

# **Strategic Marketing Management**

## **Lecture 12 – The Ultimate Attack: Customer Service Strategy**

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## Lecture Learning Objectives:

At the end of the lecture, you will be able to:

1. Describe the Customer Experience Paradigm including its features.
2. Connect the amazing benefits of delivering excellent customer service to the overall organizational performance; and
3. Determine how an enhanced customer-center product or service could claim a better competitive stand.

The merit of your customer service is the best and evident metric that sets you apart from your competitors. No business entity is spared by the threats of hyper-competition triggered by innovative business practices, rapid technology change and highly empowered, information-driven consumers. This lecture, as an addendum portion of this reference book, provides readers with a fraction of ideas on the significance of customer service in conjunction with the management's accomplishments of their strategic marketing management plans.

### **Customer Service Strategy: The Customer Experience Paradigm**

Marketing research reported that 95% of the individuals, who participated in the survey said that they are more likely to share their bad customer service interactions than share the good ones to their social circles. And what is more distressing is the account which says that **60%** of the consumers did abandon their on-going purchase transaction due to a poor customer service experience leading to lost sales. It is said that numbers do not lie especially in the course of business and profit. Indeed, customer service can make or break a company. **Customer service strategy** or also termed as **customer experience strategy** is more than being a reactive, polite, and extra nice interactions to every customer who steps in your selling floor but rather it is a type of a program that is proactive and ingrained in the company's culture. Essentially, **customer service strategy** is thorough plan in support to the management's strategic direction with the ultimate objective of meeting or even exceeding customers' expectations. through the provision of superior customer service experiences that will delight customers.

**Delighting customer** is more than delivering satisfaction, it is more about making them happy on the products or services provided. **Customers** become delighted when they receive more than what they have expected especially so when solutions to their day-to-day struggles were resolved. When **Honestbee**, a Singaporean-based food and service delivery company, expanded in the Philippines in 2018, Filipinos were easily hooked into how they operate. As they come here in the Philippines, they bring with them solutions to the Filipinos long time problem, balancing work with family errands while battling the heavy traffic in the metro. Their all-in-one customer centric online platform coupled with an excellent supply chain management partnering almost with a number of supermarkets, grocery and specialty stores were a classic hit to the urbanites. Through the concierge service of the company's personal shoppers, convenience and quick solution to even the most basic thing were delivered to their clients. Helping the community is the core company's value next to profit generation, as mentioned by their country manager.

## Features of a Customer Service Strategy

Your office may run a daily morning mantra of "becoming-nicer- all-the-time mode" or "wearing-a-happy-face-all-the-time", this perhaps is already a good initiative, yet the manager or unit supervisor will not be around every minute of the day to check everyone if indeed everyone is being nice or wearing that happy face all throughout the day. Quite cumbersome in the part of the managers, who are to weigh all administrative tasks on a daily basis. Certainly, this kind of orientation could be considered superficial and may not be taken seriously by all employees. Therefore, customer service strategy must be an organized, identified and clear process of customer interactions to all the company's customers and clients that have to be followed as part of the firm's business process. There are only **three significant features** of a customer service strategy, and these include the following:

1. **Having a cohesive customer journey.** With the rise of online retail stores, numerous numbers of customers have already began appreciating the convenience of virtual or contact-less transactions. Aside from the helpful product reviews made available to them online, not going to the physical store allows them to maximize their time intended for other tasks. Digital selling is also beneficial in the part of the organization considering that this online platform is quite less costly in their part. However, there are instances that the customer, after having been assisted by an online seller or a "chatbot", is prompted to visit the physical store for his/her succeeding transactions. Let us assume that customer had a good experience during his/her transaction online and now that he/she is urged to visit the store, she needs another assistance to address any transaction needed. This is when the cohesiveness of the customer service strategy should set in. Whether in the online or offline store, the company is expected to provide the same quality of interactions. Hence, this makes customer journey in your firm more fulfilling and rewarding.
2. **Best training practices.** The famous line goes like "You cannot give, what you do not have!", is true indeed because competence is the primary product of knowledge and learning. There are instances the company representatives lack the thorough understanding of why they are doing what they are expected to do; hence this often results to doing the quickest and ineffective ways. Therefore, to ensure the highest quality of customer service, all employees must have a clear understanding, commitment and comprehensive orientation with regards to the strategic plans of the firm. In so doing, the firm will be assured that employees will abide religiously with the process.
3. **Proactive customer service.** Most companies who observe a proactive customer service has an updated customer database. Through these sets of client information, the company has the full view of each of their customer; thus, they have the chance to solve customers' queries even before they become serious problems. Some companies invest in technology to upgrade their customer service plan. **An example** is the individual customer portal that can be accessed by their clients anytime of the day regarding any concern about company's product or services. Also, this upgraded browser allows clients to continuously enjoy the services of the company right at the comforts of their places.

