

## **CUSTOMER CARE (DES 3102)**

**LECTURE** : 3

**TOPIC** : Listening to Customer

**AIM** : To understand various methods and strategies used to monitor customer feedback

### **LEARNING OUTCOMES**

After completing the chapter you should be able to understand:

1. The effectiveness of various methods of obtaining customer feedback.

### **TOPIC OUTLINE**

- 3.1 Monitoring customer satisfaction
- 3.2 Choosing appropriate methods of research



### 3.1 Monitoring customer satisfaction

#### Starting point

Monitoring customer satisfaction is a pointless exercise unless management is committed to the process and likely to act on the result. The objectives of monitoring, therefore, need to be clearly defined before a programme begins, together with a budget and timetable.

First, management must decide which areas of customer satisfaction to measure. Different customers have different expectations and therefore different satisfaction levels with the service provided by an organisation. It is important to identify market segments – the groups of customers who should be included in any research – whose needs, expectations and satisfaction levels may alter greatly. Look, for example, at the different needs of a business and tourist passenger of an airline.

Next, the sampling method for the research must be decided, before research is conducted and analysis takes place. Results can then be interpreted and disseminated to all those involved. (Figure 3.1)

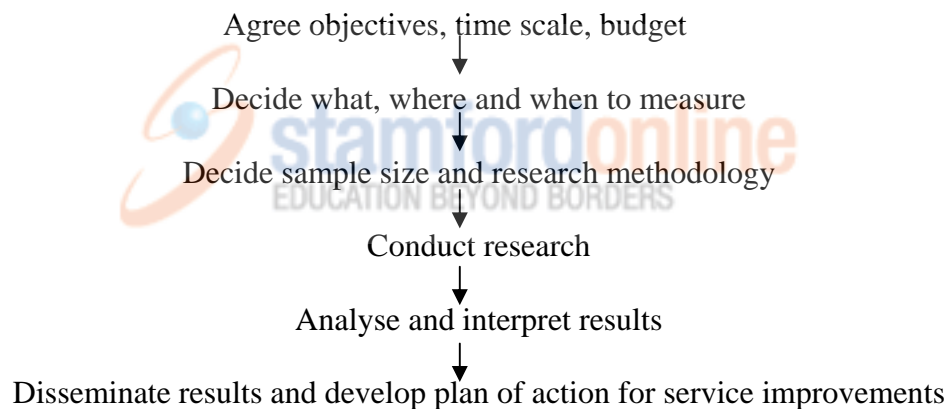


Figure 3.1 Sequence of activity

#### Review existing research

Before beginning a new programme of monitoring, it is useful to review any existing information or research data which the company may have collated in the past concerning customers and customer satisfaction. Typical questions to ask are:

- What do we know about our existing customers?
- What do we know about their expectations?
- How well are we meeting these expectations?
- What will happen in future to customer requirements?
- How do we compare to our competitors?
- How is the market likely to change in the next three years?

Other information may be obtained from the media, through published reports, forecast centres and competitive material.

### **Pilot scheme**

We strongly advise that prior to commencing full-scale customer research a pilot is conducted to test the waters. Talking to customers, holding focus groups and testing questionnaires on a small scale all provide the opportunity to evaluate the process and refine it before it is introduced throughout the company.

### **What to measure**

The customers' perception of an organisation's product and service is based on their total experience over time, not just the sale or one-off encounter.

Every organisation's customers will have different sets of service requirements, which need to be measured. Service standards should be monitored against what the customer perceives to be important, not the organisation's perception. Many companies concentrate their measurement on what they see as being the 'risk points' in terms of customer service – it is important that these areas are also seen to be critical in customers' eyes.

A useful starting point is to identify:

- What are our customers' expectations?
- What standard of service do we currently provide our customers?
- Does this service meet our customers' expectations?
- If not, what are the problems?

Importantly, both customer satisfaction and loyalty should be measured. Customer satisfaction is only one piece in the jigsaw; customer loyalty must be the ultimate goal. Research by Xerox has shown that customers must be very satisfied (not just 'satisfied') to not seriously consider moving their business. An article in The Harvard Business Review stated unequivocally that 'completely satisfied' customers are – to a surprising degree – much more loyal than 'satisfied' customers. These findings are substantiated by AT&T, which had traditionally measured customer satisfaction using monthly surveys. The company added together the scores of customers who rated them as 'excellent' to those who rated them as 'good' to arrive at an overall customer satisfaction score – usually totalling around 90 per cent. However, in spite of these scores, many parts of the business were losing market share. It was only when the 'excellent' ratings were separated from the 'good' ratings that the true picture of customer loyalty emerged.

