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Customer care - activity, performance measurement, and a philosophy

Bachelor Thesis

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Affirmation

I declare, that my bachelor thesis on topic

Customer care - activity, performance measurement, and a philosophy

was prepared by me and led by Ing. Richard Selby. All the materials cited and used are in the reference list.

Prague 22.04.2008

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Péče o zákazníky - činnost, výkonnost, a filosofie

Summary

This bachelor thesis deals with the problem of customer service in itself, but also analyses it as an activity, a performance measurement, and a philosophy. It brings out what is and what customer care consists of. It includes the characteristics of the most important features which relate to customer service activity. It emphasizes the importance and contribution of customer service. It summarizes the given problems both abstractedly and with the help of practical instance (case study), where a SWOT analysis was implemented. The task of this work is to give comprehensive information concerning the problem and give a reasonable personal opinion of it.

Key words

Customer, customer service, customer loyalty, loyalty programs, CRM, customer-centric enterprise, customer service support tools.

Souhrn

Bakalářská práce se soustředí na problém zákaznického servisu a také analyzuje jeho aktivitu, hodnocení činnosti a jeho filosofii. Bakalářská práce vysvětluje co je a z čeho se skládá zákaznický servis. V práci je zahrnuta charakteristika nejdůležitějšího rysů, které se vztahují k činnosti zákaznického servisu. V práci je kladen důraz na důležitost a přínos zákaznického servisu. Bakalářská práce shrnuje problémy abstraktně i prakticky (viz. dotazníková studie); v praktické části byla použita SWOT analýza. Cílem této práce je získání komplexního porozumění daného problému a podání vlastního názoru na daný problém.

Klíčová slova

Zákazník, zákaznický servis (služby zákazníkům), zákaznická věrnost, věrnostní programy, správa vztahů k zákazníkům, podnik zaměřený na služby zákazníkům, pomocné prostředky zákaznického servisu.

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1. Introduction

The topic **Customer Service** has been chosen by me because of the points listed below.

Customer service term has become a standard part of our vocabulary and a broad activity. It is one of the most important issues concerning businesses in every market. The common theme is meeting the customers' requirements and ensuring that all aspects of the business contribute to customer satisfaction. If customers are satisfied with the product and the standards of service they receive, they will return to the company again and again- for major and minor purchases.

It brings benefits both to customers and service developers. That is why this issue should not be undervalued. In future the role of customer service in the world economy is likely to become even more important and will become the core of every successful business.

2. Aim and Methodology

Excellent customer service isn't just an art, it is also a science. It goes far beyond human nature and a good attitude, incorporating important communication, transaction and leadership skills that any business can put into practice. The aim of this thesis is to provide a more detailed picture of customer service, firstly analyzing it as theory, including the main terms and definitions, and later on transforming - theory into practice, using the case study as a research method. This was used for a local company, the bookstore "BUKVATOR" in my native town of Rivne, in Ukraine. The company was observed and its customer service policy was analyzed over 1 week, when questionnaires were filled in, employees and managers interviewed and observation data were collected. The case study method implemented within the existing organization allows connecting the theoretical assumptions we have with the reality, to understand how the whole customer services system works. SWOT analysis underlines the possible problems that may occur in the company having a customer service as a base.

3. Literature summary

This chapter includes the definitions of the main terms connected customer service. The definitions used are mainly from the scientific works of the experts in this field.

3.1. Customer

As a brief introduction into the topic it would be useful to identify a customer firstly.

“Customer is a person, company, or other entity which buys goods and services produced by another person, company, or other entity”. [11]

According to the Customer service institute a customer is: *“somebody who receives customer service from a service deliverer”. [13]*

Generally it is easier to see a customer as a person but sometimes an organization can be a customer. In most cases a customer or his or her organization is paying directly or indirectly for the service that is being received.

If a customer is a private individual or comes from another organization he or she is an external customer. If a customer comes from another part of the same organization he or she is called an internal customer. [13]

3.2. Customer service

Customer service is usual called customer care in daily life

“Customer service is the sum total of what an organization does to meet customer expectations and produce customer satisfaction”. [13]

Many attempts have been made to define customer service. Most definitions take the organization as the central focus point, but lately among the customers raised an idea that foremost the customer service should be for customers.

The definition of customer service from the customer's point of view:

"A customer defines good customer service as how she perceives that an organization has delighted her, by exceeding to meet her needs". [12]

Customer care has two aspects:

- a) The physical means of delivering customer service;
- b) The attitude of staff.

These two aspects can not be analyzed separately. A company wishing to improve its standards of customer care could set up a customer care hotline to handle queries or complaints – that would be the physical part of the equation; but if the attitude of staff who manned the hotline was unsympathetic, the customer care benefit could be lost. That is why a company that wishes to implement an effective customer care strategy should look for a balance between the two. [2]

Customer care can operate in a variety of ways:

- a) Offering customers the products and services that reflect their real needs;
- b) Offering greater levels of convenience which make it easier for customer to buy from the certain company;
- c) Providing a customer service centre where customers can make enquiries or complain;
- d) Improving the overall quality of service so that customers recognize a change in performance. [2]

The definition of customer service activities in recent years has broadened to encompass many activities. For a long time, the words “customer service” were used only in the positive sense, meaning that a good customer service that was prompt, efficient, pleasant and helpful. In today’s economy, the two words can be modified by an adjective. There’s good customer service, and there’s bad customer service.

Customer service can be identified in the following points:

3.2.1. A new choice

With adjectives describing good or bad service, in use, consumers have a new choice: to buy good or bad customer service.

With consumer choice come the standard economic concepts of supply and demand and pricing. Consumers will now choose and pay for good service.

With this concept of choice on the customer service side comes the traditional role of competitors, even in activities that have historically monopolies.

3.2.2. Way to profitability

Finding new customers is an expensive business which is why it pays to invest in hanging onto your existing clients.

Though superior customer service doesn't bring immediate profit it is oriented on a long-term relationship with a loyal customer. Good service can also give small companies a lead over their bigger rivals.

Research shows that businesses spend six times as much on recruiting a new customer as they do on retaining an existing one. Every business - no matter how small - should have a strategy for dealing with customers. Listening to customers can help in all areas of business from developing new products to finding out more about competitors.

