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More to learn from business

James Woudhuysen

‘You queue everywhere nowadays’, the West Indian woman told me, ruefully, in the Post Office just north of Blackfriars Bridge. On a Monday morning, there were plenty of grilles to talk to but only one public service employee available. To send a small parcel by Datapost to Japan took a whole five minutes. Not for the first time, the chorus of *Don’t start me talking*, an old Sonny Boy Williamson blues, came to mind. Lamenting the unexplained absence of his partner, Williamson gave a gritty grunt to the words

*Minutes seemed like hours,
And hours seemed like days ...*

The service at my local Post Office is nothing, as they say, to write home about. That is why, despite the financial success of Britain’s state-run mails, some want to privatise them. Already the Dutch could give the Post Office a run for its money on the UK market.

So customer service is nowadays a factor not only in privatisations, but also in international competitiveness. That is why governments, whether in Europe or North America, should be interested in it. Trade in services has grown dramatically in recent years. Much of the world’s

James Woudhuysen is head of worldwide market intelligence in consumer electronics at Philips, the Netherlands. He is also Professor of Design Management at De Montfort University, Leicester.

foreign direct investment is in services. Increasingly, we can expect the market to compute the value-for-money performance of every British post office – or hospital – on a world scale.

In this article, I explore some of the similarities and differences between public and privately-organised services. I discuss why and how consumers of private services have become more attuned to standards of service. Drawing upon the positive and negative experiences which the private sector has had in services, I conclude that the defects of public services are not congenital. They are rooted, like those of the private sector, in the priority given to market forces over investment.

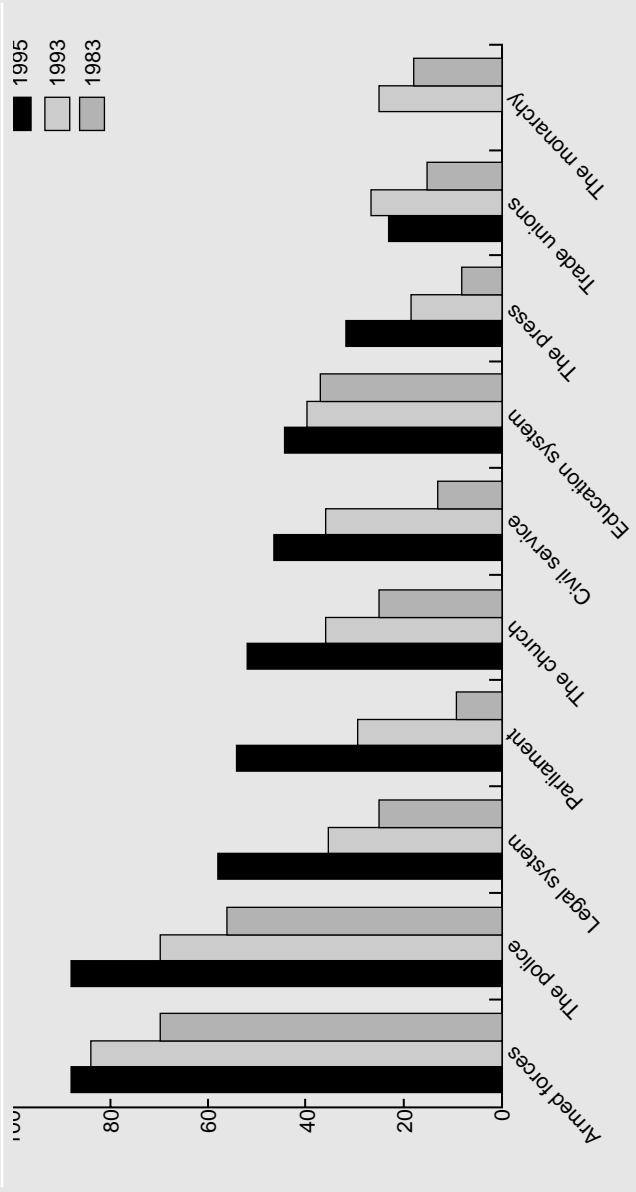
Behind the resentment of public service standards