It may also be useful to see who or what influences your customers' expectations, for example advertising material, comparative service levels of competitors, reputation, etc. It would also be useful to ask: why do customers defect?

There are a number of variables which can be measured as part of a customer satisfaction survey. These include not only customer satisfaction in terms of performance against

service standards but also repeat business and increase in orders. Other variables which can be measured include:

- Reliability – ability to keep promises on a consistent basis;
- Flexibility – speed in changing and adapting to new requirement;
- Accuracy – lack of mistakes and defects, precise correction;
- Responsiveness – willingness to help and provide what's needed;
- Empathy – giving individual attention to customers;
- Tangibles – equipment, communication media, physical environment;
- Time – minutes, hours, on time, overtime, time saved;
- Quantity – over-budget, under-budget, profit, loss, break-even;
- Quality – type of material, finish and durability.

### **Overview of methods**

Telephone banking company First Direct monitors 5 to 10 per cent of all calls and provides continuous feedback on measures such as:

- Voice quality;
- Rapport-building;
- Ability to spot opportunities;
- Average call duration;
- Achieving income targets.

It is possible to monitor both hard and soft measures of customer satisfaction. At the AA, customer satisfaction has traditionally been monitored through retention rate, complaints and customer research. Hard data on performance within the service delivery operation such as fix rate - the proportion of members' vehicles fixed out of total workload; service levels – percentage of jobs attended within a standard shift pattern, are also used as measures. The AA also wanted to be able to add softer data on members' expectations of performance and their opinion of what was actually delivered to get a more rounded view of the service delivery operation.

More importantly, they needed to be certain that they were focusing on what their customers wanted from the organisation, not what they themselves thought they wanted, which often can be a trap business fall into when they gauge performance solely on the basis of internal measures. The softer data approach was constructed using a customer satisfaction index, which was designed by the people who would have to use it. The index is based on customer perceptions of performance and opinions and each factor is weighted, reflecting the relevant importance that customers place on a range of elements within the service chain, such as waiting time, ability to fix a vehicle, and perceptions of the control and telephone operator.

Research has also shown that customers believe that there are a number of attributes that patrol members should demonstrate, such as efficiency, professionalism, helpfulness, courteousness, whether they provide reassurance, whether they are concerned about the customers' problems and are friendly and respectful. These attributes are weighted

according to the relative importance placed on them and an aggregate figure is produced. This score of 50 per cent is made up of customers' opinions on the service they have received, benchmarked against their expectations.

The index is generated by taking a sample of breakdown jobs and mailing members (customers) with a questionnaire four to six days after they have received the service. On average 6-8,000 members are mailed a month which represents one in 32 incidents. The response rate to the questionnaire is around 50 per cent.

The customer satisfaction index (SQI). The SQI identifies the 12 major categories of customer dissatisfaction. Points are weights to each category. The greater the total number of points, the higher the aggravation for the customer.

Cross-divisional root-cause terms were formed to identify problems and come up with solutions for each of the 12 SQI points by 50 per cent over a four-year period, with volume growth of 80 per cent. At the same time as SQI points have been declining, Fedex's customer and employee satisfaction levels have increased.

### **Market research companies**

So on some occasions, companies find it is useful to employ the services of an outside market research agency to help in the preparation of the research, collation of the data and its interpretation. The Market Research Society, based in London, is a useful source of information on such agencies.

Specialist research companies can be particularly useful when large-scale research is to take place and when the client organisation does not have the resources to deal with this. Likewise, independent agencies can sometimes lend a degree of authority to a research project to ensure confidentiality, particularly where employee research is being undertaken.

Prompted by the Citizens' Charter, the Inland Revenue launched a major survey programme based on a four-year cycle. Concentration on service delivery and not policy, each year a separate group of major customers is surveyed to discover their experiences of dealing with the Inland Revenue and what they want from the service. The four groups comprise individuals (employers and self-employed), employees, pensioners and professional advisers.

The surveys are conducted on an annual basis and the Inland Revenue has used a professional market research firm for each one. Although it acknowledges that it needed the outside expertise for the first couple of surveys, it felt it could probably manage the techniques itself once these had been established. However, it made a deliberate point of continuing to use outside firms for three reasons:

1. It thinks respondents speak more freely to independent researchers.
2. The independent researchers brought an additional perspective to bear.
3. The results had more credibility.

