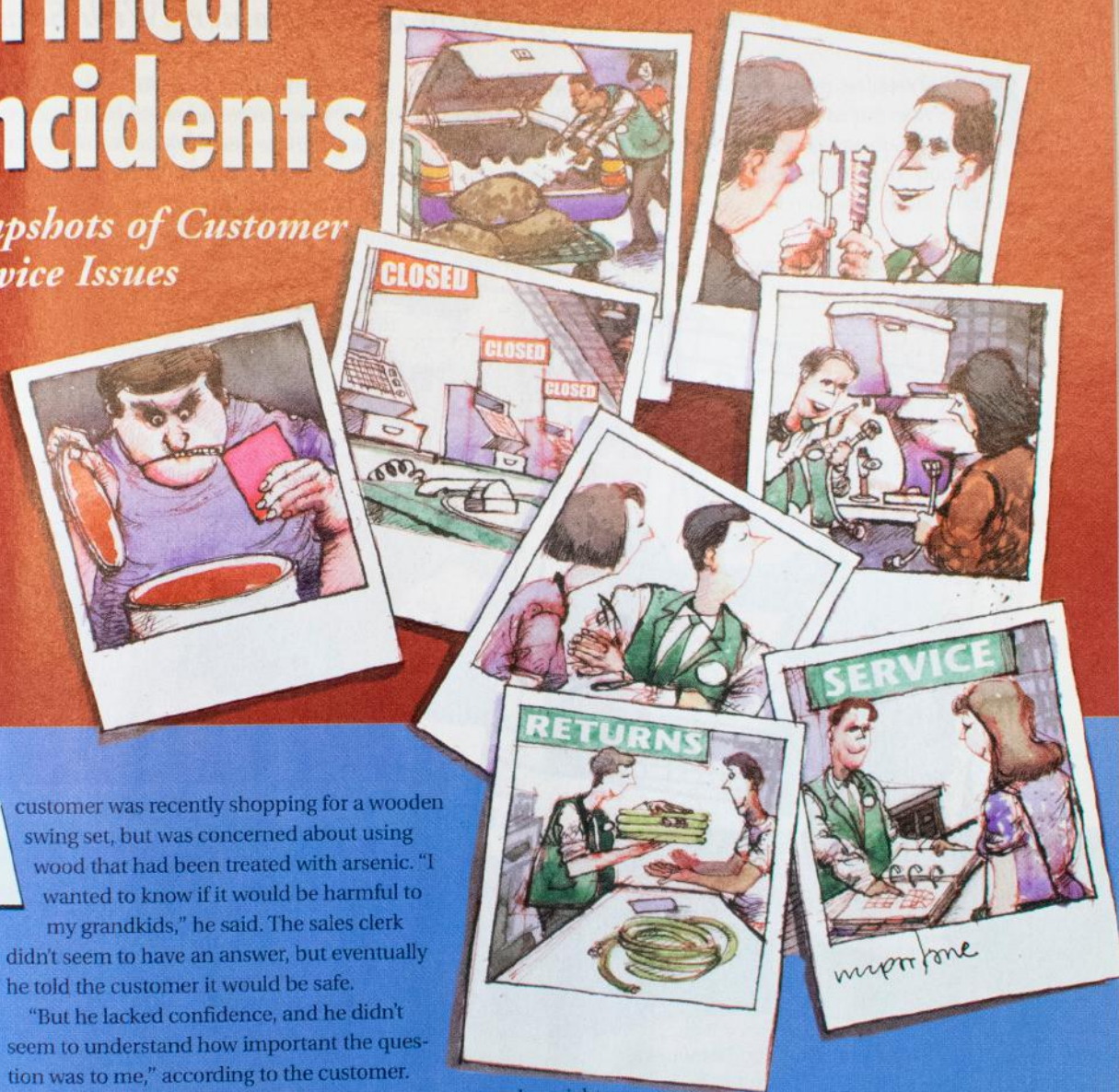


# Critical Incidents

*Snapshots of Customer Service Issues*



**A** customer was recently shopping for a wooden swing set, but was concerned about using wood that had been treated with arsenic. "I wanted to know if it would be harmful to my grandkids," he said. The sales clerk didn't seem to have an answer, but eventually he told the customer it would be safe.

"But he lacked confidence, and he didn't seem to understand how important the question was to me," according to the customer.

"Finally, the employee said he would go get someone who might know for sure. He never came back and neither did anyone else. I just left."