In educational services, the Government published its first Parent's Charter in 1991. In 1994, it sent a new Charter, a 30-page colour glossy booklet, to every home in England – regardless of whether it had children in it. From the attempts by local councils to win Charter Marks for parks and gardens, to the Department of Transport's infamous 'Cones Hotline' (1991), government has made the charter mentality a religion. But results, if we look at the proportion of British people having confidence in the civil service, Parliament and the legal system, have been mixed (see Table 1 overleaf).

Confidence is but a proxy for customer satisfaction with government-supplied services. In the case of education, however, levels of satisfaction have clearly declined over the past decade (see Table 2). There is a kind of *Customer service deficit* in many branches of British government. American talk of the empowerment of customers and staff, the news that some police will no longer visit the victims of burglaries but will rather deal with their cases by phone – these have not set happy precedents.

Many who use the state sector, and quite a few who need not, now feel the customer service deficit acutely. Over the past few years, value for taxpayers' money in public services has emerged as just about the only issue that the parliamentary parties and their Town Hall counterparts really get worked up about. With taxation given the political

Table 1 Dramatic fall in confidence in national institutions. (% having either 'a great deal' or 'quite a lot' o confidence in institutions)



Source: Gallup/The Henley Centre, Planning for social change 1995/96.

Table 2 'On the whole, would you say that you are satisfied or dissatisfied with your children's education (the education your children are getting today)?'

	Today	1988	1984
Satisfied	34	39	48
Dissatisfied	46	40	31
Don't know	20	21	21

Source: Gallup.

prominence it has received in the 1990s, resentment about poor service from the state has increased.

Another reason for resentment is that the service available from the private sector has broadly improved while public sector standards have declined. I say 'broadly', because it would be hard to argue that major break-throughs have really take place in mass retailing, catering or leisure. Even the service given by British Airways has levelled off from the heady peaks of late 1980s, and the service dispensed by BAA at Heathrow has certainly declined.

Nevertheless, the perception is that the private sector provides better service than the public; that, even if good service can only be found in Savile Row, state services will never come up to that level. Yet, there are no intrinsic reasons why public sector service should compare badly with that delivered by the private sector. In the Keynesian 1950s and 1960s, British public servants identified with what they did, and standards of service were reasonable. What seems to determine the overall quality of British public services today is not the fact that they are public, but that, like privately-delivered services, they are operated in a weak economy. In America and Germany, the productivity and effectiveness of both kinds of services is generally higher than in Britain.

What, though, can government learn from the experience of the private sector in customer service? Unmistakeable though it is, the play of market forces is modified in the public sector. It would be foolish,

then, naively to try to graft techniques from the private sector on to the public. Social security offices do not especially want from claimants what the private sector used to describe as ‘repeat business’ and now enthuses about as ‘customer loyalty’. Similarly, while ultra-commercial leisure venues like Planet Hollywood or the Hard Rock Cafe seem positively to encourage queues, nobody enjoys queuing for services financed by deductions from their gross earnings.

