

Examining the Importance of Customer Service Training

Report on Findings

Whistler[•]
Chamber

INTRODUCTION

The Examining the Importance of Customer Service Training report inspects how this often overlooked aspect of organizations impacts employees, customers and the bottom line. Customer service is integral to nearly every organization and sector, whether servicing the public or working with other organizations. This report examines changes in organizations where customer service training has been implemented. Data in this report focuses on five core areas and their overall influence on: employee engagement, employee retention, customer satisfaction, brand reputation, and fiscal impacts. Examining the Importance of Customer Service Training illustrates the real and lasting effects that customer service, and the investment into relevant training, can have on organizations across industry.

The Whistler Chamber of Commerce compiled the research included in this report to examine the larger impacts *The Whistler Experience* customer service training program has on the businesses, organizations, employees, residents and visitors. Data included in this report is aggregated from public sources including the American Customer Satisfaction Index, scholarly research conducted by University of Victoria Gustavson School of Business Professor Mark Colgate, a Psychometrics Engagement Study, a Zendesk report, and surveys conducted by TD Canada Trust, American Express/Salesforce, and Aerotek. Specific source information can be found at the end of this report.

WHY IT MATTERS

This report provides key insights into how transformative customer service training can be to an organization. It provides a detailed examination of the influence customer service training has on all aspects of an organization and in determining the best ways to prioritize product, employee productivity, and ultimately, profits.

Integrating a focus on customer service training into an organization can result in a more engaged workforce and in turn a more engaged customer base. This report explains the tangible outcomes that result from taking steps to ensure employees are satisfied, how to incentivize employees to provide better customer service, and how closely customer satisfaction is tied to customer service. Integrating customer service training into an organization's strategy will result in enhanced customer service experiences, increased recommendations and a better brand reputation.

The findings in this report highlight how critical understanding the impacts of customer service training is on decisions regarding where to allocate funding, and on an organization's overall competitiveness.

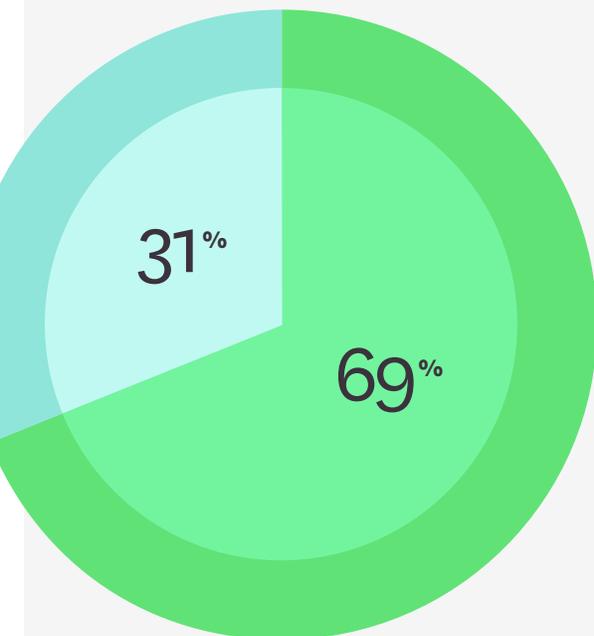
EMPLOYEE ENGAGEMENT

A Psychometrics Engagement Study¹ found that 69 per cent of organizations believe they have an employee engagement problem. The findings show that common results of disengaged employees include higher turnover, lower productivity and frustrated customers. On the other hand, **the study shows that engaged employees result in willingness to do more than expected, higher productivity, and more satisfied customers.**

When determining which steps to take to increase employee engagement, many organizations found it imperative to establish a company culture that includes a certain level of perks. While these are often thought of as things like bonus pay, the study found that “opportunities to learn new skills” are one of the most effective means of engaging employees.

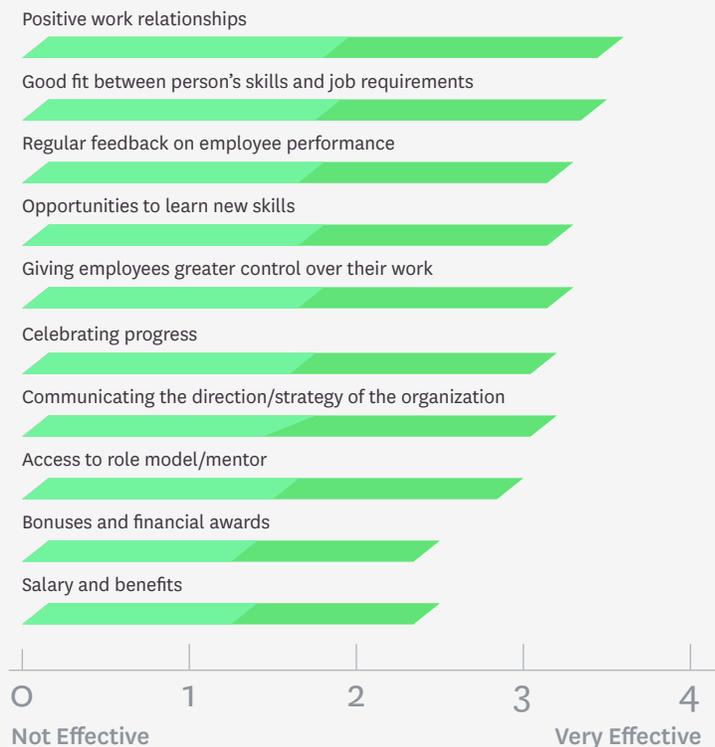
This study shows that organizations that incorporate additional training, i.e. customer service training, will see a more engaged workforce and in turn higher productivity and more satisfied customers.