This customer's experience is a perfect example of a critical incident—a specific example of either positive or negative service that is described from the customer's perspective. Gathering a list of critical incidents is one of the best ways to determine what customers consider to be good and bad service.

While this technique is often used to develop customer satisfaction questionnaires, it's equally valuable in its own right when it comes to defining customer demands.

The critical incident approach focuses on gathering information directly from customers, so *Do-It-Yourself Retailing's* editors conducted both in-depth discussions with several d-i-y-ers as well as shorter store intercept surveys with more than 100 consumers.

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BY WALTER E. JOHNSON AND DAN M. TRATENSEK

# CONDITION CRITICAL

*It Takes A Lot To Make An Impression On Customers With Service*

**A** lot of retailers think they offer their customers superior service. But what exactly does "good service" mean? In reality, most consumers define a store's service as either "good" or "bad" based on personal encounters they've had at the store. These encounters are defined as "critical incidents."

Critical incidents can be as simple as, "I went in to return a

toaster without a receipt and they didn't give me any problems," to more complex issues such as, "I was double charged for a purchase and the store wouldn't remove the second charge from my account."

Whatever the incident, retailers can gain valuable insight into how consumers perceive their stores by asking shoppers to list their specific critical service incidents. Once a retailer has gathered up enough critical incidents, he can categorize them and begin to look for patterns that show areas of strength and weakness.

When it comes to shopping at home improvement outlets, however, our research indicates that few retailers have man-

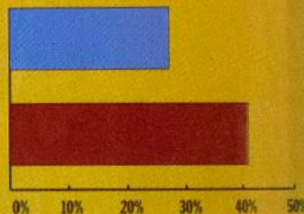


## HOW SOON THEY FORGET

Percent of customers who could not recall a critical incident

Could not recall a specific incident where they received particularly good service

Could not recall a specific incident where they received bad service



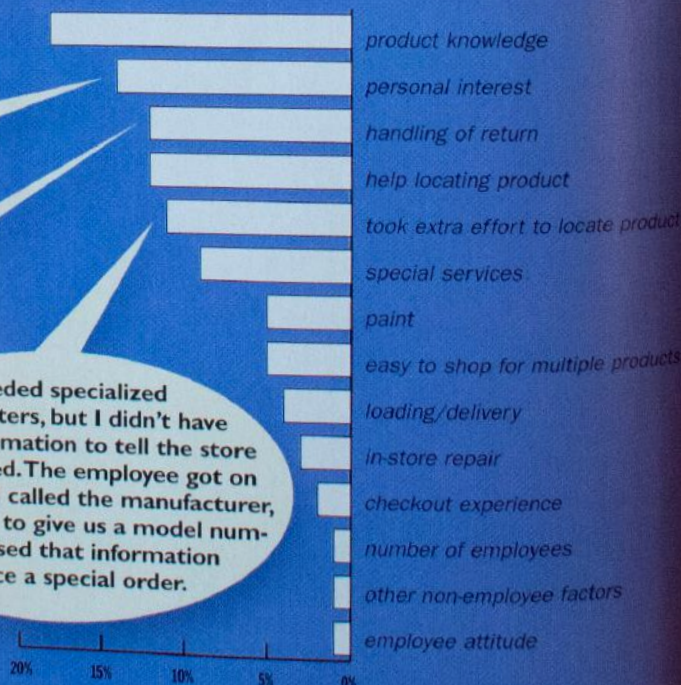
## CATEGORIES OF POSITIVE CRITICAL INCIDENTS

PERCENT OF CUSTOMERS MENTIONING

My ceiling fan quit working. I came in to buy a new ceiling fan, and they saved me money by selling me the parts to fix the one I had.

I went to the store to exchange a hose that had a guaranteed-for-life warranty. I expected a hassle, and they just took it back without any hassles.

I needed specialized furnace filters, but I didn't have enough information to tell the store what I needed. The employee got on the phone and called the manufacturer, who was able to give us a model number. He used that information to place a special order.