The methodology used for each survey was to hold focus groups to identify the issues which were relevant to the survey population and to then hold internal discussions to identify the issues relevant to the Inland Revenue. At this point a questionnaire was prepared and piloted before the main survey was conducted, results disseminated and action taken on the findings.

### Sample sizes

To gain a representative sample of customer opinions, it is not necessary to speak to all customers. Sampling allows companies to gain information from a small number of customers who will represent the total universe of their customer base, thus ensuring shorter time-scales for research and reduced costs.

Sample sizes are worked out on a mathematical basis using square roots. Therefore, the sample size needed to produce results within 5 per cent accuracy (when the universe size is known) for a range of universe sizes is, for example:

Universal number	Sample size
500	222
1,000	206
5,000	370
10,000	305
50,000	397

A word of caution is required, however, as the smaller the sample size the higher the probability of a range of error being present in research result. For example, a sample size of 100 customers gives an error range of 10 per cent. Therefore, when 50 per cent of customers respond that they are satisfied with the service, the true range of customer satisfaction figures could be anywhere between 40 and 60 per cent. This figure decreases the higher the sample size. Hence:

Sample size	Range of Error (%)	Range of true figures (%)
300	6	44-56
500	5	45-55
1000	3	47-53

- When the figure obtained is 50%

This is why, for example, opinion polls are always read with a degree of caution by political parties.

### Qualitative and quantitative methods

There are two main methods of gathering information from customer: qualitative and quantitative methods:

### *Quantitative Research*

(Hard issues and facts)

Telephone surveys  
Self-completion questionnaires  
(comment cards)  
Postal surveys  
Mystery shopping  
Third party surveys  
Online surveys

### *Qualitative Research*

(Soft issues and opinions)

Focus groups/user  
groups-to-face interview  
Videos  
Freephone  
Suggestion schemes  
Online discussion forums

Qualitative methods provide feedback from customers on 'soft issues and opinions' and give the organisation an opportunity to probe customers' feelings and attitudes on an in-depth basis. Typical qualitative techniques include user panels, customer groups, and personal interviews.

Quantitative methods allow the organisation to quantify customer opinions and numerical fashion. Typical quantitative techniques include telephone surveys, self-completion questionnaires, the monitoring of compliments and complaints, and mystery shopping.

Care is required in the choice of the best methodology. The best plan is to adopt a variety of these techniques – an organisation is wise not to restrict itself to just one method. Forte Hotels, for example, uses mystery guest reports, quarterly telephone surveys and biannual guest-satisfaction postal audits to measure customer retention. It is normally possible to gain a greater degree and depth of information from qualitative methods, although quantitative routes reach a wider audience and often prove more cost-effective. Best practice shows that organisations research to first gain insight into customers' attitudes and behaviour before using quantitative methods. In 1993, Eurodisney was not in an enviable position; its customer visits had dropped by one million and the newly opened theme park was in danger of making a loss. The first step to recovery was the setting up of focus groups in its target markets. The resultant data helped to reshape the 50,000 customer satisfaction questionnaires issued on-site each year to show a true picture of customer satisfaction.

### **Choosing an appropriate research method**

The accuracy and appropriateness of the methods an organisation chooses to conduct research amongst its customers determine the reliability of the results. There are advantages and disadvantages of both qualitative and quantitative research. To aid the process of deciding on the most appropriate research method, typical opportunities and pitfalls are outlined below.

### **Telephone surveys**

Many companies in the service sector use telephone interview as a means of gaining first-hand feedback on customers' experiences. Kwik-Fit customer services department telephone at random 100 customers per month to check on customer satisfaction, for example.

- BT interviews 13,000 business customers each month to check that they are satisfied with the service.
- At car dealership Daewoo all customers are telephoned after they have brought their car in for a service to gauge their satisfaction levels.
- At Fedex random telephone interviews with lost accounts produce valuable and honest feedback to help the company develop specific targeted programmes to reactivate lost customers.

The advantage of this method is that it allows an immediate response from customers in a short space of time. It is also a useful PR exercise for the company undertaking the survey, which can be effected at a relatively low cost.

The major disadvantage of telephone interviewing is the invasion of privacy. How the call is introduced often determines whether the customer will give the caller their time. It is also difficult to conduct a lengthy interview with customers. Some customers may also find it difficult to answer scalar questions or to give considered responses if caught 'on the hop'. Likewise, the telephone clearly cannot be used in a visual manner.

