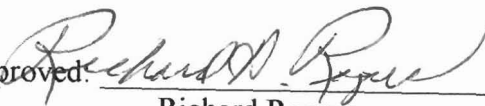


CUSTOMER SERVICE FOR RETAIL SMALL BUSINESS

Approved:  Date: 3/15/09
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Customer Service for Retail Small Businesses

A Seminar Paper

Presented to

The Graduate Faculty

University of Wisconsin- Platteville

In Partial Fulfillment

of the Requirements for the Degree

Masters of Science

in Adult Education

By

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2007

Abstract

Today, small retail businesses are trying to establish good customer relations. Customers visit small retail business daily and receive different services levels. In some instances customers expect conversation and expect the owner to get to know the customer; however, other customers expect speedy and fast service. What are quality customer service and customer relations? In this paper, the definition of customer service and customer relations will be reviewed within the realm of small business retail. Secondly, an analysis of customer service and customer relations implementation will be reviewed. Third, a review of negative statements presented to customers will be presented and how to avoid these statements with customers. Lastly, a customer relations plan identifying key customers is presented as well as a customer relations definition and strategies in applying the key material presented in the literature review.

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CHAPTER I
INTRODUCTION
STATEMENT OF PROBLEM

The research project provided answers to effective customer relation practices for Signature Paint in Dodgeville, Wisconsin. Signature Paint's future depends on building relationships with contractors, businesses, and citizens of the Dodgeville area.

Sales at Premier Paint had decreased over the six years prior to this researcher's purchase of the business. The intent of the researcher was to increase sales at the new Signature Paint. Premier Paint had lacked customer relations with the community and patrons of Premier Paint.

In order to accomplish the intent to increase Signature Paint's sales, by the quality of customer relations at Signature Paint had to also increase. The researcher surveyed customers and asked new customers why they had never previously purchased paint for Signature Paint or from the former Premier Paint

PURPOSE OF STUDY

The purpose of this study was to create a plan for implementing customer relations with clientele of Signature Paint. The researcher studied current customer relations plans or methods and began to implement them into a plan for Signature Paint. Signature Paint planned a full year to achieve the goal of increased loyalty among customers. The success of the project was to be measured by a sales

increase of ten percent by six months into the second year of implementing the customer relations plan.

SIGNIFICANCE OF THE PROBLEM

Poor customer relations impacted the formerly owned Premier Paint, now renamed Signature Paint. If the firm had not begun to form a relationship with existing customers and new customers, the business would not be able to service long term.

ASSUMPTIONS

The researcher's previous knowledge of watching customers shop and purchase items indicated that the majority of consumers like multiple items and departments under one roof. Consumers tend to want to shop where they can eat, bank, and pickup prescriptions. If this theory was true, the researcher believed that customer relations was the only way to keep people going to a small business that could offer just specialized items and a relationship with someone who could help.

METHOD

The research was based on gathering ideas and methods on customer relations that would work for Signature Paint with individual customers and contractor's businesses.

A questionnaire was developed and a very short interview with contractors and customers was conducted to help understand what was needed to help build better relations between customers and Signature Paint.

A thorough research of literature was conducted on the need for customer relations in business. The research of ideas about and methodology of customer relations was reviewed to provide professional ideas to implement in this local business.

RESULTS

The results of this study were used to develop a one-year plan on how to increase customer relations for Signature Paint. The results showed how Signature Paint implemented new ideas and how programs were researched to improve sales. These research results can be used by future businesses to learn and increase awareness of how a successful customer relations program may be developed.

CHAPTER II
REVIEW OF LITERATURE
INTRODUCTION

The local paint store in Dodgeville advertises that the employees treat customers with high quality customer service and provide the best customer relations. Without hesitation, two different local visitors stop at the store to buy some exterior paint. Customer A only needs a gallon of exterior paint to finish a project. The owner greets Customer A tries to strike up a conversation and get to know the customer. Customer A gets frustrated because the advertisement said quality customer service. This owner is not fast and speedy. The owner greets Customer B and implements what he learned from Customer A. The owner rushes through the greeting and forces Customer B to make a quick decision. Customer B thinks this store is not dedicated to quality customer service. After the two visits the owner gets frustrated and feels that quality customer service cannot be implemented. What are quality customer service and customer relations? The owner surely could not implement what he thought customer service relations should be.

In this paper, first, the definition of customer service and customer relations will be reviewed within the realm of small business retail. Second, an analysis of customer service and customer relations implementation will be reviewed. Third, a review of negative statements to customers and strategies of how to avoid these statements with customers will be presented. Lastly, this

study includes a customer relations plan to help identify key customers, to conduct business using a customer relations definition, and to apply strategies from the key material presented in the literature review.

