



THE NEW FACE OF CUSTOMER SERVICE



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How many businesses do we communicate with on a typical day? From the coffee shop to the cable provider to an airline to the hardware store and on and on, we spend a good portion of our day interacting with the businesses that help us run our lives.

We rely on what they sell and they rely on us to buy it, so we call them, visit their shops, look up something on their websites, write them emails. Some of these interactions go well and some do not.

We call these interactions “customer service,” and while technically correct, that term doesn’t quite cover the scope of the situation. Customer service is too often seen as just one part of a company, or a layer a company puts on top of the business of selling. The truth is that we are in relationships with the businesses in our lives, and just like interpersonal relationships, they are an expression of how the two parties actually feel about each other. The companies we love the most tend to be the ones that consider the quality of their relationships with customers and actively try to make it better instead of just offering “good customer service.”

The Changing Landscape of Customer Relationships



The relationship between companies and their customers is going through a major transformation. As consumers, we live it every day. Compared to 15 years ago—or even 5—the average buyer can access more information, has more choices, and can influence more people than ever. As the balance of power in the business-consumer relationship shifts, people have raised their expectations and grown less patient with companies that disappoint them.

Some companies are failing to adapt to this evolving landscape. Smart companies—the ones that are thriving in this new environment—are changing their approach to customer service.

Successful customer service is no longer about “handling” customer complaints and questions. Instead, it requires building

real relationships. It means listening to customers everywhere and engaging them with personality and transparency. It means understanding customers fully as people and building a business that can sincerely connect with people.

The importance of relationships for businesses will only grow as competition and our own interconnectivity increases. An organization's success can no longer simply be defined by innovation or profits. To succeed, an organization's focus must be broadened to consider the quality and longevity of its customer relationships.

Relationships first, loyalty second

Businesses talk a lot about "customer loyalty," and in general this concept makes sense: A person you can count on to buy from you again and again is more valuable than one who disappears after one transaction.

But often, when a business goes about building "loyalty," they develop a "loyalty program," which is essentially loyalty that has been bought and paid for. Loyalty in this sense seems closer to bribery: Are customers loyal because they love the coffee and service at the coffee shop more than the competitors or because they get a free cup after they buy ten? As customers, we may get caught up in the thrill of earning a perk or freebie, but that doesn't necessarily change or improve our actual feelings about the business. In fact, like collecting carnival tickets for a cheap prize, the whole experience can be a let down when the reward is finally reached ("I did all that for a free cup of coffee?").

