to the following statements by placing a "T" for true or an "F" for false on the lines. Use any questions you miss as a checklist of material on which you should focus your attention as you read the chapter. For those you get right, give yourself a pat on the back, but review the sections they address in order to learn additional details about the topics.

- _____ 1. The concept of customer service evolved from the practice of selling wares in small general stores, off the back of wagons, or out of the home.
- _____ 2. The migration from other occupations to the service industry is a recent trend and started in the late 1970s.
- _____ 3. One reason for the shift from a manufacturing to a customer service–dominated society is more stringent government regulations.

- _____4. As more women have entered the workforce, the demand for personal services has increased.
- _____5. Advances in technology have created a need for more employees in manufacturing businesses.
- _____6. Because of increasing income related to their employment, women often now have more disposable income as consumers than they did in the past.
- _____7. As a result of deregulation in a variety of industries, competition has slowed.
- _____8. Quality customer service organizations seek to actively recruit, select, and train qualified people.
- _____9. Luckily, the worldwide recession had little impact on the service industry.
- _____10. To determine whether delivery needs are being met, organizations must examine industry standards, customer expectations, capabilities, costs, and current and projected requirements.
- _____11. There are two customer types with which service representatives must interact.
- _____12. An organization's "culture" is what the customer experiences.

Answers to Quick Preview questions are located at the end of the chapter.

Words to Live By

"The customer's perception is your reality."

—KATE ZABRISKIE

LO 1-1 Defining Customer Service

CONCEPT Customer-focused organizations determine and meet the needs, wants, and expectations of their internal and external customers. Their focus is to treat everyone with respect and as if they were special.

There have been many attempts to define the term **customer service**. Page 9
However, depending on an organization's focus, such as retailing, medical, dental, industry, manufacturing, or repair services, the goals of

providing customer service may vary. In fact, we often use the term **service industry** as if it were a separate occupational field unto itself. In reality, most organizations provide some degree of customer service. For the purposes of this text, we will define *customer service* as the ability of knowledgeable, capable, and enthusiastic employees to deliver **products** and services to their internal and external customers in a manner that satisfies their identified and unidentified needs. Their ultimate goal is to generate positive word-of-mouth publicity and return business. By doing these things, organizations can truly become **customer-focused organizations** (see Figure 1.1).

Some common characteristics for leading-edge customer-focused organizations are as follows:

- They have and support internal customers (e.g., peers, coworkers, bosses, subordinates, people from other areas of their organization) and/or external customers (e.g., vendors, suppliers, various telephone callers, walk-in customers, other organizations, others not from within the organization).
- Their focus is on determining and meeting the needs of customers while treating everyone with respect and as if they are special (e.g., by interacting with customers regularly through focus groups, satisfaction surveys, and online feedback, organizations can better determine whether they are serving customers in a manner that they prefer).
- Information, products, and services are easily accessible by customers (e.g., expanded and improved website design to include 24/7 service support; a toll-free number staffed 24/7 for those who are not computer savvy, do not have access, or prefer to deal with service providers over the telephone; and use of phone apps to provide information and facilitate easier ordering and service delivery).
- Policies are in place to allow employees to make decisions in order to serve customers better (e.g., managers empower frontline employees to resolve customer complaints or issues without having to go find a supervisor).
- Having customer-focused systems and policies in place (e.g., a simple process for making a return or getting a refund immediately when a product or service does not meet customer expectations or stated policy without causing the customer to have to go through several people or steps).
- Management and systems support and appropriately reward employee efforts to serve customers (e.g., requiring supervisors to regularly monitor customer service line calls and review work accomplishments, then provide appropriate coaching and performance feedback, then dispense rewards for positive performance). They should also publicly recognize such performance as a way of encouraging repeat behavior in the employee concerned and peers.
- Reevaluation and quantitative measurement of the way business is conducted is ongoing and results in necessary changes and upgrades to deliver timely, quality service to the customer (e.g., use productivity reports, customer feedback, employee performance reports, and other tools to identify policies, processes, and procedures that are working or need adjustment).
- Continual benchmarking or comparison with competitors and related organizations helps maintain an acute awareness and implementation of best service practices by the organization (e.g., use mystery shoppers who interact with competitors to determine how service and products measure up against them).
- The latest technology is used to connect with and provide service to customers, vendors, or suppliers and to support business operations (e.g., managers should be proactive by networking regularly through professional organizations, reading the latest trend data for their industry, attending training sessions, and otherwise gathering information on the latest industry shifts, issues, and solutions). They should then implement appropriate changes or create proposals for senior management to consider.
- They build relationships through **customer relationship management (CRM)** programs (e.g., customer service is a dynamic and ever-changing process in an evolving world). Having essential systems in place to monitor and adapt to the wants, needs, and expectations of customers is crucial for success and longevity.

