



# CREATING A CUSTOMER SERVICE MINDSET

How to create  
'sticky' customer  
service in your  
organisation

A consistent  
quality service  
experience is the  
difference customers  
are looking for

How conscious  
leaders drive  
customer service  
mindset change

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# SERVICE IS HUMAN

*The sole meaning of life is to serve humanity.*

LEO TOLSTOY

When I was fourteen years old, I was hungry to get out in the world and work. I craved independence, the thought of earning money excited me and I wanted to learn new skills. A locally run delicatessen was willing to employ me for a couple of shifts a week after school hours.

I will never forget my first week. I learned the different products such as deli meats and cheeses, and used the meat slicer. I had no problem serving customers with a smile and being friendly; however, there was one skill that I was not prepared for – receiving cash and giving change. It involved calculating the difference manually, with no calculator, no mobile phone and no digital POS (can you imagine?).

Fast-forward to the present, where mental arithmetic skills are no longer needed to work in a shop (and will likely never be again). Many manual customer service skills have been lost to technology. Yet good old-fashioned friendliness and care was needed then and it's still needed now.

So what role can a human play, now that purchasing a product can be achieved more cheaply, more accurately and faster? If we are unable to show care and be friendly in our service interactions, do we even have a role to play in service?

How does this impact the role of humans in service interactions in the future?

### **The retail revolution**

The retail revolution has undoubtedly changed our lives. Some of the changes could, however, in some senses be considered losses. For instance:

- We no longer have to speak to people when going to the checkout in a supermarket.
- We no longer have to go into a shop and be helped by an assistant when buying clothes.
- We no longer have to walk into a bank and speak with someone to get a home loan.
- We no longer have rapport with the family-owned takeaway store, as we now see a different Uber Eats delivery driver every Friday night.
- We no longer have well-groomed, happy faces greeting us at the check-in counter when checking in for a flight.

Sadly, it is more than likely that a robot will replace the sales assistant role completely ten years from now, or perhaps even earlier, thanks to the acceleration of AI.

Today, all over the world, tasks are being automated to make transactions faster, more efficient and more consistent. Bit by bit, they are replacing traditional interpersonal service

experiences. There are fewer strangers interacting with each other, fewer smiles being exchanged, fewer conversations adding depth and interest to someone's day, fewer relationships being formed.

Increasing rates and costs of materials for bricks and mortar stores, rent and, of course, labour rates all add to this dilemma. In the retail industry, in particular, traditional service models are being replaced by a mix of online and face-to-face interactions that attract customers who are looking for quick, convenient solutions.

In retail, in Australia, the 50-year-average growth rate revenue was 3.80%. The Australian Retailers Association reported that as of December 2017, that growth rate had dropped to 2.76%. Retail is doing it tough.

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*So at what cost are we willing to increase speed, efficiencies and consistency, to lose connections and relationship capital with our customers?*

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### **Progress or process?**

*The Future of Jobs* report by the World Economic Forum predicted that robotic automation will result in the net loss of more than five million jobs across 15 developed nations by 2020. It is said that the technological progress that we are currently witnessing in this 'machine age' will see a jobless future for many humans who hold roles in retail and food services businesses.

Of course, this is a big topic and while at this point we are aware that roles in the service sector will be replaced by robots in the future, we are still unsure what *new* roles will be created during this transformation. Many of us feel like this retail robot revolution is still too far away to plan for.

Silicon Valley entrepreneur Martin Ford in *Rise of the Robots* states:

The threat to overall employment is that as creative destruction unfolds the destruction will fall primarily on labour-intensive businesses in traditional areas like retail and goods preparation, while the creation will generate new businesses and industries that simply don't hire many people.

Personally, I see the benefits in automating many roles that are routine and repetitive. Routine means a set of tasks that can be codified in a program for computers and robots to perform. This enables considerable cost savings compared to the cost of human labour. It also means we can offer a consistent 100% guaranteed service or product. There is minimal wastage and increased productivity.

However, how do we humans *feel* when we purchase goods and services provided by a robot? For each new step forward with digital innovation and automation it feels like one step further away from human-to-human connection.