### **Self-completion questionnaires**

The most popular method of gaining feedback from customers at the beginning of a customer service programme is the use of self-completion questionnaires. These can be sent to the customer by post or e-mail or distributed at the branch or at point of contact with the customer.

Many such questionnaires are found in hotels and restaurants. However, unless the design is particularly eye-catching, completion rates can be low. Another disadvantage of questionnaires at point of contact is that they do not allow a complete representation of customers' viewpoints to be canvassed. They can therefore sometimes be biased towards particular customer types. They are also open to abuse by staff who may fill them in themselves! However, a major benefit in providing self-completion questionnaires at the point of contact with customers is that they demonstrate to both customers and employees that personally hand out questionnaires to customers also increases completion rates.

McDonald's has successfully used customer questionnaires to canvass opinion and since the early 1990s staff and customer opinion surveys have been conducted like never before. One research programme tested the views of both staff and customers concurrently. Customer opinions were gathered using focus groups and cards available in all restaurants, which asked people to rank food and services used on a scale of 1 to 5. This method, called 'Food for your Thoughts', encouraged a high response by offering food vouchers to those who completed a card. The results of the research pointed to one major area for improvement: although people appreciated quick and efficient service, a defining characteristic of McDonald's, it was in danger of becoming robotic and impersonal. The research results provided McDonald's with the impetus to move forward in offering a more personal service.

## **Guidelines for self-completion questionnaires**

The guidelines for developing a self-completion questionnaire include:

- Explaining the benefits of completion to the customers by making sure that the objectives of the questionnaire are clear.
- Making the questionnaire easy to complete – ensuring the design is airy and simple in its layout.
- Keeping questions short to allow speedy completion.
- Leaving room for additional comments if required – however, experience shows that this space should not be long as those customers who have a particular point to make normally also accompany the questionnaire with a letter.
- Making return easy – ensuring there is a freepost address or a posting box available to customers.
- Signing the request – the request should be as personal as possible. It is particularly helpful for a member of senior management to ask for customers' feedback as this lends authority to the request.
- Thanking customers for their participation.

Questionnaires should be laid out in a logical sequence, grouped by subjects and have general questions set out before specific ones. Likewise, it is helpful to include personal customer details at the end of a questionnaire where customers are more likely to answer them than at the beginning.

Here are some examples of self-completion questionnaires found at the customer point of contact in a variety of retail outlets, banks and catering establishments.

### **Tesco**

We value your comments!

Please let us know any comment you may have about your shopping trip. This leaflet invites customers to tell the store manager how satisfied they are with different aspects of the store, what they like about the store and any other products/services or facilities the customers would like to see at the store. In addition, customers are asked for any comments or ideas on how Tesco can improve their customer service.

### **Virgin Hotels**

Virgin Hotels uses a novel way of incentivising customers to complete a survey about their stay: all those who complete the survey are entered into a prize draw for a trip by Virgin Airlines to the States. Clearly the greater the incentive the customer has to complete a questionnaire the higher the response rates is likely to be.

### **Thomas Cook Customer Questionnaire**

A customer questionnaire is handed out by members of staff at Thomas Cook travel agents when a customer makes a booking.

The questionnaire asks for customers' impressions of the way their booking was handled and in addition asks for an overall satisfaction rating with the shop.

The leaflet includes a useful question regarding repurchase intention:

Would you book with Thomas Cook again?

Yes  No  Undecided

A further question asks:

If you have ever had reason to make a complaint through Thomas Cook, were you satisfied with our handling of the complaint?

This is a helpful means of allowing the organisations to gauge reaction to its complaint-handling procedures.

### **NatWest Bank**

A NatWest Bank questionnaire gives customers further opportunity of expressing their dissatisfaction by asking, 'Have you complained, or felt like complaining, about the service you have received from NatWest within the last six months? If so, what was it about?'

Likewise, NatWest can track the quality of service it provides over time by including a question which makes a comparison of the service now to that of a year ago.

The bank also includes a question on whether customers, if asked to recommend a bank to someone who is considering opening a bank current account, would be likely to recommend their branch.

When preparing a self-completion questionnaire it is often useful to compare the different approaches that organisations take to this exercise and the different types of questions asked.

Kwik-Fit, for example, includes a customer satisfaction questionnaire as part of its Kwik-Fit guarantee. The questionnaire is signed by Tom Farmer, Managing Director, and the response goes directly to him.

