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FEATURE: Service Excellence

BY MARY JO BITNER, PH.D.

REALTOR® Magazine is pleased to present a special [excellence and innovation series](#) throughout 2005. This article is the second in the series.

Do you see what your customers see? If not, you're just guessing what will satisfy them.

Eye of the Beholder

Provider perspective: John, an airline gate agent, was well versed in his airline's service recovery plan and knew if he followed it to the letter, there'd be few customer complaints. So when the nonstop flight he was managing was grounded due to a mechanical problem, he knew exactly what to do. Keeping conversation to a minimum, he focused on quickly and efficiently rebooking everyone on the next available flight, which left an hour later than the original. Sixty minutes later his passengers were safely on their way to their destination. He knew the airline would send those customers a letter of apology and free drink tickets for their next flight.

Customer perspective: When Joan checked in at the airport that morning, cat carrier in tow, she never would have expected things to go as wrong as they did. Joan purchased her ticket weeks in advance, paid a premium for a nonstop flight, and bought an airline-recommended cat carrier. Her cat was sedated, but the medication wouldn't last long, making the nonstop flight critical.

Unexpectedly, the flight was canceled. The gate agent offered no explanation for the delay. He put Joan on the next flight. But the flight required a five-hour stopover in Columbus, Ohio, which meant the cat's sedative would wear off well before the trip was over. Joan solemnly vowed never to fly that airline again and regaled friends with her tale. Three months later the airline sent her a letter and free drink tickets for her next flight. But it was too little too late.

Clearly, having a policy and following it doesn't guarantee customer service success. Joan expected a short-duration flight to accommodate her unique traveling needs. John thought that as long as a plane ferried Joan safely to her intended destination, his was a job well done. And while Joan perceived a lack of empathy, the airline believed the drink tickets were a thoughtful gesture of service recovery.

Regardless of whether you're in the airline business or the real estate business, it's important to recognize that customer service resides in the eye of the beholder. You can set up all the systems you want, but if the service isn't valued or isn't valued enough for what you charge, you aren't going to win any service awards.

At Arizona State University's Center for Services Leadership (CSL), we've been researching services

marketing and management for the past 20 years. The CSL has found the key to customer service lies in defining it from your customers' point of view and meeting their expectations consistently. Service has become the product in itself. Examples from other industries may spark service excellence ideas for your business.

Service is a many-splendored thing

As Joan's story illustrates, people don't judge service on a single dimension. Classic research by CSL faculty fellows Valarie Zeithaml, Leonard Berry, and their colleague Parsu Parasuraman, shows consumers base their assessment of service quality on multiple factors relative to the context—things like reliability, responsiveness, assurance, empathy, and tangibles (see "Are you delivering service on multiple dimensions?"). Providing excellent service means giving customers the outcome they expect (getting Joan to her destination), but also paying attention to how that outcome is achieved (courtesy, timeliness, cleanliness of aircraft).

Truly customer-oriented companies, such as Ritz-Carlton, live the service proposition every day, on every dimension. They align their entire organization—from the marketing staff to frontline employees—around the customer. The next time you visit a Ritz property, ask to see an employee's service credo. It's a small laminated card all Ritz employees carry to remind them of what's important. The card lists such service values as "Escort guests rather than pointing out directions to another area of the hotel" and "Each employee is responsible for identifying and recording individual guest preferences."

Much more important than the card is the culture it reflects. At Ritz-Carlton, every employee is empowered to make each guest's stay as wonderful as possible. Every employee has the authority to spend up to \$2,000 to resolve a guest's issue.

The service culture at the Mayo Clinic, one of the CSL's member companies (members serve on an advisory board and are often involved in our services research), is even reflected in the facility's physical surroundings. The clinic's Scottsdale, Ariz., hospital, for example, creates a sense of peace, beauty, and serenity through an unusually quiet atmosphere (there are no audible paging systems—all employees wear personal pagers), a design that capitalizes on the natural desert topography, and a pianist who plays relaxing music in the atrium lobby. As a show of respect doctors wear suits and ties rather than white coats when meeting with patients and families, and there's plenty of seating in doctors' offices and patient rooms so that family members can be present during crucial meetings.

