PART I: BUILDING AN EMOTION-FRIENDLY SERVICE CULTURE

Although customers are not always right, they are always emotional when they engage in commercial transactions. The act of consumption is not an act of detachment but an experience filled with emotions, some positive and some negative. Moreover, each situation elicits different emotions, depending on what the experience means to the consumer. Emotions are even part of product/service branding, and they are the basic motivators for action.

Despite the fact that some businesspeople would like to remove emotions from the total business experience, emotionally aware managerial practices form the foundation of the continuing success of the organization. Keeping consumer and staff emotions positive, generally creates commitment, excitement, and energy in employees and makes the customer want to return.
Consumers communicate with their emotions, and service providers must respond. This is not about psychoanalyzing the customer but understanding that something important is happening to them when they display emotions. Service providers may think passionate displays get in the way of solving problems; but from the customers’ point of view, emotions are part of the total communication experience, and they must be acknowledged.

The way an event is handled is just as significant as the event itself. In fact, emotions are as good a basis for customers to make solid buying decisions as any other. Thus, even if emotions are difficult to manage and measure, they must be taken into consideration when attempting to build long-term customer relationships. By being aware of the emotional connections within a transaction, service providers can help guide those emotions in the best direction for everyone concerned. This requires self-awareness and other awareness, involvement and objectivity, control and reaction, self-focus and outer focus.

Often poor service is a result of unconscious behaviors; thus, awareness can help the entire team provide better service. Self-awareness can even have a major impact on managers, for it helps them to monitor their own behavior more closely. However, in order to build an emotion-friendly organization, senior managers must create an environment where it is possible and safe for managers and supervisors to discuss their emotions, which will, in turn, give the staff permission to consider its own emotional issues. Staffing decisions must be made by looking at the emotional impact of any increases or decreases in personal—in addition to considerations of profitability. And, businesspeople that have been trained in technical areas will need to acquire a new, broad perspective on the emotional lives of their customers.

Most failed customer service situations are a direct result of service representatives failing to remain emotionally positive. However, any change from negative to positive emotional states requires a conscious decision. When people experience negative moods, their “biocomputers” tell them not to ignore their emotions but to shift or restart their moods. These mood “restarts” are characterized by five different shifts—geographical, solution, attention, meaning, and physical.

1. Geographical shifting involves reducing negative emotions by physically moving away from the work site. If managers don’t encourage their staff to take a short time out so they can quickly alter their moods, they send the message that it is better to just ignore them.

2. Problem-focused coping is the essence of the solution shift. It involves looking for solutions so that attention is focused on solving the problem rather than on the original stressor. The operant questions is, “What can we do to fix this?” Because most customers face the same service problems repetitively, these situations need to be identified and then addressed. Staff needs support in understanding and coping with the emotions it experiences during repetitive situations.

“The greatest revolution in our generation is the discovery that human beings, by changing the inner attitudes of their minds, can change the outer aspects of their lives.”
—William James

About the Authors

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3. Attention shifting means distracting oneself, either through self-talk, by losing oneself in work, or through humor.
4. In order to change a situation in a positive manner, one must change its meaning, or “reframe” it. In other words, the service provider must walk in the customer’s shoes.
5. Physically shifting requires relaxing or exercising (e.g., smiling, taking a deep breath or taking a short brisk walk). In this case, the geographical and physical restarts are combined.

“Some see service as little more than a necessary evil, while others view service relationships as the magnet that keeps customers coming back over and over again. Some see service as emotional labor; others choose to view it as emotional competence.”

PART II: CHOOSING EMOTIONAL COMPETENCE

Exercising new psychological muscles, such as tolerance, flexibility, and empathy, is key to developing emotional competence in the workplace. On the other hand, emotional labor requires the individual to induce or suppress feelings in order to sustain the outward appearance that produces the proper state of mind in others. These two points of view reflect a chasm that puts management and service staff on opposite sides and is so deep that it must be acknowledged and bridged if organizations are to gain the participation of their staff in effectively offering emotional value to customers. It is up to managers to create a context for meaningful relationships to develop. This context requires choosing emotional competency over emotional labor to define service offerings.