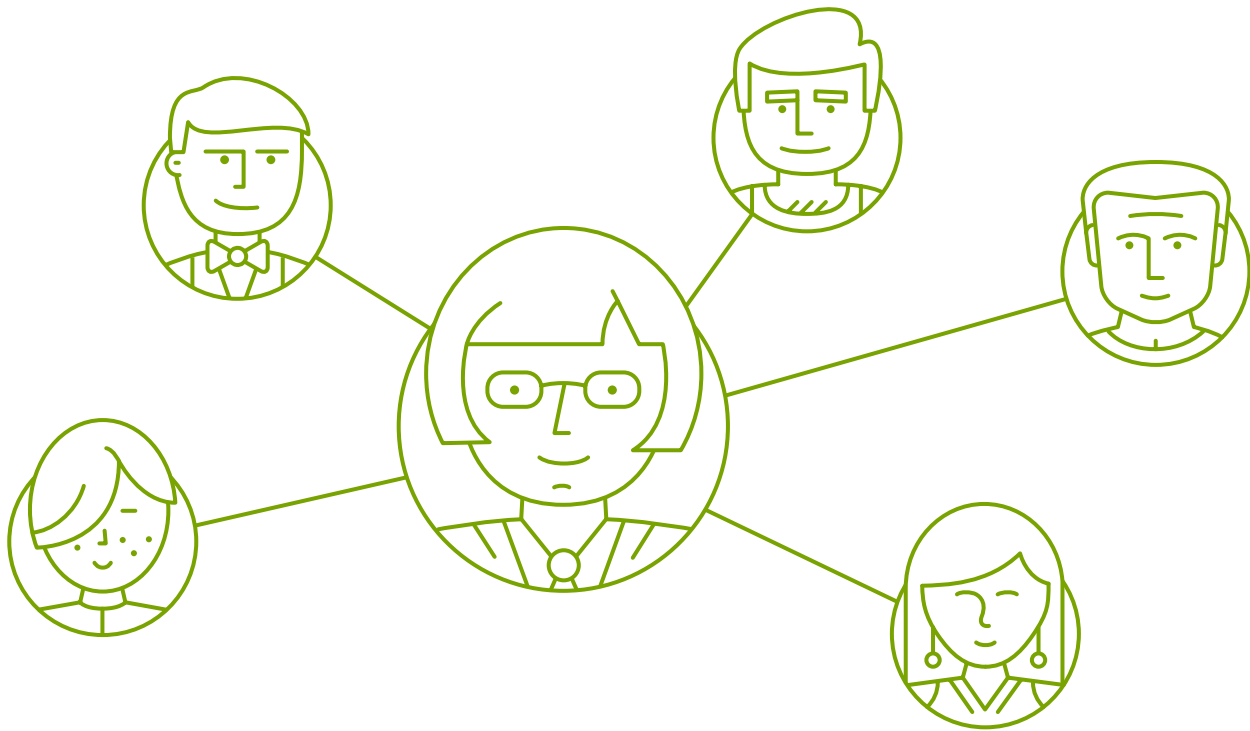
And for businesses, loyalty programs take the focus away from the present interaction and put it on some future reward. Rather than trying to make the current interaction great, the business is essentially saying: if you come back we'll give you a treat. There may be some value in that type of relationship, but it is not loyalty.

The truth is that true loyalty can't be bought—it must be earned.

Actual loyalty—the kind that people have for each other—comes as a *result* of a relationship, it cannot be the foundation for one. Attempting to make customers loyal is like trying to make someone love you. Like love, loyalty emerges from experience over time; it usually doesn't happen in an instant.

If each experience with a business enhances and enriches the customer's own life, if she admires the business, if the business shows actual respect and cares for her, then she will be loyal.

The Reward of the Customer Economy



While the work of building actual loyalty is harder than printing out a frequent buyer's card, or awarding people points for purchasing something, that hard work is worth it. It benefits the company financially, provides the most effective marketing, and will ultimately improve the very operation of the business.

The beauty of customers-for-life

Long-term relationships mean more stable revenue over a longer period of time. Businesses that focus on near-term profit over long-term customer relationships may benefit financially in the short-term, but that type of success is not dependable over time, especially given the amount of choice and competition in the marketplace. Subscription-based businesses are a clear

manifestation of this. Unlike one-time transactions, subscription revenue can be more easily forecasted and counted on as long as the customer remains satisfied. Revenue in this sense is tied directly to an ongoing relationship rather than a one-time transaction.

But the financial benefit is not only found in subscription-based businesses. Any business that focuses on customer satisfaction over the amount of money the customer spends at each transaction will benefit in similar ways. A satisfied person returns to a business willingly, and anyone returning willingly can be counted on far more than one who returns because they have been tricked, locked in, or worn out. Relationships can be counted upon when so much in the business landscape—production process, innovation, price—cannot.

The power of the influencer

Traditionally, a “network effect” means that the value of a product or service is dependent on the number of others using it. If you are the only person in the world with a telephone, it is a pretty useless product. Social media services like LinkedIn, Facebook, and Twitter operate on the same premise: The more people on the service, the more valuable the service is to each individual with an account.