After the owner becomes very angry and both customers become very frustrated, one learns that the definition of quality customer service and the definition of customer relations are different for each individual. On the one hand, customer A felt that quality customer service was speedy, quick, and efficient. On the other hand, Customer B felt that quality customer service was slow, precise, and calculated. Both definitions are very different but very precise. Which one is right?

DEFINITIONS OF CUSTOMER SERVICE

According to Scott Brown author of “Who Cares?” customer service has not been defined by the small business owner. Small business owners define customer service by answering the question “Why do we do what we do?” as explained by Scott Brown in a presentation to retail small business owners. By answering this question, Brown explained that small retail business owners present a clear vision of customer service. Using theme was how Walt Disney became successful in creating the Disney experience. (Brown, 2006) Nancy Friedman, President of St. Louis-Based Telephone Doctor, a customer service training firm, explained that “customer service plays such an important role in business today.” According to customers, bad services are when an owner answers, “I don’t know” (Friedman, 2006). In a recent article Service on a Shoe String in *Fortune Small Business*, Maggie Overfelt stated that customer service

doesn't happen with money, it happens with owner commitment to providing customer service and strong customer relations (2000). "How realistic is it to offer customer service that every customer deems warm and worthwhile?" Vice President of Americana Resources felt it next to impossible unless owners automated systems with email forms, telephone services, and other communication sorters. Small business should set some automatic telephone responses and email communication, so customers receive quality treatment each time from each employee. "This standardization makes it easier to practice customer service each day" (Friedman, 2006).

"Customer relations is that function of business management concerned with how customers feel about a place of business - its personnel, products and services" (Zetocha, 1986). If small retail businesses would analyze customer opinions about the personnel, products, and services, the businesses would continue to improve in customer relations. By remembering to evaluate the personnel, products, and services, the small retail business can continue to develop the customer relations plan. Customer service is viewing the person who walks through the business door as the most important aspect. Businesses with this attitude are on the right track with good customer relations. Most of the time, processes within the business are implemented to make it easier for the employee instead of the customer (Zetocha, 1986). As small retail businesses continue to evaluate and implement based on the customer, the customer relations definition will be easier to define in the particular industry.

Next, Overfelt described methods to turn customer service into community. For example, contractors would be willing to answer email questions from individual customers. This would provide good customer service, but also increase business for contractors. “Dealing with customers must be creative, innovative and a companywide obsession,” commented Overfelt. Customer service has many different definitions. In order for small retail businesses to provide quality customer service, the business must question why we do what we do and find the clear business for why the owner is in business. “After analyzing and reviewing the definition of customer service according to many critiques, one must review how customer service and customer relations can be implemented at the small retail business level” (Overfelt, 2000).

Today, customers clearly walk into any retail store and the famous line “Can I help you?” is heard everywhere. Retailers are changing this line to “What can I help you find today?” (Gogoi, 2006). Staples retailer has implemented this line along with cross selling as the representatives walk through the aisles. Retailers are seeking out ways in order to understand the customers spending patterns; therefore, retailers are able to gear stores to the customer’s needs. Furthermore, retailers must find the right merchandise mix along with the customer service initiatives. According to Gogoi’s research, satisfaction with customers equals more sales (2006). Customer service clearly is at the forefront in any industry and retail businesses must have a customer service plan.

Furthermore, quality customer service means communicating through body language and the sounds and tone of voice. Also, customer service is

identifying, understanding, and anticipating the needs of the customers in the retail industry. Retail owners should remain sensitive to cultural differences, knowing time requirements, being attentive, developing the skill to read customers and understand what the customer may need or want. The business must be trusted and confident by treating customers with respect, making the customer feel welcome and important, communicating clearly, and listening (*Quality Customer*, 2007).

DEVELOPING CUSTOMER SERVICE

Brown identified six essentials to service. The owner is responsible for each of the following six steps:

1. Have a vision/ mission for the small retail business.
2. Hire and work with individuals who are able to implement that vision/mission of the small retail business.
3. Train employees and others involved with the small retail business to communicate service.
4. Communicate to employees and others involved about their custom service and customer relation achievements.
5. Recognize and celebrate when customers have been treated well or customers have communicated about the success of the service.
6. Review the service and revise the service as the business changes (2006).

Small retail businesses must build in top-of-mind awareness (Klein, 2006).