Service work can be burdensome, giving little value to either customers or service providers. But, if customer-staff relationships are structured so that customers and staff, both, experience value, then service providers can perceive themselves as adding value to their work. Learning the skills of human interaction is an honorable task that makes individual potential blossom. Nonetheless, for this to occur, people must be much more psychologically flexible and must engage in group empathy. This new behavior “encompasses a whole set of higher order mental skills, openness to learning, a capacity for self-criticism, low defensiveness, and the ability to process multiple realities and values.”

Two broad managerial approaches for implementing emotional competence as a service model are recommended. First, staff can be enabled to see that managing emotions in the best manner possible is not only a critical part of job requirements but also to everyone’s personal benefit. Second, staff can be systematically taught to understand feelings and to recognize the importance of the emotions behind customer behavior. Service work must not be viewed as “selling out” one’s authentic self.

Emotionally sophisticated staff can maintain contact with their feelings, while managing customer experiences in a positive way.

Managers must staff, train, and coach their service providers on an ongoing basis to make sure they know what to do emotionally. Then management must support the staff in its emotional choices. In addition, the management team must also be committed to focusing on the customer—to adding emotional value in order to develop long-term customer relationships. This is an intangible goal, which if properly planned and executed, can lead to the tangible profits that come from repeat business. Finally, management must ensure that business policies and practices don’t compromise staff positions—attention to ethical behavior is essential in the experience economy.

There are six strategies for implementing emotional competency as a service model—fostering positive interdependency, hiring for emotional competence, defining the emotional requirements of service jobs, understanding the necessity of ongoing education, encouraging staff autonomy and emotional competence, and dealing with the “always right” customer. One of the most important emotional competencies for service providers is knowing how to help customers through bouts of strong emotions.

PART III: MAXIMIZING CUSTOMER EXPERIENCES WITH EMPATHY

Focusing on customer satisfaction “seriously limit[s] our discovery and understanding of the total customer experience.” In terms of creating loyalty, the most important aspect of customer experiences is emotional rather than satisfaction based. Customer satisfaction surveys cannot supply the breadth and depth of information about
emotional value

customers that companies need to guide strategy and the product innovation process.

Because the emotional connection between the service provider and the customer is context dependent, there is probably no single best measurement of customer emotions. Moreover, the context is very much loaded with empathy, and empathy is one of the most difficult emotional exchanges to quantify. However, the idea of “emotional accounts” helps to explain a lot of customer behavior. Emotional accounts are a context-dependent reservoir of strong, positive feelings that are deposited and stored in a customer’s memory bank. All strong and positive emotional experiences, whether they are material or personal, help connect customers to the organization until they are so attached that they rarely purchase elsewhere. When there is a negative experience, a withdrawal is made against the reservoir of positive emotions, and it must be repaid with interest. Strong emotional accounts are most likely to be created when the customer-service provider interface is empathic.

There are three strategies that service providers can use to maximize customer experiences with empathy. The first is creating a climate for generous empathy—staff must be inspired to take advantage of opportunities to “create customers.” The second is broadcasting service successes. Organizations need to share examples of customer experiences that were enhanced through the use of empathy so that other staff can learn from them, be encouraged by them, and then attempt to replicate them. And, third, empathy must be measured, and its impact understood by staff.

Instead of focusing so intently on customer satisfaction ratings, organizations would benefit by examining what customers truly value and the factors that deepen their relationships with product and service providers (those things that customers think are important). These components might include clear and reliable information, flexibility, no-hassle service, creative ideas, tailored services, best communication, courteous service, unique giveaways, honesty, speed, accuracy, options, follow-through on commitments, single-source service, knowledge of customer, and special product features. Value and importance always have an emotional component, and companies need to spend their time refining these components.

