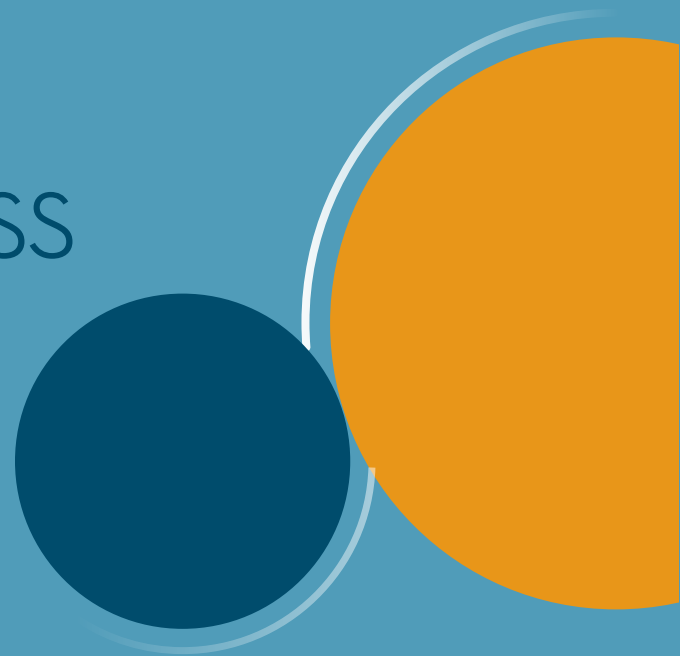


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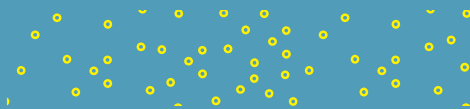
CUSTOMER SERVICE

SKILLS FOR SUCCESS

Robert W. Lucas



Mc
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CUSTOMER SERVICE, EIGHTH EDITION

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ROBERT (BOB) W. LUCAS is an internationally known, award-winning author and learning and performance expert who specializes in workplace performance-based training and consulting services. He is the principal of Robert W. Lucas Enterprises and owner of Success Skills Press.

For over four decades, Bob has shared his knowledge and expertise as a coach and consultant. He has facilitated training sessions for thousands of workplace professionals in a variety of industries from national and international organizations. He also taught for over 15 years as an adjunct professor in the Human Resource Development Master of Arts program at Webster University and regularly presents educational sessions to various local and national groups. In addition, Bob has led or served on the boards of the Central Florida Chapter of the Association for Talent Development, the Florida Safety Council, Leadership Seminole, and the Florida Authors and Publishers Association.

In recent years, Bob has dedicated much of his time to self-publishing books on a variety of skills topics and writing four blogs (*Customer Service Skills*, *Creative Training*, *Nonfiction Writing*, and *Cruising*). His areas of expertise include customer service, creative training and management program development, presentation skills, interpersonal communication, adult learning, and diversity. He has been listed in *Who's Who in the World*, *Who's Who in America*, and *Who's Who in the South & Southeast* and is an avid writer. In addition to this book, he has written and contributed to 39 books and compilations and has published over 1,000 articles. Some of his other titles are *Please Every Customer: Delivering Stellar Customer Service Across Cultures* and *How to Be a Great Call Center Representative*.

Bob earned a bachelor of science degree in law enforcement from the University of Maryland; an M.A. degree with a focus in human resources development from George Mason University in Fairfax, Virginia; and a second M.A. degree in management and leadership from Webster University in Orlando, Florida.



Ashton Photography



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11 Managing Your Time

12 Managing Your Stress

13 Customer Service through Written Means

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PREFACE

New to This Edition

Every Chapter

- Beginning of each section has *new Customer Service Interviews* with small service business owners
- Updated research and statistics throughout text
- Updates and addition of new *Trending Now* sections in many chapters

Chapter 1

- Updated *In the Real World* chapter-opening case study (Amazon.com)
- New *Think About It*
- Updated research and statistics throughout chapter
- Updated *Key Developments* box highlighting developments that impacted the customer service profession
- Expanded definitions of service-related terminology
- New *Trending Now* segments added
- Added new information on pay and positions for customer service representative occupations
- Updated subhead area *Growth of the Service Sector* and changed that header to *Changes in the Service Sector*
- Added content on working in remote teams
- Included sections related to serving during the COVID-19 pandemic
- Updated discussion of *Global Economic Shifts* impacting customer service
- Revised *Components of a Customer Service Environment* model
- Included content on *Strategies for a Successful Job Interview*
- Additional *Work It Out* section
- Addition of section on *Shifts in Consumer Needs, Wants, and Expectations*
- Addition of suggestions for dealing more effectively with *Internal Customers*
- Additional *Customer Service Tips*
- Expanded discussion of small business trends and customer service
- Updated *Small Business Perspective* section to include content related to the COVID-19 pandemic
- Additional *Search It Out* resources
- Revised *Collaborative Learning Activities* section

Chapter 2

- Changed *In the Real World* chapter-opening case study to Target
- New *Think About It*

- Updated research and statistics
- Updated *Sample Mission Statements*
- Additional *Trending Now* segments added
- New *Customer Service Success Tip* added
- Revised *Positive Communication Model*
- Updated *Eleven Strategies for Developing and Promoting a Positive Service Culture* section
- Provided additional *Collaborative Learning Activities*

Chapter 3

- New *In the Real World* chapter-opening case study (GEICO Insurance)
- New *Think About It*
- Revised definitions related to service terminology
- Additional *Customer Service Tips*
- Additional *Trending Now* segments
- Updated research and statistics
- Expanded *The Importance of Effective Communication* section
- Revised *Guidelines for Providing Positive Feedback*
- *Small Business Perspective* segment expanded and updated
- Additional *Search It Out* activity resources
- Updated *Collaborative Learning Activities* section

Chapter 4

- Interview by customer service industry professional
- Updated *In the Real World* chapter-opening case study (American Express)
- Updated *Think About It*
- Addition of *Words to Live By* quote
- Addition of *Impact of Masks on Service* figure with Dos and Don'ts when serving with protective masks
- Expanded definitions related to service terminology
- Additional *Customer Service Tips*
- Additional *Trending Now* segments
- Revised *Work It Out 4.3—Adding Emphasis to Words*
- Updated research and statistics
- Additional *Search It Out* activity resources

Chapter 5

- New *In the Real World* chapter-opening case study (Nordstrom)
- New *Think About It*
- Expanded definitions related to service terminology
- Additional *Customer Service Tips*
- Additional *Trending Now* segments

Chapter 6

- New *In the Real World* chapter-opening case study (ALDI Supermarket)
- Revised *What Are Behavioral Styles?* section
- Updated *Identifying Behavioral Styles* section
- Revised *Work It Out 6.1*
- Revised *Key Term* definitions

Chapter 7

- Updated *In the Real World* chapter-opening case study (Coca-Cola)
- Expanded definitions related to service terminology
- Additional *Customer Service Tips*
- Enhanced strategies for interacting with *Rude or Inconsiderate Customers*
- Revised *Handling Emotions with the Emotion-Reducing Model*
- Expanded *Strategies for Preventing Dissatisfaction and Problem Solving* section
- Expanded *Causes of Conflict* section
- Additional *Trending Now* section
- Addition of *Work It Out 7.8—Recovering from Policy Restrictions* activity
- Updated *Disaster Planning Initiatives in the Service Recovery Process* section
- Revised *Summary* section
- Additional *Search It Out* activity resources
- Revised *Face-to-Face* activity

Chapter 8

- New *In the Real World* chapter-opening case study (Chipotle Mexican Grill)
- New *Think About It*
- Updated research and statistics
- Enhanced *Customers with Disabilities* section
- Expanded *Trending Now* segments

Chapter 9

- Updated *In the Real World* chapter-opening case study (Zoom Video Communications Inc.)
- Updated *Think About It*
- Updated research and statistics
- Additional *Trending Now* segments
- Updated *The Role of Technology in Customer Service* section
- Revised *Traditional Call Center Technology* segment
- Expanded definitions related to service terminology
- Updated *Social Media* section
- Additional *Customer Service Tips*
- Expanded *Technology Etiquette and Strategies* section
- Expanded *The Telephone in Customer Service* segment

Chapter 10

- Updated *In the Real World* chapter-opening case study (Costco)
- New *Think About It*
- Expanded definitions related to service terminology
- Updated research and statistics
- Additional *Trending Now* segments
- Customer Loyalty section renamed *Customer Brand Loyalty* with expanded content
- Revised *Figure 10.3 Examples of Product and Service Breakdowns*
- Enhanced *The Importance of Customer Relationship Management* section
- Revised *Small Business Perspective* section
- Updated *Search It Out* activity resources
- Updated *Collaborative Learning Activities* section

CHAPTER FEATURES

An Update on a Trusted Customer Service Textbook Resource

Welcome to a brand-new look for the top-selling customer service textbook in the United States. This book has been the top-selling customer service textbook in the United States for over a decade and won the 2017 Textbook Excellence and the 2020 William Holmes McGuffey Longevity Awards from the Textbook and Academic Authors Association (TAA). In this edition, we have updated, expanded, and reformatted much of the content.

Customer Service: Skills for Success addresses real-world customer service issues and provides a variety of revised resources, activities, examples, and tips from the author and active customer service professionals in the industry. We did this to help gain and hold readers' interest while providing additional insights into the concepts and skills related to customer service. The text begins with a macro view of the history of customer service and what the profession involves today. It also provides projections for the future, and then focuses on specific skills and related topics to aid service practitioners.

The eighth edition of *Customer Service: Skills for Success* contains 10 chapters divided into four parts, plus the Glossary, Notes, and Bibliography. These parts focus on different aspects of customer service: (1) The Profession, (2) Skills for Success, and (3) Building and Maintaining Relationships, and (4) Retaining Customers. Along with valuable ideas, guidance, and perspectives, readers will also encounter interviews of real-world small business service providers who offer advice for current and aspiring service professionals. Readers will also discover tips for implementing proven customer service strategies, case study scenarios, and activities to help them apply concepts learned to real-world situations in order to challenge their thinking on the issues presented. For users of previous editions, you will note the addition of several new information elements and a tie-in to today's technology throughout the chapters. In the Instructor Resources in Connect, you will find various individual and small group activities, case studies, and other support material. These can be used to engage readers and enhance content found in the book.

Each chapter begins with behavioral-based **Learning Outcomes** to direct students' focus and to measure end-of-chapter success in grasping the concepts presented. Students will also find a **quote** from a famous person to prompt their thinking related to the chapter topic and text focus. Throughout the book, the abbreviation LO indicates the Learning Outcome that applies to that section.

As students explore the chapter material, they will find many helpful tools to enhance their learning experience and assist them in transferring their new knowledge to the workplace. Throughout the chapters, students are asked key questions in the form of a **Knowledge Check**. This allows students to consider what they have just read and test themselves to help ensure that they have grasped the concepts covered in each chapter.

Every chapter opens with **In the Real World**. These candid snapshots offer a view into a variety of well-known businesses, industries, and organizations and are designed to provide insight into how quality customer service can lead to success in a highly competitive global world. To support the scenarios, students are asked to do an Internet search on the featured organization and answer the questions provided in the **Think About It** section that follows.

Self-assessments listed as **Quick Previews** allow students to pretest their knowledge on a range of topics, and prime them to watch for specific content as they read the chapter. Answers to the questions are also provided at the end of each chapter.

Throughout the chapter, **Work It Out** activities challenge students' knowledge and provide an opportunity for individual and/or small group work on a specific topic or issue. The **Street Talk** tips offered by customer service professionals currently working in various organizations and industries provide a glimpse of real-world insights into strategies and techniques that professionals are using every day in their interactions with customers to enhance their service delivery. Also threaded throughout every chapter, **Trending Now** boxes highlight new and innovative strategies being put into practice in companies and industries to enhance the service experience for current and potential customers.

In addition, there are activities in every chapter that encourage students to engage with common customer service problems. **Ethical Dilemmas** present a difficult scenario and ask readers how they might appropriately handle the situation. Potential solutions or best practices are provided at the end of each chapter. **Small Business Perspective** activities discuss situations that a small business may be faced with and present students with information that makes for great in-class discussion.

At the end of each chapter is a **Summary** with **Review Questions**, which bring together the key elements and issues covered throughout the chapter. While the summaries encapsulate and reinforce key themes, the review questions test students' retention of the content and highlight areas for remedial study to promote mastery of the chapter topics. Students also are encouraged to use the Internet to research chapter-related skills and obtain a variety of customer service facts, figures, and related information to use in group activities, presentations, or discussions through **Search It Out** activities.

Collaborative Learning Activities encourage role-playing. In these activities students are given a variety of scenarios they can act out with an instructor or a peer in order to engage with real customer service issues, practice their skills, and reinforce their knowledge of the chapter topic, while **Face-to-Face** exercises provide students with a detailed background narrative of a specific employee and allow them to identify with that employee by using the information to determine how they might handle a similar customer service issue if faced with it on the job. Additionally, the **Planning to Serve** activities provide a road map for students to identify techniques and strategies from the book to provide superior customer service in their future.

The Customer Service Text That Gives You More

ADDITIONAL RESOURCES

Author's *Customer Service Skills* blog There are hundreds of articles on various customer service-related topics to supplement information in this book on the author's blog that can be used as references or as discussion starters for the classroom and online. To access the blog, please visit the instructor resources at www.customerserviceskillsbook.com within Connect.

INSTRUCTOR RESOURCES

Instructor's Manual The Instructor's Manual outlines course materials, additional in-class activities, and support for classroom use of the text. It has been organized to give instructors not only a basic outline of the chapter, but to assist in all facets of instruction. For every question posed in the text, the IM provides a viable answer. The text page numbers provide easy reference for instructors. In addition, the Instructor's Manual guides instructors through the process of integrating supplementary materials into lessons and assignments. It also includes sample syllabi and video notes. Ultimately, this will be an instructor's greatest advantage in using all materials to reach all learners.

Connect Matrix We know that instructors' time is valuable. To help you prepare, we have created a Connect Matrix that is organized by chapter, learning outcome, Bloom's, and Level of Difficulty auto-gradable assessments that are available for you to assign in Connect. Visit the Instructor Resources within Connect to preview how the Connect Matrix can help!