It's like we're driving through a tunnel in the most magnificent mountain ranges, for the purpose of getting to the desired destination quicker. By cutting out the windy roads we are gaining speed yet missing out on the scenery, the grandeur of what the mountains bring. We no longer experience that place and its

surroundings with an associated emotion or a meaningful memory, it's just a long dark tunnel with measured lights and road markings.

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*We take the tunnel for a shortcut to speed  
and convenience, yet we miss out on the beauty  
and the interactions on the way.*

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### **A digital double-edged sword**

Budo (modern Japanese martial arts) has been described as a double-edged sword. It promises greater strength for the user if they can understand and embrace its duality: kindness versus strictness. That's how I see digital innovation – it is making our customer service stronger in many ways, yet it also comes with many risks.

In the rapid paced life of the Western world, customers value speed, efficiency and consistency, all of which have been proven to support customers to develop trust, and which ultimately drive customer loyalty. A great place to find speed, efficiency and consistency is anywhere there is a self-service option (just look at your local supermarket).

The question is:

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*Are we happier customers from these  
self-service digital interactions?*

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Over the last decade, the way we as customers interact with self-service technologies has been studied and we are now starting to understand consumer behaviours and the impact this style of service is having on the overall happiness level of the customer.

The research paper, 'The effect of self-checkout quality on customer satisfaction and repatronage in a retail context', explains that there are five attributes that a customer uses to evaluate self-service technology:

1. Speed of service delivery.
2. Perceived control.
3. Reliability.
4. Ease of use.
5. Enjoyment.

In general, happy adopters of self-service transactions are generally young and well-educated, with limited need for personal contact. They are people who consider technology as a source of fun and a novelty. But what if you don't fall into this bracket? Think of the vast number of customers for which this is alienating. (Myself included. I don't go to a supermarket to do more work after a long day.)

According to the same research paper, many consumers still view customer service as a social experience. They value interpersonal interactions and still prefer to deal with people.

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***Recent studies have shown that our customers' need for human interaction is one of the main reasons they don't like to adopt self-service transactions.***

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## Engage the brain

Well-known author Daniel Goleman has dedicated his life to the science of human relationships. In his book *Social Intelligence* he discusses results from neuro-sociology to explain how sociable our brains are. According to Goleman, we are drawn to other people's brains whenever we engage with another person.

The human need for meaningful connectivity with others, in order to deepen our relationships, is what we all crave, and yet there are countless articles and studies suggesting that we are lonelier than we ever have been and loneliness is now a world health epidemic.

Specifically, in Australia, according to a national Lifeline survey, more than 80% of those surveyed believe our society is becoming a lonelier place. Yet, our brains crave human interaction.

Around a century ago – and still relevant today – the American philosopher and educational reformer John Dewey said that “the deepest urge in human nature is the desire to be important”. We need to consider this if we are to become an unsung hero of customer service.

### **Connection without compromise**

As well as speed, efficiency and consistency, there is a less tangible measure that we talk about and critique when we are served as customers: the emotions that we experience with an employee in the moment of service.

Consider the inherent power of the service provider in their relationship with the customer:

- An employee will make a customer feel important or will not.
- An employee will make an interaction feel personal or will not.

- An employee will be 100% attentive to the customer or will not.
- An employee will give meaning to the customer's purchase or will not.
- An employee will allow the customer to feel connected to your brand or will not.

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***How a customer feels when they interact with your brand relies on how your employee makes them feel, while serving them at the frontline.***

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Yes, customers can feel a connection to your brand by watching a great video in store or on your website, or experience your brand when they taste your products; however, it is *how they are treated* that lingers long after this. Humans have the unique capability, unlike any robot or automated solution, to provide an interpersonal interaction that creates the social bond that we all look for when seeking connection.

Executive teams, regional managers, even store managers are once, twice or three times removed from the customer and will not have the direct impact that a frontline employee will. Therefore, those employees working closest to your customer are the ones you need to value the most.

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***The real challenge for future leaders is to, therefore, embrace technology and automation without compromising emotions and customer relationships.***

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## **Loyalty is a feeling**

The best customer experiences I have had in my life, the most positive and memorable interactions with any brand, have always been the unexpected moments that made me feel special as a customer. The moments that were delivered by a human, not a kiosk touch pad.