Great service expectations aren't just for luxury hotels or hospitals. Businesses such as Trader Joe's supermarkets, a winner of one of Fast Company magazine's Customer First awards (October 2004), take customer care seriously as well. Trader Joe's pushes a lot of decision-making to the store level, which is closest to the customer. Individual stores have a great deal of autonomy—from what products they'll carry to hours of operations—all based on customer feedback.

Harrah's Entertainment Inc., another CSL member company, uses high-tech tools to ensure every visit to its casinos creates an enjoyable memory. The company's sophisticated customer-relationship management system is based on a loyalty card that tracks how well (or poorly) a customer's visit goes. The card measures everything—the frequency of customers' visits, how much they spend, which games they play, and, most important, their record of wins and losses. When gaming takes a downturn, the system may intervene by alerting a "lucky ambassador" who offers players a free dinner or other bonuses to help make their Harrah's experience positive again.

Best practices in customer service

Harrah's, Mayo Clinic, and Ritz demonstrate many of the best practices of outstanding service companies. The best companies

- Keep promises. Making and keeping promises means you effectively communicate through advertising, sales, and other means what you can deliver. Then you keep those promises day in and day out—on the phone, in person, and via Internet channels. The systems, training, empowerment, and tools you provide your employees or associates must enable them to keep promises.
- FedEx, the first major service company to win the Malcolm Baldrige National Quality Award, exemplifies successful alignment. The company makes specific promises about the timeliness and reliability of package delivery in its advertising and marketing communications. Most important, FedEx makes good on those promises every day via its skilled delivery people, fleet of trucks, and sophisticated computer system. Toll-free numbers and Internet-based tracking make it easy for customers to let FedEx know when it misses the mark.
- Empower every employee [and associate] to act on customers' behalf. Your people represent your brand in real time. They're powerful endorsers, evangelists, and advertisers for your company and can make or break a service experience. Each interaction they have with customers is critical to building a lifelong relationship with them. When the Fairmont Hotel in San Francisco made a reservation mistake and couldn't accommodate a guest, the desk clerk not only sent the person to the Sheraton and picked up his room charge but also paid for his taxi fare and a meal. For real estate practitioners, exceptional service could mean chipping in for a radon test to help close the deal or a nonmonetary gesture, such as helping the buyers make moving plans.
- Tie frontline employee and associate rewards directly to customer satisfaction. Your company will achieve better results if you don't just enable good customer service but reward it. For years Ebby Halliday, REALTORS®, in Dallas, has formally recognized its associates and offices for exceptional customer service. The award is based on points tallied from client surveys sent out over the course of the year. "It's a vote by the client," says company President Mary Frances Burleson.
- Listen and respond. Customer feedback is valuable and rare. Set up "listening posts" throughout your organization and act on what you hear. These posts can be as informal as having a one-on-one conversation with a client at least once a week or as formal as a customer satisfaction study. Although you should take feedback seriously, stop short of reacting immediately to every comment—the customer isn't always 100 percent right. Listen sincerely and thoughtfully and then base decisions on accumulated input.
- Let the customer help. My own research with colleagues Matt Meuter, Amy Ostrom, and Stephen Brown shows that self-service technologies (SSTs) can reduce costs and create customer loyalty. SSTs, such as self-service scanners at grocery stores, bank ATMs, and automated phone trees, position customers as "co-producers" of their own satisfaction by helping them facilitate service elements for themselves.

Our research, published in the *Journal of Marketing* (July 2000 and forthcoming in April 2005) and in the *Academy of Management Executive* (November 2002), indicates SSTs are most successful when they're designed with a strong customer focus and when the company educates customers about how to

use them and clearly communicates their benefits: time or cost savings, more information, access. One of the best examples of an online SST is REALTOR.com. The NATIONAL ASSOCIATION OF REALTORS®' property listing site gives consumers the opportunity to search for and view properties, find a salesperson, and educate themselves about the buying and selling process. By encouraging customers to use this resource, you give them the opportunity to feel more in control of the transaction.

