

Putting the Customer First!
Managing Customer Satisfaction

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Lecture

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Customer satisfaction and customer oriented marketing concepts

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Dear colleagues,

I am very enchanted to be here at the LIASA conference as a guest. Thank you very much for the invitation. I have visited your country once as a tourist, but I do not know so much about your libraries. So please excuse, that my lecture is based on European and Anglo-American experiences.

My name is Hannelore Vogt and I am City Librarian of the Würzburg Public Library. Würzburg is a major city in Northern Bavaria with about 130.000 inhabitants. It is situated between Munich and Frankfurt and has a big university with more than 20.000 students and it is seat of a bishop as well. As you can see on the first picture – it has many churches – on the left you can see the dome in the rear and part of the city hall in front. I don't want to show you another church on the next picture – more interesting for us is the yellow rokoko building on it's right hand. This is the entrance of Würzburg Public Library! You will get a completely wrong impression of our library if you only see this very nice, but historical exterior. So please come in! The interior is very bright and modern – it was completely renovated and remodeled in the nineties. With a reading-café, an internet-café, a multimedia learning studio and many other attractions.

The last year was a very successful one for us. We got three awards: The „Bavarian Online Award“ for innovative internet applications and electronic services. We were the winner in the national library ranking and our library was elected „Library of the Year“ which is the national library award in Germany.

For my lecture I evaluated the current business literature on this topic and adapted it for library purposes. I want to give you a short theoretical overview of new marketing developments, basics of customer orientation, customer satisfaction and customer retention. I hope you will agree in the end, that these topics are important for our librarian work.

Preface

“Customer satisfaction” – already old hat for many libraries? Unfortunately not! When searching the specialist librarian press for terms such as “customer satisfaction” or “customer orientation,” one can find hardly anything. The fact that libraries seldom discuss the topic sufficiently points to a corresponding need for basic information.

The aim of library work is to satisfy as many customers as possible by utilizing resources optimally. Numerous studies prove that satisfied customers relate their positive experience to three people, whereas dissatisfied customers tell eleven to thirteen people about their negative experience - therefore all forms of positive support are important. Hence it is up to four times more likely to create a negative image than a positive one. Customer orientation and customer satisfaction are highly significant, as a satisfied customer is the best promotion and image carrier.

Libraries need to take action with regard to customer satisfaction, since, in the face of ever increasing competition in the leisure, education and culture sector, they must retain their ground and present themselves to their customers as an attractive option. The future will not primarily be about having loaned as large a number as possible of media and information in high quality. Instead what will be relevant will be having as many highly satisfied (long-term) customers as possible.

The business sector has known this for a long time now and has responded accordingly. Marketing has undergone a fundamental change over the last few years. “Influence marketing” has been replaced by “relationship marketing”. The information age has made it easier than ever before for customers to find information about competing offers. The focus, therefore, is increasingly on positive customer relationships. The spotlight is not on creating sales, but on **creating trust**. That is why marketing expert, Philip Kotler, views the service provider – in this case the library – more as a “gardener,” who grows and nurtures customer relations, rather than as a “hunter,” who chases customers.

Customer satisfaction and customer retention are therefore also future tasks for public libraries. However, this challenge can only succeed if the entire library team is

committed to and practices the principles of customer orientation. Further education, training, employee information, an open discussion culture and delegation of responsibility are elementary prerequisites for success.

A decisive success factor lies in bundling already existing, positive approaches and integrating them into a comprehensive marketing strategy – one that includes customers, staff and products. **START WITH STAFF!**

You will only have satisfied customers if you have satisfied staff.