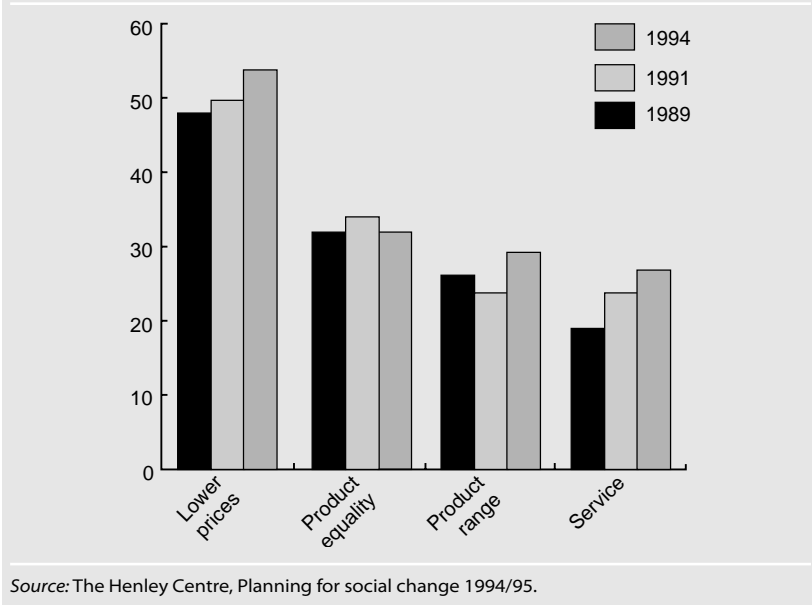
Still, the dilemmas of customer service in the private sector tell a story which anybody interested in government needs to hear. Revealingly, that story begins not with service suppliers, but with the holistic view customers now take towards standards of service.

The emergence of common customer benchmarks

One of the fascinating, if often unnoticed developments of the past decade is the way in which consumers in the West have grown more sophisticated about customer service. Through their exposure to a wide range of environments – McDonald’s Barclays Bank – consumers have, consciously or unconsciously, built benchmarks, by which they measure service. These benchmarks, which cover queuing-times, prices and etiquette, are now applied to every kind of service supplier. Thus admission to a cinema’s compared, at least in a back-of-mind fashion, with getting a shoe repaired. Henley research gives a hint of today’s exacting requirements: tracking 2000 British consumers between 1989 and 1994, it confirms that the demand for better service in shops has enjoyed a steep rise (see Table 3).

It is not hard to see how this situation has come about. More and more of us work in the service sector, and even manufacturers have to add services, or a call-free telephone number, to their products. Many people have first-hand experience of delivering service themselves, and are thus prone to criticise poor service in others.

‘The dilemmas of customer service in the private sector tell a revealing story that governments need to hear’

Table 3 Consumers are every more demanding (% citing important).

Holidays overseas, together with international business travel, have also worked in the same direction. So, too, has successful interaction with computers: although a simple PC display does not quite constitute the fielding of a service, PC users register the speed with which information is imparted, transactions are executed and benefits accrue, and bring their experience at the screen to bear later – when they encounter services which are conveyed personally.

Another factor tending to universalise our yardsticks for service is word-of-mouth accounts of it. The dinner-table narrative about ‘my worst day ever’ at Heathrow Paddington or on the buses is important. In Britain, perhaps 200 million personal recommendations of products and services are made each year (see Table 4).

The final and perhaps most important source of demand for better service relates to what can be termed Pre-Millennial Tension: the sense

Table 4 Average number of people recommended to, UK

Whisky	2.17
Sound and vision manufacturer	1.43
Sound and vision retailer	1.32
Instant coffee	0.84
Investment	1.71
Car insurance	1.08
Tour operator	2.13
Travel agent	1.53
Car	2.84
Loan	2.54
Lager/beer	2.15
Electronic goods	2.55

Source: The Brann/Henley Loyalty Survey 1994.

people have of society and lives being more at risk than in the past. In a climate where the consequences of today's actions are widely feared, consumers feel insecurities even at the point of purchase. In response, manufacturers have turned to augment their basic products with services which play to people's fear of risk. The new consumer services offered by manufacturers insure the product buyer against product breakdown, or are designed to make the personal finances associated with purchase a more stable, user-friendly affair.

The gospel of product augmentation, long preached by the American marketing guru Philip Kotler, has been imprinted on the public mind as the expectation that every product may or should have some kind of service attached to it. In America, indeed, no less than 80 per cent of supermarket products have a call-free 800 number printed on them. From cars to appliances, service has become a way of life to manufacturers. Here, at least, market niches are plentiful. Moreover, because services lock customers into long-term, 'loyal' relationships, such niches are, for the most part, highly profitable.