## Amazing Benefits of Delivering Excellent Customer Service

Experts agree with the statement that not all "customer satisfied are customer retained". Definitely, customer satisfaction is already a conventional objective which is commonly met already by several industry players. **For instance**, a foot spa service delivered by one of the Wellness Center in your place is something that made you gave them a "thumbs up" for a job well done; however, after a month, you became interested to try another wellness center which you have overheard at the cafeteria. You were surprised and somehow fell delighted because you never expect to receive surprises from the staff such as a free cup of coffee and a piece of red rose after the spa.

These are two identical services yet resulted to a different level of customer engagements. A **satisfied customer** may necessarily become a loyal and avid fan of a particular product or service; yet a loyal customer results to brand insistence which means that he/she insists to use the same product or service though new ones are already available to replace the old one. The second scenario refers to **customer retention** which is perhaps the result of the various customer loyalty initiatives of the firm, clients became so engaged with the company's brand. **Customer loyalty** is one of the reasons why good businesses became giants in their fields and this is as well one of the surest approaches to profitable and sustainable sales revenue.

Let us have a clearer view on the amazing benefits of an excellent customer service:

1. **It retains the customer.** Without doubt, every happy customer of the firm pledges to stick with the company despite the consequences given by the competing brands. Thus, excellent customer service breeds customer retention. And this is the ultimate objective of several contemporary manager for the reason that companies spend more than double in looking for new happy customers yet costs less in retaining the old one.
2. **An excellent customer service creates a favorable word-of-mouth advertisement.** When this scenario happens, no company has to spend a single centavo in traditional advertising media, instead their loyal and delighted customers had already done what marketing companies should be doing in persuading customers.
3. **Increases profitability.** When your loyal customers are all sharing their excellent customer service experiences from a specific organization to all of their social circles who happened to consider your stories as "trusted information", then it is clear that the next scenario would be hitting more than your targeted sales goals.
4. **Increases morale of the employers and its employees.** When several loyal and happy people are talking about how well your company is when it comes to customer service, synergy would be contagious with the feeling of excitement and pride about their job and a deep sense of self-worth which is very healthy for both the company and its employees.
5. **Creating a holistic marketing scenario.** Having a pool of loyal customers did not happen overnight which means that it is the product of the company's continuous passion towards attaining superior practices on customer care and customer focus. Certainly, this was not the achievement of the top management alone but the concerted effort, motivation and passion which were infused in every employee's system. Hence, it resulted to a much mature workforce who own their job and hold themselves responsible to the consequences

of their actions. They too are doing their part, no matter how minute it is, towards ultimate customer satisfaction leading to customer retention.

6. **Competitive Advantage.** The company's excellent customer service and the quality of the manpower that are being employed in the business process become the company's competitive advantage. Indeed, excellent customer service is one thing that a firm could leverage against other industry players. This is something that is hard to imitate and the effect lasts a lifetime.

**Table 9.1 A case of White Palace Spa's consecutive awards**

White Palace Spa with first branch in Makati with a number of branches sprouting in other key cities in the Metropolis, is a proud recipient of two prestigious awards, the 2014 Golden Globe Annual Awards for Business Excellence and 2015 Outstanding Customer Service for Quality Health and Wellness Services Provider by Philippines Awards for Customer Service Excellence. Patrons, that are growing in numbers, are often awed by the premium array of their professional relaxing massage services. Their modern cozy interiors are equipped with a sauna, large shower rooms with complimentary services such as a foot wash station, free drinks and the free use of various amenities. Indeed, the pampering services of their trained staff and excellent massage services packages nestled in luxurious and lavish amenities are solace amidst the hectic lifestyle of the city.

Source: Philippine Primer (2015)

### **Summary**

Being nestled in a highly customer-driven industry, businesses are prompted to innovate their business models into a structure that is relevant and responsive to the demands of time. This is an advantage in the part of the customers since they could enjoy quality innovative products dictated by the market; however, hyper-competition and the dynamic state of the business sector made some organizations to struggle just to be resilient and responsive given their limited resources.

This lecture was able to provide positive insights about growing in the market and establishing a much firmer market ground, by investing in an excellent customer service design, seeking to provide every customer with delightful experiences during their journey as the company's client. Indeed, customer service design is varied in every organization, hence, this becomes a challenge to every organization as regard to how they will adopt a culture that embodies customer service. Features of a customer service strategy includes having a cohesive customer journey, best training practices and proactive customer service.

Indeed, excellent customer service offers amazing benefits:

1. it retains the customers.
2. it creates favorable word-of-mouth advertisement.
3. increases profitability.
4. increases moral of the employers and its employees.

5. creating a holistic marketing scenario; and
6. competitive advantage.

**Textbooks:**

Strategic Marketing Management, Naval, Girly H. Mind shapers Co, Inc. 2021

The Strategy & Tactics of Pricing, Nagle, Thomas T. and Muller, Georg 2018

Retail Marketing in the Modern Age, Chardhary, Prashant SAGE 2016