


Fall 2012

“The Customer is Always Right” Customer Service and Managerial Structures in Relation to Company Size on Main Road Rondebosch, Cape Town

Carlos Gausman
SIT Study Abroad

Follow this and additional works at: https://digitalcollections.sit.edu/isp_collection

 Part of the [Business Administration, Management, and Operations Commons](#), [Community-Based Research Commons](#), [Entrepreneurial and Small Business Operations Commons](#), [Organizational Behavior and Theory Commons](#), and the [Work, Economy and Organizations Commons](#)

Recommended Citation

Gausman, Carlos, ““The Customer is Always Right” Customer Service and Managerial Structures in Relation to Company Size on Main Road Rondebosch, Cape Town” (2012). *Independent Study Project (ISP) Collection*. 1406.
https://digitalcollections.sit.edu/isp_collection/1406

This Unpublished Paper is brought to you for free and open access by the SIT Study Abroad at SIT Digital Collections. It has been accepted for inclusion in Independent Study Project (ISP) Collection by an authorized administrator of SIT Digital Collections. For more information, please contact digitalcollections@sit.edu.

**“The Customer is Always Right”
Customer Service and Managerial Structures in Relation to Company Size on
Main Road Rondebosch, Cape Town**

Carlos Gausman
Advisor: Kolade Arogundade, UCT Professor

In partial fulfillment of the requirements for South Africa: Multiculturalism and Human Rights,
School for International Training, Cape Town: Fall 2012

Table of Contents

Acknowledgements.....	3
Abstract.....	3
Introduction.....	4
Literature Review.....	5
Methodology.....	9
Limitations of Study.....	11
Research Findings, Analysis, and Ethical Reflexivity.....	12
Pick n Pay Case Study.....	12
Lyra's Café Case Study.....	18
Zone Fitness Case Study.....	28
Conclusion.....	33
Recommendations for Further Study.....	34
Appendices.....	35
Appendix A.....	35
Appendix B.....	37
Appendix C.....	38
Appendix D.....	38
Appendix E.....	39
Bibliography.....	40

Acknowledgements

I would to first and foremost thank my family for providing the opportunity to study abroad in South Africa. Without such a luxury, this project would never have happened. I would like to thank my housemates and friends, especially the six on my side for creating a fun and dynamic ISP experience. Exploring Cape Town and the surrounding areas have proved to be a great way to break up the ISP work. I would like to acknowledge Kolade, my project advisor, for inviting me into his house to discuss my project as well as his wife Emma, for sitting in during our sessions and helping provide project advise. Stewart has also provided substantial help throughout this project and during the semester. I would like to thank Geoff and Jeremy for providing insight into how small business are run, local knowledge of Cape Town spaces, and some social/business history of Cape Town. Lastly, I would like to thank all the managers, employees and customers who have been involved and have allowed the use of their narratives for this project - especially Freddy for his 2.5 hours interview in which he had a blast.

Abstract

Customer service culture in Rondebosch, Cape Town will be studied in this paper. The relationship between customer service and management structures through operational models is explored. Customer Intimacy is the operational model used by the three cases studied – Pick n Pay, Lyra's Café, and Zone Fitness. Business size and entrepreneurial influence play a role in the vested interest managers and employees have concerning their work ethic (productivity, motivation, and efficiency) and company profit/personal income. Information was gathered through participant observation and interviews of branch managers, employees, and customers. Customer loyalty plays a larger role in maximizing profit than becoming a top industry player. Customer service can be more important than the product that is sold because of competition. None of the businesses studied hold a monopoly in their given industry (grocery stores, gyms, and café's) which is why they must

differentiate themselves through their customer service. A customer can easily navigate between multiple café's, grocery stores, and gyms, which shows the necessity for these companies to establish customer loyalty.

Introduction

Customer service is subjective in nature, what one perceives as good service another may view as bad. Customers have the ultimate determination of quality (Arogundade 2012). Values and service expectations differ from customer to customer. Businesses need positive interpretations of their service cultures if they wish to stay in business and build a loyal customer base and reputation. In order to mitigate the risk of having interpretations of bad service many companies opt to use the motto, "The customer is always right." One failed service opportunity can create a ripple effect that can breakdown a businesses reputation and potential profit. Customer-Based Measures (Appendix E) illustrates the relationship between customer satisfaction, loyalty, retention, product and service attributes, and business image and reputation.

Sub-par customer service in Rondebosch, Cape Town is something that both locals and foreigners criticize. Customers often find customer service ineffective. Workers may be polite but are incapable of finding solutions ergo are ineffective in solving problems. This makes complaining difficult for the customer because while the employee was polite they were unable to fulfill the utility aspect of their job. Impolite service is another issue in itself, it reflects negatively on the manager's ability to hire employees with a satisfactory work ethic (Heskett 1994, p.165).

Questions regarding efficiency and accountability manifest beyond customer service when news stories about public books being dumped circulate. It becomes clear that there are problems that need to be addressed within the service industry to not only increase competence in the service industry and accountability between consumers/customers and sellers in South Africa, but to also between international sales and investments. Without confidence in business functions, people with large

disposable incomes will invest in other companies and countries that are liable. With increased accountability South Africa's reputation can be viewed as legitimate global competitor both through behavior and output – a rising tide lifts all boats (Koelble 2008, p.157). This paper will explore accountability and competence in the realm of customer service through management structures and operational models through micro-level case studies.

In-N-Out, a very well known food establishment in the western United States is known for their customer service motto, “the customer is always right” – their management is set up so the workers will go above and beyond to create an atmosphere that creates satisfied customers who will happily and repeatedly return. They understand the significance of a satisfied customer and also prioritize efficient service to maximize profit without jeopardizing the quality of their service and product. They are regarded as one of the most successful franchise food establishments. There is internal debate within the family to turn In-N-Out into cross-country large corporate businesses; however, there is reluctance because the owners understand that by increasing the quantity of establishments, quality management will begin to suffer – this is something they are not willing to sacrifice for increased profit. They respect their customer base for their die-hard loyalty and are not willing to provide a lesser product because their customer places a high value on quality and consistency (Perman 2009).

Slow service decreases the amount of customers that can be served, which translates to lost potential profit. Great potential currently lies in the South African service industry – increased profit and jobs would flow if customer service focused on improving its efficiency, competence accountability, and customer relations (Koelble 2008, p.157).

Literature Review

Customer service and management structures are business fundamentals. Their relationship dictates the culture of the business, how motivated and responsive the employees are, and how profit driven and successful the business will be. Entrepreneurial influence in the context of customer service

and outreach can be affected by the size of the company and the operational model the business has chosen.