Is employee engagement a problem in your organization?



● Yes ● No

How effective are the following at increasing employee engagement?



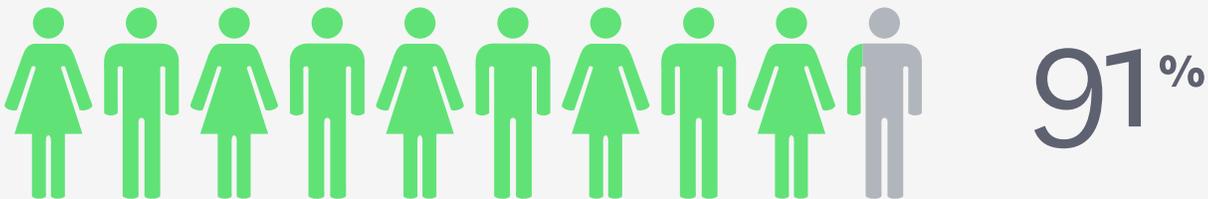
EMPLOYEE RETENTION

Research shows that employee retention is key to an organization's success: the less turnover that occurs, the fewer costs will be incurred related to hiring replacements. An Aerotek survey² of 500 HR professionals found that it costs an average of nearly \$11,000 to fill a position. Ensuring employees have access to training is identified as a means of positively impacting retention. Of those surveyed who self-identified as not likely to leave their jobs, 91 per cent say their employer had invested in them and 85 per cent note that they have ongoing training opportunities.

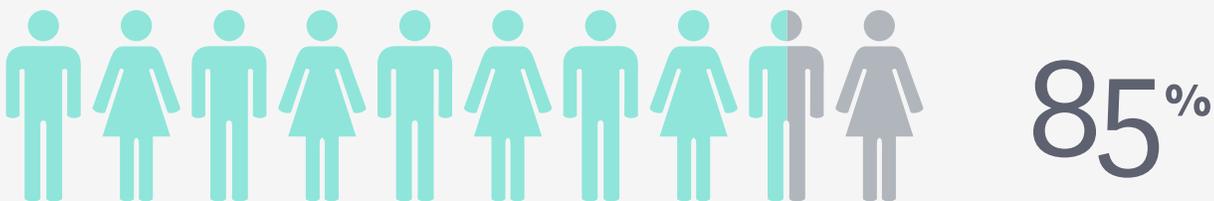
The research shows that retaining talent results in savings in money and time for the organization due to the fewer hours HR departments will need to allocate to recruiting, identifying, interviewing, and onboarding new hires.

Employees not likely to leave their job find:

Employer has invested in them



Have ongoing training opportunities



CUSTOMER SATISFACTION

New information determined by American Express and Salesforce³, illustrates the correlation to sales and return business as a result of interactions between staff and customers. Here, data shows that 70 per cent of buying experiences were based on how the customer feels they are being treated. **The better customer service provided, the more satisfied the customer is regarding their interaction with the staff and the organization.** Conversely the research finds that 89 per cent of customers stopped doing business with a company after experiencing bad customer service. Findings also highlight key sales information that determined repeat customers spent an average of 67 per cent more than a new customer.

A poll conducted by TD Canada Trust⁴ identified what determines a good customer service experience and found that respondents identified the top three measures as: friendly staff, quick service, and helpful service.

Key impacts of customer service



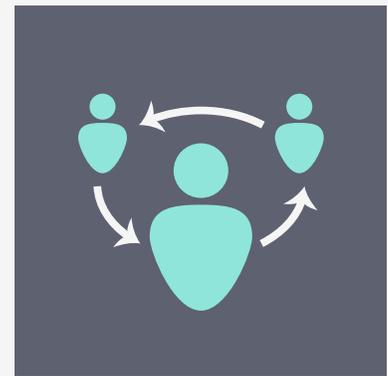
70%

of buying experiences were based on how the customer **feels** they are being treated



89%

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67%

on average was **spent** more by **repeat** customers than new customers

Top 3 measures to good customer service



Friendly Staff



Quick Service



Helpful Service

CASE STUDY

A Deeper Look at Training and Customer Satisfaction

Whistler is a powerhouse of the tourism industry in British Columbia – this town, with only 10,000 residents, accounts for 22.5% of the entire province’s tourism export revenue⁵.