SmartBook 2.0 SmartBook 2.0 in Connect personalizes learning to individual student needs, continually adapting to pinpoint knowledge gaps and focus learning on concepts requiring additional study.

Video Cases & Case Analyses Video cases and case analyses, featuring real companies, are assignable within Connect with corresponding comprehension questions that help students analyze and apply key customer service concepts.

PowerPoints PowerPoint slides, created specifically for instructors, include additional teaching notes and are tied directly to learning outcomes. Each slide is provided in a format that offers alt descriptions, screen reader capability, and a color palette that will assist students requiring accommodations.

Test Bank Every chapter provides a series of test questions, available in our Test Bank, which can be accessed via Test Builder in Connect. Test Builder is a cloud-based tool that enables instructors to format tests that can be printed or administered within an LMS. Test Builder offers a modern, streamlined interface for easy content configuration that matches course needs, without requiring a download. Test Builder allows you to:

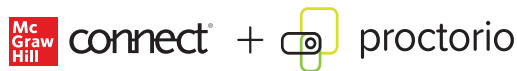
- Access all test bank content from a specific title.
- Easily pinpoint the most relevant content through robust filtering options.
- Manipulate the order of questions or scramble questions and/or answer.

- Pin questions to a specific location within a test.
- Determine your preferred treatment of algorithmic questions.
- Choose the layout and spacing.
- Add instructions and configure default settings.

New Remote Proctoring and Browser-Locking Capabilities New remote proctoring and browser-locking capabilities, hosted by Proctorio within Connect, provide control of the assessment environment by enabling security options and verifying the identity of the student.

Seamlessly integrated within Connect, these services allow instructors to control students' assessment experience by restricting browser activity, recording students' activity, and verifying students are doing their own work.

Instant and detailed reporting gives instructors an at-a-glance view of potential academic integrity concerns, thereby avoiding personal bias and supporting evidence-based claims.



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Basis for Content

In the past, some students have commented that the content in this book is common sense. Certainly, that might be true if you have experience and education related to dealing with a variety of other people. However, my experience is that "common sense" is not so common for many people. If that were true, every service provider would be effective at offering stellar customer service to every one of his or her customers. When has that happened to you as a customer?

Since customer service spans all organizations and involves internal customers (employees) and those outside the organization, I encourage you to keep an open mind as you read the content in these pages. Objectively assess your current knowledge and

skills against what you find. Do you have the knowledge and skills addressed herein? If you sincerely know all there is to know about customer service, then I applaud you. I am sure you will make a fine CEO for a service organization someday. In the meantime, I encourage you to think about what you find in the text, discuss ways to improve with your instructor and classmates, and make notes of potential areas for improvement as you go through the semester. Never forget that customer service is the pivotal role in any organization. Everyone from the CEO down to frontline employees must embrace positive customer service skills and work to gain and retain customers. Without customers, there is no need for any position in a company.

This book draws from my more than four-plus decades of real-world experience in customer service environments, management, and human resource development. My background includes positions serving as a frontline employee and managing or overseeing entire companies. I have worked in sales, retail management, and service functions for a number of organizations; owned and run all phases of operation and management for an online retail business for over 19 years; was a partner in a human resource performance consulting firm working with client organizations around the world; and taught at numerous colleges and universities from undergraduate through master's level for over two decades. Currently, I am an author, a presenter, and the principal of Robert W. Lucas Enterprises, where I consult, write, publish, and promote my own books through Success Skills Press. Part of my role involves negotiating and contracting with other businesses and organizations and providing a variety of services to them. I deal with customer issues and needs every day and know that the techniques described in this book will work because I, and other service professionals cited in the book, have used them effectively. While there are some research and theoretical sections in the chapters, much of the information is derived from personal experience, research, and reflections of actual customer service encounters experienced by others.

Whether you are new to the service profession and have no base of customer service knowledge, or are more experienced and wish to enhance your knowledge and skills, *Customer Service: Skills for Success* and accompanying ancillary materials can provide a catalyst for your success. I encourage you to visit Connect to access and review ancillary materials designed to assist you in your quest for customer service expertise.

I am confident that this book will assist you in reaching your goal to become a better service provider.

Bob Lucas

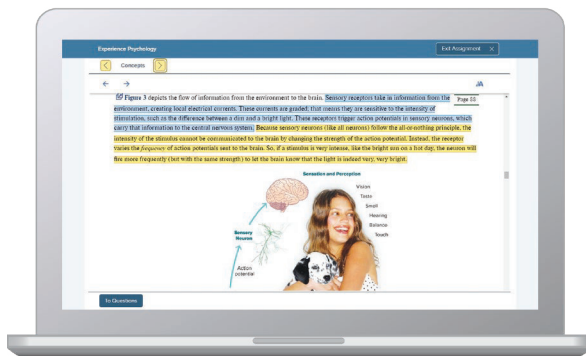


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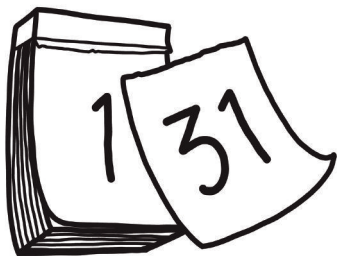
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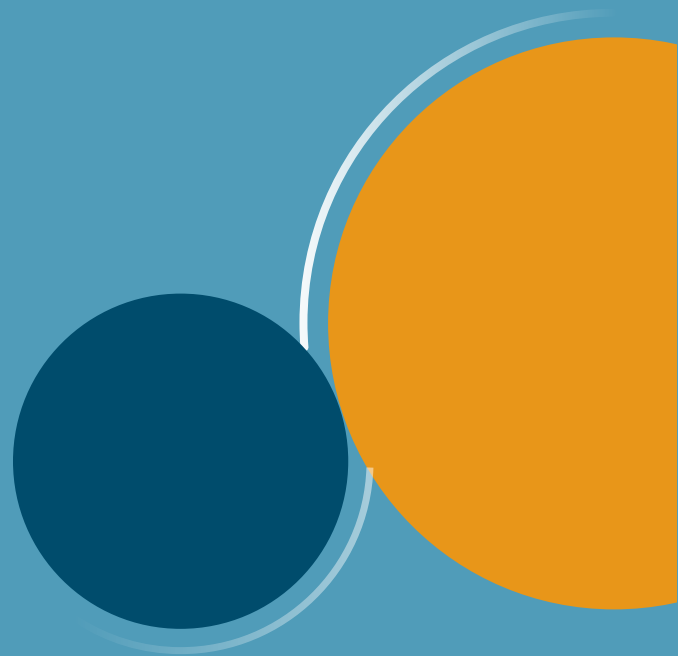
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CUSTOMER SERVICE



Luke Ryba

PART ONE

THE PROFESSION

- 1 The World of Customer Service
- 2 Contributing to the Service Culture

Luke Ryba

Position/Job Title: Owner/Operator
Organization: Culver's Restaurant

Total years of experience providing service to internal and external customers (in all organizations): 11 years

1 What are the personal qualities that you believe are essential for anyone working with customers in a service environment?

I believe that one of the basic qualities we need for anyone working with customers is to have a genuine respect for the person to whom you are providing the service.

Realizing that we are all humans and able to help each other has always been a natural driver for me. To make the customer feel at home and ultimately effectively get them what they purchased is crucial.

2

If we overcomplicate it and try to be someone else (not genuine) it becomes tough to be real. This makes it difficult to give the genuine respect that the other human across from you deserves along with the exchange of goods.

2 What do you see as the most rewarding part of working with customers? Why?

A smile is the most rewarding part of working with customers. Seeing someone happier than before they came into our business is a great accomplishment. If they were at a 9 out of 10 on a scale of 10 and we brought them to an 11, that is a wonderful feeling. Even more rewarding would be if someone was at a 5 and we brought them up to a 9 out of 10 on their happiness scale.

Making someone's day better is my biggest reward.

3 What do you believe that the biggest challenge(s) is/are in working with customers?

The biggest challenge is overcomplicating how we help our guests. We must keep it simple and effectively serve one guest at a time; one person at a time.

Making mistakes is tough but crucial to our success as well. How we use mistakes in our day-to-day job and training to learn to not make the same mistake twice helps make us better at what we do. Training and working with our team every day determines how successful we will be in our customer service endeavor.

4 What have you done in the past, or could you do in the future, to help overcome the challenges you indicated in #3 and deliver better customer service?

In my experience, the best way to overcome these challenges is to focus on ways to address our mistakes to better our future.

A lot of leadership team conversations focus on the following: What is our relationship with mistakes? How will we use them in our training and development? How can we use these for personal growth within our team and guest satisfaction?

We must show that we genuinely care when we make a mistake. This helps to create even stronger customer relationships.

The customer is choosing you or your product for that moment. You must ask yourself: What am I doing to make them happy and get them to come back tomorrow, next week, and next month?

5 As a whole, what changes have you seen in the customer service profession since you took your first service provider position?

As a whole, I have not seen a lot of changes through the years other than more effectively communicating with our guests through technology.

Technology needs to be suitable for getting information and our products to our guests more efficiently and in a timely manner.

At Culver's, we are always going to be working with other people. In order to be successful, we must:

- Possess emotional awareness.
- Respect our customers.
- Show that we care.
- Demonstrate that we are willing to work hard as a team and for our customers.
- Keep customer needs at the forefront.

These principles are the basics of teaching and learning in my customer service experience.

6 What were the biggest challenges you noted related to delivering customer service during the COVID-19 pandemic?

The biggest challenge was navigating the emotions of our team and our guests. We did not have an answer for what was going on; we just had each other.

7 What adjustments did you and your organization have to make in order to continue delivering quality service to your customers during the pandemic?

Safety was at the forefront of our goals. From there we could provide our product and deliver it with great customer service.

Being aware of our team's emotions was very important. If they were not able to be the best version of themselves, we would not be able to help our guests get what they needed.

We did not have an answer for what was happening with the unforeseen future. However, we did have a planned vision that included the right team pulling on the same rope in the same direction.

Adjusting to how we served our guests with the current available tools while handling higher drive-thru traffic was a challenge. We needed to develop processes that made customers comfortable when receiving our service. Listening to our guests and analyzing the trends that our production numbers were showing was crucial. Based on those, we decided to close our dining room and make a two-lane drive-thru.

Keeping our team and guests safe by not having groups of people congregate in our dining room was a key part of that plan.

8 What future issues do you see evolving in your industry/organization related to dealing with customers and why do you think these are important?

If we do not continue to update our technology as times change to get our guests what they want at a quick and safe rate, we may not be competitive. Updating how our guests can order through technology will help keep us relevant in the quick-service restaurant environment.

We also need to make sure we keep our core values of people being the most important asset that we have. This means our team is our most important resource. We must continue to train, guide, encourage, and empower team members to take care of our guests. This will always keep us relevant. Through engaged leadership we will succeed in our training and continue to provide quality service to our guests.

9 What advice related to customer service do you have for anyone seeking or continuing a position in any customer service environment?

The advice I would give anyone seeking or continuing customer service is you need to look at the other human you are helping and follow through on that experience. They are

customers, but they are humans who have a story. You have the opportunity to make their story better for that moment or that day through excellent customer service. It is very encouraging to see this and to make someone's day a little better. Human nature tells me that is a great thing to do.

Author's Perspective

I visited Culver's Restaurant in Casselberry, Florida, for the first time in 2018. It had opened almost a year earlier, and I often passed by the sign that touted "ButterBurgers and Custard." I remember thinking, "Oh good, another burger joint" and "What the heck is custard, anyhow?" At any rate, I eventually decided to stop because I noted that the parking and drive-thru lane always seemed to be full. From the time I walked in, I sensed that the operation was not the normal fast-food establishment run by competitors. Several employees immediately greeted me shouting, "Welcome to Culver's" as I walked through the door. My order was taken quickly and effectively as I was informed that everything was made fresh (they do not cook items in advance and put them under heat lamps). The menu was varied, and the prices offered a fair value.

After ordering, customers are given a plastic number tent to place on their tables where they wait for food to be delivered. As I waited for my meal, I had time to observe the restaurant activity. I saw that floors and tables were cleaned and that the common spills near the soda machine in many fast-food restaurants were not present. This is because there is a full-time person assigned to clean floors and immediately wipe down tables once they are vacated. This latter fact really took on significance during the pandemic when they had a cart of regularly changed cleaning solution wheeled around to clean tables, along with antiseptic spray used as a secondary line of defense against COVID-19 bacteria. Since they have reusable plastic number tents for tables, I asked a supervisor what they did to sanitize them. The answer was that they have a container of antiseptic cleaner behind the counter. As tents are brought back once orders are delivered to customers, they are put into the solution to soak. That solution is changed regularly to avoid potential contamination.

Another thing that really impressed me about the operation was that, just as inside, customers who order at the drive-thru were also given a number sticker that is affixed to their mirrors. They then move their vehicle forward to a parking space. Once food is ready for delivery, employees literally run each order to waiting customers, then race back to get the next order.

Being a service consultant for years, I wanted to know more about this efficiently run operation. I asked to speak to the manager (Luke Ryba), and he came out.

He was an enthusiastic and highly energetic individual who emitted a persona of someone who really enjoyed what he was doing. After we spoke for about 10 minutes, he went back to running the restaurant and I ordered my first serving of custard. I was immediately hooked! The smooth and sweet flavor, along with the creamy Borden's whipped-cream topping, was like nothing I'd had before. As I ate my dessert, I watched Luke and the other employees going about their jobs. It appeared that everyone seemed energetic and were not just going through the motions of a job. They also seemed to rotate positions regularly, including Luke. Alternately, they operate the register, assemble food orders, run orders to the drive-thru, work behind the grill, and take orders for the drive-thru.

In subsequent conversations with Luke, I learned that Culver's is a family-owned national chain that started in Eau Claire, Wisconsin. Luke started working at Culver's in 2009 when he was 15 years old, and ultimately became the restaurant's general manager. To my shock, he told me that at age 26 he and his business partners built and owned the Casselberry franchise. They now have three locations in the Orlando area. As I interviewed him for this book, he continually emphasized the importance of his team of 70 employees. He also stressed how team trust and empowerment was a key element in the restaurant's success. Apparently, that focus has paid off for him, because the restaurant opened in May 2017 and in 2019, the franchise was awarded the company's Culver's Team Challenge Award for the southeastern region. In doing so, they beat out franchises that have been in business for many more years.