Terry Dettmann explains in his analysis of Michael Treacy's book *The Discipline of Market Leaders* that there are three operating models that a business can use to achieve market leadership. A business can elect to use Operational Excellence, Product Leadership, or Customer Intimacy. Operational Excellence is the practice of minimizing cost and hassle, creating a standardized methodology for service operations, high-speed transactions, a compliance to standards, minimal waste and high efficiency. Operational excellence focuses on customer service, information technology, and the management of people.

Product Leadership features include product invention and development, market exploitation, and an evolving business structure that can adapt to meet customer demand. Product leadership places a high emphasis on entrepreneurial initiatives by encouraging out-of-the-box thinking; investing in new product success, and refusing to punish failed products in the desire to innovate for future markets. Customer Intimacy is the last operation model; it seeks to create a business structure that allows employees to make decisions in favor of the customer, values case-specific solutions, and the establishment of customer loyalty through deep and genuine customer relationships (Dettmann 2000, p.1-2).

Trouble in market leadership often ensues when businesses underestimate competition, pursue multiple markets and value propositions, and become a team player by circumventing needed conflict with competitors (Dettmann 2000, p. 2). It is important for managers to establish a single operational model and management structure that seeks to provide a product that taps into a specific customer value. This will create predictability and calculability for a customer, which translates into increased customer satisfaction (Ritzer 2008, p.13). Satisfied customers and employees are such important assets to a business,

These employees and customers aren't just satisfied, loyal, and willing to recommend a company or its products or services to others. They are "apostles" who actually recruit others to an organization—either as a place to work or to bring their business. And they recommend improvements in how a product is designed or a service delivered, other through constructive complaints that are noted, processed, and acted upon by companies that foster "owner behaviors" A customer/owner is worth more than a hundred price-sensitive, non loyal customers" (Heskett 2008, p.2-3)

Customer satisfaction creates customer loyalty, "a 5% increase in customer loyalty can produce profit increases from 25% to 85%. They conclude that quality of market share, measured in terms of customer loyalty, deserves as much attention as quantity of share" (Heskett 1994, p.165).

Financial performance measurement is important but not adequate. Financial reports are often to late because of the inside lag associated with the measurement period and analysis. Performance should also be measured through customer satisfaction, internal business development and organizational growth (Arogundade 2012). This creates a mix of short-term and long-term performance measures, both of which are essential. Total Quality Management explains that total customer satisfaction and continuous improvements are vital, that improved quality leads to improved productivity, customers make the ultimate determination of quality, and preventing product variability translates to increased quality –reference Appendix D for a Total Quality Management chart (Arogundade 2012). Offering customers a limited product such as a limited menu at a fast-food establishment allows employees to focus on perfecting the product as well as increasing product predictability and calculability. In-N-Out has a menu consisting of one type of burger, fries, and standard drinks – this allows employees to focus on the quality of the food through repetition, which also fosters efficiency. Total Quality Management when juxtaposed with traditional management changes focus from the market to the customer, from reactive moves to preemptive, from a short-term focus to long-term, and from product innovation to process innovation. This is not to say the product is irrelevant, but a component of a bigger system. The Customer sees the total package including the sale of the product, service, packaging, delivery, post-sale service, and how the workers were treated (Arogundade 2012). The product functions as the bridge between the customer and the business, the

customer relationship with the product is not separate from the relationship with the business. Jack Welch states, “We want to change the competitive landscape by being not just better than our competitors, but by taking quality to a whole new level” (Arogundade 2012). James Heskett shows the importance of focusing on human capital through The Service-Profit Chain - he explains that,

New economics of service, frontline workers and customers need to be the center of management concern. Successful service managers pay attention to the factors that drive profitability in this new service paradigm: investment in people, technology that supports frontline workers, revamped recruiting and training practices, and compensation linked to performance for employees at every level (1994, p.164).

This focus on human capital can be seen successfully implemented in the two of the following case studies. “The Service-Profit Chain” (Appendix C) establishes relationships between profitability, customer loyalty, and employee satisfaction, loyalty, and productivity” (Heskett 1994, p.164). In 1994 United State dollar terms, not adjusted to current inflation, a revenue stream from a lifetime customer can generate up to \$8000 or R70400 - based off current \$1/R8.8 exchange rate on 29/11/2012 (Heskett1994, p. 164). The importance of customer loyalty established through satisfactory customer service is undeniable. Clear methodology is essential for increased productivity and efficiency; however, it must be applied separately from customer interactions. Employees must understand the “importance of the mundane” when doing tasks outside of customer relations such as cleaning they must be applying quickly switch into customer service mode if they are interrupted. Multitasking becomes necessary when a waiter develops the skill to clean a table and greet or converse with a customer simultaneously. Navigating between these two modes is a trait skilled employees must possess. By utilizing this skill employees can develop communication skills and learn to interact with customers in ways that create lasting relationships with customers and adds a social dimension to their job (Heskett 1994, p.168).

Customers often value customer service as much as the product itself. If there were two companies that offered comparable products and were equally accessible, the company with the better service would monopolize the business and customers. Many jobs are solely based on customer service

such as consulting – without stellar customer service and outreach customers would no return. This stresses the importance of customer service in relation to customer loyalty and potential profit.

The field research component of this project has sought to explore how different sized businesses in Rondebosch, Cape Town utilize Treacy's operation models and how their implementation of said models have been successfully or unsuccessfully applied to establish market leadership in their given industry. Three businesses have been selected for study based on their size and observed level of entrepreneurial influence. Lyra's Café was selected because it represents a small family run business with high levels of entrepreneurial influence. Zone Fitness was selected because it represents middle sized businesses that have a handful of locations. Pick n Pay has been selected to represent how large size cooperation utilizes operation models.

Pick n Pay Rondebosch has proven to be an anomaly after interviewing a local customer. Pick n Pay stores can be franchise or cooperate run – the Rondebosch location is a franchise. This offset the study because the data collected no longer represented a corporate level business functions as expected. To combat this dilemma Geoff, the local customer explained that Pick n Pay Constantia is corporate run. If time permitted it, the research would expand to investigate both the Rondebosch franchise location and the corporate Constantia location to juxtapose the two locations to see if similar operation models are used and how customer service and management structures are similar or different. It should be noted that Pick n Pay, Lyra's, and Zone Fitness can use the same operational model and establish market leadership because they are not in the same industry; ergo, they are not competitors.

