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CUSTOMER SERVICE AS A FACTOR OF PROFIT MAXIMIZATION

Annotation. The problems of organising customer service are revealed. The term "customer service" is determined. The process and the ways increasing organizations' profits due to implementing good customer service for customers are considered.

Анотація. Висвітлено проблеми організації сервісного обслуговування споживачів. Визначено поняття "обслуговування споживачів". Розглянуто процес і шляхи збільшення прибутку організацій за рахунок надання якісного сервісного обслуговування клієнтам.

Аннотация. Освещены проблемы организации сервисного обслуживания потребителей. Определено понятие "обслуживание потребителей". Рассмотрены процесс и пути увеличения прибыли организаций за счет предоставления качественного сервисного обслуживания клиентам.

Key words: customer service, profit, satisfaction of a customer, profit maximization.

Good customer service is the foundation of any business. It provides a platform for continued growth and helps to build the businesses reputation [1]. Customer service is one of the most important ingredients of the marketing mix for products and services. High quality customer service helps to create customer loyalty. Customers today are not only interested in the product they are being offered but all the additional elements of service that they receive from the greeting they receive when they enter a retail outlet, to the refund and help that they receive when they have a complaint about a faulty product that they have paid for [2].

The concept of customer service was explored by Douglas M. Lambert, U. Jay, R. Buchanan, C. Gilles, Robert Horowitz.

The goal of the article is to study and to analyze the information about customer service and to show the influence of good customer satisfaction on change of effectiveness and profitability of an enterprise.

The actuality of the research is great because there is no enough information about the role of customer service in increasing of profit of an enterprise.

Customer service is a set of activities of an enterprise directed to satisfying customer's needs and preferences, conducting after-sale services and technical support during all the period of cooperation with the customer.

According to Buchanan and Gilles (1990), the increased profitability associated with customer retention efforts occurs because of the following reasons:

1. The cost of acquisition occurs only at the beginning of a relationship: the longer the relationship, the lower the amortized cost.
2. Account maintenance costs decline as a percentage of total costs (or as a percentage of revenue).
3. Long-term customers tend to be less inclined to switch and also tend to be less price sensitive. This can result in stable unit sales volume and increases in dollar-sales volume.
4. Long-term customers are more likely to purchase ancillary products and high-margin supplemental products.
5. Long-term customers tend to be satisfied with their relationship with the company and are less likely to switch to competitors, making market entry or competitors' market share gains difficult.
6. Regular customers tend to be less expensive to service because they are familiar with the processes involved, require less "education," and are consistent in their order placement.

Increased customer retention and loyalty make the employees' jobs easier and more satisfying. In turn, happy employees feed back into higher customer satisfaction in a virtuous circle [3].

A good customer service can bring higher efficiencies. When a firm focuses its efforts on the areas that directly affect customer's satisfaction, it will than utilize its resources more efficiently. In result, an effective customer service will provide a pathway for working on those areas that are most important to the customers and will reduce the deviation which distracts the firm from focusing on these areas. A free good customer service can also increase morale and satisfaction of the firm as most of the customers will be happy with the firm [4].

Business owners who make customer service a central guiding principle in their business, then, are far more likely to succeed than those who are indifferent to such practices.

Happy customers tend to buy more from the company and also to refer other customers's to the company more frequently. Thus, customer's satisfaction breeds customer's loyalty. And there is a dramatic cause-and-effect relationship between customer loyalty and profitability: in some industries, a small percentage of a company's most valuable and loyal customers can account for more than half of total profitability [5].

The excellent customer service is a tool for decreasing cost of production or rendering services that leads to maximization of profit.

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