The many facets of today's consumer sensitivity toward service ought to be obvious to government. However, they are by no means

obvious to private service suppliers – even when the latter are not manufacturers lately diversifying into services, but service specialists through and through. Too often, companies calibrate their quality of service against that offered by their direct rivals alone. Banks for example, worry above all about building societies, and tend to neglect the Woolworth's outlet next door. They make this mistake; but for the cosmopolitan, time-pressed consumer, it's all the same.

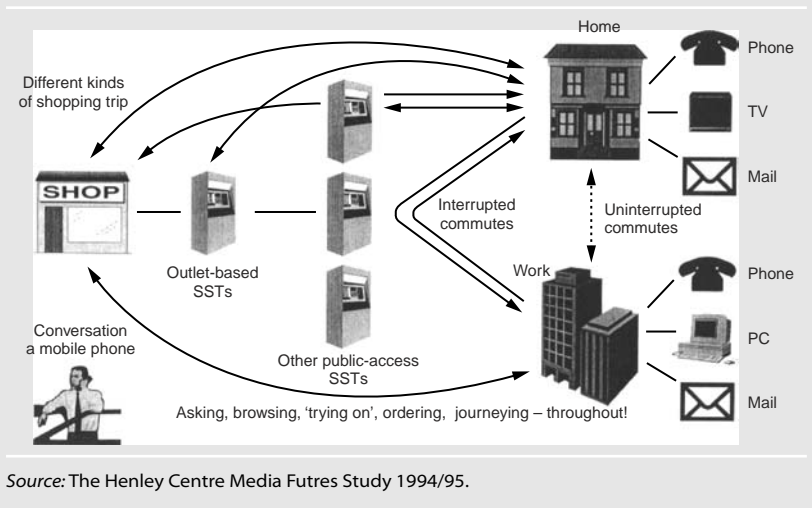
Matters go further. Consumers don't just generalise their experience of service across different *supplier sectors*, but across different *means of accessing the same basic service*. In this sense, much of the discussion about teleshopping, just like that about self-service multimedia terminals in local Town Halls, misses the point. These new technologies will not substitute for old ones, but will work symbiotically with them. Why? Because the technologies of access represent more than a simple means only to suppliers afflicted by tunnel vision. In the course of a day, the consumer will use any combination of technologies that gets the job done, or that suits the mood of the moment (see Table 5).

For government, there are important lessons here. Private-sector suppliers of services are often afflicted by patronising, 'technology push' visions of consumers. Too often, they find themselves concerned with channels, not users. It would be a shame for government to make the same error.

The role of Information Technology

In the private sector, both manufacturers and service providers have high hopes of new, low-cost 'killer' distribution channels. Both want them to help build durable relationships with loyal customers, for in recessionary times the struggle for new customers no longer looks as attractive as once it did. But in the race for customer loyalty, it can still take a bank twelve minutes to sell an existing customer a mortgage over the phone. Tomorrow's electronic channels – complete with electronic forms, video telephony and on-screen lists of goods and services sorted by price and brand – will probably demand the same kind of effort on both sides. Electronic channels may appear as cheap, labour-saving alternatives to conventional distribution; but in practice work

Table 5 Lessons from retailing: the correct conception of staffed outlets, self-service terminals, home and work.



around them is very labour-intensive. A recent study of the 'cost per word' to consumers of various Japanese media has found that it has been rising, not falling. The evidence suggests that 'killer' channels exist only in the fevered imaginations of corporate planners and technologists. Consumers take a more sober view.

Sobriety can turn to exasperation, however, when information technology (IT) is prominent in unhappy service experiences. When IT is obviously present but its merits are not, people can feel depersonalised and cynical about the investment that has been made. When a member of staff reports that a computer is 'down', or that a printer (dismissively referred to by the IT industry as a 'peripheral') has jammed, it is easy to get annoyed.