According to studies by the TARP¹ only four percent of unsatisfied customers complained to the company and the other, 96 percent, do not complain, they just go somewhere else, only nine percent of the unsatisfied customers go back, 91 percent left forever. When losing its customer a company loses its possible profit. The study also found the alarming finding that dissatisfied customers tell eight to ten people about their unsatisfactory experience. On the other hand excellence in customer service can help businesses to retain customers. As satisfied customers, they will recommend you to others, which is a good advertisement resulting in an increase in new business. By focusing attention

¹TARP- the USA's premier customer service research company, pioneers in the field of customer satisfaction, innovators in the field of customer interaction. [22]

on the customers that have the highest potential lifetime value, company can improve profitability. This puts the importance of keeping one's customers pleased in perspective. [17, 22]

3.2.3. Measurement of service

Profitability can be determined by many measurements, depending on a company's or organization's goal: return on equity, net profit margin compared with competitors, compound asset growth, compound equity growth, return on total capital, dividends, share of the market growth, earnings per share, and so on. Customer service does not have this range of concrete measurements. It is possible for a group of people to agree on one or two top performers in a given field in terms of customer service. An attempt to measure the service is obvious when the customer compares two products from different companies, usually competitors. The service ratings a consumer might give both companies relate to their own experiences, with the products of the two companies, with advertising they have seen, or be based on word-of-mouth advertising from friends.

3.2.4. Future measurement

The process of installing concrete measurement standards, however, has begun and is well under way. At the Marriott hotel, for example, guests find a card to order breakfast and hang outside the door before retiring. The card states a service guarantee. If Marriott delivers a guest's breakfast more than 15 minutes late, the breakfast is free. In this way, Marriott is giving birth to a concrete measurement of customer service for the delivery of room service breakfasts in the hotel industry.

But at present there are still no concrete measurements proving that to be highly profitable, a company or organization must deliver superior customer service.

Other factors cloud the issue:

- If all the companies or organizations in a particular field are offering poor customer service, there is often no catalyst to change, no motivation for improvement. If none of the competitors "rock the boat", if consumers find equal dissatisfaction with all companies in the field, and if consumers do not find ways of comparing the service levels in this field with service levels in other field, the situation could continue.

- Other factors affecting profitability, overriding market or world economy could cause a company or organization to be profitable while delivering poor customer service or be unprofitable while delivering superior customer service.
- Some customer service factors can hardly be, or even, never quantified. Until such factors are translated into measurable factors, good or bad customer service will be a subjective and sometimes emotional rating.
- Monopolies exist. Even delivering terrible service, they can be profitable.
- Nonprofit organizations also engage in service delivery, both good and bad. Most of these organizations have some measure of success other than profit. Contribution goals are an obvious measure of success.
- Timing is a factor, as is the problem of evaluating short-term versus long-term profits. If a company's customer service levels deteriorate and customers turn to competitors, swift cost-reduction measures or prompt actions to sign up new customers can prevent the deterioration in service from showing on the bottom line. But when there are no further cost-reduction measures to take or new customers to sign up, the impact will fall to the bottom line.²

3.2.5. Quality

Philip Crosby, in his book *Quality is Free* defines quality, whether in manufacturing or service, as “doing things right the first time. Quality means conformance, not elegance. Quality is not only free, it is an honest-to-everything profit maker. Money you don't spend on doing things wrong, over, or instead becomes the input to your profit”. [1]

3.2.6. Reality and performance

Despite the growing evidence that good customer service affects the bottom line, each day mistakes are made and the following activities take place:

2. The line in a financial statement that shows net income or loss. [14]

- thousands of employees go to work to face customers and deliver mediocre or poor service;
- thousands of employees go to work to sit in offices where they never speak to a customer, and never once think about a customer in regard to their work;
- thousands of middle managers manage these employees, condoning by their very presence mediocre or poor service or total lack of concern for customers;
- hundreds of chief executives and senior managers spend long hours in meetings, analyzing numbers, making massive short-range and long-range decisions, planning strategies, lining up financing, but never talking about the service their companies deliver to customers;

There are some common excuses for the poor customer service:

- The company is satisfied with its achievements (market share, profit, turnover), which are assumed to be a maximum limit that could be achieved;
- Comparing the results with the previous years (a lot of factors should be taken into account), getting satisfied with a better result, even when there is a vast room for improvement;
- No motivation for changes if prices and products are equal to or superior to those of the competitors;
- Customer service is time-demanding;
- Only some employees are really interested in customer service, workers only bring the service, not create it, they are not aware of its importance and are not motivated by managers;
- Much stronger emphases on the technological progress and profit than on the customer service development and improvement;
- Threat of becoming a slave to customer needs. [1]

3.3. Customer service delivery

It would be very easy to introduce customer care slogans and encourage staff to demonstrate customer care, but this action would be wasted without an understanding of what customers actually needed. Customer care is more than wearing a smile and wishing someone a nice day. Customer care is meeting customers' real needs and the hardest part is to identify those needs. That is why it is vital to get the right people to deliver service.

Usually the quality of the customer service, one gets, is considered to be tightly connected with the person/employee you get it from, however, the level of customer service depends on the whole organization, not individuals. That is why it is necessary to have a measurable standard of service and make sure that staff works towards it, to invest in training so that everyone is aware of the importance of customer care and to remind staff to put themselves in the customer's shoes. One of the main problems is that due to the lack of motivation employees usually are weakly interested and see no interest in improving the overall level of service. That is why encouraging employees to use their initiative and let the rest of the business know when something has worked well - or if it hasn't might become a good strategy.

In reality the customer service delivery system contains the following elements:

- Chief executives;
- Delivery personnel;
- Support personnel;
- Middle management.

3.4. Customer service support tools

Customer Service tools are highly valued by today's most effective leaders. Effective service tools help to ensure a strong service environment based on client trust.

Technology has made a wide range of customer service tools available. They range from support websites and the ability to have live chats with technical staff to databases tracking individual customers' preferences, pattern of buying, payment methods etc.

Among the most support tools often used are:

3.4.1. Traditional Phone Support

Despite the advances in technology, there may always be a need for the person-to person contact provided through traditional phone support. Although the percentage of inquiries addressed via the call center may decrease or be deferred to another channel, it is still very important to offer this support channel to your customers. Otherwise, customers may feel limited by the assistance they can receive, which affects their perception of the company and its products.

