

The Service Dialogue

Challenge to Differentiate!

Optimising 'Exchange Of Value' Between Company And Customer

Organisations nowadays are targeting what they call quality customers who have good lifetime profitability potential. It goes without saying that they therefore need new and radically different strategies to attract and retain such clientele. When economic slowdown is also looming, it becomes absolutely vital to make sure that those customers - the 20%, say, who provide the most cash or the best profits - stay loyal and do not defect to the competition. Differentiated service in Botswana comes in various forms these days; Prestige Banking, Private Clients, Premier Banking, VIP Service, EXCEL and the famous HNWI (high net worth individualised service!) In reality however, many customers will tell you we are still not yet there when it comes to getting value from "differentiated customer service." Even though it is self-evident that organisations are trying to differentiate such customers and maintain that all customers are not equal, traditionally they treat them as though they were. This across-the-board standardisation has often meant that service to the best customers has been compromised, which in turn has led to their dissatisfaction and eventual defection. Where loyalty, particularly among high value customers, can be extremely fickle - companies need to target investment strategically for these profitable customer groups, and match levels of customer service to customer value in order to earn their loyalty.

As someone once said "If you can't provide differentiated service strategies for your best customers, you'll need to provide top flight service for all your customers." Most customers in the High Net-worth category lament that the problem is lack of competitive advantage from our banks, retailers, care hire companies and others. Any business with a competitive advantage is able to attract more customers than its competitors by having some special factor that no one else possesses. The key to capturing competitive advantage is knowing what your customers want and finding a way to give it to them. Very few sources of competitive advantage last very long however, so businesses are engaged in a never ending search to find new angles to beat their competitors. It's all about finding some way of differentiating products and services from other offerings. Everyone wants a product that works and

lasts a reasonable length of time. Any company with a better quality product that is not too much more expensive than its rivals will win out. We might be willing to pay a bit more for a Toyota than some other cars even if they are a little more expensive because of Toyota's reputation for quality.

Customer service is a popular form of competitive advantage in markets where all the players offer similar services or products and they cannot be differentiated in any other way. Car rental companies for example, all charge a similar amount and offer a similar product. There is little they can do to differentiate themselves other than by offering outstanding customer service. The same is true of many retailers. Many consumers are willing to pay a little extra for convenience. This can mean having a good location, as in the case of retail outlets in a mall, or shopping via the internet. The latter is obviously easy to copy but a great location for a retail outlet is not so easy to replicate. Convenience also includes one-stop-shopping and products that are simply easier to use than other offerings

In a situation where all customers get uniform levels of good, bad or indifferent service, then less profitable customers, with lower expectations, are typically more than happy with the service they get. Conversely, more valuable, and more demanding, customers are typically left unsatisfied - making them more open to competitors' advances. The underlying culprit is often poor integration of customer activities, organised by products rather than by customer. Without a single, unified view of all the customer's contacts and transactions with a company, it is impossible for that company to calculate or estimate the individual's current or future profitability. But with a single view, a whole range of benefits become available, including in-depth customer knowledge for sales and service representatives; a consolidated view of the profitability of the customer; and a sound understanding of the customer's behaviour patterns across different channels

Final Words

Matching service to value is the way to success and profitability for organisations with that objective. Segmenting customers into different value groups means that organisations can optimise the delivery of customer service and customer value at levels appropriate to a customer's current and projected profitability. This means high-value customers should be provided with a level of service that reflects their spending power and serves to keep them as happy and loyal customers. At the same time

customers with less spending power will most likely have lower value expectations - so they too can be kept as happy and loyal customers, but with a lower and therefore less costly level of service.

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