

*Develop a Customer
Relations Advantage*

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Customer Relations...

...is about **SERVICE.**

Service

- The non-material equivalent of a good
- Economic activity that does not result in ownership
- The product is the act of delivery

The Service Mix

- Pure tangible good
- Tangible good with accompanying services
 - Products with service, maintenance, etc.
- Hybrid
 - Restaurants
- Major service with accompanying minor goods and service
 - Airlines
- Pure service

Services are...

- Intangible
- Variable
- Perishable

Unlike tangible goods, Services...

- Are difficult to evaluate
- Are assessed based on experience and credence

Buying Behavior in Services

- Slightly different buying behavior
- For tangible products, attributes and features play significant part of decision
- For services, **interpersonal connection** becomes significant
- Becomes matter of **relationship-building**

“People Buy from People”

- Services are often associated with the people at the frontlines
- Legal firms, beauty salons and barbershops, and account-based firms often defined by whoever customer talks with

1. Relationships Affect the Product

- If relationship is good, customers can forgive a bad product
- If relationship is bad, even the most excellent product can be perceived as being bad

2. Customers Fear Commitment

- Customer acquisition costs can be high
- But once customer relationship exists, cost of selling renewals and add-ons drops drastically

3. Customers Seek the Experts

- Customers in search mode tend to seek out the best in the service industry
- Quality rather than Price is first priority

Customer Relations Management

- Is all about building relationships
- Person-to-person
- Long term orientation

Know your customers

- Establish a **feedback** system to have access to customer opinions
- Create a customer **database** to have quick access to customer information

Enhance points of contact

- All elements from your company that are sensed by the customer
- Includes brochures, building and facilities, atmospherics, vehicles, and **personnel**

Humanize your brand

- Many successful service brands are people's names
 - Walt Disney Company
 - Legal firms ("Chan Robles & Associates")
- Create a symbolic character
 - Ronald McDonald or Jollibee
- Use top personnel
 - CEOs and top management
- Focus on human characteristics

Create Recurring Contact Points

- Develop reasons to contact customers on regular basis
 - Newsletters
 - New product announcements
 - Regular maintenance calls
 - Events
- Create retention programs
 - Frequency points
 - Rewards programs

Minimize Variability

- Invest in good hiring and training
- Standardize service-performance process and identify possible fail points
- Monitor customer satisfaction

Use Penetration Strategies

- Do not overwhelm customer with wide variety of choice
- Focus initially on selling just basic service to minimize aversion
- Add-ons can come later once relationship is developed

Create tokens for the service

- Tickets, certificates, CD-ROMs, memorabilia
- Tokens are easy to grasp symbols of value that has been exchanged

Monitor customer retention rate

- Margins are low for first-time customers
- Profitability comes with length of relationship
- Therefore focus on percentage of repeat customers

Use viral marketing techniques

- Word of mouth can be very effective
- Develop referral program
- Treat product champions with appreciation

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