Depending on the number and quality of customer service representatives, the effectiveness of a call center can vary. If the representatives are well trained and the tools being used enable accurate and timely responses, the call center can serve as an excellent form of customer support. It is critical that call center representatives provide customers with the most up-to-date information possible.

Positives

- Easy for customers to use;
- Immediate response;
- Great communication medium;
- Customer control;

Negatives

- Cost;
- Personnel requirements.

3.4.2. Email support

Email support has been a roller coaster ride for both companies and consumers. The initial expectations of cost savings and apparent ease of email correspondence have been overshadowed by the mounting problems. Companies have found that instead of an email coming into support requiring a single response for an answer, an email dialog occurs, with each interaction costing more and taking more time.

Positives

- Automated email responses;

- Cheaper than phone support;
- Good option for people online;

Negatives

- Unpredictability;
- Potential costs;
- No immediate response;
- Personnel requirements;
- Inconsistent responses.

3.4.3. Chat Support

For those used to the concept of “instant messaging”, live chat is becoming more available as a support touch point. While the results are mixed, both by users and companies deploying chat, it seems to have an appeal to a certain market. Chat typically requires a download and some segments of the population do not feel comfortable with this concept.

Positives

- Least expensive form of live support;
- Good option for people online;

Negatives

- Software requirements;
- Inconsistent answers;
- Personnel requirements;
- Limited audience appeal.

3.4.4. Self-Service

Self-service is a rapidly growing industry that enables users to find answers to their questions via the web, kiosks, automated phone systems, and more. While effective for its own purpose, it is not designed to provide a direct response to customer enquires or standard human conversation.

A primary purpose of self-service is to address commonly asked questions, and greatly reduce the number of inquiries being answered via more costly support channels – primarily email and phone.

Although some customer inquiries require person-to-person assistance, and some companies want to drive high-value customers to personal interactions, the great majority of inquiries is derived from a relatively known subset of information and can be answered by an automated solution. A highly automated and well-organized web-based customer self-service can significantly reduce the cost of customer service operations while giving customers faster access to the information they require.

Self-service is a form of automated customer support that simulates live support.

It is considered to be an effective and economical alternative. As companies are directing more business to their websites, self-service is fast becoming a necessity for successful retail and consumer-oriented organizations,

Positives

- Incredible cost savings compared to other service tools;
- No software or user skills required, easy to use;
- Autonomous implementation and maintenance;

Negatives

- Confusing with possible search, page navigation difficulties. [17]

3.4.5. New channels of distribution used

Many companies have started to use new channels to capture customer feedback. With record number of people now communicating through mobile phone and sending texts, many argue that the next wave of customer feedback will primarily be captured through channels familiar to most consumers, such as mobile email and SMS. This will enable companies to track the opinions of their customers much more easily and gain valuable insight into how to improve service quality and enhance the customer experience. [18]

3.5. Customer loyalty

Only having high-skilled employees in a team will lead to a customer's satisfaction with the service. Many companies argue that high satisfaction equals loyalty, there are no studies that show a clear positive correlation between the customer satisfaction and customer buying behavior. However customers may express high satisfaction level with a company, but still not be loyal.

What does customer loyalty mean?

In reality there is no clear cut definition of customer loyalty, however there are some key words:

- Preference;
- Consistent relationship over time;
- Frequency.

According to the Institute of Customer Service: *"Some customers tend to return to the same service deliverer and this is customer loyalty. Obviously customer loyalty can be built up if the customer experience of an organization has been good". [13]*

Jim Novo in his work *Drilling Down* argues that customer loyalty: *"is the tendency of a customer to choose one business or product over another for a particular need". [19]*

Loyalty becomes evident when choices are made and actions taken by the customers.

The focus on customer loyalty has increased drastically over recent years. Companies have realized that price and quality are competitive advantages that can easily be copied, and have searched for other ways to reach success. Creating customer loyalty has become one way to reach advantages in the competitive market place that are current today. The most common strategy to build customer loyalty is loyalty program implementation.

3.5.1. Customer loyalty programs

Loyalty program- *“a program designed to lower the turnover among users of a product or service by rewarding a customer with incentives or other benefits for remaining a customer”*. [13]

The use of loyalty programs has increased substantially. Loyalty program should integrate the entire organization. Loyalty programs can be based on many different activities which together will contribute to increased customer loyalty.

A lot of authors argue about loyalty programs and their objectives.

According to Kotler loyalty programs operate differently from other marketing efforts such as advertising campaigns and sales promotions, where a short-term increase in sales is the main goal. Loyalty programs put their emphasis on building a repeat-purchase relationship with the customer and encouraging loyal behavior towards the company.

The goals of a loyalty programs obviously differ in different companies, however common outcomes to be expected from a loyalty program are:

- Increase repeat-purchase rates;
- Decrease in switching to other brands;
- Increase usage frequency [5].

According to Butscher the main goal of a loyalty program is to increase profit, revenue and market share. Other important goals are customer retention, attract new customers, getting information about the customer, and creating a communication channel between the customer and the company [4].

Griffin states that increased loyalty can bring cost savings to a company in five areas;

- Having loyal customers a company does not need to spend capital on customer acquisitions, which reduces the marketing costs;
- Economy of scale gives lower transaction costs, such as contract negotiation and order processing;
- With fewer customers leaving the company, the organization will experience reduced customer turnover expenses;

- More satisfied customers lead to more positive word-of-mouth, which studies shows is the most influential aspect in the purchase decision process;
- Better knowledge about ones customer leads to reduced failure costs. [23]

Duchessi points out that to be successful in today's business world all companies must create value for their customers. That is the key to success. It costs five times more to acquire a new customer rather than retaining an existing loyal customer that makes regularly purchases. This is due to the fact that companies often invest large amount of money in advertising, promotion, sales calls, and channel development to get an initial trial purchase. Every time a company loses a customer to their competitor the company loses its initial investment and incurs a substantial cost to replace him or her. [24]

3.6. CRM

There are many different terms when it comes to customer loyalty, Relationship Marketing(RM), Defensive Marketing (DM), Customer Relationship Management (CRM), retention marketing and “one-to-one marketing” are just a few.

- 1 However CRM still remains among the most commonly used.

“Customer Relationship Management (CRM) is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized and efficient manner” [20].