**PART IV: VIEWING COMPLAINTS AS EMOTIONAL OPPORTUNITIES**

Complaints are emotional opportunities. In fact, a practical way for a firm to view complaints is as an attempt on the part of customers to continue doing business with that firm. Research suggests that consumers are more likely to remain customers if they complain and give the organization a chance to fix the problem. In fact, when complaints are handled well, they are transformed into experiences that are more positively remembered than if there had been no complaint at all.

“If all we do is look for satisfaction, we won’t focus on understanding the emotional meaning of the service experience to them.”

There are several strategies for working with the emotional dynamics of complaints and strengthening customer connections:

**Going from problems to partners.** Complaint handlers must see complaints as “gifts” rather than as nuisances or attacks. Of course, the natural response when receiving a gift is to say “thank you.” Service providers can use this “Gift Formula,” first to thank customers for their feedback and, then, to offer an apology for the inconvenience. It is more effective if the service provider begins by using emotional words to phrase the initial response to complaints and then proceed to gather the necessary information for solving the customer’s problem. By starting with the strong emotional language of “thank you” and “I’m sorry,” service providers send a strong message that the most important consideration is how the customer feels rather than who did what to create the problem.

**Empowering staff to handle complaints.** It is also vital that complaint handlers have the power to settle complaints quickly and effectively. This saves time and money, helps reduce customer frustration, and allows front-line staff members to feel better about their work. Research suggests that tension is reduced in situations where people perceive themselves to be in control—performance improves and emotional integrity remains intact.

**Creating a craving for feedback.** Organizations must also create an atmosphere in which feedback is craved. The more a company appears willing to hear complaints,
the more likely customers are to complain, and the more chances an organization has to retain business. Of course, organizations must act on any feedback they receive.

**Focusing on lifetime customer value.** All complaint-handling costs must be measured against potential lifetime purchasing power of customers who remain loyal because of their interactions with staff. Complaint management is also important. If service providers are so good at handling complaints that customers are inspired to remain loyal, the same service failures can’t be repeated. If this occurs, customers will quickly perceive that their complaints are of little value.

“If complaining customers are helped with their problems, they become even more loyal customers than if there had been no problem in the first place.”

**Talking to the emotionality of complaints.** How successfully a complaint is handled is measured by how the customer feels about the interaction rather than by whether the problem is solved. Thus, to effectively deal with the emotionality of complaining customers, it’s better to focus on the individual—not on the complaint. This is empathy, and if the complaint handler is emphatic, customers will feel as if they’ve been heard. Part of the emotionality in a complaint is a feeling of powerlessness—customers want to know that someone has noticed and is concerned.

**Turning complaints into customer learning opportunities.** Seeing complaints as opportunities to teach customers to solve their own problems is a meaning shift. Unfortunately, however, service providers often encourage customer dependency that contributes to emotional frustration and resource utilization problems. If customers can only get their needs met by calling the organization repeatedly, these repeat calls will put undue pressure on staff resources and diminish the ability to help others. This is particularly true in the computer technology industry.

**Taking complaints seriously.** Customers don’t want to be measured against an anonymous crowd but want to hear that their complaints are special. When a complaint is belittled, the customer is belittled. Thus, the entire organization must set the stage for the seriousness of complaint handling by defining a formal process that demonstrates the organization’s commitment to complaining customers.

**Eliminating blame.** There is a strong tendency for the service provider to blame the customer or to at least attempt to find out to what degree the customer is responsible for the mishap. However, if customers don’t have the adequate background or knowledge to understand or use products, it is more effective to fix the situation rather than blame them. In fact, fixing the situation for one customer, fixes it for all who have the same complaint but who don’t speak up. This is an excellent emotional opportunity for deepening relationships.