FIGURE 1.1 Customer-Focused Organizations

customer service Ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business.

service industry Term used to describe businesses and organizations that are engaged primarily in service delivery. *Service sector* is a more accurate term, since many organizations provide some form of service to their customers even though they are primarily engaged in research, development, and manufacture of products.

product Something produced or an output by an individual or organization. In the service environment, products are created to satisfy customer needs or wants.

customer-focused organization Company that spends energy and effort on satisfying internal and external customers by first identifying customer needs, and then establishing policies, procedures, and management and reward systems to support excellence in service delivery.

Many organizations specialize in providing only services, while others provide services and make products available to their customers. Examples of service providers include:

Consulting firms

Internet service providers

Utility companies

Call centers

Brokerage firms

Libraries

Laundries

Printing services

International shipping companies (DHL, UPS, FedEx)

Plumbing, irrigation, and electrical repair companies

Transportation companies (Lynx and Uber)

Food delivery companies (DoorDash, Grubhub, Uber Eats)

Moving/relocation companies

Interior design companies

Home cleaning/Janitorial companies

Medical or dental facilities

Other organizations provide both products and services. Examples are businesses such as car dealerships, brick-and-mortars (physical buildings), online retail stores, publishers, and manufacturers that have support services for their products, supermarkets, theaters, and restaurants.

Take a moment to consider all the organizations with which you have dealt, in the past or do so currently. Which one of them does not have a customer service component? Cannot think of one? That is because customer service is an intricate component of any business or organization. All companies and organizations (e.g., private, public, government, or military) have **internal** or **external customers**, or both. No matter what type of organization you work in, it is crucial for you to remember that when dealing with customers, it is not about you. Page 10

Your purpose and goal should be to assist customers in meeting their needs whenever possible. Be proactive and positive and strive to do the best you can by taking ownership of a customer contact situation. You have a vested interest to prevail since your success, and that of your organization, depends on it. Page 11





H. Armstrong Roberts/Getty Images

Before distribution systems were modernized, peddlers went from house to house, particularly in rural areas, to deliver merchandise or services. Doctors often went to the sick person's home for patient visits. *How do these methods of delivery differ from those used today? Do you think the ones used today are better? Why or why not?*

customer relationship management (CRM) Concept of identifying customer needs: understanding and influencing customer behavior through ongoing communication strategies to acquire, retain, and satisfy the customer. The ultimate goal is customer loyalty.

internal customers People within the organization who either require support and service or provide information, products, and services to service providers who interact with external customers. Such customers include peers, coworkers, bosses, subordinates, and people from other areas of the organization.

external customers Those people outside the organization who purchase or lease products and services. This group includes vendors, suppliers, people on the telephone or Internet, and others not from the organization.

The term **service sector** as used by the Census Bureau and the Bureau of Labor Statistics in their reports and projections typically includes the following:

service sector Refers to organizations and individuals involved in delivering service as a primary product.

Transportation, communication, and utilities

Wholesale trade

Retail trade

Finance, insurance, and real estate

Other services (including businesses such as legal firms, barbershops and beauty salons, personal services, housekeeping, and accounting)

Federal government

State and local governments

In addition, there are self-employed individuals who provide various types of services to their customers and clients.

Customer Service Success

Educate yourself on the service profession in general and your organization in particular by visiting service-related websites, joining customer service professional organizations (e.g., International Customer Service Association and National Customer Service Association), subscribing to blogs that focus on customer service topics, and reading trade magazines, articles, newsletters, and books (e.g., *CRM Magazine*, Alexander Communications Group, or www.customerservicemanager.com). Focus on trends, improvements, and enhancements being made by organizations that are similar to yours. Also, work to develop and expand knowledge and skills that add value to your organization.