The community of Whistler recognized nearly three decades ago that prioritizing customer service was crucial to providing better visitor experiences. The Whistler Chamber of Commerce partnered with the University of Victoria Peter B. Gustavson School of Business and created a program called The Whistler Experience. This customer service training program is designed to elevate the town’s customer service training via science-based curriculum to create lasting impacts⁵.

The Whistler Experience In Action

Whistler Blackcomb is a world-renowned ski resort and a key aspect of Whistler’s landscape (and the largest employer in town). The resort is part of the reason the town is regularly ranked as a top ski destination in the world by publications like Ski Magazine. One of the factors taken into account when these rankings occur is the level of customer service provided. Whistler Blackcomb has placed a high priority on customer service and customer service training, and was one of the earliest adopters of The Whistler Experience. The resort has seen clear impacts from the program:

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This year we had specific divisions take the Whistler Experience training and we are seeing our guest service scores lift in those departments.

— Dave Brownlie, CEO of Whistler Blackcomb

BRAND REPUTATION

According to research conducted by University of Victoria Professor Dr. Mark Colgate⁶, the rating of overall customer service and the percentage of customers who would then pass on a recommendation, are tightly connected. His findings conclude that excellent customer service is the key to success in managing an organization or brand’s reputation and ensuring good word of mouth. His research found that the “Sweet Spot” is located where an organization maximizes reliability of the product or service, is responsive to the customers’ needs and prioritizes building relationships with customers. It is shown that these actions together result in an increase in the percentage of customers who would recommend a product or service.

Findings from the American Express and Salesforce survey⁷ reinforce this idea, with 89 per cent of consumers surveyed having stopped doing business with a company after having a poor customer service experience. Additionally, a Zendesk report⁸ found that consumers are very likely to share their customer service experiences, with 95 per cent citing they will share bad experiences and 87 per cent citing they will share good experiences with others. This report also found the reach of bad experiences outweighs the reach of good experiences: 54 per cent shared bad experiences with more than five people and just 33 per cent shared good experiences with more than five people.

These findings illustrate the power of good customer service. **Finding the “Sweet Spot” and increasing the positive experiences had by customers and the number of recommendations will result in better word of mouth and reputation for the brand.**