**Expanding the zone of tolerance.** Customers picture two kinds of service—desired and adequate, with a “zone of tolerance” separating the two. When customers are emotionally upset by the service they’ve received, the zone of tolerance narrows to such an extent that the customer perceives little difference between adequate service and desired service. In other words, customers become harder to please, which puts increased demands on service providers. Moreover, once customers are in a negative frame of mind, they start looking for everything to go wrong. But, when customers have friendly, trusting relations with their providers, they are more forgiving and are less likely to turn a complaint into an even stronger negative judgment.

**Handling complaints from corporate customers.** In contrast to individual buyers, industrial buyers have complaints before and during a purchase as well as after. Industrial customers also tend to complain more because part of their success depends on how they manage the vendor relationship. Given this situation, vendors must carefully manage customer expectations by ensuring customer goals are always clearly stated, written down, and constantly referred to as the contract proceeds. Vendors must also establish easy, uncomplicated communication links with their buyers.

**PART V: USING EMOTIONAL CONNECTIONS TO INCREASE CUSTOMER LOYALTY**

Most customers would prefer to be loyal to the brand because it makes their lives easier. But loyalty implies a positive attitude. Even when prices are at their lowest, customers will still leave if they are treated badly enough. However, when customers are positively inclined, they are more willing to tolerate delays, product shortages, mistakes, and other aspects of poor quality. Loyal customers are also easier to serve—they know how to meet their own needs and with a minimum of inconvenience to themselves.
Nonetheless, loyalty is more than just an attitude and nice feelings. It also means that the consumer is more involved with the product/service, and that involvement reinforces the commitment to repurchase.

Loyal customers “are worth so much that in some industries, reducing customer defections by as little as five points...can double profits.” The profit made from a single interaction with a consumer who has stayed loyal for seven years is six times more than the profit made from a new customer. Despite the obvious importance of focusing on existing customers, keeping customers has been deemphasized because marketing primarily concentrates on getting new customers—usually to replace lost customers.

Many companies also approach customer retention/service/loyalty issues in a haphazard way. But if organizations want to retain customers by upgrading emotional value, they must examine brand recognition, systems, reward structures, processes, product quality, and emotions. And, they must consider how all these variables interact with each other to affect buying behavior. By focusing in on services that existing customers value, organizations will likely keep more customers and, as a result, enjoy greater profitability. In fact, loyal customers, loyal employees, and high quality products/services need to be considered simultaneously.

High levels of positive emotional involvement drive loyalty more than customer judgments about quality. Essentially, when organizations seek quality judgments, they need to ask themselves, “Did we do what we said we would do?” However, this doesn’t answer the question of whether what was done was of value to the customer. Only the customer can answer this inquiry via his or her repurchase behavior. Whereas quality focuses mostly on zero defects, value, which must include meeting emotional needs if it is to encompass customer loyalty, tends to look at what is added that matters to the customer—even if a product has a few defects. A mistake that the company fixes can add value that would never have existed, if zero defects had been initially achieved.

There are four emotion-friendly strategies, which if implemented, tend to impact customer loyalty rates positively.

1. Listen to the voice of loyal customers. This calls for focusing the company’s energies in a coordinated way on the customers who are already most loyal and individualizing their experiences for them.
2. Retain customers by retaining staff. “For the most part, service companies view front-line workers as a disposable resource rather than an economic resource.” Thus, organizations need to ask themselves about the emotional value they add to the lives of their staff members, for if emotional needs aren’t met, both employees and customers will leave. Organizations must design work so it is a positive experience.
3. Go for impact—that’s where emotions reside. Because it’s the peripheral services that customers notice and frequently talk about, showing attention to detail can be a powerful emotional hook.
4. Communicate a message of fairness. Perceived fairness enhances trust and serves as a solid emotional foundation for service exchanges. When human beings feel a fairness norm has been violated, they react strongly, almost from instinct. Moreover, unfair service encounters are remembered longer.