STAFF

- Employees and colleagues are customers too: Internal customers are just as important.
- Create a service culture: Each employee should be aware that he/she contributes to customer satisfaction.
- Complete participation: Everyone is included in this philosophy, from the management to the staff.
- Lay down the service policy in writing: No instructions without exceptions, however – every employee has the ability to overstep the rules for the benefit of the customers.
- Employees are 'empowered': They have the decision-making freedom to respond to customer needs in concrete situations.
- Flexible rules: The only rule is that the customer is king – support your staff in making independent decisions.
- Further training for employees: The Basis of Good Customer Care!
- Reward loyalty: Both customers and employees should receive recognition for their commitment to the library.
- Mutual training: Employees should be able to perform each other's jobs.
- Rotation: Let employees also perform tasks from other areas in order to create a broader understanding of interconnections.
- Find out which employees are the customers' favorites: Identify the employees who interact best with customers and use them as examples.
- Communication: Communicative competency is a critical factor: Continual personal training is essential.
- Smile: It makes both you and your communication partner feel good.

- The crowning touch: Always go the extra mile to provide the service you yourself would like to receive (24-hour service, information preparation, active information, etc.). Average service is not enough, only the best is good enough for your library.
- Everyday service management: How can it be made easier for the staff to serve customers?
- Recognition and reward program for employees: Don't just talk about problems, discuss positive evaluations on a systematic and routine basis.
- Breaks: Good customer contact is very demanding, so the employees involved need time to refresh their spirits.
- Mix work and fun: Don't neglect rituals and social life.
- Make results public: 'Publicize' employee recognition and customer comments.
- Appearance and atmosphere: How are the library staff dressed? Is the library clean, are the media well organized? Look at the library through the eyes of a customer.
- Comfort and attractiveness: Furnishings and ergonomics of the work stations, light, design, etc.
- Library terminology: Avoid jargon (OPAC, RAK, URL, etc.)

CUSTOMERS

- Have a service vision: Service and customer orientation as the library's 'guiding principle.'
- Make service policy public: Let the customer know that efforts are being made to achieve ideal customer satisfaction.
- Measure performance: Measure productivity and effectiveness in reference to the standards and make the results public.
- Create easy access: User-friendly technology and tools.
- Customer-friendly telephone service: Try calling your library – are callers really helped? Can you hear whether the person who answered the phone is smiling?
- Customer education: Every customer contact simultaneously informs and educates about the services the library offers.

- Obtain customer reactions: Acquire systematic information on what the user / customer thinks of the service offers and how they experience these services (surveys, user meetings, reply cards) – make the results public.
- Age-specific customer orientation: Customer needs change at different stages of life.
- Suggestions for improvement: In particular those employees with contact to customers should contribute their ideas.
- Act in a consistent and fair manner: One does not always have to agree with the customer, but one should follow a consistent policy.
- Keep service offers realistic: Don't promise too much, disappointments have far-reaching consequences and positive surprises create greater customer loyalty.
- The customer should benefit from the service: Customers need more than just friendly service, they need solid, correct information.
- High-tech with the human touch: High-tech makes the human touch and understanding customer support all the more important.
- Talk to customers: Always approach customers first and ask them what they are looking for, offer assistance.
- The cost of a lost customer: All forms of positive support are important. Unsatisfied customers tell others about their dissatisfaction 11 times.
- Market research: One can never have enough information about one's customers.
- Know the users' needs: Learn about the information behavior, wants and expectations of the users – keep up with changes.
- Take customers seriously: Every customer is individually important, make sure they know it!
- Cite customer experience in public relations work: Case studies with real customers illustrate the quality of service best – the customers involved will appreciate this.
- Customer groups: Establish user councils or customer representative delegations and include them in your work.
- Let customers know that they are being cared for, e.g. with mailing campaigns or greeting cards sent to selected supporters / sponsors.

- Freedom from prejudice: Take delight in the differences among your customers.

With my lecture I will give you a short overview of the relevant facts. I did research work on new management methods with the main focus on new marketing tendencies and wrote a report on that topic.

See: www.public-libraries.net

This report presents methods for establishing and optimizing customer orientation, which in some cases are not yet widespread but are practicable for as many libraries as possible. The report also supplies a selection of best practices with contact options. For those who want to know more, I can recommend to read this report.

