

“When we are promoting our Service to customers are we using the one size fits all approach ?”

By: Max Franchitto

When an organisation sets its Service Management strategy in the majority of cases it is safe to say that it looks at the customer in a holistic fashion, without stepping back and appreciating the vast variety of needs and wants that characteristically define the target market it is seeking to satisfy.

The important aspect of an effective Service Management strategy is that careful segmentation takes place at the very beginning of strategy formulation. Segmentation is not an exclusive tool of the sales and marketing department, indeed it has equal if not greater value when effectively used by the post sales division of the organisation; the front-line of service delivery.

There have been numerous strategies defined on customer service and creating a closer relationship with the customer. However, few have focused on one of the most challenging sectors and that is the Services sector. In this market the product is often at parity with its substitutes and the challenge is in creating a platform for differentiation which is based on the experience that the customer is likely to have in dealing with the organisation, rather than the actual product.

Customer relationships are strained in most organisations and it is difficult to convince customers that they are valued when the “One size fits all approach” is being applied to their individual needs.

What are the options for improvement:

One of the classic case studies to learn from is the Ritz-Carlton where the Target market albeit defined as part of the marketing strategy of the Hotel chain, the Customer Service and its delivery strategy are designed and developed by the service staff as part of their everyday relationship marketing experience with the customers visiting the Hotel. Indeed their whole focus is on improving the experience rather than promoting the product.

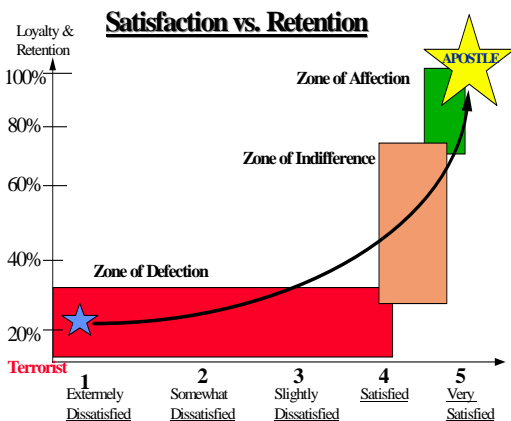
The Ritz-Carlton approach is all about creating what are known as “listening posts”, these are basically, opportunities for Service staff to collect data from the customer in order to better serve their needs and preferences when visiting the hotel. The soft, as opposed to hard statistical information, database that this approach creates is analyzed daily and the changes are made by a team that is totally dedicated to creating an “individualistic” experience for the customer.

Simply put by Horst Schulze, President of Ritz-Carlton “...Keep listening to customers because they change....And if you have 100% satisfied customers then you have to make sure that you listen and change - just in case they change their expectations, so that you change with them”

It is a reality that many companies conduct satisfaction surveys and come back with results which show that they are catering for the individual needs of the customer. These companies are often misled by such surveys, in that such instruments fail to measure the “value”

that the customer has gained from the experience.

The key factor here is to realise that Satisfaction is only a measure of the service that the organisation is willing to provide, so the customer is conditioned into accepting what it is that they have to offer and continuing to wish for that



elusive “individualistic” treatment that may never be delivered.

The effect of positive feedback from customer satisfaction surveys that do not account for Value and Individual needs, is that the organisation goes on to build its future Service Management strategy on flawed assumptions, thereby building future service offerings on doubtful achievements.

This concept is probably the most likely reason why research on customer satisfaction is often not valued by management in that it continues to provide a skewed view of the customer relationship.

Where Satisfaction becomes Loyalty:

Once we begin to really understand what customers value then we can lay claim to not being part of the “one size fits all” regime.

Value to a customer goes beyond monetary terms and looks at the gains that one can make in other areas such as convenience, related benefits and after purchase support. All customers have one thing in common in regards to value they perceive the value not in the product but rather in the experience. This means that if an organisation can deliver a product or service that is fulfilling the clients expectations at every level, then it can claim to be meeting the satisfaction challenge.

It is worth noting that when customers move from being Dissatisfied to being totally Satisfied they are in fact moving from a Zone of Defection to a Zone of Affection. The result is that they move from being a casual customer to being an Apostle for the Product or Service being delivered.

Diagram 1.

(Source: ABS - HBS , Earl.W.Sasser)

The lesson in this transition is that satisfaction is most effectively achieved when individual needs are totally met. As in the Ritz-Carlton example the staff have been instructed to monitor customer preferences so that the Service and Relationship marketing can be planned on the basis of real individualistic feedback.

Create Listening posts and believe in what they feed back to you.

The challenge in designing our service offerings is in the segmentation of not only target markets but rather in the segmentation of target customer needs the organisation seeks to meet. This approach will in fact touch the client in a more permanent way and will create opportunity for the retention of their

patronage which in turn (if the listening posts are working) will give greater opportunity to further enhance the next level of services on offer.

What makes the difference:

In the sincere effort to meet customer needs and expectations organisational service management has to be seen as the ideal window of opportunity for proactive marketing of products and services.

Focusing on building a mindset amongst the people responsible for servicing the client that leads to the realisation that not all customers are the same and that each of them has a differing interpretation of where “satisfaction” meets “expectations”.

The services industries are particularly challenged in this quest because the product is not expected to be rigid in the mind of the customer and in fact flexibility is one of the most expected features associated with Services products. The product can determine the short-term satisfaction of the client but the “individualistic” experience will be the driver to “loyalty” and therefore long-term Customer growth and profitability.

In conclusion when your organisation claims “we tailor our products (or services) to meet your needs” please make sure that this is backed by an action plan and is not just a sales and marketing slogan.

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*References: “The Service Profit Chain”
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