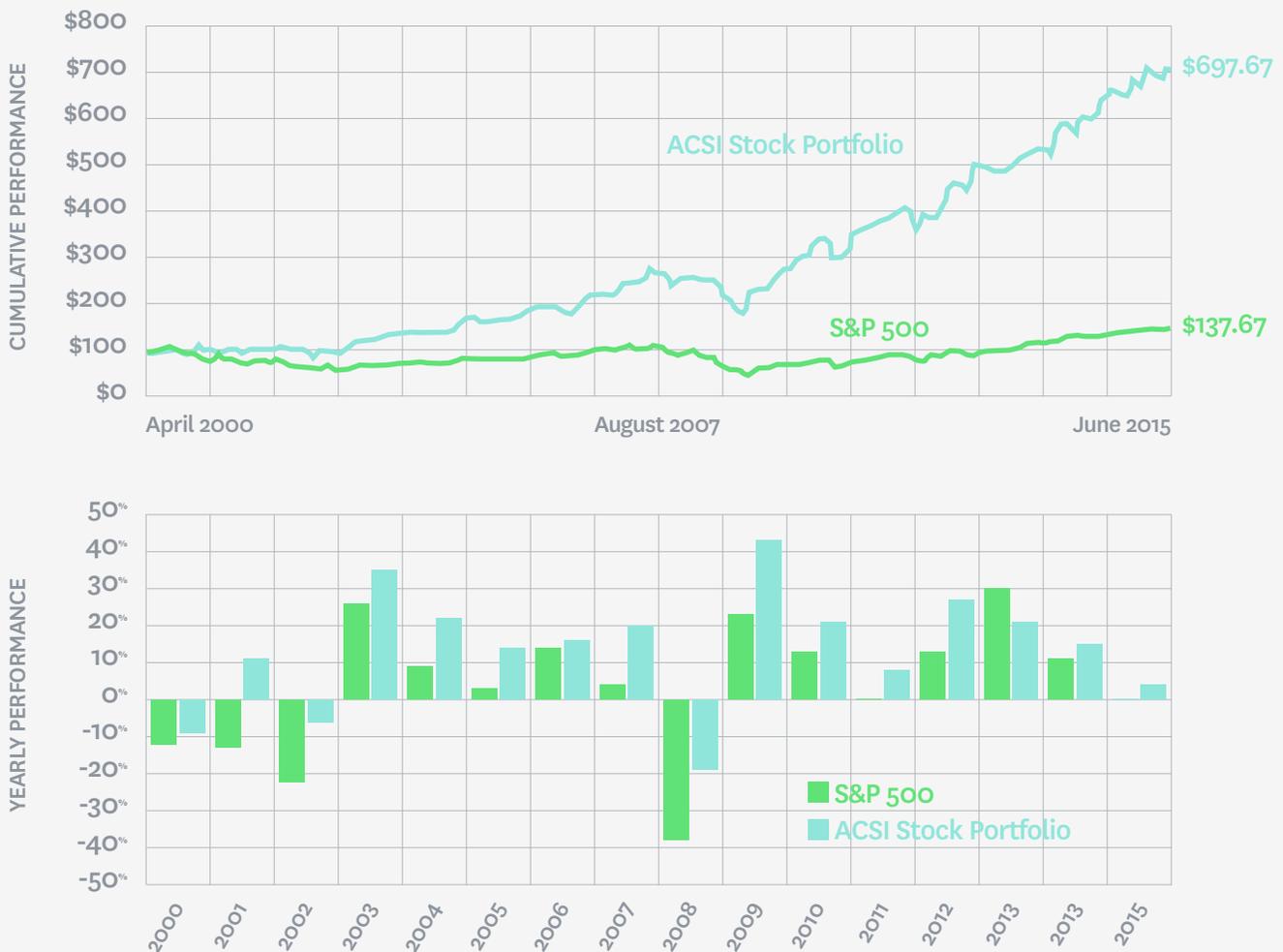


FISCAL IMPACTS

Further research shows that a focus on customer service training ultimately increases performance throughout the organization, resulting in an increase in the bottom line. On a micro level, according to the American Express and Salesforce study⁹, **more than 50 per cent of those surveyed said they would pay more for a better customer experience.**

What's interesting is examining a macro view of the annual returns of companies listed on the American Customer Satisfaction Index¹⁰ compared to those in the more general Standard & Poor's 500. Comparing the two groups of stocks over a 15 year period demonstrates that the companies prioritizing customer service are outperforming: the ACSI stock portfolio boasts an almost 700 per cent growth by June 2015, whereas the S&P 500 index increases 37 per cent. These results are also seen when looking at the comparison of these indexes on an annual return basis. Nearly every year over the past 15 years the ACSI stock portfolio has registered a higher yearly performance than the S&P 500.

Annual Returns: ACSI Stock Portfolio vs. S&P 500



CONCLUSION

The results of the Examining The Importance of Customer Service Training report show that when organizations prioritize customer service training nearly every facet of their organization is impacted positively. Investing in employees in this manner results in increased retention rates – meaning fewer costs to organizations for recruiting and replacing employees. Additional training incentivizes employees to be more engaged in their jobs, in turn providing better customer service.

The output of highly trained employees results in a customer base that is more likely to return due to positive experiences and, as the data shows, return customers spend 67 per cent more than a new customer. Additionally, 87 per cent of customers will share good experiences with their networks. These positive customer service experiences also mean that the likelihood of negative reviews being shared is lower, helping to maintain a good brand reputation.

The increased loyalty and increasing rate of recommendations that result from positive customer service experiences is shown to have tangible fiscal impacts, from customers' willingness to spend more for products to the vastly higher returns demonstrated by companies in the American Customer Satisfaction Index.

Organizations must carefully consider where to focus time and resources and as this report shows, customer service training is proven to be a measurably positive investment.

SOURCES

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- 3 American Express and Salesforce, *Customer Service: The Forgotten Marketing Channel*, <https://www.salesforce.com/ca/blog/2015/02/customer-service.html>
- 4 TD Canada Trust, *TD Canada Trust customer-loyalty poll*, conducted by Angus Reid Strategies
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- 6 University of Victoria Professor Mark Colgate, *The Whistler Experience: 8 Moments of Power*, <https://www.youtube.com/watch?v=1oGoFg3ZU9g>
- 7 American Express and Salesforce, *Customer Service: The Forgotten Marketing Channel*, <https://www.salesforce.com/ca/blog/2015/02/customer-service.html>
- 8 Zendesk and Dimensional Research, *Customer Service and Business Results: A Survey of Customer Service from Mid-Size Companies*, https://d16cvnquvjw7pr.cloudfront.net/resources/whitepapers/Zendesk_WP_Customer_Service_and_Business_Results.pdf
- 9 American Express and Salesforce, *Customer Service: The Forgotten Marketing Channel*, <https://www.salesforce.com/ca/blog/2015/02/customer-service.html>
- 10 American Customer Satisfaction Index, *The ACSI as Financial Indicator*, <http://www.theacsi.org/national-economic-indicator/financial-indicator>

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