Viking Direct, a stationery supply company, encloses a postcard-size questionnaire which customers can return to the chairman, Ian Helford, with all its deliveries. The postcard is headed, 'If we've goofed lately, please let me know. You'll get it out of your system. And we'll get it out of ours', and has four categories for comments – quality of merchandise, promptness of service, courtesy of service, and other comments or suggestions.

Odeon Cinemas includes specific questions on the range of facilities offered to customer, as part of its customer surveys. Other questions are more general such as:

Is there anything you particularly like about this Odeon cinema?

Is there anything you dislike about this Odeon cinema or which you think needs improvement?

Information such as this on the best aspect of the service an organisation provides and the one area most in need of improvement can be particularly helpful to aid understanding of customer perceptions.

Below is an example of a self-completion questionnaire handed out by an employment agency, covering the different aspects of the service they provide.

The design and layout of a questionnaire affect response rates. Often, the opening sentence of a questionnaire can either attract or detract customers from completing the rest of the questionnaire.



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We value your opinion. As a valued customer, we welcome your comments on the standard of service our agency provides. Your opinions are very important to us and will allow us to continually improve our total service to you.

Please complete this simple questionnaire and return it to us in the reply paid envelope. Your comments will be used confidentially and we appreciate your time and help.

Yours sincerely,  
Elizabeth Davies  
Marketing Director

Please indicate your opinion by ringing the mark, which corresponds to your views.

4 = Very good    3 = Good    2 = Fair    1 = Poor

On the last occasion you contacted our office, how would you rate the:

Speed of response in reacting to your needs	4	3	2	1
Accuracy of our understanding of your work requirements	4	3	2	1
Standard of work carried out for you	4	3	2	1
Contact we maintained with you during the period of the contract	4	3	2	1
Attitude of our staff	4	3	2	1
Ability staff to problem-solve, when appropriate	4	3	2	1
Accuracy of our invoices	4	3	2	1
Satisfaction overall with the service we provided	4	3	2	1

Did you have reason to complain, or feel like complaining during the period of the contract?

Yes, Complained \_\_, No \_\_, Don't know \_\_

Felt like complaining \_\_

If yes to question 9, was your complaint dealt with to your satisfaction?

Yes \_\_, No \_\_, Don't know \_\_

What, in your opinion is the best aspect of the service we provide?

What is the one aspect of our service, above all others, that we should improve?

How does the service we provide compare to other agencies you have used or have heard about?

Better \_\_, About equal \_\_, Worse \_\_

Why do you say this?

How likely are you to use the services of our agency again in the future?

Very likely \_\_, Not likely \_\_, Unsure \_\_

Please use this space for any other comments you may wish to make on the quality of our services.

## **Postal surveys**

A more systematic understanding of customers' opinions can be obtained via postal surveys.

Postal surveys have been used for some years by the financial sector to provide feedback from customers who may not regularly come into a branch or whose account may be held at a different branch to the one which they visit. NatWest, for example, regularly surveys its customers. Its literature advertised:

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### **Frankly Speaking**

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We always set the highest possible standards on the services we provide, but there may be times when you feel we haven't got it right. If you ever have a problem, we would want to hear about it. More importantly, we can work together to do something about it. With your help we will get it right.

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## **Advantages and disadvantages of postal surveys**

The principal advantages of postal surveys are that they are easy to administer and allow organisations to reach a large number of customers quickly. Postal surveys can be inexpensive if response rates are high.

The disadvantages can be the quality, accuracy and timeliness of the list of customers that the organisation is working from. Furthermore, response rates can be unpredictable. Typical response rates range from 15 to 20 per cent achievement rate of a face-to-face interview.

There is also a danger that postal surveys may seem impersonal. Customers' response rates increase if there is a high level of interest and it is helpful to motivate respondents via an accompanying letter or to consider offering a reward or incentive for completion. Ensuring the accuracy of the customer list is of vital importance, as is the use of the customer's name – a personalised questionnaire has much more customer appeal.

It is also important to guarantee confidentiality to customers and to ensure that they can return the questionnaire anonymously if required (although pre-coding does allow the organisation to identify those questionnaires, which are returned).

It is useful to keep the questionnaire relatively short and to include closed questions – that is those giving customers a range of predetermined responses e.g., Yes, No, Don't Know, with tick boxes, and open questions – Who, What, Why, Where, When and How – when additional comment or explanation is required.