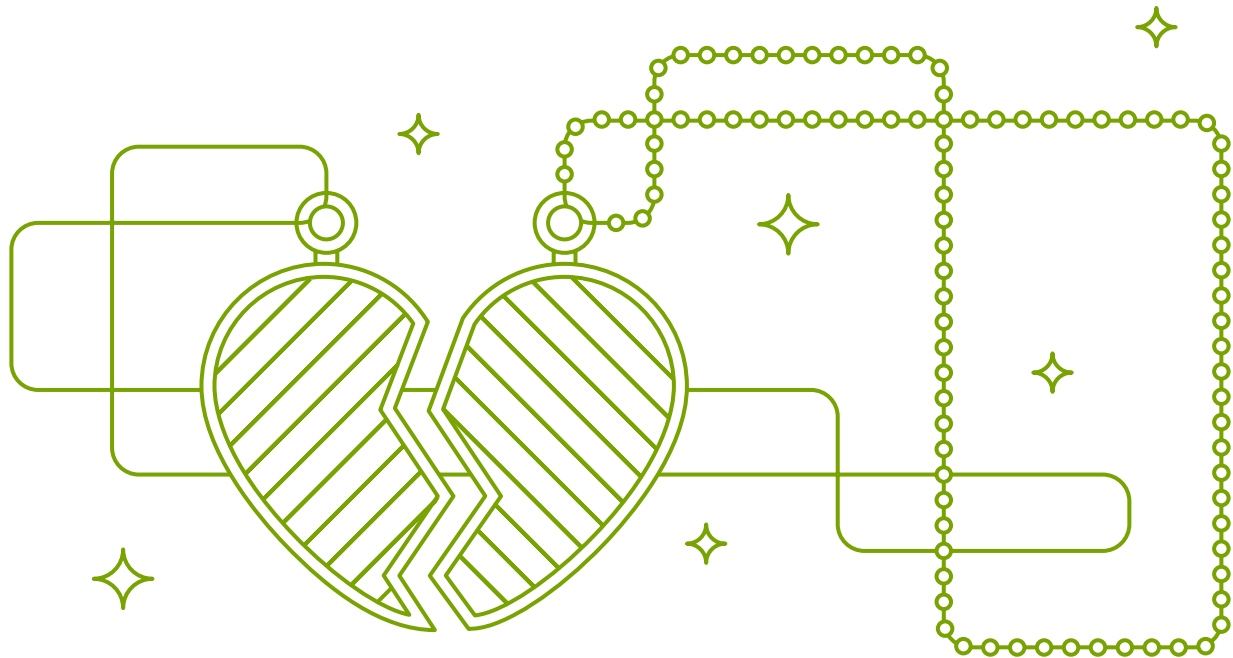
But we see another network effect nowadays, one that might be better called “the effect of the network”: So many of us use Facebook (and Twitter and Yelp) that any one person’s opinion can more easily influence another’s. And another’s. And another’s. The growth of this online network happened so quickly and organically that we take it for granted, but its

impact cannot be overstated. The effect of the network means that every customer relationship is valuable because it seeds potential relationships with that person's entire network. "Networking," in other words, is no longer only for career-oriented individuals. Your organization should also network.

Every interaction your organization has with a person is a networking opportunity with the ultimate goal of getting your customers to introduce you to their networks.

This has tangible effects well beyond brand management and online reputation. The reality is that a person's value to your business cannot simply be determined by how much money she alone spends on your products or services. Instead, a person's value incorporates the spending potential of her broader network—the dollars she can drive toward you when she recommends you on Twitter or the future business she can cost you with a scathing comment on Facebook. By incorporating an understanding of a person's feelings about your company and whether or not they'd recommend you to her friends—using surveys measuring satisfaction or a net promoter score—is valuable in this regard. But so is a general understanding that *every relationship* is potentially valuable because the network is so dynamic.

The Fundamentals of New Customer Service



This isn't a new idea. But the complexities involved in customer interactions today not only sparked this new type of thinking but also make it very hard to do. The very ways that companies think about their customer relationships—and even their success—don't reflect (or take advantage of) the new realities. Customer relationships matter, now more than ever, and those relationships can't just be understood in terms of money or loyalty.

For businesses, this means first choosing to shift their thinking and focus towards people and relationships, and then understanding how relationships *actually work* and how to build them. While the ways in which a business chooses to do this work may be specific to them, there are some fundamentals about relationship-building we feel are universal.