THE CONCEPT OF CUSTOMER SERVICE

The concept or practice of customer service is not new throughout the world. Over the years, it has evolved from a meager beginning into a multibillion-dollar, worldwide endeavor. In the past when many people worked on farms, small artisans and business owners provided customer service to their neighbors. No multinational chain stores existed. Many small towns and villages had their own blacksmith, general store, feed

store, boardinghouse (hotel), restaurant, tavern, barber/dentist, doctor, and similar service-oriented establishments owned and operated by people living in the town (often the place of business was also the owner's residence). People bought materials at the general store to make their own repairs to clothing, equipment, and household items. Further, to supplement their income, many people made and sold or bartered products from their homes in what became known as **cottage industries**. For people living in more rural areas, peddlers with wagons of kitchenware, medicine, and other goods made their way from one location to another to serve their customers and distribute various products. As trains, wagons, carriages, and stagecoaches began to cross the United States, Europe, Asia, and other parts of the world, they carried vendors and supplies in addition to providing transportation. During that era, customer service differed from what it is today by the fact that the owners were also the chief executive officers (CEOs) and motivated frontline employees working face-to-face with their customers. They had a vested interest in providing good service and in succeeding.

cottage industry Term adopted in the early days of customer service when many people started small businesses in their homes or cottages and bartered products or services with neighbors.



Airports are striving to enhance service options for passengers traveling in the skies. Over 925.5 million passengers flew on U.S. carriers in 2019. While that number dropped to as low as 90,000 in a month during the COVID-19 pandemic, projections are that within a few years, passenger numbers will climb again once people feel safe enough to fly. Even before the onset of the COVID-19 outbreak, airlines and airports were adapting and changing as they tested ways to keep travelers moving more efficiently with less stress while providing better service. For example, airports in Osaka, Japan, and Abu Dhabi, India, tested autonomous check-in, while the Miami and Seattle-Tacoma facilities installed sensors to monitor passenger line lengths and times that it took for passengers to move through security checkpoints. This allowed them to shift more workers to facilitate shortened wait times. Other airports around the world added self-boarding gates where facial recognition allows comparison of a photo taken on-site to authenticated images stored in the U.S. Border Patrol

database. A similar process is being tested for baggage drop-off at designated locations at the Hartsfield-Jackson Atlanta International Airport.

Key Developments

There have been many elements of societal change that have set the stage for what we see in the customer service profession today. Some of those were innovative inventions while others involved entrepreneurial approaches to doing business.

1872 Montgomery Ward and Co. began operating its catalog business shipping products via the mail and railroad, primarily to farmers.

1875 Montgomery Ward instituted a “guaranteed-or-your-money-back” policy.

1876 Telephone was invented.

1877 Bell Telephone Company built the first telephone exchange (switchboard), and a primitive predecessor of the call center in the United States was born when it was installed in 1878 in Connecticut.

1885 German mechanical engineer Karl Benz invented the first practical automobile.

1886 R. W. Sears Watch Company (the forerunner of Sears, Page 13 Roebuck & Company) began selling watches via mail order. After several restructures, the catalog expanded to include a variety of clothing, household goods, appliances, and other products.

1913 The U.S. Postal Service began a parcel post delivery system, speeding delivery while reducing costs.

1913 Merchants Parcel Delivery (today’s United Parcel Service [UPS]) started.

1913 Ford Motor Company began using the automobile assembly line that provided a steady stream of affordable cars to the world.

1925 The Air Mail Act was passed, allowing the U.S. Post Office to contract with private airlines to deliver mail, thus improving delivery times and service.