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*How a customer feels about an interaction is the most significant driver of customer loyalty.*

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According to research done by Bain & Company (the inventor of the Net Promoter Score), increasing your customer retention rates (aka loyalty) by even just 5% will increase profits by 25% to 95%.

The Net Promoter® Score, commonly referred to as NPS®, is a very important customer loyalty metric that gauges how willing a customer is to recommend a product or service. It is used universally by all types of businesses in a cross-section of industries and provides a snapshot in a moment of time for how local customers feel towards a brand based on their service experience.

Our economic value as humans in the retail revolution of AI and robotics has increased. Sure, technology can eliminate jobs, but it is also inspiring us to hold on ever tighter to human values and human ethics.

David Autor, a leading American economist, consistently states in his talks and publications that it is our unique skills and human capabilities that cannot (yet) be replicated or

substituted by AI robotics. For instance, humans still have the edge when it comes to things like:

- complex problem solving, that relies on expertise, inductive reasoning or communication skills
- interpersonal interactions and situational adaptability, particularly in more manual roles
- cognitively demanding jobs
- multiplicity of skills
- intuitive mastery.

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*So having feelings and knowing how to act when experiencing those feelings is our human gift.*

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### **Australia – the lucky country?**

When travelling through Greece in 2017 with my partner, every petrol station we stopped at had a well-presented employee who bounced out of their shop, ready to anticipate our needs as they filled up the petrol tank. Every single employee, regardless of who they worked for or whether they were based in inner city or regional areas, cleaned our windscreen.

In a country like Australia, the tradition of filling the tank and cleaning the windscreen of someone's car has long since become extinct. In actual fact, it has become such a rare service component of a petrol station that I think it would freak out my five-year-old niece if she witnessed a stranger approaching our window.

We are missing the opportunity to create a connection with another person through casual banter. Putting a smile on a customer's face is no longer in the job description of a petrol station attendant, nor that of many customer service staff. More importantly, we no longer expect this as customers.

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*In general, throughout the world, Australia is known as 'the lucky country', with people who are welcoming in nature – yet we struggle most with customer service.*

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According to a data-driven insights report, *Global Customer Service Barometer*, from American Express, 32% of consumers in Australia believe that companies usually “miss their expectations”. Does this really sound that lucky?

So why are we falling short when it comes to good customer service?

### **Labour costs connections**

A commonality among most organisations in Australia is that labour costs. At the time of publishing this book, SBS reported that Australia was still paying the highest minimum wage compared with countries such as the United Kingdom, America, Canada and Germany, indicating that local wages are out of line with the rest of the world.

Over the decade from 2002, unit labour costs rose 37% in Australia, compared with 29% in Canada, 21% in the US and Korea, 6% in Germany and 16% in Japan.

***We view people in our business as a cost rather than an asset.***

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What you need to see is that human capital is just that: a capital investment in your organisation and your brand. When we yield better actions from our employees we will yield better results in our business. That means we must learn to leverage our service staff, to invest in their development and performance so they want to come to work and give 100% attention to our customers' needs.

The US business empire, Apple, has been doing this for years. It is common to walk past an Apple superstore and see a sea of helpful tech gurus in uniform t-shirts all conversing with a large volume of customers, being friendly, helpful and accessible. Behind the scenes, employees are indoctrinated not inducted. Their training lasts from a few days to up to a few weeks. According to a *Business Insider* article:

The phrase that trainees hear time and again, which echoes once they arrive at the stores, is “enriching people’s lives.” The idea is to instil in employees the notion that they are doing something far grander than just selling or fixing products. If there is a secret to Apple’s sauce, this is it: the company ennobles employees. It understands that a lot of people will forgo money if they have a sense of higher purpose.