1 Introduction: Basics of Customer Orientation

1.1 Term and Current Status of Customer Orientation / New Marketing developments

The market is constantly changing: the situation is marked by new competitors, unforeseen communication channels, globalization, but also by rapidly changing technology. The main problem of today's economy is its overcapacity - not products, but customers are in short supply while the available products and services are becoming more and more similar. This process already started in the 1970s, when the transition from the seller's to the buyer's market took place - attention was no longer focused on the product but on customer preferences. This markedly increased the significance of customer orientation. Since then, marketing has changed from classical make-and-sell marketing to sense-and-response marketing: enterprises examine customer preferences first and react to them with the corresponding products and services.

Business literature uses many different definitions for the term customer orientation; it has proven practicable to use as wide an interpretation as possible:

“Customer orientation is the comprehensive, continuous establishing and analysis of customer expectations as well as their internal and external realization into both entrepreneurial performance and interactions intended to establish stable (...) customer relations in the long-term”.

1.2 Customer Satisfaction – a decisive factor in Customer Retention

The positive connection between customer satisfaction and customer retention is a given fact - more than 20 different studies prove this. The nature of this connection, however, is very complex. Customer satisfaction does not automatically lead to customer retention; it is, however, a pre-requisite.

Customer satisfaction is the result of a permanent comparative process: subjective experience and perceptions (IS) are compared with expectations and goals (SHOULD) and this leads to:

- Customer dissatisfaction
- Customer satisfaction
- Customer enthusiasm*.

What is interesting in this context is the fact that quality expectations of library customers are influenced very strongly by any previous experience with the institution or by reports from third parties. The image of the institution, and thus the development of a role model, i.e. corporate identity and corporate design, plays a key role here:

“A user who for any reason does ‘not feel right’ when using your library's services, is more likely to develop (and later spread) a lower quality perception and thus a worse image than a user who can overlook tangible 'errors' thanks to an obliging atmosphere.”

A high level of quality is achieved when customers are satisfied or expectations are exceeded. Only this creates “customer enthusiasm,” leading to strong loyalty and causing positive word-of-mouth propaganda. In 2001, the Bremen city library concluded that: “Word-of-mouth propaganda attracts lots of customers.” In a survey among new customers, the city library in Bremen established that word-of-mouth propaganda is the best advertising means by far. Slightly more than half of those asked revealed that they had been “tempted” into visiting the city library by friends, acquaintances or family members. The city library in Bremen concluded that: “Satisfied customers seem to speak positively in family circles and amongst friends about the city library’s program [...]” (Bremen city library internal paper).

1.3 Customer Retention in Non-Profit Institutions

The strongly dialog-oriented service sector assigns special importance to the handling of customers and in public-oriented institutions such as libraries, customer retention is influenced mainly by the dialog with customers. Therefore staff plays such an important role. The definition of customer retention makes it clear that programs for customer retention constitute a management process:

“Visitor retention management can be defined as the systematic analysis, planning, execution and control of all measures directed at the current patrons of a library with the objective of maintaining an exchange relationship with these visitors in future and/or nursing this relationship yet more intensely.”

New is the strategically planned perspective in which **mutual trust** plays an important role. Establishing trust is seen as a pre-requisite for any permanent relationship, to both external and internal partners. This viewpoint focuses on explaining and designing customer relationships.

The relationship between supplier and customer is seen as an **exchange process**. In order to achieve optimum exchange relationships, the whole team has to feel dedicated towards customer orientation and to identify with the enterprise.

If a library wants to place its offers successfully, it has to know exactly what the preferences of its customers are and adjust its offers accordingly. If libraries do not want to become marginalized, they need to develop their offers with the readers, not just for them. The objective should be **to turn customers from users and participants into advisers and performers, into partners**. Working with focus groups, complaint management or customer surveys are methods for realizing this approach.

2 General Conditions in Public Libraries

2.1 Customer Orientation and Customer Retention in Public Libraries

According to Philip Kotler, who defines **marketing as a mutual exchange relationship**, a library customer is someone who gets in contact with the library in whatever form. Their purpose might be to express a wish, to use the library building, to take part in cultural library offerings or to find information – thus forwarding information is also an exchange process. **The definition of a customer far exceeds that of a borrower.**

The Internet has even rendered physical presence superfluous in the definition of a customer: those who access the library website are customers or “virtual visitors.” The Internet and online catalogues allow a mutual relationship between library visitors and the library in a virtual way.