Application to Customer Service

After reading Luke's comments, think about how what he said relates to your organization and the customer service profession as a whole and respond to the following:

1. Do you believe that the qualities and skills that Luke described are applicable to both small and large businesses? Why or why not?
2. Added to the solutions to challenges that Luke identified, what other strategies would you recommend for customer service professionals?
3. In addition to the changes in the customer service profession mentioned by Luke, what other changes have you experienced or read about and how do they impact service delivery in an organization?
4. What additional advice can you add to what Luke offered related to people entering the customer service profession?

The World of Customer Service

"Treat every customer as if they sign your paycheck, because they do."

—UNKNOWN

CHAPTER

1



Robert W. Lucas

LEARNING OUTCOMES

After completing this chapter, you will be able to:

- 1-1** Define customer service.
- 1-2** Describe factors that have impacted the growth of the service sector in the United States.
- 1-3** Identify societal factors that have influenced customer service.
- 1-4** Recognize the changes in consumer behavior that are impacting service.
- 1-5** List the six major components of a customer-focused environment.

- 1-6** Explain how some companies are addressing the changes impacting the service sector.

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Jeff Bezos founded his company in 1994 as “Cadabra.com” and launched Amazon.com out of his garage in 1995. By 2016, Bezos boasted that the company was the fastest to ever reach the \$100 billion sales mark. *Forbes* magazine listed Bezos as the third richest person in the world on its 2017 list of wealthiest people in the world. In deciding on his business model, he observed predictions that online commerce would grow dramatically in coming years and then decided on five product lines that would sell well. Of the five, he focused on books since there is a universal demand for knowledge. As the company’s capabilities and reputation grew, so did its product line. Today, the online behemoth carries music CDs, DVDs, MP3s, electronics (e.g., Kindle e-readers, Fire tablet, Echo, and Fire TV), computer software, video games, furniture, toys, cosmetics, and many other commercial items.

Based in Seattle, Washington, and often referred to simply as Amazon, this mighty retail operation stands out among others for many reasons. As the world’s largest Internet retailer, the company dominates e-commerce through superior electronic

and cloud computing sales and marketing. An article on the Amazon website touts that “from prioritizing health and safety, to paying an industry leading \$15 minimum wage, to providing competitive benefits including 401k, health insurance, and up to 20 weeks of paid maternity leave, Amazon works hard to provide a positive experience for our 876,000 employees. We also are committed to ensuring that partners in our supply chain are treated with fundamental dignity and respect. Last year we published our *Global Human Rights Principles* to codify our commitment to the people and communities who support our value chain. We’re now taking another step in this important journey by further detailing our work in a new people section of our sustainability report.” In recent years, it has moved into land-based retail ventures by opening brick-and-mortar retail and bookstores. Amazon has now surpassed many publicly traded companies in market value and has been listed as one of the World’s Most Admired Companies by *Fortune*. If you visit the Amazon website and search for information about its positions on various societal and workplace issues you will find why this company stands out among competitors. There the company describes its philosophy on many issues: LGBTQ+ rights, diversity/racial equity, equal pay, climate issues, government access to technology, and much more. Here is a direct link to that information: www.aboutamazon.com/our-company/our-positions. Since its inception, Amazon has continued to be a retail innovator by using strategies such as an associate program to allow affiliates to place Amazon banner links on their own websites through the Amazon Associates program. These hotlinks redirect potential buyers who click them to www.amazon.com. If the prospect purchases any item, the associate receives a sales commission.

Additional success strategies have included the following:

1. Opening websites in numerous foreign countries.
2. Opening retail sites for products such as apparel, groceries, health and personal care, sporting goods, and kitchenware.

8 PART ONE The Profession

3. Acquiring established catalog businesses (e.g., AbeBooks.com, Audible.com, Zappos.com, and Shopbop.com) to tap established business lines and customer bases.
4. Establishing geographically dispersed fulfillment centers to speed up processing and shipping to customers.
5. Patenting 1-Click checkout to allow customers to purchase an item with a single click on the website.
6. Forming corporate relationships with retail giants such as Target and Kohl's.
7. Offering free shipping on orders over \$25.00 and for Prime members.
8. Setting up a textbook trade-in program for students to allow them to recoup a small portion of their original purchase price.
9. Introducing cloud technology that supports multiple consumer needs.
10. Establishing its Amazon Appstore, which in 2019 offered over 487,000 applications for download.
11. Starting an online Amazon Pharmacy in 2020 to compete with competitors like CVS, Walmart, and Walgreens.

These initiatives have been focused on driving up revenue while providing a seamless shopping experience for a diverse customer base with varying needs, wants, and expectations.

Learn more about Amazon by visiting www.amazon.com. You can scroll to retail offerings at the bottom of its website and to its "About Amazon" section on the site. Additional information is available on the Internet, and in books and articles. Be prepared to share your findings in class.

Think About It

Visit www.amazon.com, search the Internet, and visit local libraries to learn more about Amazon and its business operations. Read articles and books about this highly successful global company. Based on what you read above and learn through your research, answer the following questions and be prepared to discuss your responses in class.

1. Do you have personal experience with this company as a customer or employee? If so, describe your impressions of the organization (e.g., positive or negative) and explain why you feel this way.
2. How does this organization differ from other successful service organizations of which you are aware?
3. Related to providing quality customer service, what do you think are some of Amazon's strengths?
4. As a current or potential customer, what do you think the company might do to improve customer service and satisfaction?

5. Do you think that the organization lives up to its mission and vision statements?
6. Would you want to work for this company? Why or why not?

Quick Preview

Before reviewing the content of the chapter, respond to the following statements by placing a "T" for true or an "F" for false on the lines. Use any questions you miss as a checklist of material on which you should focus your attention as you read the chapter. For those you get right, give yourself a pat on the back, but review the sections they address in order to learn additional details about the topics.

- _____ 1. The concept of customer service evolved from the practice of selling wares in small general stores, off the back of wagons, or out of the home.
- _____ 2. The migration from other occupations to the service industry is a recent trend and started in the late 1970s.
- _____ 3. One reason for the shift from a manufacturing to a customer service–dominated society is more stringent government regulations.
- _____ 4. As more women have entered the workforce, the demand for personal services has increased.
- _____ 5. Advances in technology have created a need for more employees in manufacturing businesses.
- _____ 6. Because of increasing income related to their employment, women often now have more disposable income as consumers than they did in the past.
- _____ 7. As a result of deregulation in a variety of industries, competition has slowed.
- _____ 8. Quality customer service organizations seek to actively recruit, select, and train qualified people.
- _____ 9. Luckily, the worldwide recession had little impact on the service industry.
- _____ 10. To determine whether delivery needs are being met, organizations must examine industry standards, customer expectations, capabilities, costs, and current and projected requirements.
- _____ 11. There are two customer types with which service representatives must interact.
- _____ 12. An organization's "culture" is what the customer experiences.

Answers to Quick Preview questions are located at the end of the chapter.

Words to Live By

“The customer’s perception is your reality.”

—KATE ZABRISKIE

LO 1-1 Defining Customer Service

CONCEPT Customer-focused organizations determine and meet the needs, wants, and expectations of their internal and external customers. Their focus is to treat everyone with respect and as if they were special.

There have been many attempts to define the term **customer service**. However, depending on an organization’s focus, such as retailing, medical, dental, industry, manufacturing, or repair services, the goals of providing customer service may vary. In fact, we often use the term **service industry** as if it were a separate occupational field unto itself. In reality, most organizations provide some degree of customer service. For the purposes of this text, we will define *customer service* as the ability of knowledgeable, capable, and enthusiastic employees to deliver **products** and services to their internal and external customers in a manner that satisfies their identified and unidentified needs. Their ultimate goal is to generate positive word-of-mouth publicity and return business. By doing these things, organizations can truly become **customer-focused organizations** (see Figure 1.1).

Many organizations specialize in providing only services, while others provide services and make products available to their customers. Examples of service providers include:

- Consulting firms
- Internet service providers
- Utility companies
- Call centers
- Brokerage firms
- Libraries
- Laundries
- Printing services
- International shipping companies (DHL, UPS, FedEx)
- Plumbing, irrigation, and electrical repair companies
- Transportation companies (Lynx and Uber)
- Food delivery companies (DoorDash, Grubhub, Uber Eats)
- Moving/relocation companies
- Interior design companies
- Home cleaning/Janitorial companies
- Medical or dental facilities

Other organizations provide both products and services. Examples are businesses such as car dealerships, brick-and-mortars (physical buildings), online retail stores, publishers, and manufacturers that have support services for their products, supermarkets, theaters, and restaurants.

customer service Ability of knowledgeable, capable, and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business.

service industry Term used to describe businesses and organizations that are engaged primarily in service delivery. *Service sector* is a more accurate term, since many organizations provide some form of service to their customers even though they are primarily engaged in research, development, and manufacture of products.

product Something produced or an output by an individual or organization. In the service environment, products are created to satisfy customer needs or wants.

customer-focused organization Company that spends energy and effort on satisfying internal and external customers by first identifying customer needs, and then establishing policies, procedures, and management and reward systems to support excellence in service delivery.

FIGURE 1.1**Customer-Focused Organizations**

Some common characteristics for leading-edge customer-focused organizations are as follows:

- They have and support internal customers (e.g., peers, coworkers, bosses, subordinates, people from other areas of their organization) and/or external customers (e.g., vendors, suppliers, various telephone callers, walk-in customers, other organizations, others not from within the organization).
- Their focus is on determining and meeting the needs of customers while treating everyone with respect and as if they are special (e.g., by interacting with customers regularly through focus groups, satisfaction surveys, and online feedback, organizations can better determine whether they are serving customers in a manner that they prefer).
- Information, products, and services are easily accessible by customers (e.g., expanded and improved website design to include 24/7 service support; a toll-free number staffed 24/7 for those who are not computer savvy, do not have access, or prefer to deal with service providers over the telephone; and use of phone apps to provide information and facilitate easier ordering and service delivery).
- Policies are in place to allow employees to make decisions in order to serve customers better (e.g., managers empower frontline employees to resolve customer complaints or issues without having to go find a supervisor).
- Having customer-focused systems and policies in place (e.g., a simple process for making a return or getting a refund immediately when a product or service does not meet customer expectations or stated policy without causing the customer to have to go through several people or steps).
- Management and systems support and appropriately reward employee efforts to serve customers (e.g., requiring supervisors to regularly monitor customer service line calls and review work accomplishments, then provide appropriate coaching and performance feedback, then dispense rewards for positive performance). They should also publicly recognize such performance as a way of encouraging repeat behavior in the employee concerned and peers.
- Reevaluation and quantitative measurement of the way business is conducted is ongoing and results in necessary changes and upgrades to deliver timely, quality service to the customer (e.g., use productivity reports, customer feedback, employee performance reports, and other tools to identify policies, processes, and procedures that are working or need adjustment).
- Continual benchmarking or comparison with competitors and related organizations helps maintain an acute awareness and implementation of best service practices by the organization (e.g., use mystery shoppers who interact with competitors to determine how service and products measure up against them).
- The latest technology is used to connect with and provide service to customers, vendors, or suppliers and to support business operations (e.g., managers should be proactive by networking regularly through professional organizations, reading the latest trend data for their industry, attending training sessions, and otherwise gathering information on the latest industry shifts, issues, and solutions). They should then implement appropriate changes or create proposals for senior management to consider.
- They build relationships through **customer relationship management (CRM)** programs (e.g., customer service is a dynamic and ever-changing process in an evolving world). Having essential systems in place to monitor and adapt to the wants, needs, and expectations of customers is crucial for success and longevity.

customer relationship management (CRM) Concept of identifying customer needs: understanding and influencing customer behavior through ongoing communication strategies to acquire, retain, and satisfy the customer. The ultimate goal is customer loyalty.

internal customers People within the organization who either require support and service or provide information, products, and services to service providers who interact with external customers. Such customers include peers, coworkers, bosses, subordinates, and people from other areas of the organization.

external customers Those people outside the organization who purchase or lease products and services. This group includes vendors, suppliers, people on the telephone or Internet, and others not from the organization.

Take a moment to consider all the organizations with which you have dealt, in the past or do so currently. Which one of them does not have a customer service component? Cannot think of one? That is because customer service is an intricate component of any business or organization. All companies and organizations (e.g., private, public, government, or military) have **internal** or **external customers**, or both. No matter what type of organization you work in, it is crucial for you to remember that when dealing



Everett Collection/Shutterstock



H. Armstrong Roberts/Getty Images

Before distribution systems were modernized, peddlers went from house to house, particularly in rural areas, to deliver merchandise or services. Doctors often went to the sick person's home for patient visits. *How do these methods of delivery differ from those used today? Do you think the ones used today are better? Why or why not?*

with customers, it is not about you. Your purpose and goal should be to assist customers in meeting their needs whenever possible. Be proactive and positive and strive to do the best you can by taking ownership of a customer contact situation. You have a vested interest to prevail since your success, and that of your organization, depends on it.

The term **service sector** as used by the Census Bureau and the Bureau of Labor Statistics in their reports and projections typically includes the following:

- Transportation, communication, and utilities
- Wholesale trade
- Retail trade
- Finance, insurance, and real estate
- Other services (including businesses such as legal firms, barbershops and beauty salons, personal services, housekeeping, and accounting)
- Federal government
- State and local governments

In addition, there are self-employed individuals who provide various types of services to their customers and clients.

service sector Refers to organizations and individuals involved in delivering service as a primary product.

Customer Service Success TIP

Educate yourself on the service profession in general and your organization in particular by visiting service-related websites, joining customer service professional organizations (e.g., International Customer Service Association and National Customer Service Association), subscribing to blogs that focus on customer service topics, and reading trade magazines, articles, newsletters, and books (e.g., *CRM Magazine*, Alexander Communications Group, or www.customerservicemanager.com). Focus on trends, improvements, and enhancements being made by organizations that are similar to yours. Also, work to develop and expand knowledge and skills that add value to your organization.