Methodology

For each business, a manager, employee, and customer were interviewed to triangulate the information that they provided about customer service and management structures. This allowed for multiple angles and perspectives to be shared about each business to provide further context for the participant observation that was initially used. By interviewing a customer and employee it helped to

provide a realistic perspective on what the branch managers had to say. Managers often provided positive answers that presented a happy and clean idealist image of their company. “When you run a company you have the opportunity to determine the culture [and projected image],” which explains the phenomena of managers holding their company to their idealistic vision (Heskett 1994, p. 169). Managers may be in the process of trying to motivate their employees to bring their business to a real embodiment of their vision. The employees could then provide information to test whether the manager’s ideas were in fact a vision or reality, an actual vision that is being pursued or a politically correct answer. The customer could then provide information to see how the employees perception on the service they provide was accurate and if their outside perspective of the businesses compared to the businesses image that the manager chose to project.

Participant observation was used to supplement manager, employee, and customer interviews of local businesses. Interviews were conducted between 15 November 2012 and 5 December 2012. Observations were used to help craft the questions that would be used in the interviews and helped to select which managers, employees, and customers would be interviewed. The advantage of choosing a regular customer for an establishment such as the Zone Fitness gym is that it shows they have a habitual understanding of the company’s operations. A gym member that goes to the gym infrequently may not have as realistic of a grasp on the company’s customer service culture. While this is not to say that their experiences are invalid - one bad customer service experience can destroy a customer’s loyalty to a business or can prevent that customer from ever returning. However, because Zone Fitness uses pre-paid term based membership, customers are by default loyal within their membership term. In the gym context, a repeat customer would be someone who not only used the gym frequently during his or her membership term but also chronically renewed his or her membership. A regular fitted the knowledge base the research sought. A regular was not selected for the customer interviews at Pick n Pay and Lyra’s, instead a random customer was chosen. The interview questions used can be found in Appendix A.

It is essential to not be overbearing or judgmental when asking personal interview questions, especially those about problems of efficiency/accountability and how personal traits such as race, class, gender, looks, education, ethnicity, size or accent play into customer service. Rather than asking why is customer service often viewed as sub-par or unsatisfactory the interviewer could structure their questions to ask what the interviewee's opinions on customer service whether they be positive or negative. This would help to eliminate an outsider bias. It is important to be respectful when asking service workers what motivates them to provide the best possible service. It is also important for employee's to understand that their answers will not be reported back to their managers. Employees may fear that if they do not provide answers that are approved by their managers, that detail manager failures, or that expose sub-par work performances, their job security may be at risk. It is also important to not interfere with businesses functions by lingering, taking up too much of a manager or employee's time, and by not pestering customers. If any of the above were to happen and customer service was decreased due to researcher presence, it would not only be ironic given the nature of the information being investigated but also a shame in that a customer relationship may have been hindered. Given the knowledge about the importance of customer loyalty in relation to profit, customer referral, review, and opinion of the business can impact the businesses. It has the potential to extend well beyond the individual customer and hinder the businesses image, future customer base, and reputation.

Limitations of Study

Within the allotted ISP time, ten interviews were conducted for this project. I was able to interview a manager, employee, and customer for each business that was being studied. A tenth interview was conducted with a second Pick n Pay customer. Through these interviews I was able to derive insight into how one manager, one employee, and one customer perceived customer service at a given business.

Coming into the project, I was under the impression that franchise owned stores would be run better than a corporate run store because workers would have a higher vested interest due to the more direct relationship between work and profit. Though my mental framework could have limited my findings, I made a concerted effort to overcome this pre-existing bias during the construction of the ISP in relation to the levels of vested interest communicated by Pick n Pay manager, worker, and customer experiences.

Research Findings, Analysis, and Ethical Reflexivity

Pick n Pay Case Study

**Pick n Pay: Main Road, Rondebosch
Customer Care Manager Interview: Jenifer
15 November 2012: 9:50am-10:05am**

Pick n Pay is located off Main Road in Rondebosch, Cape Town. Pick n Pay is a large corporation found throughout South Africa; however, this study focuses on one franchise location. Pick n Pay prides itself on providing the best possible service it can. This emphasis on strong customer service points toward Customer Intimacy as their operational model. When asked how their customer service, care, and outreach compare to local competitors such as Checkers and Woolworths, Jenifer, the Customer Care manager expressed that their service is undoubtedly the best because, “it has to be.” Jenifer is an extremely dedicated worker; she often had to interrupt our interview to point a customer in the right direction or to answer an employee’s question. This is extremely significant because it shows that she truly leads by example. Jennifer believes that good customer service is a reflection of good management. While some may state that they exercise great customer service, it is clear Jenifer not only talks the talk, but also walks it.

Jennifer explained that the Pick n Pay employees share similar views on customer service, that no matter what, the customer gets priority and is always right. Workers receive a customer service course when they are hired followed by training exercises after the course is complete. Workers receive

a customer service booklet with course information that they can refer back to after the course has been completed.

If it becomes apparent through a managers observation or customer complaint that an employee's customer service does not meet expectations the employee will be pulled aside to discuss the situation. If the issue persists the employee will receive a warning, once two warning have been issued – harsher punishments such as being fired may ensue. Correcting sub-par customer service is not the only focus of Pick n Pay management, by acknowledging workers who go above and beyond to provide excellent service, it helps provides a positive customer service environment.

If a manager notices an employee that is providing exceptional customer service or if a customer reports great service to a manager, the employee will receive a “good service certificate” and chocolate. This provides another incentive for employees to work hard and surpass service expectations. Workers at corporate Pick n Pay locations receive hourly wages without commission. This type of pay means that regardless of performance, attitude, or efficiency you will receive a prearranged hourly wage. This can often create a work environment that fosters apathy. However, Pick n Pay Rondebosch is a franchise location – which means that managers and employees have a higher vested interest in the success of the business because of the more direct relationship between service and profit/income. By acknowledging good work with small tokens of gratitude it helps combat potential apathy. Further, acknowledged employees will be the first to be promoted when a higher position becomes open.

Pick n Pay does not have a target audience or customer. Pick n Pay is open to serve any paying customer. According to Jenifer all customers receive the same customer service, their race, class, gender, looks, education, ethnicity, or accent do not have an effect on the service they receive – they are a customer first and foremost and that is all that matters. Not only is this socially praised it is also good business practice. Each customer that may not return due to unsatisfactory customer service attributed to prejudice translates into lost potential profit. However, given Pick n Pay's Rondebosch

branch location near the University of Cape Town, its most frequent customers are students. This means that business follows the student school year – when students leave for vacation and holiday business decreases. In order to appeal to this audience, Pick n Pay interacts with the students to ask what their needs and wants are in order to secure returning customers and guarantee that their stock reflects their desires, and if it does not they will order what is being demanded. This is solid customer outreach. Daily contact with customers is essential for management to find what the customer demands and values (Hessek 1994, p.167). Outside of students, the elderly are the second most frequent customer.