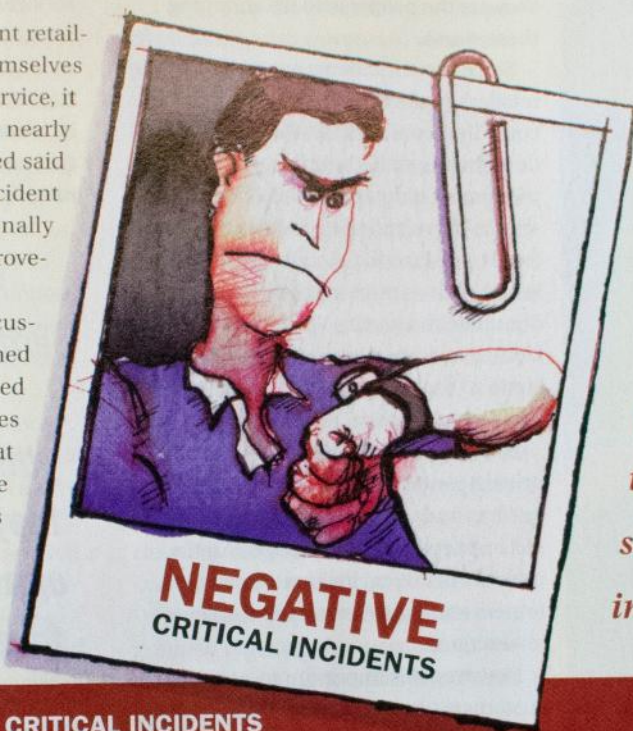
aged to make either good or bad impressions on their customers. This seems to suggest that home improvement retailers haven't wowed customers with their good service, but haven't done enough to drive them away with poor service either.

And, with so many independent retailers trying to differentiate themselves from the competition through service, it may be important to note that nearly half of the customers we surveyed said they could not recall a specific incident where they received exceptionally poor service from any home improvement store.

This seems to imply that customers have become accustomed to the self-service format presented by big boxes. It also illustrates another important point — what one retailer thinks is good service may not be what his customers define as good service.

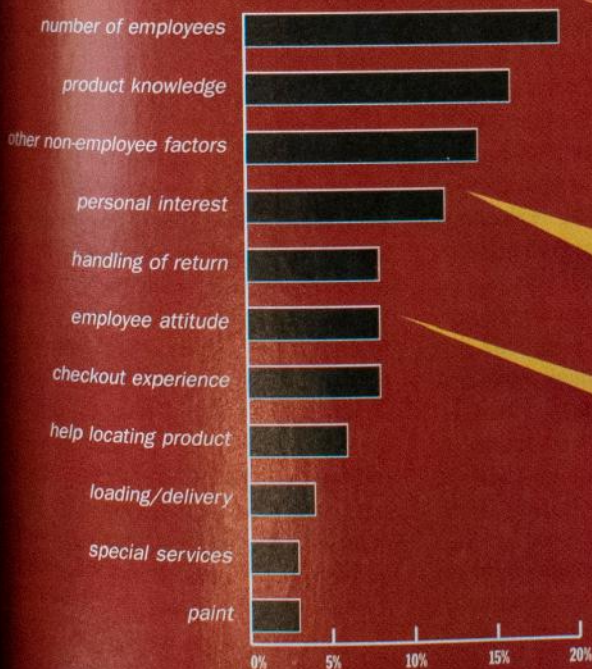
Simply having employees who are well trained in prod-

uct knowledge doesn't instantly translate into good service in consumers' minds, especially if a store has conservative return policies, long lines at the register or a dirty and disorganized product assortment.



*Nearly half of the customers we surveyed said they could not recall a specific incident where they received exceptionally poor service from any home improvement store.*

**CATEGORIES OF NEGATIVE CRITICAL INCIDENTS**  
PERCENT OF CUSTOMERS MENTIONING



I asked for help finding something in the electrical department and he told me he had three customers in front of me waiting for help.

I had some specialized questions about hanging a picture. The employee seems to have good product knowledge, but he was not listening to me and the concerns I had. So, I left.

The employee did not know what I was talking about. I didn't get mad because he didn't know, but rather the fact that he could not admit that he could not help me. He should have apologized and gone to get someone who could help.

**PRODUCT KNOWLEDGE**

- I wanted a brass fastener for my shower. The employee recommended I use a brass-coated steel fastener that would be stronger and still be decorative.
- I didn't even know what to call the part I needed for my floor. I now know it's called a threshold.
- Some employees give advice, but you are not confident that they know what they are talking about. But this employee made me feel as if he actually knew what I needed to do.
- I needed some pea gravel, and the employee tried to sell me cement gravel or something. It wasn't pea gravel.
- I needed help hanging a picture frame. The employee was not able to give me any advice with confidence.