- 1938 The Civil Aeronautics Act established the Civil Aeronautics Board that regulated airfares. That forced airlines to improve service in order to beat competition.
- 1952 Bell Laboratories began developing primitive versions of interactive voice technology that has led to a wide variety of speech recognition tools in cars, and on computers, wired telephones, smartphones, and other devices. Ultimately, it was incorporated into call center technology that has been used since the 1970s.
- 1960s Electronic mail was developed and by the 1970s morphed into the format we now recognize as e-mail.
- Mid-1960s Private automated branch exchanges (PABX) were used as a replacement for manually having to handle incoming calls into an organization.
- 1962 Walmart, Kmart, and Target opened stores and offered low prices and self-service, changing the way consumers in the United States viewed shopping.
- 1964 First personal computer (Programma 101) was introduced at the New York World's Fair.
- 1967 AT&T introduced toll-free (1-800) number calling services.
- 1968 The graphical user interface (GUI) was invented by Douglas Engelbart, allowing the use of a computer mouse, icons, and other technology elements to interact and perform tasks for users.
- 1971 FedEx started operations.
- 1978 The U.S. Congress passed the Airline Deregulation Act that allowed airlines to establish their own fares and routes and compete more aggressively.
- 1980 Tim Berners-Lee began work on a project that would result in the birth of the World Wide Web that really took hold in the 1990s and continues today.
- 1981 First mass-produced, portable, microprocessor-based computer was released.
- 1983 Mobile phones released by Motorola led the way for the mobile technology that is commonplace today.

1990s The number of companies with an online presence skyrocketed.

1993 Smartphones became available to the general public.

1997 Wireless Fidelity (Wi-Fi) standards were developed, which led to a wide array of wireless technology and increased access to organizations and customer service.

1997 SixDegrees.com social network was launched, followed by MySpace, Facebook, and other social media platforms. Many social networks are now being used by businesses as customer communication and service platforms.

Early 2000s Software companies worked to develop and refine customer service technology with the result being modern-day CRM systems.

2000s Many companies began to outsource their customer call/care centers abroad. Companies also began employing customer service applications (apps) and websites that allow customers to access service options remotely and participate in self-service options for orders and information.

When industry, manufacturing, and larger cities started to grow, Page 14
the service industry really started to gain ground. In the late 1800s, societal and technological changes occurred that set the stage for what would become the customer service profession of today. In rural areas, the population grew and expanded westward, and service providers followed.

POST–WORLD WAR II SERVICE IN THE UNITED STATES

After World War II, the desire and, in some cases, the need, to obtain products and services started to grow throughout much of the world. In the United States, there was a continuing rise in the number of people in service occupations. According to an article published on MinnPost.com,

Before World War II, the service sector grew because we got richer. Think about it: From domestic servants to waiters, blacksmiths to cobblers, and barbers to bankers, Americans have always been engaged in a variety of service activities. And, as the American economy grew and average incomes increase[d], Americans increased their demand for

meals, repairs, grooming and financial services. Thus, more and more workers were *pulled* into the service sector by this increasing demand.²

THE SHIFT TO MODERN-DAY SERVICE

Today, businesses have changed dramatically as the economy has shifted from a dependence on manufacturing to a focus on providing timely quality service. The age of the **service economy** has been alive and strong for some time now. Tied to this trend has been the development of international quality standards by which service effectiveness is measured in many multinational organizations. Organizations such as the International Council of Customer Service Organizations (www.iccso.org) work to help develop and promote service and professional excellence standards throughout the world. This is being done by setting internationally acceptable standards and certifications to create a global atmosphere of service. For example, quality standards, such as ISO 9000 and ISO 10002:2004, were developed and overseen by the International Organization for Standardization (www.iso.org). These are globally accepted guidelines for quality in the area of product and customer service excellence. They were designed to help enhance the customer experience in affiliated organizations. In addition, to help attract and maintain a more loyal customer base, many customer-centric organizations are stepping up their enthusiasm and support for such standards. To project a more service-oriented posture, they are adding executive-level positions such as chief customer officer (CCO) or similar prestigious titles, to their hierarchy. CCOs are responsible for all operational functions that influence or relate to customer relations and add a new - dimension to the customer service career path.

service economy Term used to describe the trend in which businesses have shifted from primarily production and manufacturing to more service delivery. As part of this evolution, many organizations have developed specifically to provide services to customers.

KNOWLEDGE CHECK

1. Why is “service sector” a more appropriate term than “service industry” when describing customer service?
2. What are common characteristics of leading-edge customer-focused organizations?