Customer orientation must be part of the general library philosophy and reflect a basic attitude towards the customers. Customer orientation means to look at all aspects of the library **from the customer's point of view** and to make customer expectations the yardstick for library action in the framework of their public assignment. The Anglo-American area has defined standards and general guidelines. There are commonly accepted standards in the UK. The principles set down in the country-wide “Charter for Public Libraries” contained the following fields:

- Dialog and discourse with the users (see focus group interviews)
- Complaint management
- Surveys among users and non-users
- User-friendly access such as weekend opening hours, delivery service, suitability for people with special needs, labeling in different languages, etc.
- Integration of (ethnic) fringe groups
- Publication and monitoring of fixedly defined service standards
- Customer-oriented, inventory-related standards such as inventory calculation or up-to-date quotas
- Special rooms for children and youths, study places, group rooms

- Information service (often in cooperation with the town council)
- Further training programs for library usage by all target groups
- Staff: Further training, addressability, name tags, standards for minimal waiting times, etc.

The above is a collection of standards for optimization of services according to quality management guidelines; further approaches are not contained. On an international level, the IFLA “Guidelines for Public Libraries” should be mentioned; in the section “Customer Care” they point to the fact that customers should be integrated into the process of service development:

“Customers should be involved in service development

by asking them through surveys what services they use and require

by analyzing and responding to users' complaints

by ensuring the input received from users is considered in the development of policy and procedures

by providing feedback to users about the effects of their input on service development

by providing suggestion boxes and a complaints procedure” (IFLA 2000:16-17).

3. Short overview of Methods for Establishing and Optimizing Customer Satisfaction

There is existing a number of techniques for establishing customer expectations, such as suggestion and complaint management, benchmarking or focus groups. Beginning with the last I can say:

“The involvement of customers in focus groups or user panels, again provided there is sufficient freedom and support for customers to express their real concerns, is a powerful tool.”

Focus group discussion is highly valued in Anglo-American librarianship. But even in the English-speaking world, focus group discussion is mainly used in college and university libraries, much less in public libraries. The quick and cost-efficient realization and the numerous fields of application are decisive factors for focusing this qualitative assessment method. With a focus group your customers are partners in improving your library.

Libraries have very different customers – as determined by age and social structure. This requires a diverse procedure when it comes to determining their needs. Teenagers from the suburbs must be addressed differently to the bank employee who spends his lunch break in the library. For this reason, the methods used must be designed and chosen according to specific target groups. Therefore, focus group interviews for children or teens should be structured according to their age; a young mystery shopper would certainly notice quite different things to an adult customer – so corresponding guidelines must be established.

“**Mystery Shopping,**” “Silent Shopping” or “Test Shopping”, is a technique for detecting weaknesses in an enterprise. Using systematic observation, so-called silent, secret or mystery shoppers turn up as anonymous test customers who test stock and customer service without prior notice. Mystery shopping allows the “view from outside”; it is a good tool to counteract professional blinders and offers an opportunity to retain customers and improve internal processes. Experience in libraries was predominantly positive, especially in the USA and New Zealand.

For handling **complaints** professionally, whether they are justified or not, libraries need complaint management. Complaints offer the opportunity to get to know one's own weaknesses better and to react to weak points fairly quickly. Complaint management is one of the qualitative methods for measuring customer satisfaction and normally delivers more up-to-date, relevant and cost-efficient information about customer dissatisfaction than elaborate surveys. Complaints often result in specific recommendations for action. Some facts:

- Don't call it complaints – call it feedback or compliments, suggestions and complaints.
- Negative feedback: Challenge customers to submit critical comments.
- Complaints are a chance for improvement!
- Abouts 95 % of the dissatisfied customer don't complain, but in many cases they also don't come back again.
- React appropriately to complaints: The first step should be to 'accept' the customers' irritation, listen carefully to them, ensure them that everything possible is being done to resolve the problem, **thank them** for having complained.

THANK YOU FOR YOUR ATTENTION!