Customer outreach was a topic Jenifer could not talk to very much. She explained that media advertising is done on a bigger scale and that local outreach comes in the form of flyers distributed around Rondebosch informing potential customers on current and future sales and promotions. Customer outreach through food samples was not straightforward. Jenifer explained that it is not usually Pick n Pay that decides to provide samples, rather it is the supplier. This is interesting because while the samples may fall on the supplier the staffing of said booth is covered by Pick n Pay. This is an interesting tension because samples often make customers happy and have them buy an item they were not planning on, but the intention of the sample is not for Pick n Pay but for the actual food brand.

It is clear that there is a defined protocol on dealing with unsatisfactory customer service and that there is a clear figure head to look up to; however, unsatisfactory and inefficient customer service is still a chronically reported issue at Pick n Pay Rondebosch. This is an anomaly because it is a franchise store, when talking to Geoff a Constantia resident, small business owner, and customer he explained that the Constantia branch provides much better service and is a corporate store. Franchise stores are more entrepreneurial which means they should have a higher vested interest in the success of the branch; however, this is not the case with Pick n Pay Rondebosch. Pick n Pay was founded on the motto that the “Customer is King” seeking to base the company functions on the Customer Intimacy

operational model. Currently, customer service is lacking at Pick n Pay Rondebosch, which places this Pick n Pay in the middle of market dominance (Geoff 18/11/12). In order for Pick n Pay to prevent itself from being stuck in this position, it must improve on its service through worker efficiency and organization. Pursuing other operational models would be unwise because Woolworths has gained market leadership in product leadership by providing high quality to a specific audience that values healthier food by valuing qualities such as organic produce, fair trade imports, or free-range meat and is willing to pay a higher price for it. Checkers market has differentiated itself from Pick n Pay and Woolworths through price leadership. Price leadership is a component of the Operational Excellence model. Checkers seeks to have the lowest competitive prices that values quick transactions and leaves decision making to the managers. Workers seek to get customers in and out as quick as possible with minimal interaction and decision-making (Geoff 18/11/12).

However, it would be unwise for Pick n Pay to, “underestimate competitors that look different or operate in a different [operational] way” (Dettmann 2000, p.2). Competition is crucial, businesses must keep track of what contemporaries are doing and which operational model they are utilizing. If a competitor switches to the same operation model a business is using, they will have to find a way to differentiate the product once again because their competitor is now not only in the same industry, but also appealing to the same target audience and what they value.

Within the SIT group, there have been weekly if not daily reports of bad service at Pick n Pay. This may be a product of the student’s class, education, and American culture - we are privileged to have the opportunity to study abroad, which may translate into different cultural expectations on value and service. Nonetheless, Pick n Pay worker training aims to teach each employee how to please any customer regardless of their race, culture, education and so on. Our students choose to shop at Pick n Pay because we valued the quality of Pick n Pay offered, in our opinions it tasted better than Checkers’ food and was not as expensive as Woolworths. Had Pick n Pay’s service been so terrible that we choose to sacrifice extra money to shop at Woolworths or quality to shop at Checkers, Pick n Pay

would have lost 20+ customers for three months. This stresses the importance of being able to appeal to a broad range of multicultural customers.

The issue of de facto customer service and de jure service may extend beyond Pick n Pay but allude to much bigger issues of incompetence that seem to persist in South Africa. It is not different than the problems with the South African constitution. Having the most progressive constitution is a critical step for social reform; however, having people live out the ideas that is expresses is an equally important task as well as being the more difficult step. Changing legislation is difficult, but changing a person's ideology and behavior is an arduous task that can take massive amounts of time and energy. Such progress cannot be tracked in the way one can see the evolution of legislation, ideology and behavior are located within ergo not tangible, they have been built by a person's socialization and continue to be reinforced by each living moment. This is why customer service continues to be an issue. It is essential for Pick n Pay to improve its customer service and its customer service reputation to gain back dominance in Customer Intimacy to become a market leader for its target audience.

Pick n Pay: Main Road, Rondebosch
Employee Interview: Anthony
4 December 2012: 9:50am-10:00am

Anthony, a Pick n Pay employee expresses the importance of customer service. Both he and his manager are in accord that without stellar customer service, customers will not return. He explained that the same person owns the Rondebosch and Observatory Pick n Pay branches. All workers at both locations were given the same customer service training. The goal was to create a standard for customer service across all works – Anthony believes this has been accomplished. He noticed a definite improvement among workers after the training. During the training, workers were taken through role playing scenarios that taught them how to deal with a customer who was wrong but insisted they were right. This alludes to the motto, “the customer is always right” – it does not matter if the customer is right or wrong; rather, the employee must find a way to gain control of the situation so that in the end

the customer is satisfied and perceives the interaction to have gone positively regardless of the initial discrepancy.

Guaranteeing customer satisfaction is a main component of the Customer Intimacy model that Pick n Pay uses. Anthony explained how their “rain check” policy is an embodiment of this ideal. The rain check policy occurs when a customer requests a product that is not carried or in stock. The store then orders the product and instead of simply calling the customer when it arrives, Pick n Pay will arrange the product to be delivered to the customer or will hold on to the product until a time is arranged when the customer can come in and retrieve it. Companies may order missing products and some may phone customers when they arrive – however, the delivery of requested products is distinguishable. How often this practice translates into reality, would be an interesting angle to expand upon if more time were to be permitted for this project.

Pick n Pay: Main Road, Rondebosch
Customer Interview: Shawmay
4 December 2012: 11:40am-11:45am

Shawmay, a middle aged adult is a regular Pick n Pay customer. She continues to shop at Pick n Pay instead of other grocery stores because she values their customer service culture as well as the freshness of their food. She finds the workers friendly, efficient, and willing to go above and beyond to assist a customer. Shawmay explains that while she was shopping on December 4th she saw a worker assisting a blind customer, helping pick out the desired groceries throughout the store. She stated that this was very a “modern” needed form of customer assistance. Pick n Pay has established a loyal customer with Shawmay who recommends this branch to her friends – this is a real world example of the operational model Customer Intimacy being successful. It shows the importance of customer loyalty and how a customer can act as an apostle spreading positive words about the businesses.