1

**DON'T OVERESTIMATE THE BUSINESS'S IMPORTANCE
IN THE CUSTOMER'S LIFE**

Rule number one in relationships: You are not the center of the universe. You should learn to listen and consider the other person. The same is true of your organization. A person is not “your” customer, even when he is buying your product. A person might patronize ten different businesses a day, but even those interactions are dwarfed in importance by the many other things he must do or think about as he goes about his daily life: going to work, picking up kids at school, trying to eat right, attempting not to spill ketchup on his shirt, etc. People choose your product or service because you can help them live their lives; it is a privilege for your organization to be in their lives, not the other way around.

2

**CONSIDER EVERY CUSTOMER INTERACTION IN
CONTEXT OF THE ENTIRE CUSTOMER EXPERIENCE**

Relationships have memories, but organizations tend to have terrible memories. The customer who walks into your store to buy a product is the same one who calls in when the product breaks. Those two moments are connected and the organization must recognize this. From the customer's perspective, it's one long conversation. The company should work hard not to break up the conversation. It does not matter that the person who sold the product is different than the one servicing it. As anyone who has had to repeat the facts of their case to more than one customer service representative knows: this is the easiest way to frustrate anybody.

To develop long-term relationships, the organization must develop a memory; it must recognize and remember the customer whenever and wherever she interacts with the

organization, no matter if it is an official customer service interaction or not.

3 RECOGNIZE THE RIGHT RELATIONSHIPS AND ADAPT

Not everyone you meet will be your best friend. Some people are great dinner party guests, some are lifelong friends, others just want a wave and a nod when you see them at the neighborhood diner. The goal for your organization is to have the right relationship with each individual. This requires getting good at reading the people who walk through your doors and understanding that there is not one ideal customer relationship. Instead, you should figure out how to adapt to, accept, and improve the relationships you have.

This also means learning how to say no. Your organization must learn how to stand your ground and be willing to lose those relationships that are not healthy for you. Don't fall into the trap that "the customer is always right," which is more often about figuring out a way of saying no while it sounds like a yes. Relationships are not one-sided like this. Say no when you should.

4 BE SOMETHING ACTUAL HUMANS CAN RELATE TO

To build a relationship, an organization must be something people can relate to. Given the choice between a faceless monolith and an organization that communicates directly and simply, consumers will always choose the latter.

So, it is not just okay for organizations to have personality, it is

vital. Personality, communication, style, taste, passion—these qualities help people identify which organizations they want to interact with when there are incredible amounts of choice in the market. This is one of the reasons monopolies are so bad and competition is so good. Monopolies favor the organization financially, yes, but they also make the organization boring and lazy.

5 BE TRANSPARENT

People relate to organizations that are transparent, open, and honest. Transparency is about giving your customer the same insight and level of information as you have internally, whether it's good or bad.

We are fighting against years of people feeling like the companies they interact with are somehow screwing them with hidden pricing, upsell calls, confusing return policies, etc. The only way to establish actual trust and loyalty is to even the playing field and show your cards.

6 EMPOWER PEOPLE IN YOUR ORGANIZATION TO DO WHAT'S BEST FOR THE RELATIONSHIP

Allow, encourage, and train the people in your organization to act like people when communicating with customers. It sounds strange to say, but we have been training customer service people to act like machines for so long now—fake smiles, scripts, a compulsory “have a nice day”—that it has become the default position. We need to actually teach people how to be human within corporations.