**PERSONAL INTEREST**

- I have a commercial business and I was getting a lot of specific products from the automotive department. After a while they just started carrying the products I needed so I wouldn't have to special order.
- I needed to buy a power drill. I didn't have any idea what kind I needed, but the sales clerk took the time to explain the differences and sold me one that wasn't the most expensive but would work for me.
- I was obviously having a hard time finding what I needed and four guys were standing around talking to each other and none of them offered to come up and help.
- I had some specialized questions about hanging a picture. The employee seemed to have good product knowledge, but he was not listening to me and the concerns I had. So I left.

*Continued on page 55**Continued from page 51*

D-i-yers were simply asked to describe both good and bad service experiences they have received in hardware stores and home improvement centers. The strength of this approach lies in allowing customers to define their own criteria for "good" and "bad" experiences because they are the people actually shopping these stores.

Since these incidents are aspects of the retailer's performance that customers come into contact with, they usually describe the staff's performance. In the past, many industry studies on "customer service" have ended up focusing on "customer satisfaction." And in these studies, issues such as price and selection often dominate the results. While these types of factors are important in terms of "satisfaction," they are not what customers perceive as "service."

Store policies and systems—such as pricing, return policies, inventory control systems and department layouts—can still impact this service image. But the majority of critical incidents that customers remember are actual employee interactions.

However, it is important to note that customers often have very different definitions of what "good" and "bad" service actually are. A retailer might think he provides great service because all of his employees are well versed in product knowledge. However, if a customer never needs to tap into that wealth of product knowledge, and instead identifies the store with its long lines at the checkout and strict return policies, they might say the store has terrible service.

Because of the wide range of interactions customers have while shopping, and because of their own ideas about what they want from their retailer of choice, asking customers about critical incidents is perhaps the best way to truly define service.

**IMAGE CHALLENGE**

The first surprise our research uncovered was how many customers could not remember a specific incident where they

had received what they would consider to be either good or poor service in a d-i-y store.

More than one-fourth of customers said they could not remember a time when they received what they would call particularly good service in a d-i-y outlet. This result shows just how difficult it can be to develop a truly good reputation for service. That's because a store's service image is based on these critical incidents more than just their average daily visit to a store. These incidents, when a customer is "wowed" by service, are the experiences that customers tell their friends and neighbors about.

**Returns merit an entire class of critical incidents unto themselves because they represent a prime opportunity a store has to turn a bad customer experience into a positive moment—the kind on which legends are built.**

A great service reputation will not be built by being the store people describe by shrugging their shoulders and saying, "I go there because they usually help me find what I need." Those types of statements are vague and uninspiring.

In fact, if you look to conduct a critical incident survey with your customers, it's important for the person talking with the customers to remember a few essential points. First, a critical incident needs to be as specific as possible. In addition, it should describe only one characteristic of the store.

For example, if a customer says, "I was greeted promptly and the salesman placed a special order for me." This critical incident is unclear because it actually describes different incidents and it remains uncertain what the customer thought was exceptional service.

While our results show that it is difficult to create a good service image, it also showed that it may be even harder to earn a reputation for having poor service.

Independent hardware stores and home centers often claim they have better service than the big boxes. However, many shoppers have not received

what they would consider bad service in any d-i-y outlet, including warehouse home centers.

In fact, more than 40 percent of consumers could not recall a time when they received particularly bad service. While the self-service environment of warehouse

home centers may appear to some observers to be poor service, many customers have been conditioned to accept this type of service. And if they can't remember a particularly bad experience, they are probably going to go back to the store repeatedly.

Once a list of critical incidents is generated, it will contain incidents that are similar to each other. These need to be grouped together into categories of experience, and traditionally, one of these categories might be something like "easy to shop."

But the panel of researchers and retailers who grouped our more than 300 critical incidents chose to take a slightly different approach. For example, everyone knows most consumers in hardware stores are looking to save time. Our incident approach allowed consumers to say what they perceive as critical. For example, more than 10 percent of the positive

incidents that consumers described were shopping trips where an employee showed them the exact location of the product they needed.

Whether they take this to be "saves me time" or "makes shopping easy" is not really important. Rather, many customers consider it good service to be taken to the product.

For a complete breakdown of the positive and negative categories, please see page 52 and 53.