Shawmay believes that a person’s attributes such as race, class, gender, looks, education, ethnicity, and accent do play a role in customer service. She explains that each person is an individual – people do not universally desire the same thing, what shapes their desires are the attributes that make

up who they are. It is not that one's race or class will dictate good or bad service; rather, a person's race or class may influence the type of service they value and expect. The subsequent interactions with a business's employees can be perceived as positive or negative based on their socialization and expectations influenced through their race, class, gender, looks, education, ethnicity, or accent.

It is interesting that Shawmay gave such a positive review of Pick n Pay, she is the first customer, local and foreign, I have heard that expressed such admiration for the establishment. This points to her idea that each customer is an individual and will have a different unique experience.

Lyra's Café Case Study

Lyra's: Main Road, Rondebosch

Manager Interview: Tony

16 November 2012: 9:55am-10:05am

Lyra's is a small local restaurant located in Rondebosch, Cape Town. Lyra's uses Customer Intimacy as its operational model. Lyra's is known throughout the community for its stellar customer service and food. Lyra's operation model does not fall into Product Leadership in which they would need to have the best tasting food in Rondebosch for market leadership or Operational Excellence because they do not have the most competitive prices. They provide stellar through their customer service culture, which keeps customers returning. This phenomenon is explained by George Ritzer a professor at the University of Maryland, he explains in his book *The McDonaldization of Society* how food industries base their operations off four core principles: efficiency, calculability, predictability, and control (2008, p.13). Consumers are drawn in and continue to return for factors outside of the "obvious" product. Lyra's management understand that customer loyalty is more important than being a top player in the food industry in order to maximize profit (Heskett 1994, p. 165).

Customers frequently fill out complimentary forms where they can address the strengths or weaknesses of their visit and the service they received. These feedback slips constantly praise Lyra's service by stating that it is the best in the area. Tony, the restaurant manager attributes Lyra's solid service to the workers she chooses to hire and the training she gives them.

Tony looks for friendly well-mannered workers who speak well and enunciate. Communication is essential in the restaurant business. Waiters act as a liaison between the customers and the cooks and between customers and management. They are always moving and have to multitask. Tony believes that you cannot learn about someone by simply talking to him or her, you have to see them in action. Before she will hire a new employee, Tony has them complete a one-week trial on the floor. She does this to see if they work well with the team, help one another, and how they deal with stress and the mistakes that they make. James Heskett supports Tony's hiring process by explaining, "hiring employees that have the right attitude is so important that the hiring process takes on a 'patina of spirituality.'" In addition, he believes that "anyone who looks at things solely in terms of factors that can easily be quantified is missing the heart of business, which is people" (1994, p.165). Tony explains that mistakes are inevitable, how one deals with them can separate a potential employee from the rest of the pack. Further, if the employees have to pay for their mistakes – the monetary punishment often deters them from making the same mistake twice. Once a worker has been hired, Tony does not demand respect from them. She believes respect is something that has to be earned. She chooses to lead by example because good service is a reflection of good management. "Value is created by satisfied loyal, and productive employees. Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers" (Hessek 1994, p.165).

New employees do not take customer service courses; rather, Tony uses her 15 years of experience in the restaurant business as the base of their training. She helps to teach them the ropes. She teaches that a customer's needs, desires, and wants come first and that each customer must be immediately met, greeted, and then seated. This is something that is very real at Lyra's. Each time I have frequented the restaurant I have experienced the "meet, great, seat" as she calls it and am always impressed by their friendly yet efficient customer service. In order to balance friendly service and efficient service Tony explains that a good waiter never goes on the floor without anything in their

hand, and never leaves the floor without something in their hand – whether it be picking up a piece of trash off the floor, clearing an empty plate off a table, or refilling a drink. Stellar customer service is absolutely essential in Tony's view given Lyra's size. Lyra's is not a chain, because of this; the connection to profit and success is very closely related to the management and workers performances. There is much more to lose in a small business than a large corporation, which has more shared capital and can often sustain itself after a bad season or year. It is not the same for small businesses – a small business can go out of business in a short amount of time.

Lyra's does not personally acknowledge workers that provide the best customer service because giving 100% is always expected. "Regular customers are gold," stated Tony. She asks that workers build solid and genuine relationships with regulars so they continue to frequent their restaurant and spread the good word. Word of mouth is an essential component in Lyra's customer outreach platform. Beyond word of mouth, Lyra's tries to appeal to the University of Cape Town student body by having monthly specials and promotions. They hold contests that use social media such as Facebook to promote Lyra's. For example, in the month of November it is tradition to grow out your mustache. Lyra's has a competition to see who can get the most Facebook likes with Lyra's profile tagged in the picture of your mustache. The winner gets to choose a grand prize of going cage diving or paragliding – this type of activity is aimed to directly appeal to UCT students.

Previously Lyra's management used to award the best worker a case of beer but no longer practice this tradition. All customers are viewed as equal regardless of their race, class, gender, looks, education, size, ethnicity, or accent – they all deserve the workers giving them their 100%. Tony explained that society is past such attributes playing a role in the service one will receive. The team members that comprise Lyra's workforce maintain a family environment – employees feel so comfortable that they call Tony mom. These answers may sound appealing to the interviewer and for the image that Lyra's hopes to project; however, after interviewing one of her employees all above attributes play very big roles in the service relationship between waiter and customer and among the

team (waiters and kitchen staff) in both negative and positive ways. Her employee also did not mention a family environment or that he calls her mom. He did speak badly of their relationship but referred to her simply as his manager.

Lyra's: Main Road, Rondebosch

Employee Interview: Freddy

20 November 2012: 9:07am-11:28am

Freddy is a French immigrant that works as a waiter at Lyra's. Freddy loves customer service – it is his life. He repeats numerously how much he enjoys being able to interact with customers both those are difficult and those which are easy, polite, and know what they want. He views the difficult customers as challenge, that he must find a way to help them understand what is going and turn their experience into a positive one. He is genuinely friendly with each person that he seats taking the time to ask their name and where they are from. He stresses the importance of cracking jokes with the customers to make them feel comfortable. He enjoys the challenge of always giving the best service one can offer. He has an amazing recall ability that allows him to remember customer names and their back-stories. He views customer service as a way to interact and learn about new people he would not normally come into contact with. This is an extremely important skill, because as his manager described “regulars are gold” and he seeks to establish and maintain these relationships by holding real conversations with each customer, especially those who return. He was able to name many of the students in our program during our interview and could ask how they were enjoying their house on nursery road. This type of conversation is beyond polite small talk rather it exhibits sincere interest. It is evident that Freddy consistently puts his best efforts forward both in the interview and as a waiter.

