

Workbook 1

Understanding Good Customer Service, the Selling Process and how to Maximise the Effectiveness of a Retail Business

RETAIL CONSUMER LAW

HEALTH AND SAFETY

THE SELLING PROCESS

STOCK CONTROL

CUSTOMER SERVICE

CUSTOMER QUERIES
AND COMPLAINTS

Level 2

Certificate in Understanding Retail Operations

Section 1: Understanding customer service in the retail sector

This section will provide you with the knowledge and understanding of retail customer service. It focuses on standards of customer service and covers how customer complaints and problems are resolved in retail businesses.

Retail Operations fact:



- The retail sector is the UK's largest private sector employer with 2.77million employees and a £325bn turnover (2010).
- Nearly 1million are employed by the big four supermarkets.
- By 2017 it is expected that the UK will have 3.3million retail employees.

The effect of customer service on retail business

Please read the following as it will help you to answer questions 1 and 2.

What is customer service?

According to Turban et al. (2002), 'Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer's expectation.'

Simply put, it is everything you do for your customer before, during and after a sale to ensure that you meet or exceed their expectations.

These expectations can be created by the organisation's advertising, from other customers, newspaper/magazine articles or based on how they have been treated on prior visits to your store.

Features of excellent customer service

The key features of excellent customer service include:

- staff who are friendly, smile, greet their customers and are well presented which gives a good impression, ensuring the customers feel valued and welcome in the store
- sales associates who are respectful, polite and courteous, using appropriate language and behaviour to make sure the customer feels comfortable and help build rapport
- the company providing personal service at all times during the sale, at the close of the sale and after the transaction has been concluded

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- the company providing consistent service in the way it deals with customers and can be relied upon to keep its service promises

Excellent customer service, whether face-to-face, by telephone or on the Internet, helps to increase revenue, build a solid customer base, build confidence in the product and bring in new customers.

This can lead to loyal repeat customers who continue buying from your organisation which directly affects sales and profits. When this happens the organisation can become more stable and perpetuate the cycle of success.

Knowledge Activity 1: Think about a specific time when you have received good or excellent customer service. Think about what you expected from the organisation before you entered the store and why you had these expectations.

List what made it a good experience and how the actions of the assistant made you feel.



Staff attitudes/actions	How it made you feel

Would you recommend the retailer to friends and family? Would you go back again?

To paraphrase Walt Disney – *‘Do what you do so well that the customer will want to come back again and bring their friends!’*

Features of unsatisfactory customer service

Please read the following as it will help you to answer questions 3 and 4.

Unsatisfactory customer service can have a damaging effect on a retail business, you are telling the customer that they aren't important and eventually those customers will take their money elsewhere.

Features of unsatisfactory customer service can include:

- rude, inattentive staff
- untidy displays
- poor product knowledge
- unanswered queries or complaints

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If a company provides unsatisfactory customer service, it will have a lot of customers who are dissatisfied and there are many companies that have gone out of business because of bad customer service. The organisation can easily lose its market share as competitors take over your customers. Remember, an unhappy customer will quickly spread the word about the poor service that they received from your company. This can lead to a bad reputation and few, if any, customers are prepared to spend their money in an organisation that doesn't care about them.

Bad customer service can also lead to decreased company profits. When profits tumble, stock value decreases and adversely affects shareholders.

In economic terms it costs approximately five times more to bring in new customers than keep existing ones.

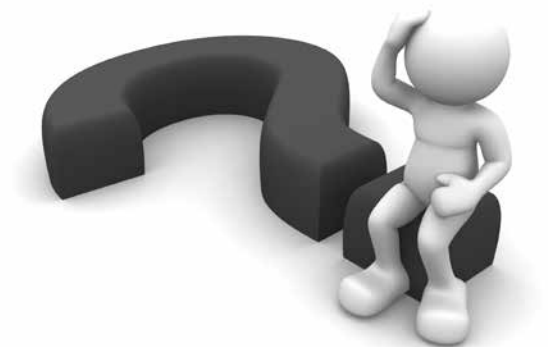
Knowledge Activity 2: Now think of a time when the service you received was unsatisfactory. Again, remember what you expected of the organisation before you visited the store.