Scalar questions allow comparisons to be made of customers' replies. These are questions asking customers to rate service factors on a scale of 1 to 4 or 1 to 6, where 4 or 6 equals very good and 1 equals very poor, or alternatively where a predetermined scale of responses is given, e.g., very satisfied, fairly satisfied, not very satisfied, not at all satisfied. It is best practice to give customers an even rather than uneven number of choices so that they don't opt for the neutral, middle choice.

Organisations should take care not to use questions open to misinterpretation in questionnaires, such as ‘frequent’, ‘useful’, ‘often’ or ‘recently’ as these need to be further qualified – one person’s view of ‘recently’ may differ from another’s, for example.

### **Online surveys**

The increased use of the Internet as a method of communication provides organisations with the opportunity to post customer satisfaction surveys online.

At NetWork Equipment Technologies in the US, the server automatically e-mails a personalised invitation to take part in a Web-based survey to all customers who have purchased from the company. If the customer wishes to take part in the survey, he or she clicks on a hyperlink which takes him or her to the online questionnaire.

The results of the completed questionnaires are automatically posted on the company’s Web site for all to see. The advantages of this system are that it is quick and easy to use, being done in ‘real time’; it also alerts employees to customers’ perceptions of problems or successes.

### **Importance rankings**

A useful method to get closer to customers is to understand not only their level of satisfaction with the service provided but also the important factors of particular aspects of the service. A sample customer opinion survey in the car hire industry shows levels of satisfaction as follows:

<b>Service area</b>	<b>Performance (%)</b>
Reservation in order	77
Good mechanical condition	75
Clean cars	65
Express car return	61
Short walk to cars	60
Makes and models	53
Express pick-up	47
Cares about the customer	47
Quality frequent hirer programme	34
Non-smoker cars	11

Opinion Research Corp surveys reported in *Managing Service Quality*.  
Percentage giving a satisfaction rating of 8, 9 or 10 on a scale of 1 to 10.

The obvious assumption from this table is that the areas needing most attention are those that appear low on the list. However, an enhanced survey asked customers to rate the importance of a given service to them, as well as to rate the company’s performance –

both on the same scale. This comparison produces a further set of data where the third figure shows the gap between expectations and performance:

<b>Service area</b>	<b>Importance (%)</b>	<b>Performance (%)</b>	<b>Gap</b>
Cares about the customer	68	47	-21
Good mechanical condition	96	75	-21
Express pick-up	66	47	-19
Non-smoker cars	30	11	-19
Reservations in order	88	77	-11
Clean cars	76	65	-11
Express car return	71	61	-10
Short walk to cars	60	60	0
Frequent hirer programme	24	34	+10
Makes and models	23	53	+30

Now a new set of priority emerges, based either on the gap between expectations and performance, or just on the importance rating.

Questionnaires such as those used by Standard Life, for example, allow customers to rank the overall importance of the factors involved. Customers are asked to rank whether the way Standard Life handled their recent communication was very important, fairly important, not very important, or not at all important, as well as their satisfaction with the service levels provided on a scale of very satisfied, fairly satisfied, not very satisfied, or not at all satisfied.

In this way, organisations can prioritise the actions needed to be taken to improve their customer service.

### **Mystery shoppers**

This is a research method which is often used in the retail area, but which has now been successfully applied in such sectors as catering, financial services and the automotive industry.

Mystery shopping is a useful technique to supplement customer feedback because it provides independent monitoring of service levels. However, it does require careful handling, and the Market Research Society has recently developed a code of conduct for mystery shopping.

An anonymous assessment and evaluation of employees is made by a 'mystery shopper' posing as an ordinary customer in person or on the telephone. In this way, a measurement can be made not only of a particular outlet's service quality but also a comparison can be made across site locations and companies.

Victoria Wine has been using mystery shopping on a regular basis. A rolling programme covers all outlets: 50 elements are used to assess the service including cleanliness, acknowledging customers within 30 seconds and how questions are handled. Feedback is given to each shop and includes their own performance relative to previous mystery shopping assessments and to other branches. Overall trends and areas for improvement are incorporated into company training programmes.

It is not advisable to utilise mystery shopping as the sole measure of the effectiveness of customer satisfaction. An organisation may have different perceptions of the importance of various aspects of their relationship with customers to customers themselves. This can result in whoever conducts the mystery shopping being wrongly briefed.

Only when mystery shopping is used together with other forms of direct customer feedback can the method be validated. It is best practice, for example, to conduct research amongst customers to identify key measures, which will form the basis of a mystery shopper checklist, e.g.:

- Greetings used;
- Warmth of welcome;
- Product knowledge;
- Caring attitude;
- Telephone manner, etc.