Waiters must learn to multi-task and he had no problem conducting an interview while simultaneously serving the restaurant customers. He placed the customers first, as he should; his job first and foremost is to be a waiter not to answer questions. Each time I asked if I should come back another time when the café was less hectic he refused by stating that the manager was fine with him multi-tasking and that he was enjoying talking about customer service because it showed how

passionate he is about customer care. The last thing I would want is to negatively affect a customer's service experience by monopolizing their waiter, it would not only be ironic, but could also unfairly damage a customer relationship. Customer relations are essential, because customers can refer friends to the establishment – their words can help to build up or break down a company's image. This can be observed in the Service-Profit Chain under the Customer Loyalty box (Appendix C).

Freddy's work ethic was reflected in how he sought to properly and fully address each and every part/angle of my questions. At the end, he asked if we could go over all the questions again to guarantee that he had not missed anything. After this, he then asked if he could answer any further questions. Throughout the interview, he was constantly asking if he could bring me drinks or anything as if I was doing him a favor by waiting for him, while he had to assist customers. This may have been one of the first times someone has asked about how he likes his job and his opinion of the job in relation to issues like customer service, which would explain his grand enthusiasm.

Not only does he exhibit an amazing work ethic, Freddy is also humble about it. When asked how his customer service compared to that of the other workers he was reluctant to say if he was better or worse. I then asked how his managers viewed his service and he stated that they are very happy, that he is their very best. Freddy does follow one of his manager's protocols by always having something in his hand when he enters or exits the floor. This undoubtedly increases efficiency by never wasting a trip to or from the kitchen. Freddy had planned to move to another restaurant but they persuaded him to stay.

Teamwork is an essential part of restaurant management – you are only as strong as your weakest member explained Freddy. A satisfactory customer service experience does not fall only on the waiter but also on the kitchen staff. The kitchen staff must work fast and effectively; quality cannot be compromised for speed. The speed that a customer's food is delivered plays one of the most important roles on if the customer views on service. If the food is taking a little longer than expected, Freddy makes it a point to keep checking up on the customer making sure there is nothing else they

desire or that he can do. He jokes with the customers to keep them in a good spirits. When asked if better service equates to bigger tips he explained that there is an added element of vested interest, but that it is not so straightforward. Tips are generally a reflection of satisfactory service; however, customers are not obliged to give tips and it often comes down to how much money the customer has at their disposal. Lyra's is near a college and students are often known to be "broke" or allocate and prioritize money differently than adults. Tips are an example of this, ergo Freddy does not take it personally when tips are not included. Tips are not expected they are bonuses.

Freddy is an example of how meritocracy can and does exist if one is a hard worker. He started working in the kitchen at Lyra's then was moved to be a waiter. He now trains the new waiters. Customers have reported that he should manage his own establishment because of his efficiency, friendliness, and hard work. Freddy also asks that customers personally critique his performance so he can learn where his weaknesses are so that he can improve upon them.

It is clear that Freddy has the ability to imagine as well as innovate. He states that while Lyra's might be known for the best customer service in the area it is slow in comparison to places he has worked in the past. This shows that he does not settle for what works, but is always looking for ways to improve business functions. He states that there is no strategy to Lyra's. Freddy explains that given the location and mass amounts of students they must improve their customer outreach. The new generation loves music yet Lyra's has no stage or intention to build a stage that would allow for live music. He does not understand how Lyra's does not plan to innovate to meet known customer desires. Freddy's desire to innovate is in line with the ideas of Total Quality Management and the words of Jack Welch mentioned above in the literature review. Total client satisfaction is essential in the long-term, Lyra's may be functioning well, but may stall out in the long run if it does not adapt to customer desire. This is not the only weakness Freddy sees with Lyra's management, he does not attribute his customer service success to his manager but to himself and his desire to succeed. No formal customer service training was given, he had to learn the ropes on his own. This information conflicts with the information his

manager gave – Tony stated that she teaches customer service through personal training and by leading by example; however, Freddy does not see his views of customer service influenced by his manager. It depends on the employee – he finds his broken English as his biggest motivation to serve best because he is going in with a disadvantage.

English is not Freddy's first language nor is his ethnicity South African. Qualities and socially constructed quantifications such as race, class, gender, looks, education, ethnicity, and accent have played both positive and negative roles in how customers react to Freddy's service and how the customer's own qualities and quantifications have had an effect on how they perceive to be served. Race plays a big impact on the service relationship – older customers often feel uncomfortable to have a black man serving them because it reminds them of the Apartheid era. However, once they find out that Freddy is in fact foreign, it often lightens up the dynamic and they become very interested in his story. This plays into his ethnicity and accent as well, people want to learn about his French culture and understand a culture in which they have never experienced. Freddy explains that this interest in one another goes both ways, "[you feel like you] travel all over the world without actually going there." Ethnic challenges have manifested in the kitchen before between Zulu and Xhosa people. Zulu people often criticize Xhosa people for talking too much and being too loud; this tension has the potential for decreased teamwork, which has the potential to decrease a customer's satisfaction.

Freddy stated that his hardest day of working was when he first served Americans because he could not understand their accent. The pronunciation of water and Internet were the hardest and he found himself bringing them other items and products. However, Freddy was able to circumvent angry customers by being polite, providing the best possible service, and asking other waiters to help translate. His accent has also helped to build trust amongst customers. Tensions are especially high with older White and Indian customers due to lingering guilt from Apartheid. His accent identifies him as a foreigner, which tell the customer that he was not a part of Apartheid. This had opened doors for Freddy in the past in relation to talks about entrepreneurship and inquiring about his metric and

psychology qualifications for potential new jobs. One may think that being identified, as a foreigner would be a negative aspect given South African's problem with xenophobia; however, it may not apply to this type of situation because of the server-customer relationship. The server and customer are not competing for the same job or type of job; therefore, tensions around competition would not manifest.

Class like race plays a big role on how a customer receives service. When serving a superior class Freddy, noted two main occurrences. The first had a bossy condescending attitude that ordered the server around in a "do what I am saying" manor; the second was one who viewed themselves as equals with the server. Freddy has been able to network and make connections with members of the later group. A customers education is often closely related to the reactions class have on the server-customer dynamic. Students often mistake Freddy's English for lack of education, "they assume that your accent implies that you did not attend school and do not know anything." Other customers, who are able to place the French accent or are less subject to immediate preconceptions, are able to network and connect with Freddy.