Nobody's perfect

Despite the time and effort you put into customer service, something will invariably go wrong. Having a good plan will help ensure you don't lose a customer forever. The 2004 National Customer Rage Study, conducted by the Customer Care Alliance in Alexandria, Va., in collaboration with CSL, shows Joan, from our airline example, isn't alone. This national survey of 1,000 U.S. consumers finds 43 percent have experienced a serious problem with a product or service in the last 12 months—11 percentage points more than in 1976. And almost three-quarters of today's complaints end in some form of customer rage (defined as being very or extremely upset). Few complaints (16 percent, according to the research) are handled to the customer's satisfaction.

Effective recovery can pay off in repeat business and positive word of mouth. According to award-winning research published in 1998 in the Sloan Management Review by CSL Executive Director Stephen Brown and Faculty Fellow Stephen Tax, businesses should

- Recognize that complaints are a good thing. Customers who complain are your friends; they help identify problems that might otherwise go unresolved.
- Take responsibility. The most important remedy (after getting the problem fixed) is for the company to acknowledge its responsibility, according to results from the Customer Rage Study. Most customers in Joan's shoes just want an explanation, assurance, apology, or chance to vent.
- Act swiftly. Countless companies operate complex, automated customer service systems, but these systems seem designed to prevent customers from actually talking to a live person. According to the Rage Study, customers with complaints must contact a company on average more than four times before the issue is resolved. Customers want the assurance of talking to a real person, even if it's an option they choose not to take in the end.

The payoff

Every company says it cares about customers, but truly shifting to a customer-focused model involves more than lip service. One of our member companies, Yellow Transportation Inc., which specializes in shipping, has made the transition, investing in building a customer-centric strategy and focusing on customer satisfaction measurements, such as timeliness.

In 1996 Fortune magazine placed Yellow among the "least admired companies" in the country. For the past two years, however, Yellow has been rated by Fortune as the "most admired company" in its industry category. Between 2001 and 2004, company revenue rose 23 percent and operating income has quadrupled. Yellow attributes its success in large part to its focus on service.

In a recent conversation I had with company President James Welch, he said, "When we focus on the customers' experiences and see our service through their eyes, they respond. They give us more business and ask, 'What more can you do for me?' That's what we want to hear." Isn't that what you want to hear as well?

Are you delivering service on multiple dimensions?

If your goal is to just get a property sold, you could be jeopardizing future repeat business. Consumers want

Reliability. How accurate and dependable are you?

Assurance. Are your staff, associates, and team members courteous and knowledgeable? Do they inspire trust and confidence when customers need it most?

Responsiveness. How willing and prompt are you and your team when it comes to helping your customers?

Empathy. Do your customers feel as if your company really cares? Do you provide individualized attention?

Quality tangibles. Does the face of your business—your office, written materials, and associates' and employees' appearance—represent the image you want customers to remember?

Source: Center for Services Leadership faculty fellows Leonard Berry and Valarie Zeithaml, and their colleague Parsu Parasuraman

MORE ABOUT MARY JO BITNER

In 2003 Bitner was awarded the Career Contributions to the Service Discipline Award by the American Marketing Association's Services Marketing group. She coauthored *Services Marketing: Integrating Customer Focus Across the Firm* (McGraw-Hill, 2003), a leading text in services marketing, and has had articles published in the *Journal of Marketing* and the *International Journal of Service Industry Management*, among others.

Bitner is PETsMART chair, academic director, and professor of marketing at the W. P. Carey School of Business (www.wpcarey.asu.edu/csl) at Arizona State University in Tempe, where she helped found the Center for Services Leadership, the world's leading university-based research center for services marketing and management. She has consulted with AT&T, Ford Motor Co., Mayo Clinic, and RR Donnelley.



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