There can also be resistance amongst employees to the concept of mystery shoppers. Employees may see them as snoopers, spies or detectives, who are out to catch people getting it wrong, rather than catch them getting it right. The ethos of mystery shoppers should be to reward staff for good service, not to castigate them for poor. Staff members therefore should not be identified in mystery shopper reports unless it is in a positive light.

Post Office Counters undertook mystery-shopping surveys four times a year, using an external research company under contract to them. The prime function of the survey was to test clerks' knowledge and product availability with a view to identifying whether a problem existed in the network and to look for regional variances. This information was used to see whether discrepancies were due to a lack of insufficient staff training, late distribution of information to counter staff or other factors. In addition, the mystery shoppers evaluated a short range of service issues, such as:

- Approachability of staff;
- Attentiveness of staff;
- Atmosphere of office;
- Welcome from staff.

Other organisations find it beneficial to use their own staff to 'mystery shop', as in his way members of staff experience the quality of service from a customer's point of view.

The Ritz Hotel held a 'get to know your customer' event by inviting members of staff to be customers for the day. Staff learnt to appreciate the different roles undertaken by their colleagues, and what it felt like to receive the services that they provided.

Other organisations canvass their customers to complete a mystery shop survey the next time they do business with them, regardless of who they do their business with or why it is undertaken. US medical company Respironics has canvassed 15 per cent of its customer base as mystery shoppers.

### **Focus groups/user groups/customer panels**

A powerful technique in allowing members of staff and management to gain first-hand feedback from customers is the development of customer service groups, focus groups and user panels. Focus groups are useful for gaining insights into customers' attitudes and behaviour. They can be run prior to the development of a customer questionnaire, for example, to help an organisation to understand customers' perceptions better. This is done by inviting customers to attend an informal gathering at the service provided. The employees of the organisation often attend the meetings to hear customers' views.

Such groups have been successfully applied by organisations as diverse as British Telecom, Boots, Nationwide Building Society and Safeway. Many computer companies have also successfully developed the concept of user panels.

Typical topics, which can be discussed in customer focus groups and user panels, include:

- Usage of the organisation's product and services;
- Use of competitive products and services and reasons why;
- Customers' like and dislike;
- Areas for improvement;
- Ideas and treatments to new products and services.

Customer services groups can also be a very useful PR tool. Safeway held a series of groups for customers in its stores on a local basis and followed up the event with national press coverage, stressing that it was listening to customers' needs. Customers had been invited by the management to check out the store facilities and question Safeway's top executives, as part of the countrywide 'Customer Seminar Programme' headed by Alistair Grant, the Chairman and Chief Executive of Safeway.

An example of focus groups run on a large scale is the two-day meetings of 300 people at Walsall Town Hall, which took place to focus on customer issues. The attendees were seated at table about what participants were 'glad, sad and mad' about and looked at the service the Council provides. Ideas were grouped using flip charts.

In the afternoon, the group was divided into six workshops sharing information about change initiatives. The following morning, all participants reassembled to recap on areas

of concern and to consider the way forward. The result was sharing of ideas, action plans and commitments between customers and employees of the Council.

A possible disadvantage of customer service groups and user panels is that it can sometimes be difficult to recruit customers to attend these groups. Customers who participate may be either already advocates of the company or alternatively, particularly strident in their criticisms. The customers, who are recruited, therefore, may not truly represent a cross-section of the organisation's customer base.

In addition, if these groups are run on a regular basis, it is important that action is taken both at a local level and nationally to address any areas of service weakness that customers in the groups identify. Otherwise, both customers and staff become quickly disillusioned with the concept and see no benefit from the listening process.

At Lloyds Bank, 'customer panels' are being held throughout the country, where groups of customers join staff from their branch to discuss what improvements can be made to the branch's service. Improvements made by branches as a direct result of suggestions from customers include:

- Changes to queuing systems;
- Improved signage;
- Better lighting in cash point lobbies;
- Lunchtime staggered over a longer period to reduce queues;
- New banking hall furniture;
- Bell systems at enquiry desks.

Most panels are held in the evening, and involve eight to ten customers and key members of staff of the branch. As well as discussing service issues, there is usually a 'behind the scenes' tour of the branch and a demonstration of the latest banking technology.

After Hewlett-Packard held its first customer focus group, participants were invited in to see what had been done as a result of their suggestions. The goal was to demonstrate that HP is serious about talking them through the corrective action plans and how the business is run.