In many cases, an enterprise builds a database about its customers. This database describes relationships in sufficient detail so that management, salespeople, and customer service reps can access information, match customer needs with product plans and offerings, remind customers of service requirements, know what other products a customer has purchased etc.

There are three parts of application architecture of CRM.

3.6.1. Operational CRM

Operational CRM means supporting the so-called "front office" business processes, which include customer contact (sales, marketing and service). Tasks resulting from these processes are forwarded to employees responsible for them, as well as the information necessary for carrying out the tasks and interface with the back-end applications being provided and activities with customers are documented for further reference.

3.6.2. Analytical CRM

In analytical CRM, data gathered within operational CRM are analyzed to segment customers or to identify cross- and up-selling potential. Data collection and analysis is viewed as a continuing and iterative process. Ideally, business decisions are refined over time, based on feedback from earlier analysis and decisions. Business Intelligence offers some more functionality as separate application software.

3.6.3. Collaborative CRM

Collaborative CRM facilitates interactions with customers through all channels (personal, letter, fax, phone, web, e-mail) and supports the co-ordination of employee teams and channels. It is a solution that brings people, processes and data together so companies can better serve and retain their customers. The data/activities can be structured, unstructured, conversational, and/or transactional in nature. [20]

3.7. CRM and Customer-centric enterprises

True CRM creates a customer-centric enterprise - *an organization that revolves around its customers.* [21] But not just for the customers' sake--for the good of the company as well.

A customer-centric enterprise uses business strategies throughout the organization to best serve customers. These strategies and the technology tools that support them lie primarily in sales, marketing, and service. However, many will argue that without integrating front-office tools and data

with the back office, companies cannot truly benefit from CRM. And when these many disparate systems are brought into the shared CRM system, they present a unified view of each customer to all those inside the enterprise who will touch him. This will allow the company to understand and serve the customer better, at a lower cost with better results. [21]

3.8. Customer Service Worldwide

During the last few years the customer service role has become an essential part of every successful business, as a result more and more organizations where customer service and its standards are the main objectives have spread over the world.

- The Institute of Customer Service (ICS)
- Customer Care Institute
- Service Quality Institute
- The Customer Service Institute (CSI)
- International Customer Service Association (ICSA)

Those are the professional bodies for customer service. Their main purpose is to lead performance and professionalism in customer service. [13]

4. Case study. Characteristics of a chosen organization

As the main goal of the thesis is not only a problem description but giving my own evaluation, a practical example would be quite useful, it allows the problem to be seen from the inside. But as any other problem it has two sides (usually opposite): one who delivers the customer service and the one who gets it, due to that fact we will examine both points of view in “How does excellent customer service look?”

It goes without saying that customer service takes part in our everyday life. As visiting restaurants, cafes and shopping are most often connected with the meaning of service the analysis will be implemented in one of the local bookstores.

Bookstore “BUKVATOR”– a branch store of the biggest bookstore chain in Ukraine “BYKVA”. The shop is located in the city centre of Rivne (Ukraine).

Product Specialisation: books, DVD, CD products, maps, writing material, textbooks, dictionaries etc.

Opening hours:

Monday-Sunday 09.00- 22.00

The bookstore staff consists of 20 employed people.

4.1. Service provider’s view

Firstly the shop policy overview will be discussed. The shop is considered to be among the best in Rivne. The bookstore sees excellent customer service as an essential part of profitability and success. However they see a strong connection between customer service and marketing. It is essential to identify and understand customer needs, to offer them the product or service that reflects their real needs, as well as offering greater levels of convenience which make it easier for customers to buy from you. The whole service policy of an examined organisation can be divided according to the marketing mix or the 4P’s of marketing³:

4.1.1. Price becomes cost to the user

³ Controllable variables which a business can use as tools to assist them in pursuing their objectives. The four P’s are: product, pricing, promotion, placement. [9, 10]

- Most of the products sold at the bookstore are not cheap, even more expensive than in small local stores, but all the products are of a high quality (licensed);
- Quantity discount. Buying more than 5 books at a time or having a sum that exceeds a certain limit, you pay 10 % less than the normal price;
- Happy hours. Everyday from 09.00-11.00 10 % discount on all books;
- 10 % discount for V.I.P. card owners.

4.1.2. Product becomes customer needs and wants

The main idea is to create a channel between the shop and client for direct communication. That allows a strong base to be built, to find out more about the customers and identify their real needs.

For the customer service and support stand:

- 1st statement: Customer is always right 2nd statement: if not - see the 1st statement;
- Possibility to pay in cash or by credit card;
- Children's playground with a professional nanny;
- Polite personnel, excellent service;
- System of special offers, discounts, bonuses etc.;
- Placing an order on-line or by phone. Possibility to order the book, CD or DVD you need without going out;
- Greeting cards for our V.I.P. customers on special occasions;
- Customer support line, where you can make complaints and recommendations by telephone or on-line.

4.1.3. Place becomes convenience

- Free parking;
- Easy to find;
- Quality goods for a suitable price;
- Long working hours (09.00-22.00).

4.1.4. Promotion becomes communication

- Customers are always well-informed. Sending mail, SMS, brochures etc. informing about the latest offers and novelties to loyal customers;
- Billboard advertisements located in different areas of Rivne;
- Sending brochures giving brief info about the shop and its offers to potential customers, who can become loyal later on (universities, DVD rentals, libraries, schools, other companies etc.).

4.2. SWOT Analysis

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues and identify internal and external factors that are favorable and unfavorable to achieving objectives. The SWOT analysis is an extremely useful tool for understanding and decision-making for all sorts of situations in business and organizations.

SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats.

Strengths and weaknesses are internal factors. Opportunities and threats are external factors.

The technique is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s (using data from Fortune 500 companies). [6, 7]

4.2.1. SWOT Analysis of a customer-centric enterprise (Bookstore “BUKVATOR”)

Strengths (S)

- Wide range of products and services (placing an order by phone or SMS)
- Suitable location (easy to find).
- Only highly- skilled personnel.
- Good quality for a reasonable price.
- Good reputation attracts new clients.

- Increased profitability (due to cost savings).
- Building a long-term relationship with loyal customers who make regular purchases
- Long term business approach.