Yet look what happened when one of Australia’s largest supermarkets, Coles, tried to embed a more elaborate etiquette in engaging with customers by launching a campaign for Easter 2017 called ‘I’m Free’, to advertise that they would have more

face-to-face service operators open over the busy trading period so you wouldn't have to queue for an automated check-out kiosk. The nation was not only surprised that Coles was competing on service, not the stock-standard price, but outraged due to the campaign's 'flirtatious undertones'. Perhaps they needed to take a leaf out of Apple's training notes.

Competing on price will ramp up more and more thanks to the arrival of Amazon in Australia in 2017. Amazon will continue to squeeze retail margins that will be very hard to beat. It seems a sure bet that competing on service will become increasingly important here to stand out from the competition.

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*We are so conditioned to poor service that any organisation that shifts the dial in its service will rise to the top of its customers' loyalty list.*

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### **Cumulative versus competitive**

For workforces that have multiple employees spread out across various locations (many of you), one consistent weak link in your chain will eventually add up to poor brand reputation overall.

This works like the butterfly effect. If you're not familiar with this, it comes from the chaos theory of mathematics. It describes what might happen if a butterfly were to brush its wings against the air, just a few inches above the ocean water – eventually creating a massive tidal wave of destruction.

The good news is that the butterfly effect can also have the opposite, positive, effect.

*Small daily acts of kindness from your employees, over a long period of time, can create a tidal wave of loyal customers.*

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These daily acts of devotion need to be delivered by your frontline employees, led by you as leaders. It's imperative that you aspire to have a *cumulative* advantage over a *competitive* one.

A **competitive advantage** involves targeting a type of consumer and making them want to repeat their purchase over time, matching the value proposition to their needs. The value proposition is defined by ensuring there is the right product at a competitive price on offer and it is easy doing business with you. When you do this, your business stays ahead of your competitors and sustains a competitive advantage.

A **cumulative advantage**, on the other hand, involves an emotional connection that a customer has with your brand when they purchase from you. This builds a stronger link between customer and brand. This means your business will be the first that comes to mind for the customer, and they will feel the strongest pull towards your brand, when they are deciding on who to purchase from.

This is less about getting rapid growth and advancing your business, and more about learning to thrive, to increase your company's performance by obsessing about the customer journey at every single interaction, one customer at a time.

*This is how you increase customer trust,  
improve customer loyalty and ultimately drive  
the performance of your business towards more  
sustainable long-term growth.*

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### **Create a customer advantage**

A cumulative customer advantage comprises three things:

- 1. Ownership** at all levels of the business, from CEO to frontline employee. No one department or leader owns the customer.
- 2. Alignment** to your specific business goals, the economic climate and the environment of your business. There is no point in trying to be something to customers that has no relevance.
- 3. Engagement** of employees and their individual performance at work. When employees are engaged, their performance is what has the greatest impact on the customers' feeling towards a brand.

A cumulative customer advantage can only be realised when a service mindset has been cultivated. You must commit to looking at yourself and your people first.

You need to have a cumulative advantage if you have:

- large workforces spread out across multiple locations
- systems and processes in place that need quality consistency across multiple touchpoints
- employees who deliver experiences to customers each day.

When your business has achieved a cumulative customer advantage then you have:

- leaders who are skilled to positively influence the workforce on a daily basis
- customers who feel connected to a brand, which creates a lifetime value
- revenue and profit margins increasing at a sustainable rate.

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*That's what we all want, right?*

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### *Become a business romantic*

I was privileged to spend some time with the fabulous Tim Leberecht, author of *The Business Romantic* and a member of the World Economic Forum's Global Agenda Council. Tim and I share the same belief about the beautiful moments that humans can create that robots never will.

Tim says that although humans are complicated and difficult to manage, we have the ability to do the unnecessary. And it's the unnecessary in business that is necessary. He believes that the romance in business has been lost and it's the humans in businesses – consumer or producer, employee or entrepreneur – who can do things like catch us off guard, create something from nothing and add completely unnecessary steps into an interaction that he defines as beautiful.

So now is the time for us to tune in to our emotions in the workplace more than ever and create more 'beautiful' among the automated 'expected'. What an opportunity we all have with this human gift: the ability to read emotions.

Speed of service is easy to measure and easy to manage but it doesn't tell you accurately how well customers are being treated and, more importantly, how they feel.