THE CONCEPT OF CUSTOMER SERVICE

The concept or practice of customer service is not new throughout the world. Over the years, it has evolved from a meager beginning into a multibillion-dollar, worldwide endeavor. In the past when many people worked on farms, small artisans and business owners provided customer service to their neighbors. No multinational chain stores existed. Many small towns and villages had their own blacksmith, general store, feed store, boardinghouse (hotel), restaurant, tavern, barber/dentist, doctor, and similar service-oriented establishments owned and operated by people living in the town (often the place of business was also the owner’s residence). People bought materials at the general store to make their own repairs to clothing, equipment, and household items. Further, to supplement their income, many people made and sold or bartered products from their homes in what became known as **cottage industries**. For people living in more rural areas, peddlers with wagons of kitchenware, medicine, and other goods made their way from one location to another to serve their customers and distribute various products. As trains, wagons, carriages, and stagecoaches began to cross the United States, Europe, Asia, and other parts of the world, they carried vendors and supplies in addition to providing transportation. During that era, customer service differed from what it is today by the fact that the owners were also the chief executive officers (CEOs) and motivated frontline employees working face-to-face with their customers. They had a vested interest in providing good service and in succeeding.

cottage industry Term adopted in the early days of customer service when many people started small businesses in their homes or cottages and bartered products or services with neighbors.

Trending NOW

Airports are striving to enhance service options for passengers traveling in the skies. Over 925.5 million passengers flew on U.S. carriers in 2019. While that number dropped to as low as 90,000 in a month during the COVID-19 pandemic, projections are that within a few years, passenger numbers will climb again once people feel safe enough to fly. Even before the onset of the COVID-19 outbreak, airlines and airports were adapting and changing as they tested ways to keep travelers moving more efficiently with less stress while providing better service. For example, airports in Osaka, Japan, and Abu Dhabi, India, tested

autonomous check-in, while the Miami and Seattle-Tacoma facilities installed sensors to monitor passenger line lengths and times that it took for passengers to move through security checkpoints. This allowed them to shift more workers to facilitate shortened wait times. Other airports around the world added self-boarding gates where facial recognition allows comparison of a photo taken on-site to authenticated images stored in the U.S. Border Patrol database. A similar process is being tested for baggage drop-off at designated locations at the Hartsfield-Jackson Atlanta International Airport.

Key Developments

There have been many elements of societal change that have set the stage for what we see in the customer service profession today. Some of those were innovative inventions while others involved entrepreneurial approaches to doing business.

- 1872 Montgomery Ward and Co. began operating its catalog business shipping products via the mail and railroad, primarily to farmers.
- 1875 Montgomery Ward instituted a “guaranteed-or-your-money-back” policy.
- 1876 Telephone was invented.
- 1877 Bell Telephone Company built the first telephone exchange (switchboard), and a primitive predecessor of the call center in the United States was born when it was installed in 1878 in Connecticut.
- 1885 German mechanical engineer Karl Benz invented the first practical automobile.

(continued)

Key Developments (Continued)

- 1886 R. W. Sears Watch Company (the forerunner of Sears, Roebuck & Company) began selling watches via mail order. After several restructures, the catalog expanded to include a variety of clothing, household goods, appliances, and other products.
- 1913 The U.S. Postal Service began a parcel post delivery system, speeding delivery while reducing costs.
- 1913 Merchants Parcel Delivery (today's United Parcel Service [UPS]) started.
- 1913 Ford Motor Company began using the automobile assembly line that provided a steady stream of affordable cars to the world.
- 1925 The Air Mail Act was passed, allowing the U.S. Post Office to contract with private airlines to deliver mail, thus improving delivery times and service.
- 1938 The Civil Aeronautics Act established the Civil Aeronautics Board that regulated airfares. That forced airlines to improve service in order to beat competition.
- 1952 Bell Laboratories began developing primitive versions of interactive voice technology that has led to a wide variety of speech recognition tools in cars, and on computers, wired telephones, smartphones, and other devices. Ultimately, it was incorporated into call center technology that has been used since the 1970s.
- 1960s Electronic mail was developed and by the 1970s morphed into the format we now recognize as e-mail.
- Mid-1960s Private automated branch exchanges (PABX) were used as a replacement for manually having to handle incoming calls into an organization.
- 1962 Walmart, Kmart, and Target opened stores and offered low prices and self-service, changing the way consumers in the United States viewed shopping.
- 1964 First personal computer (Programma 101) was introduced at the New York World's Fair.
- 1967 AT&T introduced toll-free (1-800) number calling services.
- 1968 The graphical user interface (GUI) was invented by Douglas Engelbart, allowing the use of a computer mouse, icons, and other technology elements to interact and perform tasks for users.
- 1971 FedEx started operations.
- 1978 The U.S. Congress passed the Airline Deregulation Act that allowed airlines to establish their own fares and routes and compete more aggressively.
- 1980 Tim Berners-Lee began work on a project that would result in the birth of the World Wide Web that really took hold in the 1990s and continues today.
- 1981 First mass-produced, portable, microprocessor-based computer was released.
- 1983 Mobile phones released by Motorola led the way for the mobile technology that is commonplace today.
- 1990s The number of companies with an online presence skyrocketed.
- 1993 Smartphones became available to the general public.
- 1997 Wireless Fidelity (Wi-Fi) standards were developed, which led to a wide array of wireless technology and increased access to organizations and customer service.
- 1997 SixDegrees.com social network was launched, followed by MySpace, Facebook, and other social media platforms. Many social networks are now being used by businesses as customer communication and service platforms.
- Early 2000s Software companies worked to develop and refine customer service technology with the result being modern-day CRM systems.
- 2000s Many companies began to outsource their customer call/care centers abroad. Companies also began employing customer service applications (apps) and websites that allow customers to access service options remotely and participate in self-service options for orders and information.

When industry, manufacturing, and larger cities started to grow, the service industry really started to gain ground. In the late 1800s, societal and technological changes occurred that set the stage for what would become the customer service profession of today. In rural areas, the population grew and expanded westward, and service providers followed.

POST-WORLD WAR II SERVICE IN THE UNITED STATES

After World War II, the desire and, in some cases, the need, to obtain products and services started to grow throughout much of the world. In the United States, there was a continuing rise in the number of people in service occupations. According to an article published on MinnPost.com,

Before World War II, the service sector grew because we got richer. Think about it: From domestic servants to waiters, blacksmiths to cobblers, and barbers to bankers, Americans have always been engaged in a variety of service activities. And, as the American economy grew and average incomes increase[d], Americans increased their demand for meals, repairs, grooming and financial services. Thus, more and more workers were *pulled* into the service sector by this increasing demand.²

THE SHIFT TO MODERN-DAY SERVICE

service economy Term used to describe the trend in which businesses have shifted from primarily production and manufacturing to more service delivery. As part of this evolution, many organizations have developed specifically to provide services to customers.

Today, businesses have changed dramatically as the economy has shifted from a dependence on manufacturing to a focus on providing timely quality service. The age of the **service economy** has been alive and strong for some time now. Tied to this trend has been the development of international quality standards by which service effectiveness is measured in many multinational organizations. Organizations such as the International Council of Customer Service Organizations (www.iccso.org) work to help develop and promote service and professional excellence standards throughout the world. This is being done by setting internationally acceptable standards and certifications to create a global atmosphere of service. For example, quality standards, such as ISO 9000 and ISO 10002:2004, were developed and overseen by the International Organization for Standardization (www.iso.org). These are globally accepted guidelines for quality in the area of product and customer service excellence. They were designed to help enhance the customer experience in affiliated organizations. In addition, to help attract and maintain a more loyal customer base, many customer-centric organizations are stepping up their enthusiasm and support for such standards. To project a more service-oriented posture, they are adding executive-level positions such as chief customer officer (CCO) or similar prestigious titles, to their hierarchy. CCOs are responsible for all operational functions that influence or relate to customer relations and add a new dimension to the customer service career path.

KNOWLEDGE CHECK



1. Why is “service sector” a more appropriate term than “service industry” when describing customer service?
2. What are common characteristics of leading-edge customer-focused organizations?
3. How has the concept of customer service evolved since its origin?

Typical Former Occupations	Typical Service Occupations
Farmer	Salesperson
Ranch worker	Insurance agent
Machinist	Food service
Engineer	Administrative assistant
Steelworker	Flight attendant
Homemaker	Call center representative (CSR)
Factory worker	Repairperson
Miner	Travel professional
Tradesperson (e.g., watchmaker)	Childcare provider
Railroad worker	Security guard
Construction worker	Computer analyst or technician

FIGURE 1.2
From Pre–World War II
Occupations to Service
Occupations

FIGURE 1.3 Similar Occupations to Customer Service Representatives

Occupation	Job Duties	Entry-Level Education	2019 Median Pay
Computer support specialists	Computer support specialists provide help and advice to computer users and organizations.	Educational requirements vary by job description	\$54,760
Financial clerks	Financial clerks do administrative work, keep records, help customers, and carry out financial transactions.	High school diploma or equivalent	\$40,540
General office clerks	General office clerks perform a variety of clerical tasks, including answering telephones, typing documents, and filing records.	High school diploma or equivalent	\$34,040
Information clerks	Information clerks perform routine clerical duties, maintain records, collect data, and provide information to customers.	Educational requirements vary by job description	\$35,390
Insurance sales agents	Insurance sales agents contact potential customers and sell one or more types of insurance.	High school diploma or equivalent	\$50,940
Receptionists	Receptionists do tasks such as answering phones, receiving visitors, and providing information about their organization to the public.	High school diploma or equivalent	\$30,050
Retail sales workers	Retail sales workers help customers find products they want and process customers' payments.	No formal educational credential	\$25,440
Tellers	Tellers are responsible for accurately processing routine transactions at a bank.	High school diploma or equivalent	\$31,230

Source: U.S. Bureau of Labor Statistics, *Occupational Outlook Handbook*, Customer Service Representatives, www.bls.gov/ooh/Office-and-Administrative-Support/Customer-service-representatives.htm#tab-8.

As shown in Figure 1.2, since the end of World War II, people have moved from manufacturing and manual labor occupations to join the rapidly growing ranks of service professionals. Figure 1.3 shows occupations similar to customer service representatives.

LO 1-2 Changes in the Service Sector

CONCEPT Technology and other factors have affected U.S. jobs in the following ways: quantity of jobs created, distribution of jobs, and quality of jobs. The service sector is projected to have the largest job growth.

Research from the U.S. Bureau of Labor Statistics points to changes in the workforce through at least 2029. “Total employment is projected to grow 0.4-percent annually from 2019 to 2029, slower than the 1.3-percent annual growth rate experienced from

FIGURE 1.4

Employment by Major Industry Sector (numbers in thousands)

Industry Sector	Employment	
	2014	2024
Services-providing	120,641.0	129,904.6
Utilities	553.0	505.1
Wholesale trade	5,826.0	6,151.4
Retail trade	15,364.5	16,129.1
Transportation and warehousing	4,640.3	4,776.9
Information	2,739.7	2,712.6
Financial activities	7,979.5	8,486.7
Professional and business services	19,096.2	20,985.5
Educational services, private	3,417.4	3,756.1
Health care and social assistance	18,057.4	21,852.2
Leisure and hospitality	14,710.0	15,651.2
Other services	6,394.0	6,662.0
Federal government	2,729.0	2,345.6
State and local government	18,891.3	19,134.0

Source: U.S. Bureau of Labor Statistics, Economic News Release, December 8, 2015, www.bls.gov/news.release/ecopro.t02.htm.

Street Talk Adopt an internal client mentality

One company I used to work with instilled in me the mentality that my hiring managers were my internal candidates, thus making me treat them as a customer. This does not mean they walked all over me or got everything they wanted. Focusing on others in your organization as customers helps make you more responsive. I remember a manager who had a very detail-oriented spreadsheet that he wanted completed on a weekly basis . . . much to my chagrin and that of his other direct reports. One such manager asked me if it drove me crazy to always update the form. My response to him was, "He's my manager and if he wants it, he will get it."

COURTESY OF ANNE WILKINSON

2009 to 2019, following the trough of the 2007–09 recession. By comparison, the average of the 10-year growth rates for each year over the period 2007 through 2019 was 0.5 percent. Service-providing sectors will account for most of the jobs added by 2029. Of the 6.0 million jobs projected to be added to the economy, about half (3.1 million) are expected to be in the healthcare and social assistance sector. Employment increases in this sector will stem from greater demand for a variety of healthcare services as the population continues to age and rates of chronic disease continue to increase.”³ See Figure 1.4.

The impact of these numbers becomes evident as technology replaces many production-line workers and increasing numbers of service jobs are created. This happens because as greater numbers and greater varieties of goods are produced, more service people, salespeople, managers, and other professionals are needed to design and market service delivery systems that support those products. Technology-related service jobs, such as database administrators, computer support specialists, computer scientists, computer engineers, and systems analysts, are expected to continue to grow at a rapid pace.