The benefits of focus groups are that they provide a more in-depth and qualitative feel about what customers say about the service. The organisation gains a wealth of data rich in anecdotes and verbatim quotes by asking key questions such as;

- What do you think of when we talk about (the company)?
- If you were the head of department what would you do to improve service?
- What else would you like to do with?

### **Electronic focus groups**

Experiments by Carnegie Mellon University in the US show that open discussions on the Web about service conducted amongst an organisation's customer base can often be more fruitful than those which are carried out face-to-face. People in the electronic focus groups, which were monitored as part of this research, tended to:

- Talk more frankly and more often;
- Have an equal share of remarks to contribute (in face-to-face groups, one or two can sometimes dominate the discussion);
- Make more suggestions and proposals for improvements.

### **Suggestion schemes**

Organisations such as the Body Shop successfully monitor customer opinions by the use of suggestion schemes, which can be used effectively to monitor how well products and services meet customer requirements and to identify areas for improvement. Web-based services providers such as lastminute.com are promoting suggestions from customers online by inviting comments as part of their Web sites.

### **Videos**

Video points allow customers to video views. One was established for a short period by British Airways in Terminal 4. Customers who had reason to complain went into a small booth to video their comments. This allowed managers who did not come into face-to-face contact with customers to see the type of complaints dealt with by front-line staff.

Some shopping centre developments are considering a variation on this scheme by placing computer points in large shopping malls so that customers can again feed back their opinions on the service levels provided by typing in their views on the computer.

### **Face-to-face interviews**

Other organisations, particularly in the high street, supplement postal and telephone surveys with face-to-face interviews to monitor service levels. A major advantage of this method is the speed of response; the disadvantage can be the cost involved. Face-to-face interviews, however, can be longer and less structured than telephone or postal surveys and allow more subtle questioning.

Many organisations conduct 'in-dept' interviews with key customers to ascertain their attitudes and opinions.

Face-to-face interviews are often a useful technique prior to compiling a postal or telephone survey; they allow a better feel for and explanation of issues and, enable a subsequent questionnaire to be developed.

London Underground finds that the best and most cost-effective way to achieve a sample of customers that is consistent and representative of all underground users is to conduct an interview at underground stations. The maximum length of the interview must be less than 10 minutes or the sample will consist of more infrequent users of the service. The

constraint on the length of the interviews limits the customer service index to 22 measures. These include frequency of service, cleanliness, staff, public address and ease of ticket buying. The customer service index is an exit study relating to the perception of the journey just made, the train from which the customer has alighted and the entry station.

### **Freephone**

A technique, which is growing in popularity, is free customer phone lines.

This is an idea which was first started by companies such as P&G in the States and is said to be the most popular means of gaining feedback from customers in the US. Eighty-five per cent of consumer brands in the US have cared line numbers on their products/parts, compared to 8 per cent in the UK. The General Electric Answer Centre, for example, offers a 24-hour a day hot line and handles over 2 million calls a year, only a small proportion of which are complaints.

In the UK this technique is now being used by organisations such as Coca-Cola, American Express and Burger King. At Burger King restaurants, customers wishing to comment on any aspect of the service in their outlets phone a designated number free of charge.

Petrol retailer Shell has established a Shell customer service centre free enquiry service. A leaflet at all Shell stations advertises for 'enquiries, complaints, compliments and anything you want to know about Shell.'

Set to grow in popularity in this country, freephone care lines should be an enhancement of, not a replacement for, customer enquiries or complaint processes. Proper training needs to be provided to staff answering the calls as a poor telephone response can in fact do more harm than good in terms of adverse PR for the organisation.

### **Third party surveys**

Another means business adopts to monitor customer satisfaction is to make comparisons between the quality of service provided by their own organisation and that of competitors.

This is normally achieved via syndicated research where a number of companies in the same industry commission independent surveys of customer satisfaction and share the results, thus allowing direct comparison of service levels to be made.

Alternatively, managers can purchase independent industry reports. The Consumers' Association, for example, publishes independent surveys of many industry sectors.

## REFERENCES

1. Customer Care, (3<sup>rd</sup> Ed. 1992), Sarah Cook, Kogan Page

## TUTORIAL QUESTION – WEEK 3

1. Distinguish between quantitative and qualitative research methods.
2. Design a suitable questionnaire for a western food restaurant to use to obtain customer feed back. Questions should focus on relevant issues e.g. quality of food, pricing, service etc.