Determining a server or waiters class is often based how the individual present themselves through the image and style they project. Lyra's has a professional image to upkeep; therefore, Freddy must dress clean, keep his hair tidy, and dress presentable. It is important that the employees of an establishment create a cohesive image. It would look out of place to have to have a man in a suit working a Surf shop in the way it would look out of place for a waiter at Lyra's to be dressed like a surfer. Management must determine the look and feel of an establishment so its employees can help project its image. During the interview it was raining, each time Freddy had to come inside after helping a customer in the patio he would make a point to wipe his feet to keep up Lyra's pristine image. Freddy is constantly checking the mirror to verify nothing is on his face and that he looks presentable. This helps him earn respect with customers and befriend lady customers both, which have the potential to translate into higher tips. Freddy has observed and finds it unprofessional when waiters try and dress poor to arouse sympathy with their customers so they will offer bigger tips. This shows

Freddy is honest and believes any additional perks should be based on merit, not falsely constructed projections.

Looks play an interesting role in customer service. “Men love to be served by ladies, and ladies prefer to be served by men.” Freddy is able to keep the ladies happy and smiling by his dress, charm, and smarts. When serving pretty ladies he will add an extra strawberry to their cocktails, which make them, “fall in love.” He then does this for the girl’s friends too if they ask to create a fun dynamic with the customer. This type of service targets a certain individual whom Freddy knows will make their experience fun and they will then spread a positive word about Lyra’s. This not only shows Freddy knows his customers or type of customer and what they like but also his ability to go above and beyond to connect with the customer.

It is notable that Freddy pointed out positive ways in which race, class, gender, looks, education, ethnicity, and accent have had on customer service. This shows Freddy is an optimistic person always searching for new angles in which to move forward. This is the type of mindset that entrepreneurs possess and their ability to look around and innovate is what makes them successful. Coupled with his stellar work ethic and polite manors, this makes it unquestionable that Freddy will continue to rise socially and economically utilizing meritocracy and his connections he has gained through networking with his clientele.

Lyra’s: Main Road, Rondebosch
Customer Interview: Patrick
5 December 2012: 9:50am-10:00am

Patrick is an American student, studying abroad in South Africa for the semester. He has dined at Lyra’s café twice and both times received customer service that was better than café alternatives – both times Freddy was his waiter. Patrick described the customer service to be pretty good because of Freddy. He came by the table to talk and showed a genuine interest in his customers. Patrick chose to eat at Lyra’s because of convenience – it is located to the SIT classroom, free Internet is offered, and he trusted the customer service would not take a ridiculous amount of time as many other local cafés do.

Patrick had heard from other students that the service was efficient which is a testament to satisfied customers acting as “apostles” by helping recruit new customers by spreading their positive experience. Patrick explained that most days he only had an hour for lunch and did not want to risk being late for class because of slow service.

One lunch Patrick and a group of students went to Coco Wah Wah and received extremely slow service, he had to remind the waiter to bring water, their food, and ask multiple times for the bill. After that experience he did not risk returning to Coco Wah Wah for lunch because of its sluggish service - Lyra's proved to be a better, closer alternative. Patrick chose to give Coco Wah Wah another chance and went in for a cup of coffee. Once again, he was disappointed – he had to remind the waiter to bring the coffee and service was not only forgetful but was also once again sluggish.

One area Patrick observed Lyra's could improve upon was getting the bill. He stated that service until the bill was efficient; however, both times he had to wait some time for the bill. Freddy as well as the other waiters could work on becoming more aware of when the customers are ready to leave. Patrick understood why service before the bill was more efficient; Lyra's provides free Internet, which allows people to eat leisurely and linger for a while after they are done eating. Nonetheless, increased awareness though an ability to differentiate between customers who wish to dawdle and those who wish to eat and be on their way would be beneficial.

Patrick attributes the satisfactory customer service to good management as well as Freddy having an elevated interest in his nationality. This shows how one's race, nationality, ethnicity, accent, and background can play a positive role in the customer service they receive. Patrick felt Freddy paid him more attention because he was American and wanted to hear his story. This conveys Freddy's ideas on customer interaction. Freddy seeks to converse with customers from all over the world as a way to mentally travel without having to physically go abroad.

Patrick was very pleased with the service he received; he would recommend the establishment to a friend instead of Coco Wah Wah because of their superior service. It is important to understand

that while Patrick saw room for improvement, in relation to what the competition had to offer, Lyra's was the better option. This exemplifies the importance of satisfactory customer service, the food quality at either establishment never came up, had both Lyra's and Coco Wah Wah had equal service the difference between choosing one or the other would fall on their food; however, as Total Quality Management illustrates, the product is only part of the total customer experience.

Zone Fitness Case Study

Zone Fitness: Main Road, Rondebosch
Manager Interview: Jonathon
20 November 2012: 8:55am-9:05am

Zone Fitness, Rondebosch utilizes Customer Intimacy as their operational model. Customer service and customer relationships are fundamental for their business functions. They encourage decision-making to employees who are close to the customer, to generate specific solutions for customer inquiries as opposed to using a set formula that can be applied to all customers that can be seen in the Operational Excellence model (Dettmann 2000, p.1-2). The focus is reaching a solution rather than using a defined methodology.

"Customer service is the backbone of any business; you have to have it to succeed," explained Jonathon the manager of the Rondebosch Zone Fitness club. Employees and trainers agree that satisfactory customer service is the biggest part of their job. Their job is to both recruit new customers and train current customers, without social and business savvy neither can be successfully accomplished. Employees have a vested interest in signing new members and training sessions because they work on commission. This means that the harder they work – the more money they earn, there is a direct relationship between their work ethic and their income. Customer service is the biggest factor that bridges this relationship. Outside of a customer's opinion of the gym facilities and equipment, whether they are clean and all essential equipment is provided, customer service is the other half of the "gym product." This is essential because in previous business though managers pursued becoming

number-one or two in their industries as their preferred vehicle to maximize profit; however, the software and banking industries have shown that customer loyalty, established through satisfactory customer service and outreach, is a more important determinant of profit (Heskett 1994, p.165).

In order to assure that Jonathon's workers exhibit good customer service they receive sales training when hired. This teaches employees how to effectively treat a customer and that by doing so customers will often buy a membership. Jonathon uses his work ethic and actions as an example for his employees to emulate. Zone fitness employees receive percent annual income increases based on their performances. This coupled with commission is a very effective way to motivate employees to provide the best possible customer service. Efficiency and solid service go hand in hand according to Jonathon, the customer is happy when service is efficient.