IMPACT OF THE ECONOMY

According to leading economists, today's economy is affecting jobs in three ways: (1) overall quantity of jobs created; (2) the distribution of jobs among industries, occupations,

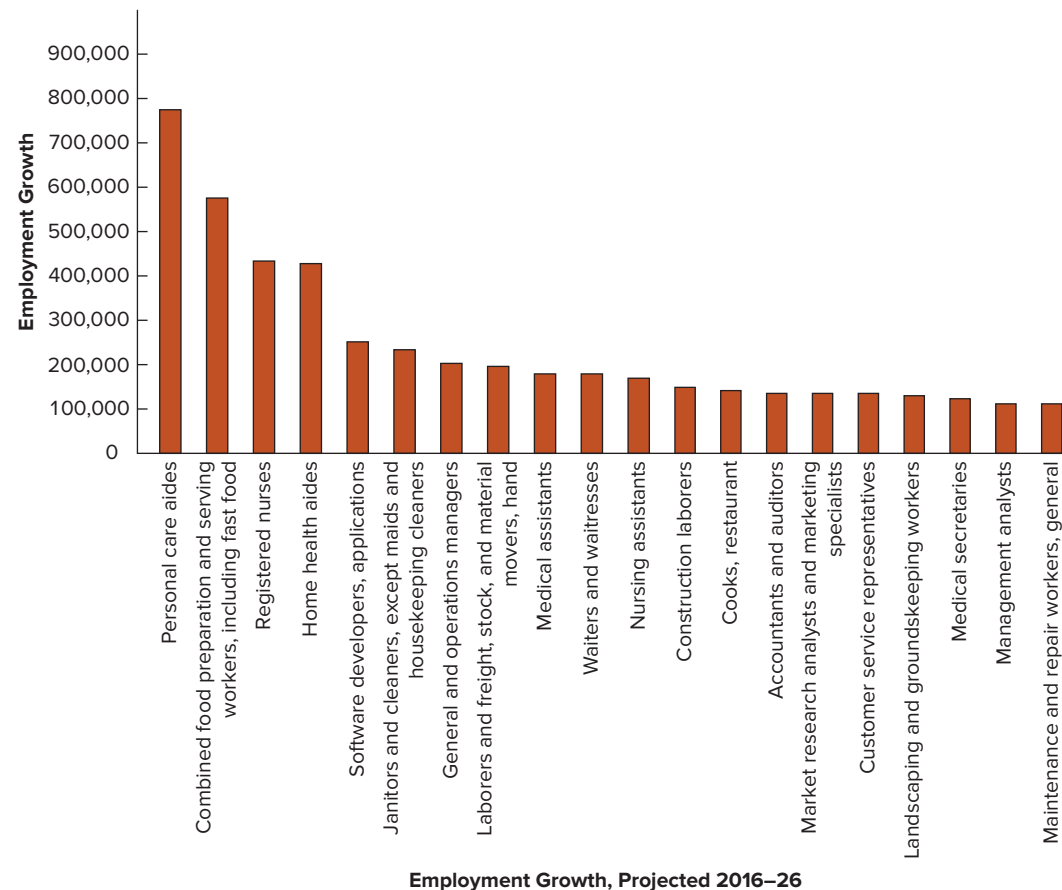
geographic areas, and organizations of different sizes; and (3) the quality of jobs, measured by wages, job security, and opportunities for development. According to the Bureau of Labor Statistics, “Real output is projected to increase by more than \$6.8 trillion from 2019 to 2029, with most growth expected to occur in the service-providing sectors. The 1.8-percent annual growth in output projected for the total economy is slower than the 2.2-percent annual growth from 2009 to 2019.”⁴

Quantity of Jobs Being Created

A variety of factors, including positive prevailing interest rates and consumer demand, typically cause companies to evaluate how many people they need and which jobs will be established or maintained. In addition, the advent of new technology appearing every year has brought with it the need for people with many new technical skills in the areas of computer hardware and software operation and maintenance. At the same time, technology has created an opportunity for organizations to transfer to automation tasks previously performed by employees.

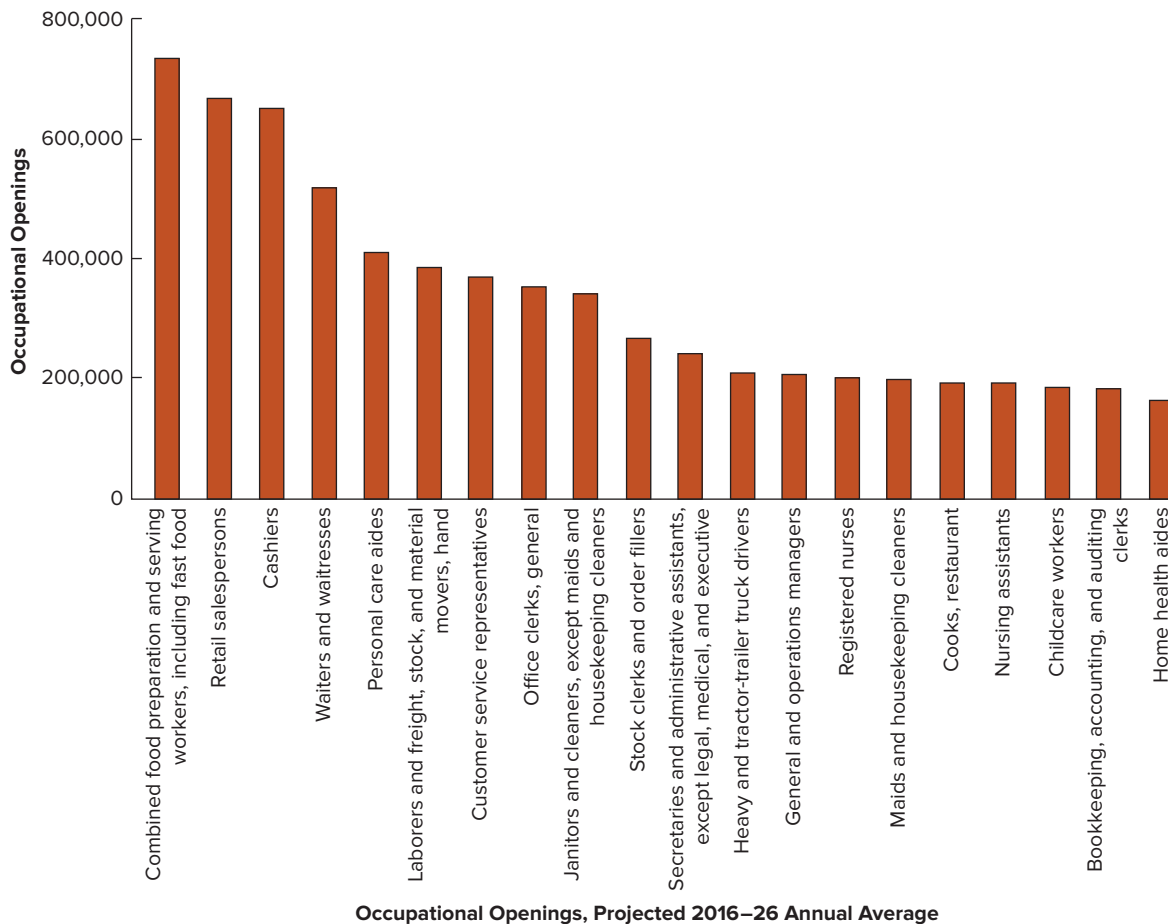
According to the Bureau of Labor Statistics, the 20 occupations shown in Figure 1.5 are expected to add about 4.9 million jobs. That’s more than 40 percent of the 11.5 million total new jobs projected for all occupations.⁵

FIGURE 1.5 Occupations with the Most New Jobs



Source: U.S. Bureau of Labor Statistics, “Projections of Occupational Employment, 2016–26,” *Career Outlook*, October 2017, www.bls.gov/careeroutlook/2017/article/occupational-projections-charts.htm.

FIGURE 1.6 Most Occupational Openings



Source: U.S. Bureau of Labor Statistics, "Projections of Occupational Employment, 2016–26," *Career Outlook*, October 2017, www.bls.gov/careeroutlook/2017/article/occupational-projections-charts.htm.

telework Similar to telecommuting (working from home rather than going to a designated workplace), this term applies to people who work in an office but also conduct work from a remote location.

telecommuting Trend seen in many congested metropolitan areas and government offices. To reduce traffic and pollution and save resources (e.g., rent, telephone, and technology systems), many organizations allow employees to set up home offices from which they electronically communicate and forward information to their corporate offices.

broadband Internet access Refers to a very fast connection to the Internet that is made possible by technology that can communicate much more data or information than was possible with the old phone dial-up Internet connections. With broadband, users can download images, video clips, and music; send e-mail; and perform other functions at a much faster speed.

As noted earlier, of all the projected job growth, the largest percentage of job expansion is expected to be in a variety of service industries as the U.S. population and society shifts in the future as shown in Figure 1.6.

Distribution of Jobs

Two parallel trends in job development are occurring. The first comes from the need for employees to be able to have regular access to personal and professional networks and to engage in collaborative exchanges. This trend means that more jobs are likely to develop in major metropolitan areas, where ease of interaction with peers and suppliers, high customer density, and access to the most current business practices exist. Training and technology resources are also available in these areas. Access to technology resources helps ensure continued learning and growth of employees. It also aids organizations in achieving their goals and objectives.

The second trend in job development arises from the ease of transmission and exchange of information by means of technology. It is called either **telework** or **telecommuting**, and various other terms are used to describe it (e.g., e-work and work shifting). The practice does not include people who are self-employed.

With enhanced phone technology, **broadband Internet access** facilitates more personal communication with customers, suppliers, distributors, and colleagues. With



Martin Novak/martinan/123RF

Today, many employees work from their homes all or part of the time. Telecommuting, as this is called, is used frequently by companies in large cities, such as Los Angeles, to decrease travel time. *Do you think you need different skills or abilities to telecommute? Why or why not?*

visual imaging and collaboration software like **Skype**, **Zoom**, and **GoToMeeting**; **instant messaging**; **social media**; e-mail; text chat; and other technology, employees can now work from their homes or satellite office locations worldwide. Government agencies, technology-focused organizations, and many companies with large staffs in major metropolitan areas that experience traffic congestion (e.g., Los Angeles, Boston, Chicago, and Washington, DC) have used telework and telecommuting for a number of years to eliminate the need for employees to travel to work each day. They also use the practices to reduce corporate overhead, such as office space and technology, utility, and equipment costs.

Small businesses also use the telecommuting strategy to hold down costs of hiring full-time employees. They employ a network of people from remote locations who have the specialized skills that are needed to provide service to customers. For example, the author of this book has run several small businesses and worked from a home office since 1999. During that time, he has often contracted with bookkeepers, webmasters, marketing and graphics associates, and product suppliers in other parts of the country. He stays connected with them almost exclusively through technology. In fact, he only met a former webmaster one time face-to-face during a 10-year association. As a performance consultant, he typically saw his business partner one or two times a week, and they conducted much of their business via technology. Similarly, much of the contact he has had with publishers, editors, customers, and clients has been through technology without ever meeting them face-to-face.

Even though many organizations have experienced savings in terms of time and money and increases in productivity, some companies (e.g., Yahoo!) prior to the pandemic were reversing their use of telecommuters and brought their employees back to the organizational worksite after indicating discontent with the results of the efforts to have people work independently. Some pundits think that the lack of success experienced by Yahoo! might have been the result of a poorly instituted telecommuting policy rather than a shortcoming in the process itself. Figures 1.7 and 1.8 show the advantages and disadvantages of having teams work remotely.

From an industry perspective, workers employed in professional and business services, in financial activities, and in education and health services are among the most likely to work at home. Technology, such as the telephone, smartphone, Internet, and computer,

Skype Refers to a software application that is a division of Microsoft® and provides free or paid service that allows people to connect with other Skype subscribers via the Internet anywhere in the world with voice, videos, or text messages.

Zoom A cloud-based video communications platform developed to allow users to chat, phone, and hold online meetings or webinars through free and upgraded paid options.

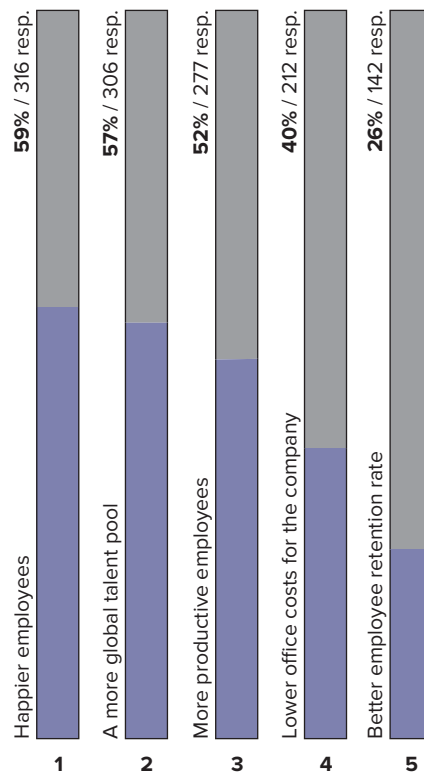
GoToMeeting A Web-hosted video conferencing software package that allows paid subscribers to share information and hold online meetings or training events via the Internet in real time.

instant messaging Refers to a form of Internet communication where users can transmit text messages or chat in real time via the Internet to one or more people. More advanced forms allow voice calling, video chat, and hyperlinks to various media.

social media Websites through which users come together as “communities” of friends, relatives, and like-minded individuals for social networking and microblogging (blogging) and to share ideas, content (e.g., videos or images), and personal and other information. Examples of social media include Facebook, Twitter, Tumblr, Instagram, Pinterest, LinkedIn, Google Plus, Dribbble, and Reddit.

FIGURE 1.7

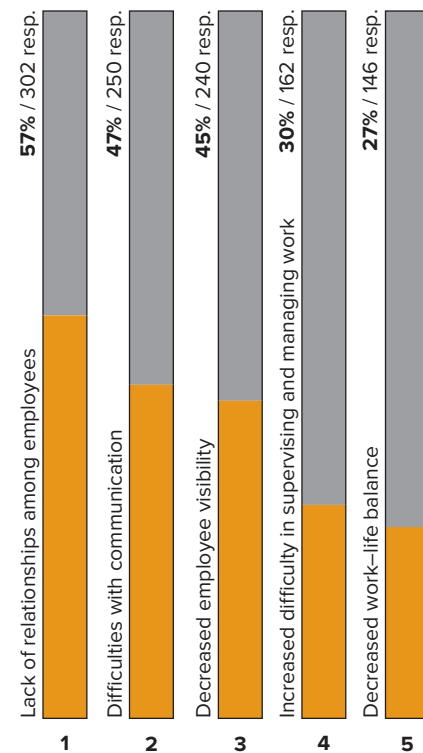
Advantages of Remote Teams



Source: Remote-how, *The Remote Managers 2020 Report*, <https://remote-how.com/special/remote-managers-report-2020/results>.

FIGURE 1.8

Disadvantages of Remote Teams



Source: Remote-how, *The Remote Managers 2020 Report*, <https://remote-how.com/special/remote-managers-report-2020/results>.

makes it possible to provide services from almost any remote location. For example, telephone sales and product support services can easily be handled from an employee's home if the right equipment is used and adequate employee selection and training are provided. To accomplish this, a customer calls a designated toll-free number and a switching device at the company dispatches the call to an employee working at home or even in another country. This is seamless to the customer, who receives the service needed and has no idea where the call was answered. This also makes it easier for many companies to outsource some functions, thus saving money by relocating those jobs to geographical areas worldwide where wages and benefits may be less competitive.