Connecting with customers is important through emails or note cards. Klein

reported many retail small business owners do not ask customers to return. Furthermore, many businesses do not ask customers to encourage their friends to visit the business. Many businesses forget that events could be built around a sale, a talk by the author of a book in the industry, a class offered for a small fee, or even a fundraiser for a community nonprofit organization (Klein, 2006).

Nichols communicated another set of essential characteristics to improve sales. First, silence is golden (Nichols, 2006). If a sales representative wants to improve, the listening skills must be improved the most. Nichols reported that most sales individuals are selling as a one-way communication. Today, sales representatives should pose questions to increase the amount of customer communication time. Sales individuals should sell in person; therefore, individuals should be able to read body language and gage non-verbal communication. Focusing on the customer and not thinking of the next sentence, shuffling through papers, or looking around will increase listening skills and sales (Nichols, 2006). Furthermore, small business retail must also focus on telephone service as part of the essential characteristics to increase and improve sales. “Frequently, the first impression of your company is made by the telephone. One way customers evaluate your product or service is by the way in which their telephone calls are handled” (*Customer Service*, 2007). Companies must train sales staff with skills that include the following: project a professional image, practice good listening skills, learn effective steps to handle incoming calls, know how to achieve rapport, and know what questions to ask. Retail owners must develop methods to give customer contacts a warm, professional telephone style.

This telephone style projects quality and customer concern, which attracts new customers and retains current ones (Customer Service, 2007). In addition to phone etiquette, small retail business must have contact information highly visible and not buried on websites, telephone books, and at sales counters. Email is certainly the communication vehicle; however, this process should not be automated. Cultivating relationships even as technology increases is highly important (Freedman, 2007).

ACHIEVING CUSTOMER SERVICE

Along with essential communication characteristics, retail businesses must develop a plan to work with difficult customers. Businesses must identify and assemble elements of effective communication while working with difficult customers. For example, using an acronym like H.E.L.P. reminds sales individuals to stop and work through the problem.

H Hear,

E Emphasize,

L Listen,

P Problem Solve,

This acronym reminds employees of how to and work through the method of effectively working with difficult customers. Retail businesses should identify the forces in the industry which compel people to be difficult and examine and practice essential communication skills that turn conflict into cooperation, emotion into reason, and hidden agendas into honest dialogue. Furthermore, the retail business must also develop strategies for dealing with the ten most difficult

customer behaviors (*Customer Service*, 2007). Employees should work through identifying the most difficult problems in their retail industry.

According to Freedman, small business retailers should focus and become experts on all products with which they work (2007). If customers must place an order, small business retailers must update customers about order status and arrival in a timely manner. Small business retailers must also make returns according to policy guidelines easy because this leads to high retention of customers (Freedman, 2007).

As small business owners deal with difficult customers, they must turn the difficult customers into loyal and valued customers. Dahl presents that the only question that matters is “Would you recommend us?” This simple survey is easy for small retail businesses to implement. Once individuals answered the main question and answered “no”, the customer was asked “Why not?” Small retail companies will find quick answers to complaints by asking these simple questions. Because most retail small business advertisement is based on referrals, this is an important question. On a scale of 1 to 10, individuals answering between nine and 10 are considered promoters of the business. Seven and eight were considered passives, and everyone else was considered a detractor. A business must subtract the percentage of detractors from the promoters for the owner would have the Net Promoter Score. This method gauges the business reputation in the marketplace and the ability to land both repeat business and new customers (Dahl, 2006). By keeping the Net Promoter Score high, businesses will find the repeat business increasing and remaining. Retail Small Business should

not set goals on how many customers they meet with per day but instead on the quality of service provided to the customer (*What Common Mistakes*, 2007).

Excellent customer service (or its opposite, poor customer service) is so important to companies in today's competitive world that it's important to know whether you are achieving the customer service levels you require to be competitive. Many things in today's companies are hard, or impossible to measure. However, you CAN measure customer service in quantitative ways, and you can also assess customer service by looking at the perceptions of your customers. (*What Common Mistakes*, 2007)

Persuasion plays a big part with customer service as well as customer relations. Persuasion involves getting to know the customer's needs and wants, not promoting the business. By making the shift from boasting about the business to defining what the owner sees as the issues of the client, businesses will already jump start customer relations (Jackson, 2006). By reading the customer's body language and watching reactions during discussions, business owners can shift conversations to more appealing topics. "Your audience will be appropriately me-focused and the benefit is knowing your prospective client" (Jackson, 2006).

