Sharing The Love:

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Customer Service More Important Than Ever In A Recessionary Environment

Although many providers of consumer goods and services are furiously cutting costs and prices in an effort to woo consumers and maintain their share of shrinking markets, improving customer service may be a smarter long-term strategy.

Key trends
- Small gestures can yield big rewards;
- Looking for love;
- Poor customer service is a luxury businesses can no longer afford.

Commercial opportunities
The main opportunities arising from this trend include:

- In service markets, friendliness, flexibility and attention to detail are likely to score highly with consumers as they are forced to become more discerning as their incomes are squeezed;

- Even in sticky markets (where customer turnover is traditionally low), such as banking, consumers are now more likely to consider moving to a new provider if they perceive that the service they are receiving is not up to scratch;

- During the boom years, all many retailers had to do to make money was to open their doors. However, with a surfeit of retail space in many markets, customer service is now becoming a more important element in their unique selling proposition;

- Consumers may travel less, but when they do travel many of them are likely to seek a more pleasant and comfortable experience than is currently offered by the many budget airlines that compete solely on price.

Background
Consumer confidence is at an historic low and many households are being more careful with the money they are spending. At the same time, declining revenues are forcing many providers of consumer goods and services to ferociously cut costs.

This would appear to be setting the stage for a leaner, meaner market environment in which price is the sine non quo.

This would indeed be the case if the consumer really was the ultra-rational homo economicus that classical economists have long revered, but reality is far more complex and nuanced, and good customer service can still play an important role in influencing consumer behaviour in the present, and more importantly, build relationships and engender loyalty in order to improve brand equity in the long run.

Such a strategy is also defensive: In a recession, if a business does not service its customers, then the competition will, and they will probably offer to do it for less.

Small gestures can yield big rewards
Strategies that deliver an enhanced customer service experience often require little or nothing in the way of additional resources.

For example, one UK-based blogger wrote: â€œI no longer need to order my coffee in the morning at any of the three CafÃ© Nero's I frequent.

The staff have not only memorised my order (and pretty much everyone else's in the queue), but even add my sugar... This kind gesture puts me in the perfect frame of mind to start my day.â€• Through a small and virtually cost-free gesture, this chain has probably secured the long-term loyalty of this customer.

Savvy online retailers including numerous supermarkets and brands such as Boden, a UK-based clothing company, welcome new customers warmly.

Short, illustrated customer service email updates and just the right dose of healthy irreverence combine with meaningful offers to make these consumers feel part of a community.

In an overwhelmingly urbanised and atomised marketplace where many people feel increasingly isolated and experience feelings of alienation, such actions can be especially effective in engendering feelings of warmth and empathy towards a brand, providing it with an important advantage over its rivals.

Other examples include express-machine makers Nespresso, which has been sending boxes of chocolates as gifts to clients who have reduced their regular coffee orders due to the recession, while some car makers, such as Renault, have reportedly offered to pay a fraction of the repair bills of some drivers whose vehicles are out of warranty.

Looking for love
Put simply, consumers are feeling shaken by the credit crunch and they want to be loved and valued more than ever. Any actions that companies take to demonstrate this are likely to be abundantly rewarded. While such strategies are always useful, they are particularly relevant during a recession, when many consumers are feeling bruised and vulnerable.

Even hardened cynics go weak at the knees in the face of thoughtful and empathic customer service.

For example, one knowing, post-ironic US blogger reports:
â€œI went to Wells Fargo to deposit a check and as I walked in, I was greeted by two people. They asked if I needed any assistance, how my day was going, and were so friendly I thought I was in a parallel universe. The teller used my first name and helped me so my account wouldn't go overdrawn. All in all, the experience was unbelievable and I knew it was because of the economy. I knew that they had all sat down in a conference room and talked about how they could make the customer experience more enjoyable, unique, and appealing. Even though I'm poor, they treated me like I mattered to their company and that, in turn, matters to me.â€•

Poor customer service is a luxury businesses can no longer afford
The flip side of this is that providers with poor customer service are more vulnerable than ever to losing business due to the excess capacity that currently plagues many markets.

Writing about a bad experience with an airline, one Japan-based blogger recently commented:
â€œAirlines aren't losing money because of the economy or security concerns. They're losing money because they treat their passengers like cattle. A smile and friendly service can make any seat feel like business class. I don't think I'll be flying United anymoreâ€¦ â€•

Outlook
Many consumers realise that they are now in the driving seat in most transactions and are milking it for all they are worth in terms of asking for large discounts. By establishing better relationships with their customers, companies can better protect themselves from such reverse-price gouging.

If a consumer perceives a company as merely acting to maximise its pricing, they are likely to reciprocate by attempting to minimise it. However, if a relationship of trust and understanding can somehow be engendered, a middle ground can be found in which a long-term relationship can develop.

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