Weaknesses (W)

- High costs required for a shop like this (high rent, sustainable capital funding, wide range of services, new equipment, marketing costs etc).
- Difficulties with hiring personnel and finding suitable staff, only highly qualified employees are required.
- Seasonal visitors fluctuation (different number of visitors in spring-summer and autumn-winter periods, in summer period schools and universities are closed).
- High costs of employee training, new technology and programs.
- No immediate profit observed.

Opportunities (O)

- Development of services, introducing new products, development of the customer network.
- Employing workers who have a degree in the following field (linguists, teachers etc.).
- Understanding and implementation of new technology.

Threats (T)

- Competition. Similar shops and small bookstores already exist or may appear, as they develop so do their services as well. It is of great importance to know the situation in the market you operate in.
- Sustainable seasonable fluctuations can influence the profit dramatically (the number of students in Rivne differs throughout the year).

- Fast growing requirements for customer service quality.

4.3. Customer's view

Customer service can sometimes play a decisive role for clients, when choosing a place to visit. Qualitative research methods have been used for this project⁴.

To find out the role of customer service in everyday life a questionnaire was created and distributed among 100 visitors of the bookstore examined. The questionnaire included questions concerning general understanding of good service and questions concerning specific factors or places.

Each respondent filled in the questionnaire, which took only a few minutes. The questionnaire contained 2 open-ended questions (questions 8, 10):

8) Where do you find the customer service to be of the best quality?

10) Where do you find the customer service has to be improved?

In addition, the questionnaire contained 12 closed-ended questions such as gender (male or female), age, occupation and others, where few possibilities of answer were possible. (Appendix, Suppl. 1).

4.3.1. Research details

1. Gender

Women comprised 54 % (54 people) of the sample and men represented 46 % (46 people) of the sample.

Age

Age categories:

18-25 years 54 % (54 people)

⁴ Qualitative research methods are implemented for smaller but focused samples rather than large random samples, which qualitative research categorizes data into patterns as the primary basis for organizing and reporting results. [8]

26-35 years 21 % (21 people)

36- 45 years 19 % (19 people)

46 and over 6 % (6 people)

2. Occupation

From the total amount:

Study 37 % (37 people)

Work 41 % (41 people)

Work and study 15 % (15 people)

Other 7 % (7 people)

3. The importance of customer service

4. Everyone agreed that customer service is important, but in some cases people don't put an emphasis on it, they consider it to be vital only in some cases. None of the respondents said that service was not important.

5. Responsibility for the quality of customer service

Most of the people asked considered the whole organisation to be responsible for the quality of the delivered service. As a matter of fact this statement is true. According to economic and management studies service is delivered by the whole organisation, not separately by employees, managers or chief executives.

6. Customer service tools

The majority of people prefer it when information is provided to them by phone or self – service. Phone support has the advantage that a customer receives needed information directly and immediately, however self-service is more suitable for people who prefer searching for the information by themselves to direct communication.

7. The first impression.

When entering the shop many peoples' attention is drawn to the friendly staff and cleanliness that stresses the importance of the first impression. However a lot of people turn their attention to the low prices and sales.

8. Good customer service (open- ended question)

Where do people find the customer service to be of the best quality?

Most of them consider banks, private companies, small retail shops and organizations to provide the best level of service. Among the enterprises noted for good service were named IT companies and companies offering mobile services.

9. The most important points in service

It is obvious that customers prefer service provided by professional and skilled workers. That is why polite personnel are really important for customers. Another important point is a guarantee, every customer likes companies that offer them confidence, reliance and satisfaction with their products or services.

Other important points were bonuses and presents which customers get when buying a product or service.

10. Bad customer service (open-ended question).

Where do people think the quality of service has to be improved?

Most of customers are not satisfied with state and public organisations and companies. A lot of people don't like the service they get when they do their shopping. Among the organisations with bad service level were named mainly supermarkets.

11. Main reasons for poor service

The most common reasons that have led to customer disappointment were service (guarantee, delivery time) quality and unskilled personnel. So the importance of employee training should not be undervalued. Among other reasons were complications and difficulties during the service delivery process.

12. Customer reaction to poor service level

According to the research every customer reacts differently to a bad level of customer service. Many people tell other people about it. It is said that a satisfied customer tells three or four people while an angry customer passes the bad news on to ten people. Other people simply stop visiting this organization. That means that losing a customer means the company loses its initial investment. This is due to fact that company invests high costs to attract the client, to get an initial trial purchase. But if the customer experience is bad, he will not come back again.

13. Satisfaction with service

According to this research most of the respondents are more or less satisfied with the level of service in their life, but there are people who are not satisfied at all, that should be taken into consideration by the companies and organisations, because if customers are not satisfied the customer retention is low and profit will be low as well.

14. Weak points

The weak points people see include mainly service (guarantee, delivery time) quality and working personnel. A possible way to improve this is development and the implementation of new technologies and training programs.

The main goal of this research was to find out if the level of customer service is important and what role it plays. As the sample included a different number of men and women and people with different occupations it provided the possibility to find out the attitude to customer service not only among students.

5. Conclusion

From this bachelor thesis and the research done in a case study it is obvious that the quality of customer service is really important for every client, of course for some more than for others. But the role of customer service should not be undervalued. Customer service is the core of any successful business. Every business no matter how small should have a strategy dealing with customers. As research shows even a small company with an excellent customer service may be more attractive than a big one with a low level of service. Customer service is a system, a mechanism, that is effective when all the parts work together, that is why service should be superior at every stage of its delivery.

The better a business can manage the relationships it has with its customers the more successful it will become. Finding new customers is an expensive business. It pays to invest in hanging onto your existing clients. And as mentioned above the disappointed customer probably will not come back or pass the bad news to others, both these actions lead to decrease in a firm's profits.

Combining these two views leads us to the opinion that customer service is important for both clients and service providers, serving as the way to profitability and to customer loyalty for organizations, and as a measurement of personal satisfaction for clients.