Owners must understand the nuances and apply key components to communication in order to persuade customers. Furthermore, individuals constantly test who is safe to speak with; and a true customer service relations tactic is to truly stop and listen (Jackson, 2006). Lastly, persuasion is relationship building, but not manipulation. "The persuasive person is the person who knows how to speak in a way that says 'I appreciate you' and 'I value you' (Jackson,

2006).

Customer traits are constantly changing in the 21st century. Small businesses that fail to keep abreast of such changing customer demands are missing sales opportunities. “To be successful, a business person must adapt to the needs and wants of customers, including staying open at hours which suit customers and offering the kinds of goods and services that will attract them” (Zetocha, 1986). Zetocha explained that employees and owners present the business.

Without properly trained employees, the sales potential of the best goods and services will not be reached... The longer the customer waits for acknowledgment the less willing that customer is to wait for service. The first few seconds are critical for the salesperson to acknowledge the customer and establish good positive interaction (Zetocha, 1986).

Owners provide the day-to-day contact with the public and this image is shaped during this day-to-day contact. Furthermore, 68 percent of customers discontinue service with employees due to indifference in attitude with owners and 14 percent discontinue service due to product dissatisfaction. Lastly, owners let customers slip away because they have not become experts in all product areas (Zetocha, 1986).

After evaluating key material and reviewing expert opinions in this area, one grasps the important concepts and definitions to keep in mind while developing this plan for a specific small retail business.

CHAPTER III CONCLUSION AND RECOMMENDATIONS

BACKGROUND INFORMATION

Small retail businesses struggle with defining customer service to employees as well as to their customers. In order to apply the key material presented, a customer relations plan is developed to specifically meet the needs of Signature Paint in Dodgeville, Wisconsin. First, background information and the current situation of Signature Paint will be reviewed in order to develop customer relations strategies. Next, customer relations needs and the Signature Paint definition will be developed. Furthermore, objectives, strategies and tactics will help Signature Paint implement the customer service and relations plan. Lastly, evaluation processes will emphasize how Signature Paint will continue to improve in customer relations and service.

In order to develop a customer relations plan, the background information must be reviewed for Signature Paint. Jake Jacobson began Premier Paint, which he owned and operated for 30 years in Dodgeville, Wisconsin. Jacobson ran the business according to the traditions of family-owned and operated practices. Jake Jacobson sold and provided service for Pratt and Lambert and Mautz paint products, painting supplies, and wall paper and wall paper application supplies. Because the number of products was limited, the owner did not need to understand and know a vast amount of knowledge about many products. He limited the introduction of new products for contractors and retail customers. He did not keep accurate lists of contractors. There were roughly three contractors purchasing supplies from Premier Paint. Within the business model limited to no

customer interaction or upscale of products occurred. Jacobson did not track customer service or quality because the customer base was small and the owner had limited knowledge about sales, and customer relations. In the past Premier Paint did not attract new customers in the Dodgeville or surrounding markets. Premier Paint did not develop any outside customer relations with surrounding businesses. Premier Paint only had one competitor, the Benjamin Moore dealer, Deco Supply. In the last years Wal-Mart opened in Dodgeville. Furthermore, Menard's has a location in Platteville, which is also in close proximity to Dodgeville. Wal-Mart and Menard's both service customers on speed and price; whereas, Deco Supply services on quality and relationships. Deco Supply is more inline with similar service that Premier services,

In 2006, this researcher purchased Premier Paint and renamed the business Signature Paint. Pittsburgh Paint, Pratt and Lambert Paint, supplies, products, wallpaper covering and supplies, and blinds are currently being sold in the Signature Paint store. The new owner has moved the retail business to model small business/retail practices which reflect businesses in 2007. In the first year, the store has grown to service more than ten contractors on a regular basis and the retail customer market in Dodgeville and the surrounding markets. This move to a small/retail business model reflects the success of growth. The business owner has worked with contractors and retail customers to identify new products that have potential in the market. Because new products are added more frequently, the owner must increase knowledge about product application, use, and maintenance in an increasing number of areas. A paint representative currently

visits the paint store to provide new product information. The paint representative gives the owner information monthly through a visit. The owner decides if the market currently needs the new knowledge and distributes it through verbal communication. This knowledge base enables the owner to provide more services to more customers with more products. For example, the business worked with a contractor to identify and secure paint for a steel fertilizer tank in the area. Furthermore, the paint industry market is becoming more competitive due to Wal-Mart and Menard's paint supply services. These competitors service customers on price and speed. These businesses provide no other service on application procedures and techniques. Deco Supply remains similar to Signature Paint, but sells the competing brand to Pratt and Lambert and Pittsburgh Paint, Benjamin Moore.