In service, IT promises easier, more universal access. Yet all too frequently, and especially in Britain, it is introduced to cut staff costs. At my local Boots, for example, an unattended EPOS terminal flashes up, in green capitals, the legend *Staff nearby will be pleased to help you*. But

profitability considerations ensure that there are often no staff available. This is what 'downsizing'. Business Process Re-engineering and the spread of IT can lead to in customer service.

Just like the smile on a waiter's face or the cup of coffee at the hairdresser, no amount of IT can make up for fundamentally poor levels of service. But people on the receiving end of bad IT-based services rarely associate mishaps with myopic or penny-pinching management further up the line. In the heat of the moment, it takes a generous, humanistic spirit not to blame the employee in front of them – as long-suffering employees of British Rail will freely attest. In a rational moment, it is clear that the management information is at fault. But an empty stomach or a missed connection do not encourage rationality.

Customers, however, will continue to grow more discerning about service. More and more, they are able to detect when queues have merely been re-located, rather than abolished. They are not fooled by hype about IT, and have, by the million, already discovered that 'surfing the Net' can often feel more like queuing the Net. Their benchmarks in the realm of IT are just as comprehensive, and as fierce, as they are at Pizza Hut or Little Chef.

With or without IT, there are disturbing messages for governments here. In dealings with the private sector, consumers have the possibility, at least in theory, of 'taking their custom elsewhere'. In the public sector, by contrast, consumers usually meet no choice at all. There is nowhere else to go for a London ambulance. No amount of ready cash will get one out any faster; so if a two-tier NHS already exists, its further consolidation could prove politically explosive. Older people in Britain already complain that they did not fight the Second World War to meet this kind of service. When 'the consumer' is a voter, things can become very sticky indeed – and IT, paradoxically, can make them stickier still.

Private sector achievements and pratfalls

The past decade has seen not only tougher customers, but also growing recognition of this trend by business. Management bibles with

titles like *Total customer service* sell by the million. Some insights have been achieved, even if many more remain for the future. One of the better examples of the literature on the subject is Ron Zemke and Dick Schaaf's *The service edge*.¹

The authors begin with a strong emphasis on listening, strategy definition, measurement and staff – issues which are highly relevant to the public sector. It is worth summarising the first part of their analysis (see Table 6).

They go on to make further recommendations. They suggest that managers play the customer for a day and incognito, conduct what retailers now describe as ‘mystery shops’ on their own staff. They also note that successfully recovering from making an error can pay dividends with customers. Their approach is again worth summarising (see Table 7).

Two points are worth noting here. First, staff know all about and fear ‘mystery shops’, just as they fear being named as a perpetrator of poor service. The measurement of service, then, can be akin to surveillance; and staff themselves can participate in this. A young ski instructor ‘on probation’ whispers the entreaty ‘Please say something nice about me.’ In every hotel room, maids meet another customer questionnaire

Table 6 Service delivery and error recovery (1)

- Listen to, understand and respond to customers
- Define superior service and establish a service strategy
 - i. deliverable
 - ii. continually communicated
 - iii. differentiated
 - iv. get 1% better at lots of things, not 100% at one
- Frequently measure the same thing by shift, site and time of day; though the customer defines good service, the measures must be meaningful and generalisable by staff
- Select and train so they do not need authorisation all the time; gain praise and rewards; are provided internal Hotlines

Source: Zemke and Schaaf (1989).

Table 7 Service delivery and error recovery (2)

- Monitor customer Expectation, Experience and Evaluation of that experience
- Perform 'mystery shops' on your own company and its rivals
- Realise that there are no errors made by customers, but that your own error, if properly corrected, can be a chance to increase loyalty
- Feelings of inconvenience or annoyance on the part of a customer demand a personal apology and urgent 'reinstatement'
- When such feelings are compounded by those on the supplier, a sense of victimisation can be unleashed: counter by empathy, symbolic atonement and follow-up for closure and authenticity.

Source: Zemke and Schaaf (1989).

staring out at them, ready to make trouble if filled out critically. In this respects, monitoring customer service can, with staff, rub on just those late-1990s insecurities we have already mentioned.