### POSITIVE REINFORCEMENT

Not surprising, **Product Knowledge** topped the list for creating the most critical incidents. But it should be noted that this type of incident was mentioned by fewer than 20 percent of consumers. With more than 80 percent of customers mentioning other incidents, it is clear that product knowledge alone will not define a store as offering exceptional service.

Our panel also created a grouping they called **Personal Interest** to highlight incidents where consumers felt that employees were treating them not just as a customer but as an actual person. When these types of incidents are grouped together, they account for the second most common positive critical incident.

For example, one customer said, "I was buying only a 29-cent item, but the employee spent 20 minutes helping me find what I needed and showing me how to make the repairs." The critical aspect of this customer's experience was not the employee's product knowledge but his willingness to go out of his way to help someone.

Short of conducting your own in-store survey, the best way to understand all of the different types of critical incidents is to read through the selection of incidents that are included throughout the pages of this article. This is especially true with the Personal Interest incidents.

**Handling Returns** was the third most important positive critical incident. In addition, many people told stories of return hassles when they were asked to remember examples of poor service.

On an industry Internet bulletin board,

*Continued from page 54*

### HANDLING RETURNS

■ I bought a cherry tree and it died just after the guarantee expired. When I went back, the employee gave me a new one for free.

■ I bought an item at one of the company's other stores. But when I brought it in, they exchanged it with no problem.

■ I bought a saw and I used it a couple of times and it burned out. I took it back and they gave me a refund without any problems.

■ I bought a garden tiller, but it broke within a half hour of using it. I returned it and was told they would not take it back unless the gas was drained. We were a long way from home and had nowhere to dump it.

■ I bought a mower, but something did not work right when I went to use it the first time. The employee said I had tightened the nut too tight and broken the shaft and that it was my fault. There was no way I did that, but they still did not give me a new mower; they sent the broken one in for repairs.

### HELP LOCATING PRODUCT

■ The employee showed me where to find the fasteners I needed quickly.

■ I followed the employee around a long time because he did not know where the products were.

### NUMBER OF EMPLOYEES

■ I was looking for a bathroom sink and no one would help me. I had to walk all the way up to the service counter and then go back to the department and wait 20 minutes for someone to come.

■ I went to the store to buy a freezer, but there was no one in the department. I had someone paged a couple of times, but no one ever showed up. I finally just left.

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### OTHER NON-EMPLOYEE FACTORS

- I went into the store and told them I could get a better deal on a grill down the street and they matched the price, sight unseen.
- I was looking for some hose that was supposed to be on sale. The salesperson told me they were out and they wouldn't substitute for me.
- I went to one of the big boxes to buy a couple of bolts, but they only had them in packages. I was forced to buy many more than I needed.
- I tried to buy a complete vinyl fence project, but they were missing a couple of items I needed.
- I wanted to buy some flowers, but they were all dead.
- It took me 30 minutes to find one screw. They didn't have anything in the box it was supposed to be in.
- When I got the toilet home, it was missing parts.
- I went to get a basement wall shower unit. They carry 50 million items but they did not have this one. It wasn't the fact they didn't have it that made me feel I was getting bad service. It was bad service because it took 40 minutes to find out they didn't have it.

### SPECIAL SERVICES

- I brought some screens in to have repaired and they did a good job.
- I came in to get some glass cut. Usually stores just cut the glass, but here they sanded down all the edges so there was no place I could get cut.
- I bought a water heater and they came and installed it for me. I had to pay a little bit for it, but it was worth it and they

Continued on page 57

a group of independent d-i-y retailers were recently complaining about how customers were taking advantage of their return policies. Some even told stories about how they told their customers that they did not approve of their behavior.

Some of these retailers regularly post messages to this bulletin board saying that their long-term success is guaranteed because of the superior service they offer.

These retailers may want to revisit their return philosophy. They may think they are offering good service, but many customers define good service as hassle-free returns. In fact, more than 10 percent of d-i-yers cited an easy return experience as a recent critical incident. And these customers know they will find this service at the big boxes, discounters and other chains. Perhaps this is one reason these self-service stores still have good service reputations.

### FLIP-FLOPS

Returns merit an entire class of critical incidents unto themselves because they represent a prime opportunity a store has to turn a bad customer experience into a positive moment—the kind on which legends are built. Many people still tell the story of how Nordstrom's took back a product when a man came in to return it, even though the store never carried the item.

