

[Back to Previous Page](#)



News

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Cover Story: Press !*#@!&!#! for Customer Service

By IAN McNULTY

Economists have pointed to America's growing service economy as one its most promising business sectors. Try telling that to Kate Holcomb.

A first-year medical resident at Tulane University Hospital & Clinic, the New Orleans native keeps a mental roster of businesses she refuses to patronize after getting poor service. There's the sushi bar with the hostile waitress. There's the cellular telephone company where a billing dispute has evolved into what she describes as "a war." And there's the grocery store that won't stock her preferred brand of cola.

Holcomb doesn't think that she's especially hard to please. She has, however, come to see herself as an activist consumer who won't stand for unresponsive service. "I don't want to waste my time with a place that doesn't get it," she says.

Holcomb's roster of boycotted businesses is steadily growing, and she feels service in general is getting worse. She's hardly alone.

While most companies tout customer service as a high priority, experts who study the field and measure customer satisfaction say the level of service across the American economy is treading water at best and sinking in many categories. They blame automated systems that come between customers and the company representatives who are in a position to actually help them; employees who feel disconnected from their jobs and take no pains to hide it; and even the very nature of modern products and services that are increasingly high-tech, complicated and aggravating to deal with when something goes wrong.

Customers are taking notice, and they are not happy. In a recent survey by Public Agenda, a New York-based research group, 81 percent of respondents said they believe businesses cut corners on hiring at the expense of good service. Almost everyone surveyed — 94 percent — said it was "very frustrating" to call a company and be greeted by a recording rather than a person.

Another study, produced by the Customer Care Alliance, an Alexandria, Va.-based consortium of customer-service firms, found that more than one in three consumers had raised his or her voice to a customer-service representative in the last year; one in 10 had cursed a rep out. The study's authors dub these outbursts "customer rage."

Scott Broetzman, founder of the Customer Care Alliance, analyzes customer-service strategies for a living, but even he can't resist the urge to vent when asked about his own consumer experiences in an interview. He says all he wanted to do was order a satellite television provider's football game package one Sunday, but after a call for assistance turned into a half-hour ordeal he sacked the plan altogether.

"I wanted to buy their product. I wanted to give them money, but I had to make two calls, and when that

didn't do it I just hung up," Broetzman says. "To get a person on the phone is like trying to find the Holy Grail."

Broetzman believes that while many companies talk a good game about customer service, they often direct most of their investment and innovation into procedures and equipment that pay off quickly on the bottom line.

"While these things like online services and self-service counters might be dressed up as giving better service or 24-hour access, in most cases they have very little to do with customer service," says Broetzman. Rather, they are intended to control the ever-growing costs of providing person-to-person service, which means salaries, benefits and training expenses.

Companies also try to save money by outsourcing customer service to specialized providers. But more often than not, that means customers bring their problems or requests for help to people outside of the company who "don't have the slightest investment, emotionally or financially, in the outcome," Broetzman says.

Technology as friend?

Not all the news from the customer-service front is bad. The American Customer Satisfaction Index, a research tool based on customer evaluations of the quality of products and services they buy, has shown at least small upticks in satisfaction each quarter since the beginning of 2001. Claes Fornell, who heads the index project at the University of Michigan, says that while customer service is not particularly good, "it's not getting worse, and in fact it's getting slightly better."

In time, he says, even the cost-cutting technology that grates on some people may be embraced by consumers.

"Technology, if used correctly, can enhance productivity and customer service at the same time," he says. "People were unhappy with ATMs when they first came out, but now we can't live without them. As people get used to things and learn how to use them, they feel that service gets better."

However, he says, it's up to companies to ensure they are giving customers something of value, while also keeping open the lines of communication for problems that can't be handled through technology.

Cathy Herren, director of customer service for Entergy New Orleans, says the utility company is committed to giving customers both tech-driven convenience and personal interaction. Customers who are comfortable with technology and want to handle an issue from their phone or computer can call Entergy or submit online forms for a variety of service needs. But customers can also drop in to one of Entergy's three local Customer Care Centers, which are staffed five days a week. Agents here take care of customers who prefer to discuss service issues or even pay bills face-to-face with company representatives. Herren says the centers are even situated on bus routes for the convenience of people who don't have their own transportation. The company also deploys specialized account service managers to help customers with more complex energy issues.

Herren says another piece of Entergy's customer-service strategy is to ask customers what they want from the company through frequent surveys.

"Customers told us loud and clear that they wanted options," she says. As a result, Entergy developed services such as "pick-a-date," which lets customers choose the date on which their payment is due each month, and "levelized billing," which spreads home energy costs throughout the year to smooth out seasonal peaks during the hot summer months.