The importance and impact of working remotely by incorporating technology into the workplace formula has been amplified tremendously since the onset of the COVID-19 pandemic. As you will read later in this chapter, employees and companies of all sizes have found themselves in uncharted waters related to having employees work remotely from home. Many companies, especially small businesses, were not prepared or equipped to adequately deal with the sudden changes in operational requirements that were thrust upon them. As a result, many companies went bankrupt or closed because of lack of funding, resources, and people to handle the dramatic changes that they faced. Employees also were not ready for the challenges of working from home while trying to maintain a "normal" life. Some of these included handling family issues that arose, setting up and maintaining a home office, dealing with childcare and schooling issues, increased stress, financial shortfalls, and keeping up with their regular workload.

Customer Service Success TIP

Make yourself indispensable to your employer by building a strong internal network of associates within the organization in order to reduce your chances of layoff during **downsizing**. This will help you share information and resources and add to your personal power base because you will have information that coworkers potentially do not have. Also, become thoroughly educated on the products and services that your organization provides and continually volunteer ideas and assistance to improve the organization.

downsizing Term applied to the situation in which employees are terminated or empty positions are left unfilled once someone leaves an organization.

Quality of Service Jobs

The last decade of the twentieth century saw increasing economic growth, low interest rates, and new job opportunities. Unemployment rates reached a historic low in 1999, and then rose dramatically as the worst recession (2007–2009) or downturn in the economy since the Great Depression occurred and resulted in unemployment rates of 6 to 14 percent or more in most areas of the United States and around the world.

Another economic crisis began after President Donald Trump issued a declaration of a national emergency on March 13, 2020, due to the COVID-19 pandemic. Private employment experienced a record decrease at that point. “One estimate is generated by the Bureau of Labor Statistics (BLS) though the Current Employment Statistics (CES) program surveys employers about employment during the pay period containing the twelfth day of the month. Between the March and April surveys, BLS estimates total private employment to have fallen by 19.6 million, or 15.2 percent, the largest decline in the history of the data series.”⁶

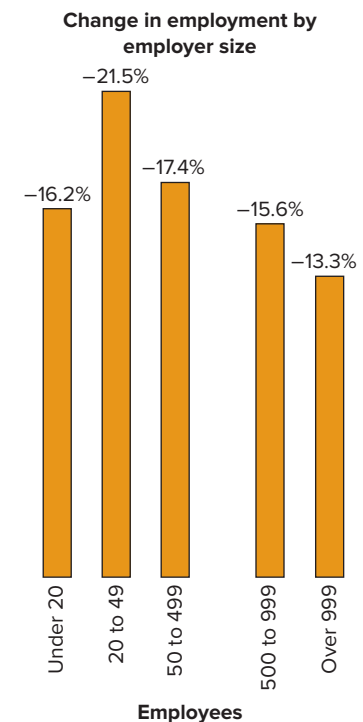
The impact of this sharp decline in employment affected virtually every aspect of life in the country as people were furloughed or fired from their jobs and saw their incomes dramatically decrease or disappear. The service sector saw a major decline, especially in the travel and hospitality industries. The population retreated to their homes because of government restrictions on travel and from fear of contracting the coronavirus.

Using payroll data, the ADP Research Institute publishes estimates that include both total employment and employment by employer size. Employer Identification Numbers used by smaller companies are treated as a different employer. The organization’s data shows that during the pandemic, “smaller employers experienced larger declines. The largest decline for any size group was for employers with 20 to 49 employees, with a decline of 21.5 percent. The smallest decline was for employers with 1,000 or more employees, with a decline of 13.3 percent. Overall, employers with 500 or more employees saw a decline of 13.6 percent, while employers with fewer than 500 employees saw a decline of 17.8 percent.”⁷ Figure 1.9 is a graphic rendition of these changes.

These numbers are not surprising because most small business owners do not have large cash reserves or the wherewithal to endure long periods of economic turmoil and income loss.

FIGURE 1.9

Change in Employment by Employer Size during the COVID-19 Pandemic



Note: Size groups indicate employees per Employer Identification Number.

Source: Daniel Wilmoth, “Small Business Employment Plummet,” U.S. Small Business Administration, Office of Advocacy, May 2020, <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/05/29101113/Small-Business-Facts-Small-Business-Unemployment-Plummet.pdf>.

Pandemic Impact on the Restaurant Industry

Like many industries, restaurants suffered severely from the COVID-19 pandemic. A 2020 National Restaurant Association study projected that after only six months of the medical crisis, “nearly 1 in 6 restaurants (representing nearly 100,000 restaurants) is

(continued)

closed either permanently or long-term; nearly 3 million employees are still out of work; and the industry is on track to lose \$240 billion in sales by the end of the year." Additionally, the study found:

- Consumer spending in restaurants remained well below normal levels in August. Overall, sales were down 34% on average.
- Association analysis shows that the foodservice industry has lost \$165 billion in revenue March–July and is on track to lose \$240 billion this year.
- 60% of operators say their restaurant's total operational costs (as a percent of sales) are higher than they were prior to the COVID-19 outbreak.
- On average, restaurant operators say their current staffing levels are only 71% of what they would typically be in the absence of COVID-19.⁸

Many people continue to struggle to find meaningful employment, as social and workplace demographics continue to shift as people move around in a more mobile society. A major result is that job security has been affected, and it is likely that competition for desired prime service jobs will continue to become much more intense into the foreseeable future in many sectors. Because of changing workplace demographics where more millennials are entering the workplace and baby boomers are retiring or moving into part-time positions, the future might not be so bleak after all.

Employees who do obtain and maintain the better customer service jobs that provide good working conditions, security, and benefits will be the ones who are better educated, trained, and prepared. They will also be the ones who understand and have tapped into the concept of professional **networking**. This is the active process of building relationships inside and outside the organization through meetings, interpersonal interactions (face-to-face or via technology), and activities that lead to sound relationships and sharing of resources. Practices such as joining and becoming actively involved in committees and boards of governors or directors for professional associations or groups that support your industry will prove to be invaluable. Additionally, creating and maintaining an ongoing professional social media presence is crucial in finding jobs and developing links to other service providers and workplace professionals. Furthermore, an abundance of technology (e.g., smartphones, wireless communication devices, and computers) allows access, organization, and storing of information and provides a gateway to social networking sites like Facebook, Twitter, Google+, and LinkedIn. All of this will enhance the job search process and provide valuable information and opportunities for those attempting to prepare and position themselves for key jobs in the service sector.

To get an idea of salary and job eligibility requirements for a typical customer service job, look at Figure 1.10.

networking The active process of building relationships and sharing resources.

FIGURE 1.10

Quick Facts: Customer Service Representatives

2019 median pay	\$34,710 per year; \$16.69 per hour
Typical entry-level education	High school diploma or equivalent
Work experience in a related occupation	None
On-the-job training	Short-term on-the-job training
Number of jobs, 2019	3,018,800
Job outlook, 2019–29	–2% (Decline)
Employment change, 2019–29	–59,000

Source: U.S. Bureau of Labor Statistics, *Occupational Outlook Handbook*, Customer Service Representatives, www.bls.gov/ooh/office-and-administrative-support/customer-service-representatives.htm.

**WORK IT OUT 1.1**

Improving Service Quality

Take a moment to list some of the changes related to service that you have personally witnessed in the business world during your lifetime. Are these changes for better or worse? Why do you believe this to be true? With these changes in mind, what do you—or would you—do to improve service quality as a customer service professional in your own chosen industry or position?

Customer Service Success **TIP**

Social media can be a powerful tool in your effort to find a new job. Unfortunately, some people fail to realize that, just as technology can be an asset, it can also be a detriment if users fail to act responsibly; post unprofessional-sounding comments that are laden with profanity; or post inappropriate comments about peers, supervisors, and their organizations. Keep in mind that once you post something on the Internet, it is likely there forever and can easily be shared with others. It is best to keep your personal pages free of controversial or politically oriented discussions since a potential employer or customer might discover it and object to the conduct. While you have the right to voice your opinion, it is sometimes best not to do so in such a public forum, especially if you want to find and keep meaningful employment. Many job recruiters and employers actively scour Facebook, LinkedIn, and other social networking sites to see what they can find about candidates and current employees. There are many stories on the Internet about people who were turned down or lost jobs because of their poor judgment in posting comments or images.

KNOWLEDGE CHECK



1. What is customer service?
2. In what three ways is today's economy affecting jobs?

LO 1-3 Societal Factors Affecting Customer Service

CONCEPT Many factors caused the economic shift from manufacturing to service. The impact of the COVID-19 pandemic, increased technology, globalization of the economy, deregulation, and many government programs are a few factors. You will read about these and others in the following paragraphs.

The economies of North America and many other geographic areas are being dramatically changed by the forces that are shaping the world. Shifts in consumer needs, wants, and expectations, declining economic conditions in some areas, demographic shifts in population, constant technological change, globalization, deregulation of industries, geopolitical changes, increases in the number of white-collar workers, socioeconomic program development, and more women entering the workplace are some of the major shifts that continue to occur each year around the world.

You may wonder what factors have impacted the service industry. Some of the more important elements are identified in the following sections.

COVID-19 WORLDWIDE PANDEMIC

Other than World Wars, there have been few other events in modern history that have directly impacted and changed the way of life for so many people and organizations around the world in such a short period as much as the COVID-19 pandemic. No industry or societal element has been left untouched in some way in most countries as the effects related to the COVID-19 pandemic spread with lightning speed around the globe. Other than in a few countries that implemented rapid closures and other measures to contain the virus (e.g., New Zealand, South Korea, and Taiwan), many have experienced dramatic economic impacts as a result of high infection and death rates worldwide. The repercussions of the pandemic on U.S. society, the world, and customer service will be felt for the foreseeable future and likely result in changes that are yet to be determined.

In addition to the increase in technology use across virtually every professional field that you read about earlier, more people have started working remotely from home since the 2020 pandemic began to spread. This change has been substantial and is likely to continue in the future workforce. Subsequently, customer service employees will need enhanced technology skills and the ability to communicate more effectively via phone, video, and in writing.

Other changes have occurred due to the shift in home-based work. From a positive societal standpoint, pollution and fuel usage rates are down because fewer people are commuting to work. Even so, while environmentally oriented people applaud this downward trend, mental health professionals point out the long-term and potentially negative impact the lack of socialization for employees and children outside of their home could have on people over time. This may lead to some societal breakdowns and other issues, such as a spike in mental health crisis situations. Ultimately, long-term isolation outside the normal workplace and educational environment limits exposure to others. That potentially impacts personal and professional relationships due to a loss of regular interpersonal contact. The bottom line is that interacting mainly via technology has its limits when it comes to the ability to develop and use interpersonal skills like listening, reading nonverbal cues, and feeling more connected to others. Such a lack of interpersonal skills can negatively impact service levels and a business's bottom line.

On the plus side for businesses, the need to maintain large office spaces with common areas and parking spaces along with associated maintenance decreases. Additional business expenses (e.g., personal injury liability insurance, security, travel to meetings or training, and maintenance of shipping vehicles) are also reduced depending on business type. There are also downsides to switching to a mostly remote operational model. Equipment and training for employees to use the technology must be coordinated and budgeted. Also, depending on the type of business, many customers prefer face-to-face interactions with company representatives. For example, a lot of people would rather take their friends and families to a restaurant for a sit-down meal rather than interacting with someone over the phone or via a drive-thru speaker. Similarly, meeting with a medical professional, banker, funeral director, realtor, or other professional via technology does not work for many customers. This is especially true for those who are older and have grown up doing things the "old-fashioned way."

Because of the duration of the worldwide medical crisis, people and organizations may never want to return to the old norms related to how services are delivered. This forced metamorphosis has created new customer expectations and shown managers that there are alternatives to



Hill Street Studios/Getty Images

What changes in service delivery have you seen or experienced either as a customer or service provider since the beginning of the pandemic? Do you believe these shifts are positive or negative? Why?

the way that business has historically been conducted. The reality is that while there are strong feelings for and against remote work, the reality is that it may be the new norm for delivering customer service in the future for many businesses and industries.

SHIFTS IN CONSUMER NEEDS, WANTS, AND EXPECTATIONS

Consumer behavior continues to shift, especially since the pandemic. That is why car manufacturers, clothing designers, homebuilders, restaurants, and others continually change the appearance and functionality of their products and services. Organizations and service providers that effectively prepare for and predict coming needs, wants, and expectations can improve their profit margin. They can do so by reducing or eliminating waste and better preparing to serve their customer base. Companies that monitor societal changes, such as ones outlined in this chapter, are more adept and effective at preparing for their future. They are also less likely to fail when trends negatively impact all of society.

For years, economists have used **demand curves** to illustrate shifts in consumer behavior in a given market. Through graphs, they can show trends or movements at different points and see upward or downward deviations in spending habits. Managers can use similar tools to monitor the purchase or use of products and service categories so that they can modify as necessary. This is particularly helpful for small business owners who normally have fewer resources than their larger chain competitors. By anticipating changes, they can move revenue or personnel to areas where more customer activity is likely to occur.

demand curve Graphic representation of expected behavior in the real world that economists and businesspeople can use to predict coming trends or shifts in consumer needs, wants, or expectations.

Many of the shifts that are evident in today's business world are tied directly to the demographic shifts discussed in this chapter. For example, the aging population creates a need for a variety of services, such as medical care and assistance, vacation planning, transportation, recreational activities, and delivery services for purchases made. Younger consumers often seek out technology-based products, trendy clothing and accessories, activities that involve group engagement and recreation, and entertainment. People who immigrate to a country often bring needs, wants, and expectations based on their background, beliefs, and values. In many cases, in addition to wanting to access products and services from their new culture to better understand and assimilate into society, many prefer a desire to access food, clothing, television/radio programming, and other products and services familiar to them.