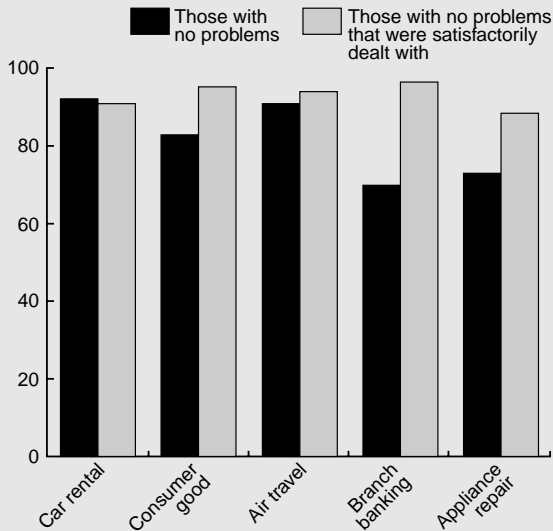
Second, research by Tarp Europe, tracking customer loyalty, reinforces Zemke and Schaaf's argument about the significance of 'error recovery'. According to Tarp, consumers are more likely to buy something again when a mistake is put right than if there were no problems in the first place (see Table 8).

In the literature of the management of design, further discoveries have been made. Work by Sisodia in the USA has identified a number of ways in which the design of service locations – from car rental outlets to bowling alleys – can be managed so as to improve performance.

Here, supplemented by a Henley addendum on 'Nail Points', are the key areas to inspect (see Table 9).

In a similar vein, research by Rob Waller in Britain and Fisher and Sless in Australia has shown how a professional approach to the design of forms – whether printed or displayed on-screen – can save customer and staff time. Anyone who has ever made a mess of a US Immigration Service form allowing entry to America (complete with tiny print assuring the reader that the impenetrable boxes conform to legislation mandating simplicity in form design) will know what a

Table 8 A well-handled complaint can increase repurchase intentions (%).



Source: Tarp Europe 1994.

Table 9 Where design can improve customer service environments

Lines of interaction Designing places/comuncations for meeting customers directly

Lines of visibility Arranging exactly how much hi-tech and hi-touch customers get to see

Fail points Organising the places/communications where defects are most likely to occur

Nail points Using IT to build lessons from mistakes into the system, ending future errors

Hail points Where customers can be surprised, delighted and impelled to pass the word.

Source: Sisodia (1992)/The Henley Centre.

Table 10 Information design as a means of improving forms in service organisations

Work of the information designer

- delineation and sequencing of user's tasks
- understanding of skills and time demanded of users
- display of clear, logical branching structure for questions, prompting users always to move forward and never back
- improvement in language content by focus group testing of word-only prototypes before words-and-graphics ones, iterated over three or more cycles
- listening to users, mediating in prolonged intra-company disputes over forms, collaborating with copywriters

Aims:

1. to minimise user errors
2. to minimise the staff time spent compensating for errors

Typical savings: £5 per form completed

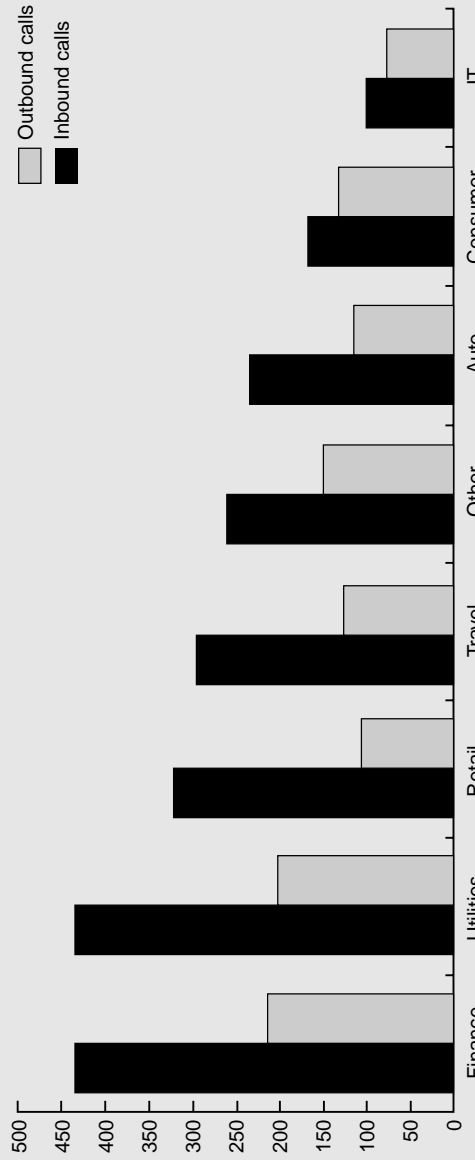
Source: Waller, Fisher and Sless/The Henley Centre.