“Value is a moving target, but it is always expressed in terms of what matters to customers.”

Appendix A: Emotions—Research Background

Appendix B: What Does Marketing Research Tell Us About Consumer Emotions?

Appendix C: The Elusive Link Between Customer Satisfaction and Customer Loyalty—A Summary of the Research

Appendix D: Complaint Handling—Where Does the Latest Research Take Us?

Bibliographic notes by chapter and a subject index are provided.
Remarks

Barlow and Maul define emotional value as the economic value or monetary worth of feelings when customers positively experience an organization’s products/services. It’s their premise that “emotional value, as much as quality or any other dimension of an organization’s worth can make or break a business.” In today’s experience economy (an economy in which customers expect to be positively, emotionally, and memorably impacted at every level of their commercial existence), service providers can no longer merely perform functions for consumers but need to produce a distinctive personal and emotional experience for each customer. As a result, staff members need to know how to interact in an emotionally intelligent manner and be competent in listening, showing empathy, and “owning” the customer’s problem. At the same time, they must feel good about delivering this high level of emotional value, whether they are ringing up a Big Mac at McDonalds, installing a family’s computer system, or helping an entrepreneur obtain venture capital.

Emotional Value completely summarizes this nascent field of emotion-friendly service, providing a comprehensive review of the current research and literature, both popular and academic. More importantly, it provides practical prescriptions and guidelines and illustrative examples that will help customer-service executives, managers, and supervisors understand the critical role of emotions, as they relate to the business transaction process, and will show them how to create, design, and deliver emotional experiences that go beyond customer satisfaction.

Essentially, the bottom line here is that delivering emotional value is the competitive advantage of the age. However, this requires understanding human behavior as it relates to the business transaction process, which, in turn, requires new forms of psychological and emotional mastery so that service providers are civil, empathetic, and authentic when dealing with customers. That’s a tall order.

First, we live in a stressed-out age in which the entire society seems to be, at the very least, emotionally and psychologically dysfunctional—with quite a few psychopaths and sociopaths thrown in for good measure. At first blush, it appears to be rather naïve to think organizations can build an emotion-friendly service culture when the culture at large seems to be characterized by all-consuming rage.

Second, many business professionals have been acculturated to believe that business is not, and must never be, personal—despite the fact that Meg Ryan’s popular “Shop Girl” thinks, “whatever anything is, it ought to be begin by being personal.” New-Age thinking might the latest “in” thing, but to many, the bottom line is still the bottom line.

Finally, there are the overworked, underpaid frontline service providers who operate in a 24-7 workplace in which the service desk never closes. They must deal with a constant stream of customers from hell, and these customers seem to not care one whit about empathy—their only purpose being to make life a living hell for the service provider. Is it not adding insult to injury to ask this already downtrodden worker to remain emotionally friendly in the face of such abuse?

While not claiming that their prescriptions will transform the service industry overnight into a kinder, gentler place, the authors address all these concerns and offer new and compelling possibilities in the face of these harsh realities. Conceding that achieving emotionally competent customer interactions is work and that, this work will never be done, Barlow and Maul provide provocative ideas that will allow readers to at least think about customer relationships in an expanded manner. These ideas include the possibility that companies can manage emotional competence in the same manner they manage any other aspect of business; that mere customer satisfaction is no longer a viable goal; that business operations must be upgraded to support emotional competency; and that staff must be trained, coached, and energized to provide emotional value. However the most compelling idea—the one that is key to starting the process of adding emotional value to service offerings, is that the customer is not, by any stretch of the imagination, always right, but he or she is always, and forever, emotional.
Reading Suggestions

Reading Time: 8 to 10 hours

The authors recommend reading the work in the order presented. But, if you are not interested in practical applications, they advise you to skip over these exercises and the assessment questions that appear at the end of each part of the book. We concur with these suggestions and add that you will need to adjust our reading estimate accordingly.