Trending NOW

Consumer desires drive organizational offerings and performance. That is why recent years have produced services not imagined in past decades for the service industry. The changes being introduced by many companies are designed to capture market share and stay a step ahead of competition. More importantly, companies are trying to anticipate and meet the ever-changing needs, wants, and expectations of consumers.

Some recent trends include ways of providing transportation options for consumers and commuters to ease traffic congestion and take some of the cost and stress out of moving about a city. Many metropolitan cities throughout the world have seen a growth in bicycle rental stations, car sharing, Uber drivers as an alternative to taxicabs, and toll roads in the center of major highways to allow faster commutes.

Other shifts involve people house swapping to lower the cost of vacations; Uber Eats using its people movers to deliver meals for restaurants; Grubhub, DoorDash, and similar companies delivering restaurant food to allow people to stay home; and Google Express partnering with retailers (e.g., Walgreens, Costco Wholesale, and PetSmart) to provide a quick-delivery service.

In addition, larger companies are acquiring a variety of retail and service operations in order to expand their customer bases and provide a wider array of products and services. An example of this is the purchase of Zappos, Kiva Systems, Whole Foods Market, Twitch Interactive, and PillPack by Amazon. In addition to its online marketing and sales operation, Amazon is also opening mall retail stores and bookstores to expand viability and reach out to customers through a different service format.

GLOBAL ECONOMIC SHIFTS

Not since the 1980s have economic indicators (e.g., stock trades, home sales, purchases, international transactions, and construction) been in such flux worldwide. Many people have lost jobs, personal savings are dwindling, people are losing their homes, and spending is down greatly around the world. As the economy took a downward spiral in the latter part of the first decade of the twenty-first century, consumer confidence shifted, many organizations struggled to provide quality service levels with reduced staff, and budgets and revenue from products and services slipped for most organizations as consumers held on to precious cash. The problem was compounded by a worldwide recession from late 2007 to mid-2009. The negative impacts on people and businesses are still being felt in many areas. The economic picture started to take a positive turn in many parts of the world during the second decade of the century, until 2020 when the world experienced the worst medical crisis since the 1918 flu pandemic. This started when the World Health Organization (WHO) alerted countries around the globe to a worldwide COVID-19 pandemic on March 11, 2020.

Another major economic challenge was created when citizens of the United Kingdom (UK) voted in 2016 to exit the European Union (EU) in what was billed as BREXIT (British Exit). The United Kingdom left the EU on January 31, 2020, and policies related to trade and immigration started to take effect on January 1, 2021. The move has created numerous challenges for the United Kingdom, European countries, and trading partners and allies around the world. Various issues are still being worked out and will likely be modified through future agreements. Trade between partnering countries and restrictions on freedom of movement for citizens of the United Kingdom within the European community have been two of the biggest stumbling blocks with BREXIT. That latter impact alone will potentially have some effect on businesses throughout the EU that benefit from revenue flowing from travelers and workers who cross borders daily. Ultimately, the economic repercussions could extend to the United States since EU members are a large market for U.S. businesses and consumers. Financial markets (e.g., banking and stocks) are also impacted by actions in Europe since consumers often pull back on spending when there are economic changes and uncertainty. That means that businesses see lost revenue and typically impose their own cuts in inventory, services, and employment-related areas. Ultimately, such reductions can have a negative impact on employee compensation, benefits, and morale that is passed on to customers.

The Impact of Government and the Economy

In addition to governmental policy and economic changes, new legislation impacting health care and taxes, job elimination in the government sector, and shifts in consumer spending can significantly affect profit and nonprofit organizations. Such factors typically force downsizings and in many cases reduction of services or closures. This is especially true in small businesses that benefit in strong economies where consumers have more disposable income and are willing to make purchases of products and services. As you will read at the end of this chapter, the economic landscape dramatically changed starting in 2020. Small businesses were decimated by the COVID-19 pandemic and will likely take years to recover to any significant degree. This has severely impacted the economy as millions of people have seen their jobs modified or disappear along with their paychecks. The service sector was one segment of the economy that was hardest hit by the pandemic. In good times, small businesses hire more people to serve customers, invest in equipment and facilities, and

often increase product and service offerings. However, when the economic picture is not so positive, the opposite is true and many small business owners are forced to downsize or even close their doors when customers pull back on spending or reprioritize what and how much they purchase.

Interestingly, as the COVID-19 pandemic continued to evolve, infections began to drop in the Spring of 2021 and things seemed to start getting back to normal. Many people had saved some money because expenditures related to work and school had decreased and the government provided several stimulus payment options. Furthermore, people were tired of being at home all the time and started going out to restaurants, shopping, and visiting other places as they continued to order products and services online. Throughout the span of the pandemic, online spending records were recorded by many businesses and companies had trouble keeping up with product and service demands. All seemed to be improving until variants of the COVID-19 virus spread rapidly, hospitalizations went up, and many people again became more cautious. Since people did not want to return to the workplace for fear of spreading the virus, organizations could not find enough qualified employees to fill the large number of job openings. This was especially true in the service sector.

Consumer Mindset Changes

Overall, consumers are doing business differently than they have in the past several decades. With the proliferation of the Internet, large numbers of customers search websites and do their homework for products and services online before buying. Many consumers use retail outlets as a showroom to physically examine items that they are interested in potentially purchasing online. This browsing and price-comparison strategy is good for consumers, but bad for businesses. In effect, consumers are taking advantage of the store owners and cutting into their profits. Those retailers must pay operational costs, pay salaries, and stock and maintain inventory. The result is that sales in brick-and-mortar stores are down for many retailers and suppliers. In a more common scenario, companies end up closing storefronts, and in some cases, filing bankruptcy. That means lost jobs for employees who can no longer afford to be consumers themselves, thus negatively impacting the economy further.

Since the start of the pandemic, many people shunned visiting restaurants, retailers, and other traditional customer venues for fear of contracting or spreading COVID-19. This is especially true of older consumers and those with compromised immune systems. Successful organizations have had to go out of their way to convince customers to return by demonstrating that they adhere to approved scientific guidelines for preventing or reducing the spread of infection and taking strenuous steps (e.g., continual cleaning and disinfecting all surfaces, and modifying their facilities by separating service areas by at least six feet and installing medical-strength air filtration systems). They have also gone to great lengths to ensure that their staff is trained on proper application of prevention techniques and that they understand the importance of putting customers at ease through their words and actions. Additionally, organizations that were open during the pandemic modified their approach to business. For example, restaurants closed their dining rooms; permitted only drive-thru or carry-out services; and set up food delivery arrangements with Grubhub, DoorDash, Uber Eats, and Lyft Delivery. Retail organizations put up barriers to control traffic and stationed employees at the door to control traffic entry and ensure that entrants wore masks and sanitized their hands before entering. They also sanitized



Goads Agency/Getty Images

The safety requirements put in place during the COVID-19 pandemic changed the way businesses and consumers approached life and customer service. What are some of the changes that you made as a service provider or experienced as a customer during this period?

shopping carts, posted signs reminding people of social distancing, and marked floors with directional arrows to make sure people moved in one direction to limit contact with other shoppers.

Changes in Business Strategies

Another factor impacting businesses are major players like Amazon, Walmart, and Target that compete with one another and have come to dominate Internet sales. In order to compete, retail stores like Best Buy have instituted a price-matching strategy to combat the shop-around practice. Best Buy decided to match prices for all product categories against all local retail competitors and major online operations such as Apple, Dell, Home Depot, Lowe's, and other highly recognized retailers. Unfortunately, when these online and local behemoths implement competitive strategies such as these, small businesses suffer. Most independently owned companies do not have the financial resources, staffing, and ability to match low-cost leader pricing or offer free shipping that many companies now offer. Their only option is often to sell out or cease operations.

Because of all the maneuvering in retail and service sectors, many companies have made dramatic shifts in the way they do business and attempt to attract and hold customers. This is often a positive change for consumers and those searching for employment because it means competitive pricing and more potential job openings in companies and organizations across the business spectrum. In many instances, organizations approach customer service not as "business as usual" and something that *should* be done, but now see it as something that *must* be done well. To make that happen, they are hiring better-qualified employees, paying them higher wages to keep them, offering training and benefits, and setting up support teams in call centers to provide 24 hours a day, 7 days a week, and 365 days a year (24/7/365) service via telephones and the Internet. To change laws that impact pay and benefits for service workers in various industries, politicians are also getting involved by placing constitutional salary increase amendments on ballots. This potentially results in more disposable income for workers and more purchases from businesses. Such is the case in numerous states where voters have agreed to laws that increase the minimum wage. Visit the National Conference of State Legislatures at www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx for more information about your state's laws.

The financial meltdown that occurred during the high point of the 2007–2009 recession and the economic impacts of the extended pandemic severely impacted many organizations that have been household names for decades and had international presence. Quite a few have cut back severely on the size of their workforce and inventory and sold off, merged, or closed operations. This decline in the retail world can easily be witnessed by walking into virtually any major mall around the country. Also, look at how many storefronts are empty and how much space those remaining now have between clothing racks or on shelves.

In recent decades, organizations have taken dramatic steps to attract and keep customers. Companies like Chrysler, General Motors, Citigroup, Goldman Sachs, and American Express received funds through the Emergency Economic Stabilization Act of 2008 from the U.S. federal government to remain financially solvent during the recession. Similarly, the U.S. Treasury poured billions of dollars into the economy during the pandemic to help individuals and companies survive. Even so, many struggled (and still do in many instances) to find a balance between profitability and providing quality service. For example, companies like Sears, Kmart, Macy's, JCPenney, Best Buy, Dell, Perkins Restaurants, and other notable companies have continually juggled their retail

and service policies since 2010 to remain competitive and stay in business. Some succeeded while others did not. All of this turmoil and change has had an adverse impact on the economy, the service industry, and ultimately current and potential employees. NPC International (which owned 1,600 Pizza Hut and Wendy's locations), Lord & Taylor, Century 21, Stein Mart, Brooks Brothers, Bed Bath & Beyond, Chuck E. Cheese, Nordstrom, Pier 1 Imports, and Hertz have shuttered stores, filed for bankruptcy, or closed altogether. Projections are that numerous other well-known organizations are likely to either disappear soon or significantly reduce their presence in the near future. Some sources predict that as a result of the pandemic, as many as 9,000–12,000 stores may close in the near future. These include:

- Chico's
- CVS
- DirecTV
- Gap
- Office Depot
- Sears
- GNC
- JCPenney
- Rite Aid
- Party City
- Macy's
- Men's Wearhouse/Jos. A. Bank



Robert W. Lucas

Many well-known companies struggled to stay solvent since the recession in 2008–2009. The COVID-19 pandemic helped seal the fate for hundreds of stores and brands. *Are there other factors that you believe also contributed to these business failures? If so, what are they and how did they impact so many businesses? What do you think the retail, fast-food, and other service industries will look like in the next decade?*

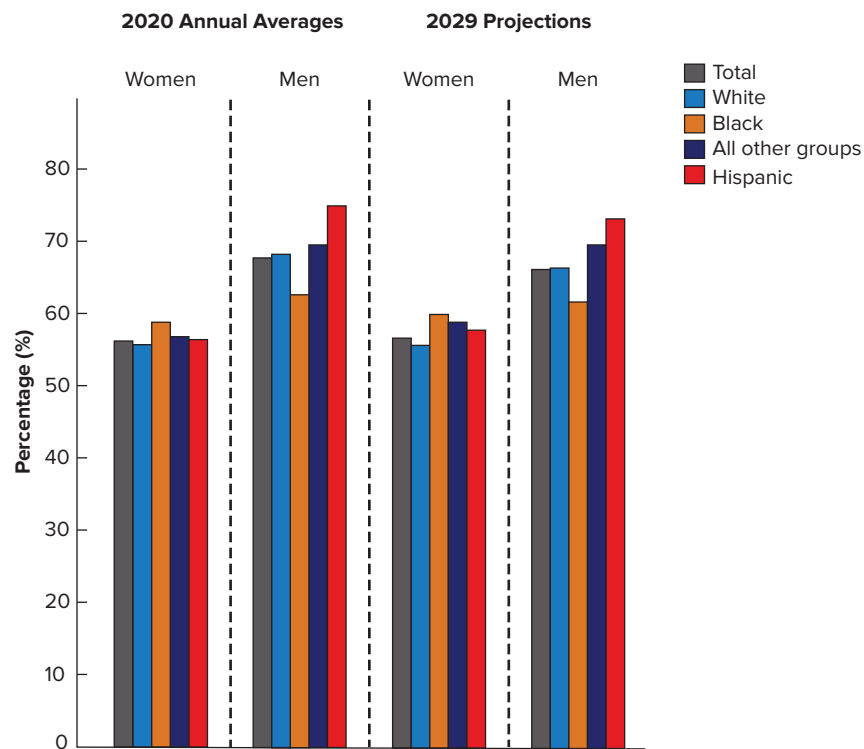
SHIFTS IN THE POPULATION AND LABOR FORCE

There are numerous factors affecting the future of the U.S. population and labor market. Today's labor force is older, more racially and ethnically diverse, and composed of more women than in the past. Additionally, it is expected to grow at a slightly slower rate than in previous decades. See Figure 1.11. As an example, various sources predict that it will take years for the country and the world to rebound from the effects of the COVID-19 crisis. It impacted every facet of the population and workplace as we know it. At this point, no one really knows how long the workplace will take to get back to the new normal waiting ahead. As this book was being revised, we were in the midst of a resurgence of the pandemic, with all but two states experiencing increasing infection and death rates.