service these Anglo-Saxon information designers themselves have rendered (see Table 10).

Finally, research into telephone use by companies and consumers, by Melanie Howard at the Henley Centre, has shown both the massive amount of 'inbound' calls taken by British business, and the shortfall in 'outbound' calls made by them to check up on customer satisfaction. Just between 1992 and 1994, British consumers grew markedly more willing to receive calls, in their own homes, from companies (see Charts 11 and 12).

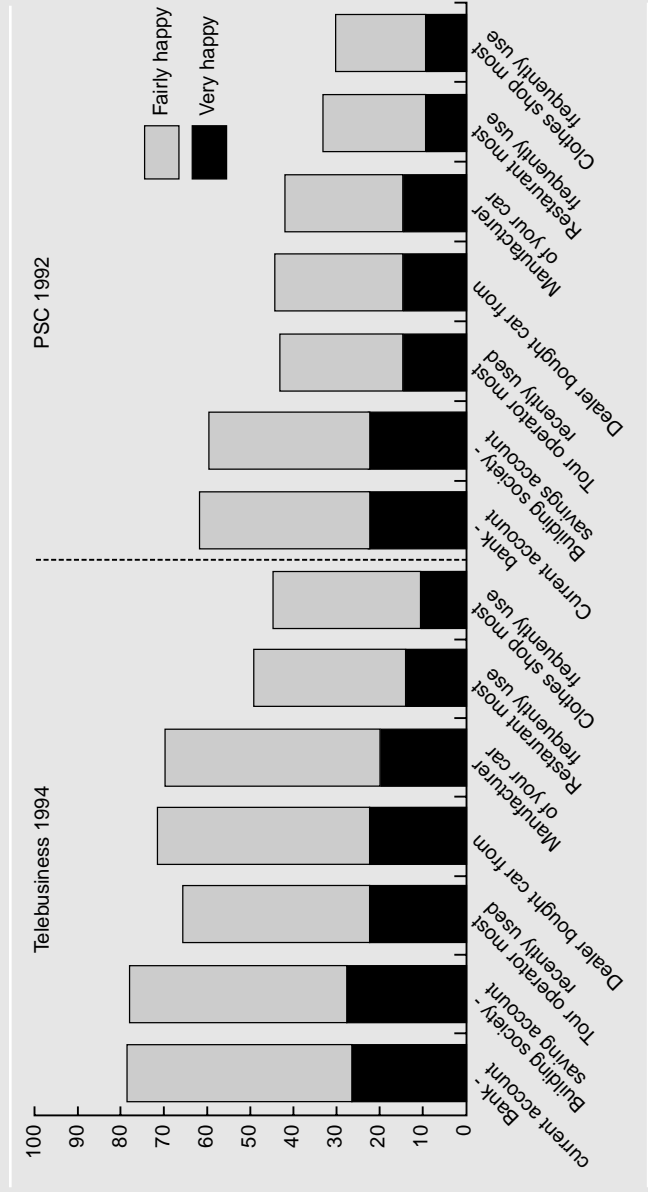
Clearly the private sector has a growing body of expertise about customer service which government can learn from. For example: the personal handling of inbound telephone calls is, as Howard has shown, a matter of speed, friendliness and repeatability (see Table 13). Yet although insights like these are sometimes turned into practical achievements, firms still make massive pratfalls as does government. Tourism specialists, for instance, lose customers every day through

Table 11 Average calls per company, by sector (100,000s).