CUSTOMER SERVICE PLAN

The business owner identified the need for a customer relations plan because the client market was growing quickly, and the number of competitors in the paint industry was increasing in the Dodgeville market. Signature Paint must provide and implement a customer relations definition to customers and contractors. As this researcher reviewed definitions about customer service, many definitions were found for this seemingly simple process. A definition was developed based on the question Brown asked small business owners, "Why do we do what we do?" The developing customer relations plan had to identify new customers' service needs in this market, but also retain and maintain loyal customers' service needs. These two needs would be important and unique. The

strategies in the new plan had to help identify and relate to these two customers quickly and move to provide service in line with their needs. Furthermore, the plan had to must identify how to track and manage new and old products and techniques successfully. The owner had to maintain knowledge on product changes in the industry as well. In addition to identifying and relating to the customers, a strategy must be developed to organize and maintain knowledge base about the rapidly changing product lines. The basics of the customer relation plan are outline below.

First, the Signature Paint customer relations definition is as follows:

Signature Paint focuses on aiding retail customers with products and techniques to beautify real estate which improves their property. Signature Paint sets a high priority to build relationships with contractors to help increase number of projects won by providing quality products and consulting. These two main points are the basis of the customer relations plan for Signature Paint. The customer relations definition identifies both target markets and how Signature Paint will focus on developing relationships and providing service with these markets.

Second, the owner must be able to quickly identify the retail customer and the contractor. **The retail customer requires paint businesses to show and teach them about various paint applications and products that they can use on their property.** Furthermore, the retail customers demand interactive displays with brochures, pictures, and ideas. Retail customers want quick overviews about products; consequently, they can make quick and informed decision. Also, the

store must have a place to pick up decorating and design tips. Retail customers demand service, but also speedy service and competitive prices.

On the other hand, the paint contractor demands competitive bid pricing and very detail oriented service. For example, the color injection must be fully mixed and well mixed. Contractors do not want to waste time if they paid for the business to complete these tasks. The owner must have detailed knowledge about product lines and be able to advise the contractor with this knowledge in a fast and speedy manner. The owner must provide extra communication about new product lines being released. Furthermore, contractors expect the owner to give business referrals in the Dodgeville and surrounding markets. Having two types of customers, the owner must be able to provide different services at any given time throughout the business day. Both types of customers are important to the Signature Paint business.

According to the literature review, retail business must have a high amount of product knowledge, which develops customer relations. Since contractors expect communication about product changes, Signature Paint should email once a month about new product releases and application procedures. This added-service level will develop a stronger relationship with area contractors. Since the owner gains useful knowledge from the Pratt and Lambert paint sales representative, the owner must pass this information to contractors. To communicate products and technique changes in the store, the owner will display a wipe board with product updates and application updates discovered from the paint sales representative. Lastly, a note card filing system will be developed,

which allows customers to quickly browse through major topics and product names. The customers are able to take the note cards in order to follow new application procedures and techniques.

Signature Paint must track customers' needs and wants in various areas of the paint industry. Customers will be asked two short questions when calling into Signature Paint. First, are you with a business or contractor? Second, what project will are you working on today and in the future? These two questions will identify the customer service and the product needs and wants of the customers. The owner will track this information with a tracking sheet found by the phone. The business owner can quickly jot down the information and place it in a bin. Each week the owner can review the responses and make changes based on customer needs and wants. Implementing this process will improve the service levels of the business. Identifying the customer relations definition, developing strategies to begin a customer relations plan, and implementing these procedures will help Signature Paint begin a customer relations plan.

In conclusion, an analysis of multiple customer relations definitions helped Signature Paint identify a definition specific to the paint retail industry. By answering Brown's question about "Why do we do what we do," Signature Paint continuously answers how customers will be serviced by the business and the purpose of the business. By identifying the two customer markets and needs, Signature Paint eliminates the frustration that Customer A and Customer B had with a retail business. Furthermore, customer service techniques were identified. For example by asking the right questions over the phone, the owner will be able

to provide the right service to both contractors and retail customers. As the business changes, the owner will need to evaluate the customer base and identify ways that service must change. Customer relations are not a static plan or one-time development. Third, a review of negative statements presented to customers helped the business to avoid using these statements with customers. Lastly, the literature review helped identify main key ideas in the customer service and relations area. This knowledge base is important to small retail businesses wanting to be successful in today's paint industry. The newly-developed customer relations plan helped define key customers, develop a customer relations definition, and set strategies to apply the key material presented in the literature review. Now by developing and implementing a plan, Customer A and Customer B will feel they were provided the quality customer service they were expecting when walking into Signature Paint.

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