One consumer described a d-i-y return experience: "We had bought some lawn chairs and we broke some bolts as we were assembling them. We went back expecting to have to buy new ones, but the store replaced them for free. We did not even have a receipt with us." That's the type of incident that creates a loyal customer.

The message here is clear. Try to do whatever it takes to make a disgruntled customer happy.

### EXCEEDING EXPECTATIONS

Related to flip-flops are those incidents where employees exceeded expectations and surprised customers. For example, one customer said, "I was looking for some lumber at a warehouse home center when an employee came past on a

forklift. He stopped, got off and helped me. I thought this was great service."

Even though the service was simply helping him find the products he was looking for, this customer was totally surprised that the employee stopped to help. "I expected him to drive on past," he says.

As mentioned above, some customers find it to be good service when an employee takes them to the product they are looking for. As a result, our panel created a category called **Help Locating Product**, which accounted for more than 10 percent of positive incidents.

While most of these incidents did not create much excitement among the respondents, there were a number of instances where employees put in extra effort to help them find the needed products.

For example, one customer said, "An employee saw that I was carrying a weed killer concentrate that would make 10 gallons. She asked if I needed that much and I said no, but I could not find a smaller size. She went to the back of the store and found a 5-gallon size for me."

There were enough of these types of incidents that our panel created a **Took Extra Effort to Locate Product** category.

In addition, customers were shocked when an employee could make an **In-Store Repair**. One customer said, "I was trying to repair a knob on my stove, and the employee took a tool off the shelf and re-threaded it for me. He didn't charge me for the repair or the tool."

While some retailers might look at this incident to be a lost sale, this store manager said he saw it as an opportunity to create a loyal customer.

**Loading/Delivery** is another category related to exceeding expectations. The most common incident focused on receiving help with heavy or bulky items, such as, "I consider it exceptionally poor



service when five employees stand around talking while they watch me load a truckload of plywood by myself."

In addition, attention to detail when loading products can make a strong impact on customers. More than one customer related experiences where an employee loading plants or mulch put a plastic sheet in their car to keep it clean.

Another said, "I was carrying an empty propane tank from my car to the store when an employee in the parking lot came and offered to carry it for me. I was surprised."

**More than 5 percent of critical incidents centered on the paint department. When asked to cite examples of good service, customers mentioned this area of the store more often than the checkout.**

These comments should remind store managers and employees to pay particular attention to customers who are loading their cars or carrying products around the store. These times offer an easy opportunity to "create" a positive critical incident.

#### HOT SPOTS

In addition to paying attention to loading customers' cars, employees should be aware that our research identified other areas of the store where a high number of critical incidents occur.

Some areas of the store, such as the **Paint** department, generated enough critical incidents to justify having their own categories. More than 5 percent of critical incidents centered on the paint department. When asked to cite examples of good service, customers mentioned this

area of the store more often than the checkout.

For example, one customer said, "They put my paint-tinting formula on file so if I ever need more, I can come back and get an exact match."

And on the negative side, another d-i-yer said, "I was halfway through painting my bedroom when I realized the employee sold me exterior paint." While this incident could be categorized elsewhere, it shows the importance the paint department plays in the customer service image.

Another example mentioned by several customers was that a store had taken back custom-tinted paint without any hassles.

The **Checkout** was another area of the store that clearly required its own category. However, most of these incidents centered on negative experiences of waiting too long. Short lines will not enhance your service image, but long ones can be devastating.

Next on our list was a category called **Special Services**. These were incidents surrounding any area where the store offered special services, such as cutting lumber, repairing screens and tuning up outdoor power equipment.

While these types of services occasionally generated negative incidents, most people were happy with the quality of these services and cited them as positive critical incidents.

In evaluating the cost benefits of offering special niche services, retailers should remember that these areas often help the entire store create a reputation for offering good all-around service.

#### DOWNERS

The critical incident technique of investigating customer service almost always generates comments that relate to specific employee interactions. However, some customers mentioned service issues that were the result of the store's facility, systems and policies.

One area where this was apparently important was among the 5 percent of shoppers who said they had a good shopping experience because the store made

were very nice.

- I bought a lawn mower here at 10 a.m. and it was assembled and delivered to my house by 1 p.m. the same day.

- They did a good job repairing my snow blower. After they were done with it, it ran better than new.

- I ordered some carpet in a specific dimension and I picked it up, went to lay it and it was cut wrong. Then I had to roll it up, reload it and head back to the store to return it.