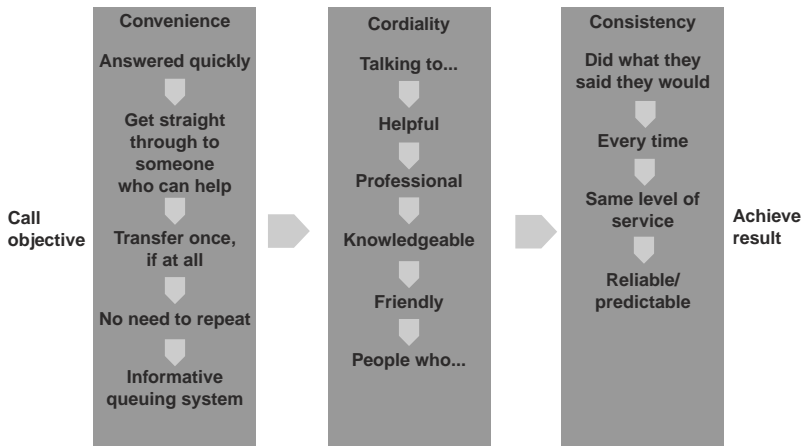


Source: Teletculture 2000.

Table 12 How happy would you be for the following companies/shops to contact you by phone? (% saying very/fairly happy – base excludes don't know/not applicable.)



Source: The Henley Centre, Telebusiness Survey 1994/The Henley, Planning for Social Change.



Source: The Henley Centre, High Street Teleculture

Figure What customers want when they call a company

poor service. In many industries the urge to answer an anonymous telephone call, rather than deal with the individual customer on the other side of the reception desk, is still great. Perhaps the biggest disaster in the making, given the alacrity with which business has begun to favour it as a channel for customer service, concerns the private sector's use of the telephone for recorded messages, or what is termed 'voice mail'.

IT companies were among the first to install elaborate voice mail systems. But, as a consequence, it is now very difficult to talk to a real IT person on the phone. A string of instructions is issued about which numbers to press on a touchtone phone; but listening to this can be an interminable affair, worse even than muzak played through a handset.

Confidence that messages will be heard, let alone acted upon, is not great. There is growing suspicion that voice mail is just another way of re-locating queues. Governments and town halls prone to enthusing about the Internet should take note of this. Nobody will take seriously the promise of a more responsive state, based on E-mail communications

sent by John or Joan Citizen, if public sector standards of service through the plain old telephone do not improve.

Conclusion

No matter how hi-tech the new channels for customer service appear, the customer will eventually reach a human being to converse with. In the public as in the private sector, service comes down, in the end, to staff. The \$64,000 question is how to motivate staff to provide better service, at a time when fewer of them are being asked to do more, for little extra pay, than ever before.

For government as for companies, there ought to be little mystery about customer service. In technical terms, nearly all the lessons learned by the private sector can be applied, with suitable adjustments, to the public sector. The issue for both sectors is the economic means and the political will to *invest* in customer service: to invest in the pay, working conditions, design and IT infrastructure that are all necessary if management bibles are to become reality. The investment must stress the real, in-depth training of staff. That, not selling more private services or saving money on existing public ones, is what genuine customer service is all about.

Particularly in Britain, where profitability is low by comparison with the rest of the West, the private sector often takes a short-term but brutally realistic attitude to service. Bottom-line considerations can still make it wise to rip off a customer in the here and now, rather than worry about the fact that he or she may never come back.

That is the way with British business. Clearly, much will have to change if government in this country is ever to do any better.

Note

1. Zemke, R., and Schaaf, D., 1989, *The service edge*, New York, New American Library.