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7. Appendixes

Supplement №1 - Questionnaire

1) Your gender:

a) Male <input type="checkbox"/>	b) Female <input type="checkbox"/>
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2) Your age:

a) 18 – 25 <input type="checkbox"/>	b) 26 – 35 <input type="checkbox"/>	c) 36 - 45 <input type="checkbox"/>	d) 46 - and over <input type="checkbox"/>
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3) You:

a) Work <input type="checkbox"/>	b) Study <input type="checkbox"/>	c) Other
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4) Customer service for you is:

a) Important <input type="checkbox"/>	b) Not important <input type="checkbox"/>	c) Important, but only in some cases <input type="checkbox"/>
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5) Whom do you consider to be responsible for the quality of customer service?

a) Chief executives <input type="checkbox"/>	b) Employees <input type="checkbox"/>	c) Middle management <input type="checkbox"/>	d) All of them <input type="checkbox"/>
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6) Which of the following customer service tools do you prefer?

a) Phone support <input type="checkbox"/>	b) Email support <input type="checkbox"/>	c) Chat support <input type="checkbox"/>	d) SMS support <input type="checkbox"/>	e) Mail support <input type="checkbox"/>	f) Self-service <input type="checkbox"/>
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7) While shopping, you turn your attention first of all to:

a) Friendly staff <input type="checkbox"/>	b) Cleanliness <input type="checkbox"/>	c) Nice and cosy interior <input type="checkbox"/>	d) Low prices <input type="checkbox"/>	e) Other
--	---	--	--	----------

8) Where do you find the customer service to be of the best quality? (company, shop, other organizations) _____

9) What do you find to be the most important in service:

a) Polite personnel <input type="checkbox"/>	b) Help with a choice <input type="checkbox"/>	c) Guarantee <input type="checkbox"/>	d) Other
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10) Where do you find the customer service has to be improved? (company, shop, other organizations) _____

11) What is the main reason for your disappointment?

a) Unskilled personnel <input type="checkbox"/>	b) Services (guarantee, delivery time) quality <input type="checkbox"/>	c) Product quality <input type="checkbox"/>	d) Other
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12) After facing poor customer service you:

a) Tell about it to other people (friends, relatives) <input type="checkbox"/>	b) Stop visiting this shop or company <input type="checkbox"/>	c) Complain, but continue visiting this shop or company <input type="checkbox"/>	d) Don't pay attention to it <input type="checkbox"/>	e) Other
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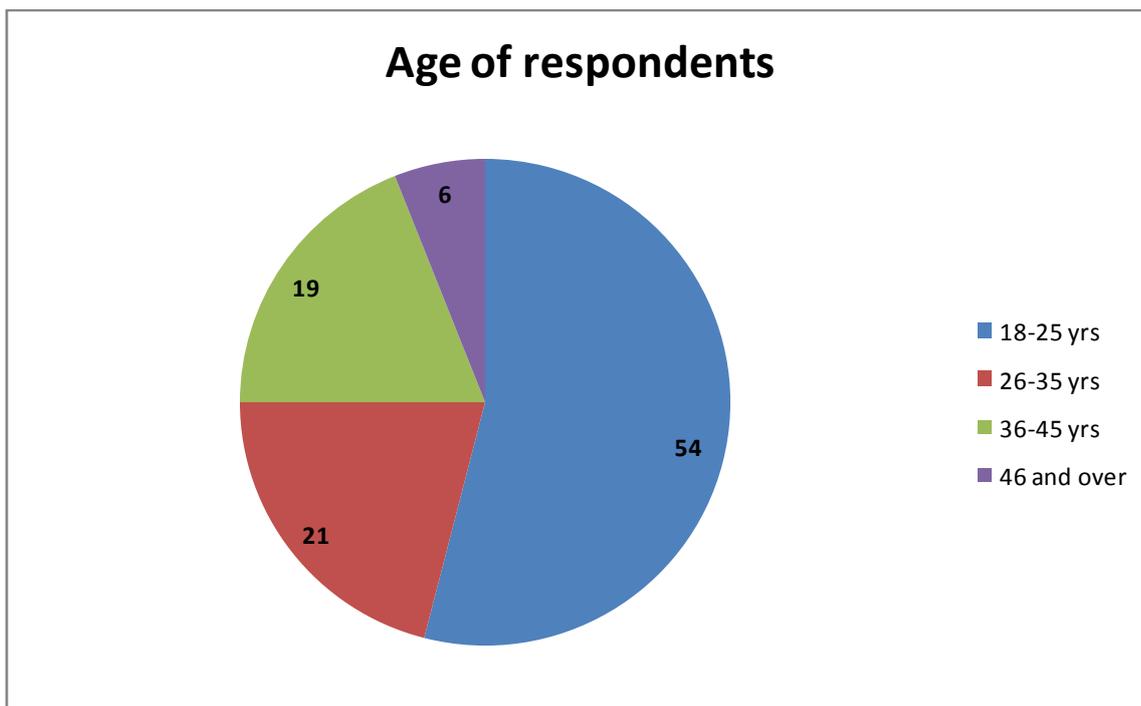
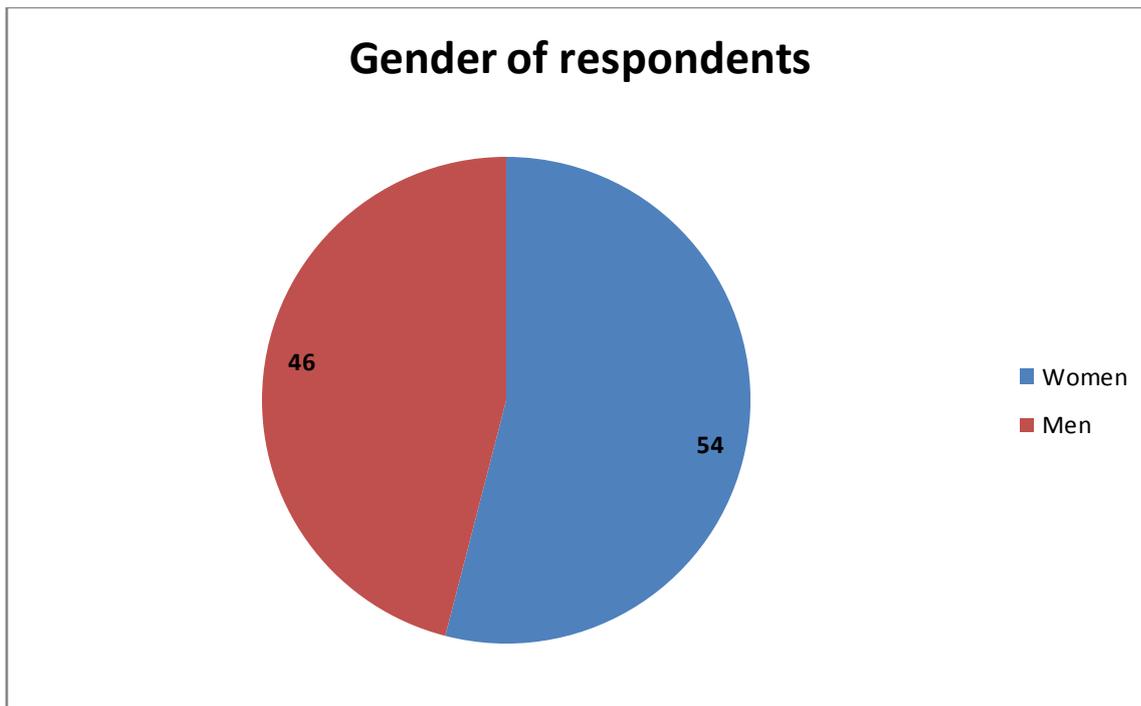
13) How do you feel about the customer service you see in your daily life?