Measuring satisfaction

Entergy's customers, of course, do not have a choice of who provides power to their home or business. Airlines are another story, but research suggests that, despite competition, carriers struggle with service issues across the industry and have a bleak outlook for improvements.

"Most carriers are looking for ways to cut costs; in fact, some have said that this is their top priority," says Fornell, at the University of Michigan. "Under these circumstances, it is not easy to improve customer service, especially when cost-cutting is directed at labor."

Most major airlines scored well below average on Fornell's most recent American Customer Satisfaction Index, released over the summer. The one exception was Southwest Airlines Co., the top-performing carrier on his index and also the largest carrier out of New Orleans.

Donna Conover, executive vice president for customers and operations at the Dallas-based company, says what sets Southwest apart is a belief "that we really are in the customer-service business first, and that we happen to be an airline."

When customers call the company, they reach a recording only if all the lines are busy; otherwise, they connect directly to an employee, Conover says. Some of the most important criteria for hiring those employees are sincerity and empathy, she says, and that extends beyond employees in positions with heavy customer contact.

The idea is for people across the organization to treat each other well — whether they work in sales, benefits administration or information technology positions — to encourage a sense of cooperation. While Conover says a company "cannot dictate niceness" to its employees, she believes when people are treated well by managers and colleagues, it's easier for them to provide friendly service to customers.

Southwest largely eschews customer surveys, but it puts heavy emphasis on unsolicited letters and comments from flyers, both positive and negative, Conover says. The company analyzes this feedback to determine if a problem was the result of a policy or a bad decision from an employee.

Each month, the company also sends its various departments a collection of 20 or so letters from customers commending good service. "That way you reinforce how the little things really do matter," Conover says. "Even if things go wrong, customers tell us that it counts that you tried (to help them)."

Purchase interruptus

As much as people hate a long wait to hear a human voice during a customer service phone call, experts say dealing in person with a dismissive service rep really gets consumers' blood boiling, especially in retail settings.

"Companies spend a lot of time figuring out how to structure their checkout lines, but that doesn't have nearly the impact of staff who are inattentive," says Broetzman.

New Orleans resident Meg Lousteau didn't expect an extraordinarily satisfying customer experience when she stopped at a local convenience store for a Diet Coke on her way to work one morning. But she also didn't expect that the clerk at the counter would just continue blabbing on her cell phone when a customer arrived at the register.

"There's wasn't even a 'Hold on a sec, I've got a customer,' " says Lousteau, who works for a local nonprofit organization. "I was so ticked that on the way out I said, 'Sorry I interrupted your phone call.'"

But she didn't hear me because she was still jabbering away about her boyfriend or something.”

Nearly half of all Americans (46 percent), said they have walked out of a store in the past year after encountering bad service, according to the Public Agenda study.

Higher-income people, defined by the group as those earning more than \$75,000 a year, were even more likely to vote with their feet, with 57 percent saying they had walked out.

Customers do make a statement with such actions, and it costs businesses money, but Fornell says such acts of defiance will only affect the level of service if employees really care about that business loss.

“Job security is equal to customer satisfaction, that's what people have to realize and get their employees to embrace,” he says.

Gregory Day, hotel operations manager for the Fairmont New Orleans, says one way the hotel company drives home to employees the high expectations its guests have for service is showing them how much money they spend per visit.

“We also show them the cost of losing a single guest, so they can understand the kind of clientele we're dealing with,” says Day, who says that even occasional travelers can quickly rack up in excess of \$1,000 in hotel room, dining and other charges. “It's shocking to employees, and, of course, for someone who travels more frequently the money jumps up. This puts the stakes in terms people can understand,” he says.

Fairmont Hotels & Resorts Inc., the Fairmont New Orleans' Toronto-based parent, was recently lauded by a panel of experts, including Broetzman and Fornell, in Fast Company magazine's Customers First Awards.

Day says the company has been putting a greater emphasis on hiring the right people for the customer-service positions. It uses polls developed by the Gallup Organization to gauge the service qualities of employees and prospects, and gives employees many hours of training throughout the year to support its standards.

“We're hiring smarter so we know (the employees) better, before they even get to their first day on the job,” Day says. “Employees should be the ambassadors for your brand. They're the ones affecting the level of service guests receive, not management.”

Success stories aside, an average consumer's search for a company's “brand ambassador” on the phone or in cyberspace can seem more convoluted than an act of international diplomacy. The study from the Customer Care Alliance found that consumers make an average of 3.5 contacts with a company to try resolve a problem.

Even then, 60 percent of consumers are less than satisfied with the outcome. Broetzman's advice is to become a very squeaky wheel and let company representatives know you won't give up until your problem is solved.

“Today's consumer needs to adhere to the word ‘perseverance,’” he says. “Perseverance bordering on harassment.” •

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