While agencies like the Bureau of Labor Statistics can project rates of workplace growth and demographic makeups and the Small Business Administration can predict future curves in small business ownership, those numbers are based on statistical models and historical figures that cannot account for real-world events that are still unfolding. However, in September of 2020, the Bureau of Labor Statistics released the following projections on labor force makeup from 2019–2029: “Employment declines are expected in the goods-producing sectors, with the manufacturing sector leading the losses. Increasing automation, combined with international competition, will lead to employment declines in the manufacturing sector and in many of the production occupations concentrated in this sector. Changing consumer preferences and the increase in the use of technology will lead to declines in employment in the postal service, retail trade, agriculture, and several information-related industries.” Additionally, “compared with the prior decade, population growth is expected to slow from 2019 to 2029, in part, because of the slowed growth among the Hispanic population. The median age of the population will continue to rise, with all baby boomers reaching ages 65 and older by 2029. This increase in median age and an increase in the number of younger people choosing to pursue education before entering the labor force are expected to contribute to a decline in the labor force participation rate in 2029. Real output is projected to increase by more than \$6.8 trillion from 2019 to 2029, with most

FIGURE 1.11

Labor Force Participation
by Sex, Race, and Hispanic
Ethnicity



Source: U.S. Department of Labor Women's Bureau, "Labor Force Participation Rates," www.dol.gov/agencies/wb/data/latest-annual-data/labor-force-participation-rates

growth expected to occur in the service-providing sectors. The 1.8 percent annual growth in output projected for the total economy is slower than the 2.2-percent annual growth from 2009 to 2019.”⁹

According to U.S. Census data, “the U.S. population is projected to increase from 319 million to 417 million between 2014 and 2060, reaching 400 million in 2051. By 2030, one in five Americans is projected to be 65 and over; by 2044, more than half of all Americans are projected to belong to a minority group (any group other than non-Hispanic White alone); and by 2060, nearly one in five of the nation's total population is projected to be foreign born.”¹⁰

The upside of this growing, evolving, and aging population is that there will be a need for more consumer goods and services to provide for the needs and expectations of diverse customers. This will also lead to an expansion of jobs to fill the positions needed to produce products and serve customers.

An interesting side note to the aging issue in the United States is that even as experienced workers age out, there is a steady stream of younger, skilled workers coming in due to immigration. Unlike many other countries in Europe, Japan, Korea, and China, where some analysts project the age of those populations to range as high as 40 percent by 2060, the United States is not facing such a dire shortage of future employees. The result is that there will be a pool of workers to provide needed services.

Since the size of the labor force is the most important factor related to the size and makeup of the available pool of workers, organizations that hire service representatives will have to make some adaptations related to the way they recruit and hire in order to obtain quality candidates for open positions. This may include seeking viable candidates from other geographic areas if qualified people cannot be found locally.

Customer Service Success TIP

Knowledge is power. Learn as much about as many software packages and pieces of equipment used by your organization as possible. Stay abreast of emerging technology trends in your industry. Volunteer to attend training and to work on committees tasked with identifying and implementing new service technology in your organization and professional organizations to which you belong. Such efforts place you in competition for prized jobs and opportunities within the organization. They will also make you a valuable resource that is less expendable during potential downsizing.

INCREASED EFFICIENCY IN TECHNOLOGY

The development and increased sophistication of machines, telephones, service equipment, and computers have caused an increase in production and quality. Three results of this trend have been the acquisition of equipment that enhances the service experience for customers, an increased need for service organizations to take care of the technology, and a decrease in manufacturing and blue-collar jobs. The downside of the rapid growth or automation and technology throughout the world is that manufacturing jobs, traditionally the basis of most economies for generations, are quickly going away. This creates real challenges from an economic standpoint since job loss leads to people not having primary and disposable sources of cash to pay their bills and make purchases. That leads to loss of service-related jobs.

One reason for the ongoing shift to replace manual labor with technology is that machines and equipment can work 24 hours, 7 days a week with few lapses in quality, no need for breaks, and without increases in salary and benefits. They also potentially enhance the ease of service delivery and provide faster processing. For example, instead of having to direct customers to a cash register or central customer service desk in a store where they often were required to stand in long lines to check out, sales representatives can use a portable data collection device that looks similar to an iPad screen and can be carried. When a customer is ready to make a purchase, the sales representative simply scans the product bar code, takes the customer's credit card and swipes the magnetic strip through the device, and then has the customer sign the screen with his or her fingertip. If the customer desires a receipt, it can be sent to an e-mail address the customer enters into the device. When customers get to their computers, their receipt is waiting for them. The author of this book uses an alternative method to process book sales at the back of the room at his presentations. He uses a Wi-Fi-connected iPad or smartphone with a small portable scanner called the Square, which plugs into the top of the device. Inventory items are already entered into the iPad, so once the appropriate item is selected on the screen, the customer's credit card is scanned, he or she signs on the display screen, and the transaction is completed much the same as described above.

Another example of technology efficiency is that customers can now access information via a website with either a computer or a mobile device, place orders, print receipts, and track delivery schedules. They can do this from anywhere if there is a secure Wi-Fi Internet connection. If there is a question or problem, they can typically interact with a customer care representative, information technology specialist, **virtual assistant**, or **chatbot** via telephone, text, or online. These options add convenience while meeting the needs, wants, and expectations of a diverse and technically savvy customer base.

virtual assistant Typically a contracted, independent worker who operates outside of an organization to assist entrepreneurs, small businesses, and other organizations with administrative, marketing, social media, and other business-related tasks.

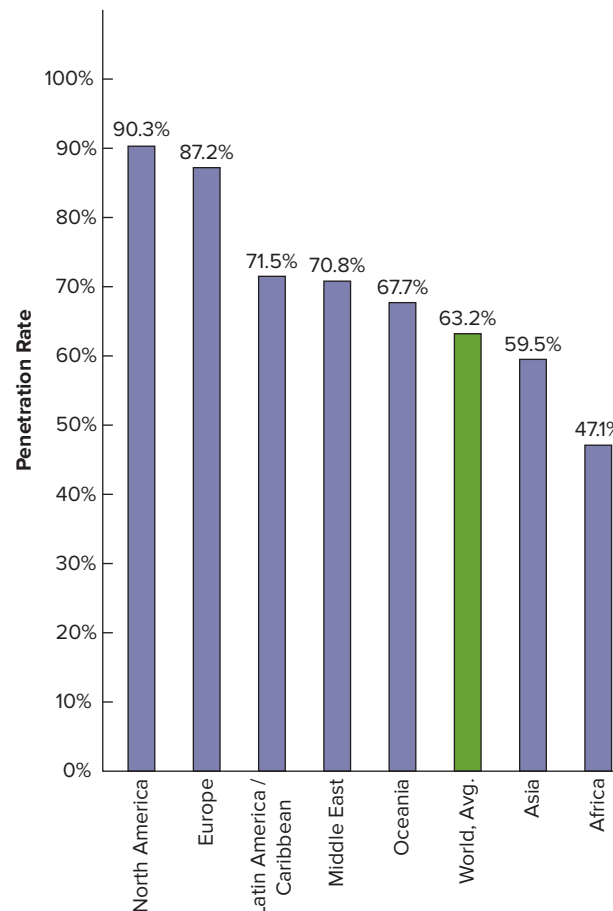
chatbot A form of artificial intelligence (AI) software powered by preprogrammed responses. Other names for the technology are interactive agent and conversational interface. It can provide a means for a virtual conversation between a customer and an organization through a "chat" in natural language through a mobile app, website, or telephone. Customers can find answers to questions and information they seek without having to interact with a person.

All of this makes technology extremely attractive to profit-minded business and corporate shareholders and managers who are concerned with service delivery and how it impacts sales. Similarly, service and nonprofit organizations are looking to available technology as a means to communicate with and provide services to their clients and members. Although technology can lead to the loss of some jobs, technological advances in the computer and telecommunications industry alone have created hundreds of service opportunities for people who install, monitor, and run the machines and automated systems. Everything from point-of-sale transactions, toll-free numbers, and telemarketing or teleselling to shopping and service via the Internet, television, telephone, and mobile devices has evolved and continues to expand.

Statistics from Internet World Stats indicate that as of October 27, 2020, there were an estimated 7,796,615,710 people in the world. Of that number, 4,929,926,187 use the Internet.¹¹ In the United States, broadband usage continues to rise. According to the Pew Research Center, the percentage of adults using broadband in April 2015 was 63 percent. By February 2019, that number rose to 73 percent.¹² See Figure 1.12.

While many areas of the world have little or no effective Internet services, efforts are underway to help reduce that gap. The U.S. government passed the Recovery Act in 2009, with money allocated for expanding nationwide Internet access to rural areas and into schools, libraries, public safety offices, and other community buildings. Other governments have also invested in their own systems. Additionally, private businesses are investing in the growth of the Internet. SpaceX partnered with Fidelity and Google to raise money for a fleet of more than 12,000 low Earth-orbit satellites to expand

FIGURE 1.12
Internet World Penetration
Rates by Geographic
Regions—2020 Q3



Source: Internet World Stats, www.internetworldstats.com/stats.htm.

worldwide Internet service. Facebook and Google had already been working on strategies to help expand services. Google announced a plan to spend almost \$1 billion to create a network of satellites, balloons, and drones that could connect far-reaching areas of the world and provide Internet services.

An impact of expanded Internet access is that more people around the globe will have access to products and services via computers, smartphones, iPads, and similar devices. They can shop, search for information, and buy from the convenience of their home and other locations without ever visiting retail organizations. This means there is less need for sales associates and other in-house service providers, but it also opens the door for more customer care representatives, call centers, and technology support people.

Technology Use Expanded during the COVID-19 Pandemic

While adding technology to the workplace is nothing new, it took on new emphasis during the COVID-19 pandemic. Unemployment soared as companies repeatedly closed down their operations because of sick employees and to prevent spread of the disease. In some instances, the closures were mandated by governmental orders; in other cases, businesses closed out of necessity or as a precaution by employers. Many found an alternative way to stay in business by incorporating robots into their manufacturing and operational plans. Some of the ways that these mechanical workers were employed include:

- Walmart, Schnucks Markets, and Giant Eagle supermarkets—using robots to scan bar codes and inventory on shelves and then reorder appropriate replacement quantities. They are also employing more self-checkout registers.
- Factories—various companies are using robotic floor cleaning machines.
- Grand Hotel and Yotels—dispatching R2D2-type robotic butlers to deliver luggage and handle cleaning tasks.
- Toll booths—many jurisdictions have replaced humans with window tags in vehicles to scan traffic and send travelers a monthly statement electronically via computer.
- Amazon—using sidewalk drones to deliver packages to customers' doors.

There are several benefits to using robots and other technology to supplement humans in the workplace. Salaries and benefits are eliminated, they work 24/7/365 to perform their tasks, and human contact is reduced. While their use will displace some employees, their implementation has freed up existing employees to perform other tasks. Some of these have included sanitizing products and shelves during the pandemic and performing personal shopper tasks in supermarkets and retail stores that implemented curbside pickup.

Globalization of the Economy

Beginning in the 1960s, when worldwide trade barriers started to come down, a variety of factors have contributed to expanded international cooperation and competition. This trend has been termed **globalization**, with many companies focusing on **business-to-business (B2B)** initiatives, as well as individual consumers. Since the 1960s, advances in technology, communication, and transportation have opened new markets and allowed decentralized worldwide access for production, sales, and service. To survive and hold on to current market share while opening new gateways, U.S. firms need to hone the service skills of their employees, strengthen their quality, enhance their use of technology, and look for new ways of demonstrating that they can not only meet but also exceed customer expectations. All of this means more competition and the evolution of new rules and procedures that they have not been able to obtain in the past. Sometimes the deciding factor for the customer on whether to purchase a foreign or domestic product will be the service organizations and businesses provide.

globalization An ongoing trend of information, knowledge, and resource sharing around the world. As a result of a more mobile society and easier access to transportation and technology, more people are traveling and accessing products and services from international sources than ever before.

business-to-business (B2B) Refers to business-to-business customer service.

Trending NOW

Many organizations have discovered the power of using social media in their marketing and sales initiatives. Not only can they receive and give customer feedback quickly, but they also can send out information about pertinent products, services, and events and do it more cheaply than through traditional marketing and advertisement initiatives. Some organizations also use social media

to look for new employees. Major companies like Whole Foods and Nike (both with over 4 million Twitter followers), Walmart (with over 34 million Facebook fans), Starbucks, T-Mobile, and other multinational organizations have successfully tapped into the social media craze. In many cases, the companies have created separate Twitter accounts through which they engage customers.



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For many customer service jobs, technology skills will increase your value as a source of information for current and future customers. *How can you keep abreast of changes in technology?*

offshoring The relocation of business services by an organization from one country to another (e.g., services, production, and manufacturing). The work may be kept in another entity of the organization that is located in another country or contracted (outsourced) to a third party. Typically, this is done to cut costs with cheaper worker salaries and/or tax savings.

outsourcing The practice of contracting with third-party companies or vendors outside the organization (often in another country) to deliver products and services to customers or to produce products.

At some point, many companies make staffing and/or production decisions based on bottom-line figures. When this happens, companies can, because of recent changes in the law, take their production or call center functions “offshore” (**offshoring**) to other countries (Mexico, India, etc.). In doing so, companies often save money on costs such as production, wages, and benefits. This is becoming more and more common in technology-oriented companies. Unfortunately, in some industries (e.g., high-tech, manufacturing, and telecommunications), there are simply not enough qualified job candidates to fill positions. For that reason, businesses look to alternate sources overseas. One point to remember about offshoring is that while many politicians and citizens demean offshoring as detrimental to the economy, the reality is that it is just one of the strategic decisions that help to keep companies that partici-

pate in the practice profitable and can actually add to the economy by generating profits for investors. In turn, they might put some of that money into other companies and ventures, create alternative products and services to offer, and buy products that further stimulate the economy. These choices can lead to a need for more service providers. Like any other corporate decision, there are pros and cons with the practice of offshoring.

In addition to offshoring, many organizations are also **outsourcing** job functions that have been traditionally handled internally (e.g., recruiting, payroll, benefits, training, marketing, manufacturing, and distribution) to third-party companies that specialize in these areas.

An advantage of outsourcing jobs, especially to other geographic locations where salaries are not as high, is that it can help keep costs low, increase profit margins, and aid companies in their efforts to be globally competitive. A major disadvantage is that the practice potentially takes jobs away from local workers.

According to research done by business and accounting firm BDO USA, manufacturing is leading the charge overseas, as the most heavily outsourced function for more than 60 percent of U.S. technology firms. Research and development, distribution, and IT services and programming are the other company functions outsourced most frequently. Despite supply chain interruptions that plagued the region over the past few years, Southeast Asia is the leading outsourcing destination for U.S. tech companies. The businesses are also moving parts of their operations to India, Eastern Europe, and Russia.¹³