a) Totally satisfied <input type="checkbox"/>	b) Satisfied <input type="checkbox"/>	c) More or less satisfied <input type="checkbox"/>	d) Not satisfied <input type="checkbox"/>
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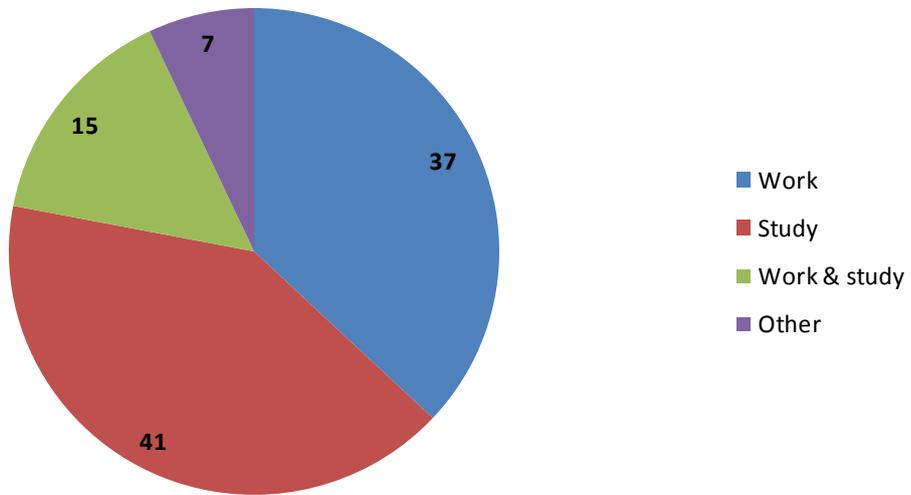
14) What would you improve first of all?

a) Working personnel <input type="checkbox"/>	b) Product quality <input type="checkbox"/>	c) Services (guarantee, delivery time) quality <input type="checkbox"/>	d) Interior <input type="checkbox"/>	e) Other
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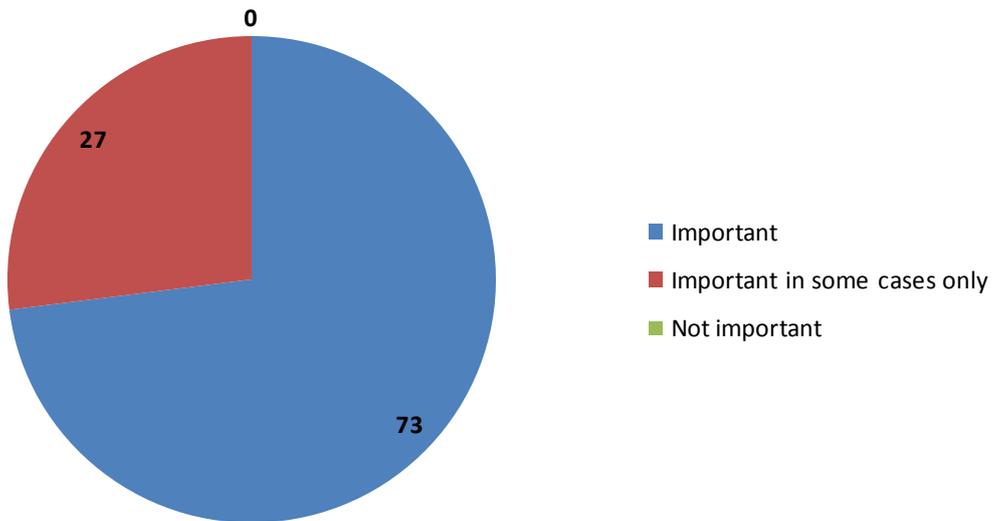
Supplement №2 –Graphs



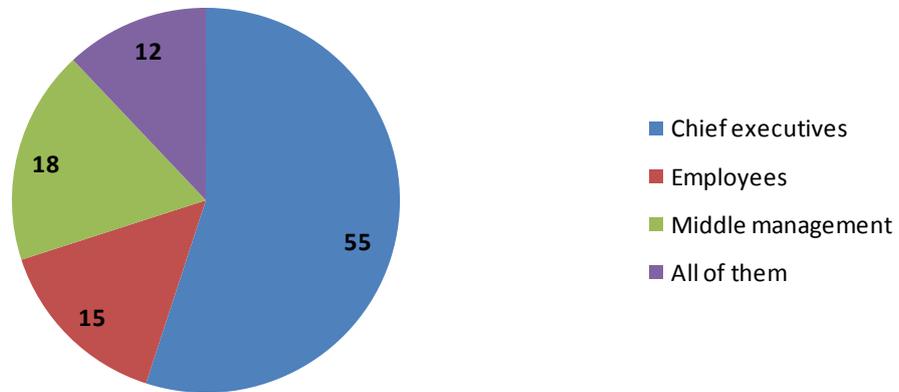
Occupation of respondents



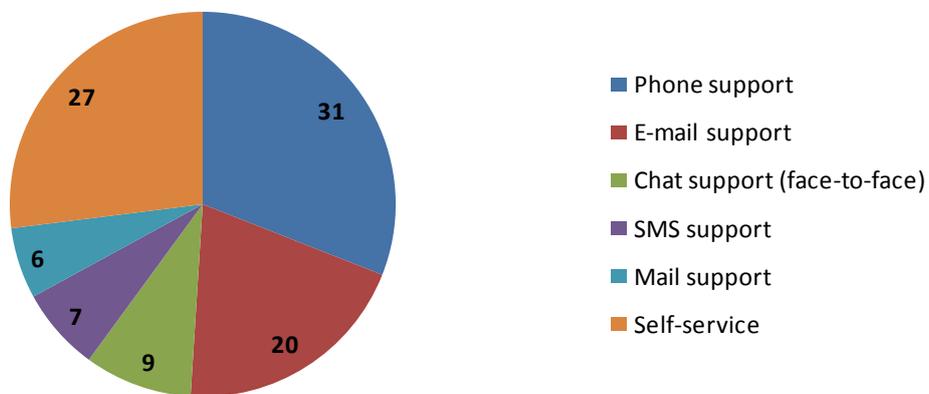
Customer service for you is:



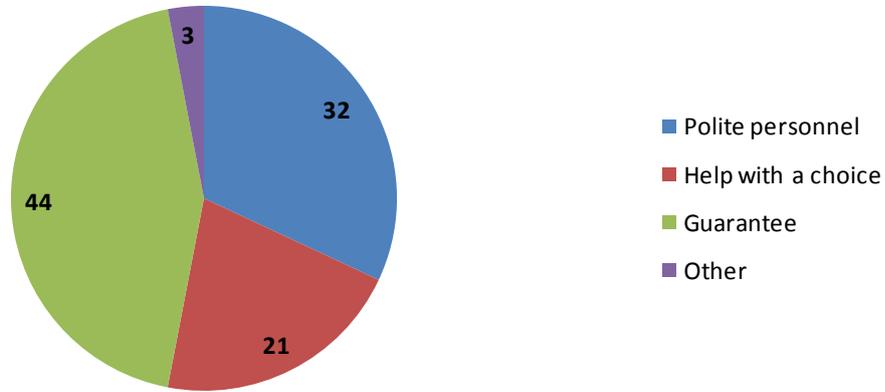
Whom do you consider to be responsible for the quality of customer service ?



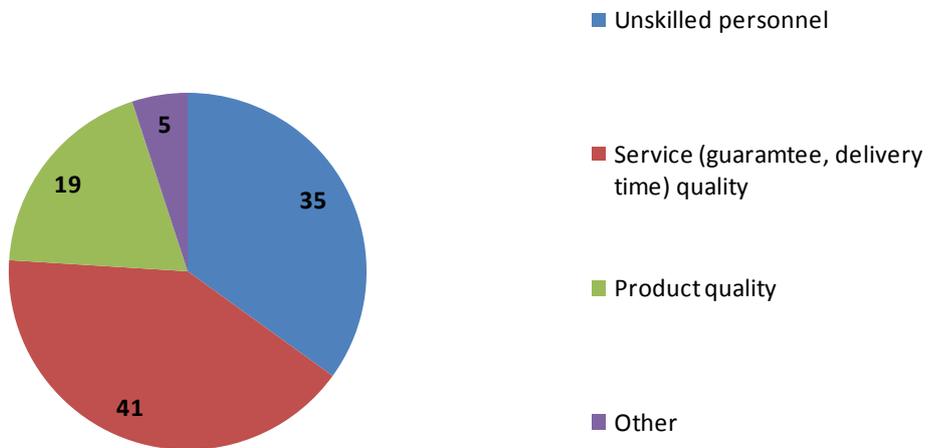
Which of the following customer service tools do you prefer?



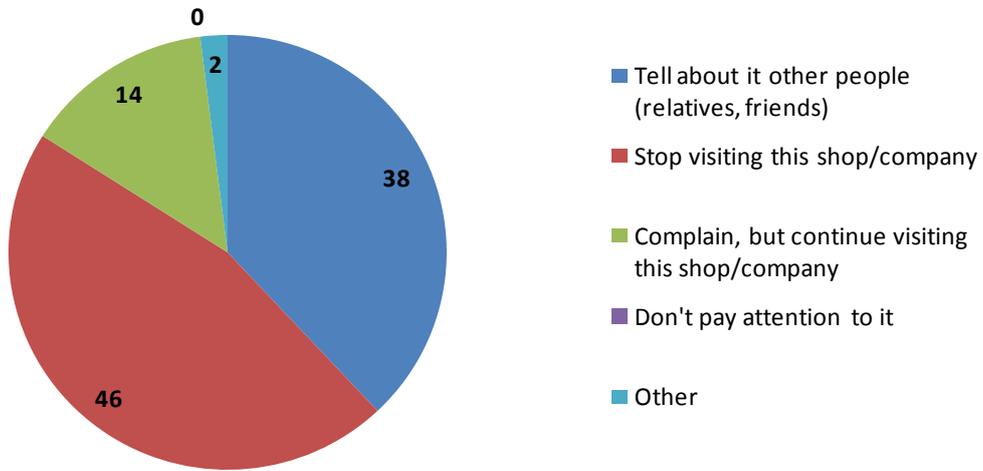
What do you find to be the most important in service:



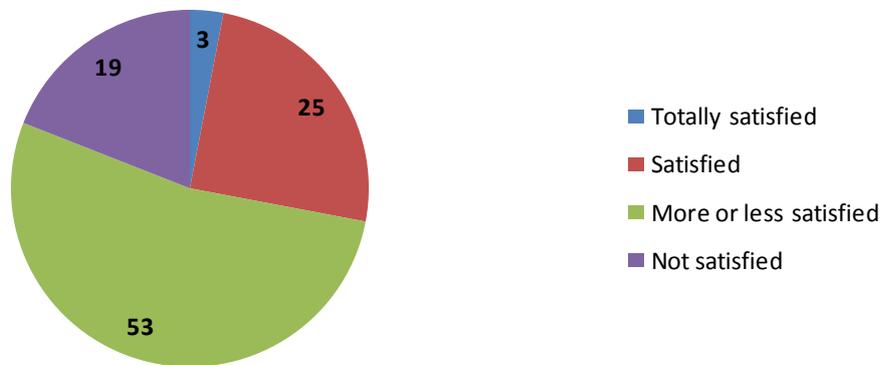
What is the main reason for your disappointment?



After facing poor customer service you:



How do you feel about the level of customer service you see in your daily life?



What would you improve first of all?