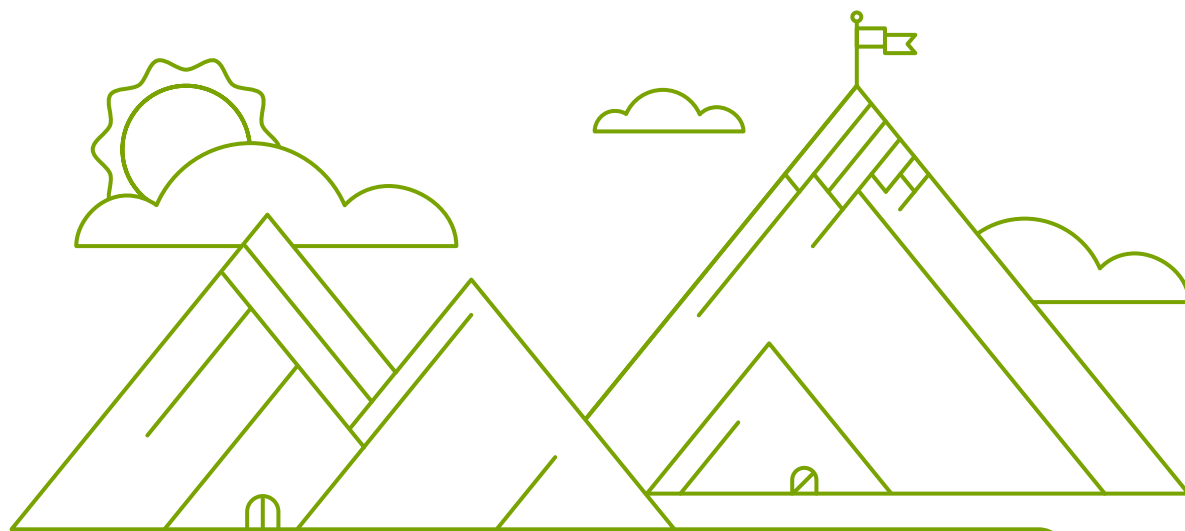
For example, if a customer needs help, empower your employees to help, even if they haven't checked with their manager—that is what people do for each other. Little mistakes or inefficiencies will inevitably occur when you give people the power to make their own decisions with customers, but you can embrace these as the very things that make your business itself more human and easier for customers to relate to.

7 PUT A FACE ON YOUR CUSTOMERS—UNDERSTAND THEM AS PEOPLE

And yet, it shouldn't just be salespeople and customer service representatives who connect to the people who are your customers. Your customer relationships are easy to ignore when they're the responsibility of your sales or support people, and when loyalty and satisfaction are only represented by quarterly scores and data trends.

But once you acknowledge and actually recognize the person who is truly frustrated with your product or service; once you start *sharing* that information more prominently in your organization; once your employees realize that this could just as well be their neighbor or one of the other dads at school, you make the customer relationship a team sport and a shared responsibility for your entire organization.

Customer Service Is Hard Work and so Are Relationships



As with many things in life and business, the idea of “good customer service” is deceptively simple. In practice, it’s very difficult to achieve. The fundamental principles sound obvious—*treat your customers like people, be transparent, empower your employees, build long-lasting relationships*—but it’s very easy to lose that focus when an organization has thousands (or millions) of customers, or is solely focused on keeping service costs low. It’s easy to get wrapped up in operational and process issues, and suddenly the importance of building real relationships is forgotten.

Like any change we commit to making in our lives, building true relationships with customers takes work, and work sucks sometimes. But the change itself makes it all worthwhile, and it gets easier with time. It’s like making the decision to

live healthier: At first, waking up at 5:30 and putting on your running shoes is not fun or even that rewarding. But eventually, you find a rhythm and start to actually change, to become who you want to be.

Relationships are not easy to build. Some will tell you that relationships can and should be managed. They will give you acronyms that promise to solve all your relationship troubles.

Unfortunately, in business as in life, relationships cannot be managed.

All you can do is try your best to improve the lives of those with whom you are in relationship and allow them to improve yours. An organization must understand that what goes into a long-term business-customer relationship is not always what makes the organization the most money in the short term. People do not care about your profits, they care about their experiences.

And while a business-customer relationship is not the same as a personal one, all relationships are personal at some level. When a person buys a product, they are buying the product of a group of people; when they email the organization, it is a person who responds; and when they decide whether to return to an organization again, they are one person making a decision.

Focus on that person.

This is what inspires us at Zendesk. It's what drives the product, it's what we want to see in the world. We encourage people to share these thoughts with others in their companies and figure out ways to build better relationships with their customers. And then share those successes. Together, we can be the new face of customer service.