

WHAT CONSTITUTES “VALUE”



The “X” Factor In Customer Service

by E. George Johnson

Whoa! As I was getting ready to submit this article, the stock market tanked for the fourth straight day, making it a loser on seven of the last eight days. The Dow is down 6.2 percent since the “debt deal” and today was the tenth biggest single day loss ever. No doubt, there is a ton of anxiety out there regarding what is going on with our economy; what, if anything, the politicians are doing to help (or at least not further hurt) the situation; and what is happening on the global front with major European economies mired in deeper swamps.

Maybe the article should be about the state of the storage industry in these tough times, but in reviewing the last several issues of industry related periodicals, there are multiple articles on this subject, some negative and some positive. What I

do know is that there are still strong fundamentals out there in some business segments, and companies should be focusing on the long term and managing their operations accordingly—sticking to the basics, emphasizing the fundamentals and positioning their respective enterprises for long term growth. The economy is the slowest most of us have ever witnessed, and, recovery will take a long time, but, it is not dead, and businesses are not going to liquidate their assets. Rather, they are going to re-deploy and develop strategies that create more business and more customers, retaining those currently being served.

What Do Customers Really Want?

In economically slower times, this question gets even tougher to an-

swer. Current customers and future customers are both the subjects of this interrogatory. After analyses, interviews, surveys and a visit to the fortune teller, the answer becomes clear and the next question pops up, “how do I provide this product (service) in the competitive and economically challenging environment existing today?”

It could take additional capital expense, hiring of exceptional personnel, overhaul a marketing strategy, a strategic acquisition, all of the above or a combination thereof. Just like the stock market tells the investor what the value of an equity is and the investment communities to current activities in the economy, the business market (consumers) tells the provider what is really wanted.

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What the customer wants is value. Yes, it might start off as “perceived” value, but this only gets the customer in the door, and customers cannot be fooled—if so, only once and this ends up causing more harm than good. This is because of the power of word of mouth advertising, which can also be a plus. The point here is that customer satisfaction is one’s biggest marketing tool going forward. More about this later, let’s discuss the value equation and what the customer is looking for. If I interviewed the “supplier” list in the opening sentence, I know that the first element mentioned would be price, which in a way is unfortunate, but partially truthful. Price can get attention especially if your product/service falls into more of a commodity category, but price alone will not secure long term and repeat business.

Components Of “Value”

Assuming the product meets the customers’ demand and provides what he or she is looking for, then price is only one part of what converts the prospect to a customer. The other elements which, in my opinion are of equal or greater importance, are:

- Quality
- Convenience
- Performance
- Value Added Services
- Reliability and Trustworthiness of Provider

For the most part these are all self explanatory, but a concentrated effort to excel in all these categories will most likely create a healthier and sustainable business. Quality just has to be a given; it is expected and if not achieved then business will be lost. The bad thing about lost business is the difficulty in getting it back. Quality is free, and it is more of an attitude than a management system. It is a philosophy that any product/service offered to the industry is of the highest quality possible and nothing less will be acceptable. The customer has to have the confidence that

the enterprise providing the product/service has maintained high standards of quality in developing or manufacturing or creating the product/service being offered, and will pay the price for knowing that this level of quality is a part of the value equation.

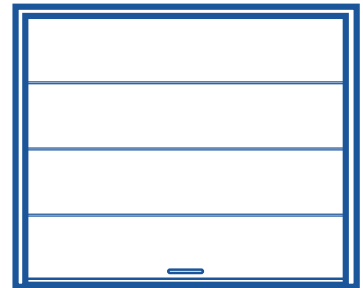
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Convenience is not just geographical location, but that the entire process of the sales and purchase cycle is not cumbersome. It is an art sometimes to figure out exactly what the customers’ needs are and how they can best be satisfied, and more often than not this is handled by honest communication back and forth and responding to any and all questions as quickly, and intelligently, as possible. In other words, you make it convenient and easy to do business with each other.

Related to the Quality element is Performance. The product or service must perform in the manner advertised and discussed; it is not a matter of doing enough to get by, it is more a philosophy of surpassing customer expectations and being an industry leader in what you provide. No company is ever going to lose business by performing (product or service) beyond what is expected, but I can guarantee you that underperforming will get a failing grade and no more business. In today’s social network, word passes around quickly and sophisticated evaluations are commonplace. In other words, any malfunction or lack of service will be

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illuminated; but exceptional performance and service will also be taken notice of and bring in more business.

It is obvious that products and services can be differentiated in the marketplace with any combination of the above elements mentioned, but Value Added Services can put boosters on the differentiation formula. In addition to what is offered, the customer getting additional benefits (whatever they are) always creates more value and efficiency in the purchase. A good, working example of this in the storage industry is containerized moving. This brings in the Convenience element as well, but for a storage customer to be offered this service by his storage provider (traditional or portable) brings added value to the relationship. It also brings in more value because typically the containerized move is less expensive than the traditional full service move. Portable storage really takes this to another level just by being able to

load the container on a truck for a cross town or cross country move. Any time product features or additional services can be bundled into a customer offering, the greater the benefit to both parties.

A GOOD, WORKING EXAMPLE OF THIS IN THE STORAGE INDUSTRY IS CONTAINERIZED MOVING.

Reliability and Trustworthiness of the Provider is what I refer to as the X Factor. It goes without saying that most of us who have been in business for a while know the value of relationships. These relationships are built on the foundation of trust and knowing that each is dedicated to provide the

best they can for their prospective customers. This is the most important element of all discussed above because from this emanates everything essential in providing what the customer wants. As a provider of services or products, a supplier must fulfill his part of the contract and provide his goods or services in a manner expected and when expected.

So in these tougher economic times will the above elements make a difference and create more business. Who knows? But emphasizing them enough until they become common place and an innate part of your enterprise will certainly help more than it will hurt. The muscle produced when times are more challenging will provide even greater results when the negative cycle starts turning the other way. **■**

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