List the things that made it a bad experience for you and how it made you feel.

Staff attitudes/actions	How it made you feel

Would you recommend the organisation to your friends? Have you used this company since your bad experience?



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Remember...

A customer is the most important visitor on your premises. They are not dependent on the company – the company is dependent on them.

Retail companies need to invest in customer service to ensure their associates are trained in how to approach customers, deal with difficult situations, and have good product knowledge as well as knowing about customer service policies and procedures. It is much more expensive to bring in new customers than to keep the ones you already have.

A customer service experience can change the entire perception a customer has of the organisation. Good customer service can elevate a business above others but poor customer service can be the downfall of a retail business.

In a Which? survey of 2000 British consumers, 61% said they avoided a company because of its bad customer service reputation.

Customer loyalty

Please read the following as it will help you to answer question 5.

How can retailers maintain and increase customer loyalty?

Many retailers have loyalty programs for their customers as a reward for shopping with the organisation.

A lot of different retail organisations produce their own loyalty cards with which a customer can build up points from purchases to get money off other items in-store.

Large supermarkets also operate a 'price matching' scheme where they give vouchers for the monetary difference if their prices are more expensive than specific competitors. They also link grocery or household purchases to other products such as money off at their petrol station (e.g. Tesco).

This is done to make their products more appealing to their customers and is a promise to new customers who sign up for the loyalty card.

Retailers can send out emails to reward card holders to keep them informed of special offers and events for VIP customers only.

By offering customer rewards, retail organisations are telling their customers "We care about you and value your custom".

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Identifying customer needs and preferences

Please read the following as it will help you to answer questions 6 and 7.

Approaching the customer

To understand what your customer needs or expectations are, you and your colleagues have to know how and when to approach customers, what questions you need to ask and how to gather feedback from the customer to ensure you are giving outstanding customer service.

Retail is all about selling, and sales associates on the shop floor can influence buying decisions, but no one likes a pushy salesperson, so approach your customer with care and consideration.

There are several ways you can do this:

1. The Friendly Approach

When they enter the store, greet them with a smile, make eye contact and, if you aren't busy with another customer, say 'Good morning/afternoon/evening' (whichever is appropriate). In doing this you have acknowledged your customer and let them know you are aware they are there.

2. The Merchandising Approach

Use this approach when you see a customer looking at a specific product display.

"Hello. You're looking at one of our best lawnmowers. It's light, easy to use, and very powerful."

3. The Service Approach

"How may I help you?"

Using open questions (Who? What? When? Why? Where? How?) means the customer has to answer with more than a yes or no, even if they say "I'm only browsing." You have let them know you are available and willing to help when needed. Closed questions can help when a customer is deciding between two products:

"Do you prefer the red blouse?"



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4. The Informal Approach

Use a personal greeting when dealing with someone you already know.

“Hello, Mr. Clark. What can I get for you today?”

You also need to listen and accept what the customer is saying. If they tell you they are ‘just browsing’, don’t push or they are likely to walk away without buying.

Remember...

Before you can question a customer you need to fully understand their needs by listening effectively.

Characteristics of active listeners include:

- spends more time listening than talking
- lets the speaker finish his or her own sentences
- lets the other person finish speaking before responding
- allows the other person to speak and does not dominate the conversation
- aware of own biases
- asks open-ended questions to clarify you have understood the customers’ needs and preferences
- focuses on what is being said and not what your response will be to the speaker

Active listening happens when the listener hears the various messages being sent, understands their meaning, and then verifies the meaning by offering feedback.

A good way to remember how to actively listen to customers is think about EARS:

E – encourage

A – ask

R – reflect

S – summarise

This will ensure you have fully understood what the customer has said.



When trying to find out what your customer needs you should always begin by using open questions. These questions will help you understand what the customer’s general needs are and you will be able to move on to more probing questions to find out their specific needs.

HANDLING CUSTOMER PAYMENTS

EFFECTIVE TEAM WORK

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