#### TOOK EXTRA EFFORT TO LOCATE PRODUCT

- I had a halogen light bulb and I couldn't find the replacement that I needed. The guy looked it up for me in his book and found it for me.

- I was looking for a dado blade and the employee took the time to look up the product information I wanted.

- I needed some garden chemicals, but I couldn't find any on the shelf. The employee said he would check in the back, where he found some.

#### CHECKOUT EXPERIENCE

- I have an account here for my business. When I ordered my products, I got there and the salesman was too busy to have me fill out the purchase order so he told me to just take the product and I could fill it out next time I was in.

- There were lines about five and six people deep, but they didn't want to open up any more registers.

- It took me 45 minutes at the register to buy six pieces of wood.

#### PAINT

- We wanted a color that was on one brand of paint chip, but we wanted a different brand, and the guy was able to match the color close enough to make

*Continued on page 58*

Continued from page 57

my wife happy.

- The clerk worked with me for about 45 minutes to get a paint to be exactly the color I wanted.
- I had paint mixed at the store, and when I went back for more they sent me home with paint that did not match.
- The clerk was too slow. It took him 45 minutes to get the paint matched properly, and I had two little kids with me.

#### LOADING/DELIVERY

- I bought some bricks and the guy loaded them into my car so I didn't have to.
- I purchased some tile to do a flooring project and it was too much to fit in my car, so the store delivered it for me at no charge.

#### EMPLOYEE ATTITUDE

- Everyone always smiles when they say hello.
- I was looking for a shower stall, and the employee walked away while I was still talking to him. I left and I never went back.

#### EASY TO SHOP FOR MULTIPLE PRODUCTS

- I like shopping here because they make it easy to shop multiple departments on one trip.
- There's a hardware store in my town. I went in with a long list of products and I browsed around while they picked out everything I needed.

#### IN-STORE REPAIR

- I came in to find some fasteners to fix a bookcase and they helped me actually fix it with the screws they had.

#### it Easy to Shop for Multiple Products.

Our panel also created a category they called **Other Non-Employee Factors**. While hassle-free returns can be the result of a store policy, as mentioned earlier, this area is so critical that it was given its own category.

Price-matching guarantees were the only other store policy that was occasionally mentioned as a positive incident. Instead, most system and policy issues related to times when customers said they received poor service.

For example, one customer said, "I was looking for lumber, but everything was mixed up and they could not find the right prices."

**Employee Attitude** was a category that contained almost exclusively negative incidents. Some incidents that might be considered positive attitudes seem to fit better under Personal Interest. Still, it is clear bad attitudes are remembered more than good attitudes. A person gets a definite opinion of a store when he says, "I came in looking for a light fixture, but all of the employees were rude and snotty."

Another category that included mostly negative incidents was one that our panel labeled **Number of Employees**. In fact, more negative incidents fell into this category than any other category.

The implications from this finding are a bit unclear, because it remains uncertain what these customers wanted. Did they want to be taken to the product so they could save time or did they want product advice?

However, this ambiguity does not really matter. There is still no effective way shoppers can use technology or merchandising to make it extremely easy for them to find every product or to get answers to their product questions. They still need a person to interact with.

Independent retailers who stress their

competitive advantage in service should also recognize that fewer than 20 percent of customers cited a lack of employees as an example of poor service.

In addition, many of the **Number of Employee** incidents did not appear to illicit strong emotions. In most cases, they were not the types of incidents that would prevent a customer from returning to the store. A typical comment was, "Yeah, I remember when I was looking for something, and I couldn't find anyone to help me."

While some customers would get frustrated, leave and vow to never return, most customers just dealt with the situation by walking around until they found what they were looking for. Just because

warehouse home centers are self-service oriented, does not mean they necessarily have a poor service image.

The conclusion is simple. While having a large number of people on the salesfloor is a requirement to offering good service, it is only the first step to avoiding a poor service image.

In addition, employees need to

pay attention to details and use every opportunity to surprise a customer or exceed his expectations.

One of the most positive critical incidents in our study was a flip-flop experience, and there were not even employees on the salesfloor. "I had called the store and got a recording that told me the store closed at 9 p.m. When I got there at 8:15, the store was already closed so I knocked. When the manager came to the locked door, I explained what happened. He apologized and let me in to get what I needed."

That warehouse home center manager did not just open the door for a sale. He also created a positive critical incident and opened an opportunity to create a loyal customer. ■