Targeting a specific customer is an important part of business functions. Specific deals/products can be made/offered because Rondebosch residents generally have higher incomes than those in the Northern Suburbs. Furthermore, there is an abundance of potential students customers because the University of Cape Town is located nearby. Zone Fitness goes to the UCT as well as other schools on health awareness days to provide free day trials to students as a form of customer outreach. Zone Fitness also visited the School of International Training classroom to create a shorter membership so that we could workout for our time here and not lose money on a six month or year membership. Zone fitness understands the needs of their customers and adapts their product to fit said needs. This is a living embodiment of the Customer Intimacy model by finding a solution to create results to fit a certain customer group – the SIT students. Had Zone Fitness operated under Operational Excellence the employees may have been much more reluctant to stray from their set formula to meet the customer's needs. It is also notable that a Zone Fitness representative came to visit our classroom before we approached them. This signifies solid marketing. Marketing/customer outreach and customer service and are all components of the business system – each relies on the other for the system to work (Arogundade 2012). SIT may have contacted Zone Fitness to see if they could come talk to us about

joining a gym but the fact that they were willing to come and find a working solution with a new type of customer is excellent outreach. The representative created a lasting relationship with the customer, which in this case is not individual SIT students, but SIT students as a whole. This helps Zone Fitness secure a lasting relationship with SIT for the future students that will be in the area for each semester of the school year. It is very likely that the relationship between Zone Fitness and SIT will continue. The representative also brought promotional items such as caps and water bottle for the students who chose to sign up, new members do not generally get these items for free, and this helped to advertise their image in our classroom to other students who were initially reluctant to joining a gym in South Africa. It should be noted that by end every student signed up for a temporary membership.

Zone Fitness finds its competitive edge by providing a more laid back comfortable environment when compared to other gyms such as the Virgin Active gym in Constantia. This would also appeal to a student population that can be generally perceived as laid back. As far as service, Jonathon explains that gym ethic is universal – the service you receive you will find at most gyms that know what they are doing. The ambiance and vibes are what set your product or gym apart. Jonathon does not feel race, ethnicity, or class play a role in one's customer service experience. Some people will have more previous knowledge about gym equipment and exercise than others; however, their race or any other factors of the nature are not relevant. One may contest this by stating that opportunity to access equipment may be limited in the lower classes, which in South Africa is not separable from race; however, Jonathon still has not seen evidence to support this claim. It should be noted that one of the gym members who I tried to interview, thought the project was very interesting but was reluctant to help because he feared his accent would interfere with the interview. He said this after he asked where I was from, in which I answered Los Angeles. Why is it that he viewed his accent as the main barrier to our communication? In this context, my accent should not be viewed as the default way of speaking; I am doing research in his country, I am the guest –his accent should not be viewed as a barrier, but as

the default way of speaking. This is testament to how race, ethnicity, and accents still play a role in day-to-day life.

Zone Fitness: Main Road, Rondebosch
Employee Interview: Joey
4 December 2012: 8:40pm-8:45pm

Joey is a Zone Fitness employee. He values customer service and customer interaction. He can be found throughout the gym floor re-racking weights as he mingles with customers often helping to spot (assist weight during a repetition) a customer or by answering workout related questions. He believes friendship is at the core of customer service. If a friendship can be formed with a customer adequate customer service will naturally flow. People want to help their friends, which is why a bond with the customers is so important. This alludes to the new ideas of service economics; businesses should focus on human capital and interactions instead of industry dominance because customer loyalty is an undeniable way to increase profit (Heskett 1994, p.164). Joey explains that Zone Fitness appeals to a different kind of person when compared to gyms like the Virgin Active chain. Zone Fitness appeals to people who are easier, more laidback, and everyday folk who have limited disposable incomes. This is a way one's class can play a role in the service or interaction a customer will receive at a gym. The cost of a gym will reflect on the people who frequent it.

Joey was reluctant to state how his customer service compared to that of other employee's; he strayed from answering the questions by stating that whenever the manager notices sub-par service he will pull the employee into his office to discuss the issue. No formal customer service is provided to employees, knowledge of customer service is expected, when if issues arise the manager deals with them as stated above. This practice does not align itself with Total Quality Management thought. While a manager should seek to hire a worker that is service savvy it is unwise to react to a situation as opposed to preemptive actions. A training program that places all employees on a similar base level, as seen with Pick n Pay Rondebosch, could be useful. Had the manager interview, not happened before – it would have proved interesting to ask why formal training is not provided. It may be based on a cost-

benefit analysis in which the frequency of the manager having to pull employees aside is too rare to justify spending for universal training.

Zone Fitness: Main Road, Rondebosch
Customer Interview: Steve
4 December 2012: 12:50pm-1:00pm

Steve works at a supplement shop below Zone Fitness, because of his work location and field of business – Steve frequents the gym often. He explains that from the moment you walk in you feel welcomed and that the customer service will be good. He explains that Zone Fitness appeals to a crowd that cannot afford to go to the Virgin Active gym in Constantia. He explains that if you can afford a Virgin Active gym its worth the money, but if you cannot Zone Fitness offers a great alternative. People who populate Zone Fitness have this in common as well as a appetite for athletics and active lifestyles – this allows customers to easily bond with one another and with the employees. Steve knows many of the employees on a personal basis. He works out with them and has been able to create genuine friendships with them. He stated that his relationship might be different from others; however, Joey's answers would prove otherwise. Joey an employee stated that his goal is to create real friendships with all customers – Steve's anecdote is an example of this. While Steve may have a closer relationship with the employees, the employees' ability to make a customer feel special is excellent customer service when Zone Fitness models their operations off Customer Intimacy with a focus on customer relations and loyalty. Steve explained that there is not much overlap between Zone Fitness employees and his supplement customers. Supplements are expensive and the Zone Fitness workers get paid very little. Most of Steve's customers are Zone Fitness customers; however, most Zone Fitness customers do not buy his supplements. The customer and worker's class can explain this tension. A limited amount of Zone Fitness customer's can afford such supplements, a higher percentage of Virgin Constantia gym member's use supplements because their larger disposable incomes. Steve believes all Zone Fitness customers receive equal service; their race and related factors are irrelevant. While some customers may have more gym knowledge, education, or access to outside gym related knowledge –

any customer who asks questions will receive the same answers and level of interest and enthusiasm from the employees. This perspective on how a customer's traits play out in customer service was the same as noted by Jonathon, the branch manager. This is extremely important because it shows there is an accurate interpretation of daily actions by management. Daily contact and realistic observations of service functions between customers and management is an integral of the Service-Profit Chain – Zone Fitness shows a successful implementation of it (Heskett 1994, p.167).

Conclusion

Pick n Pay, Lyra's Café, and Zone Fitness all use Customer Intimacy as their operational model. The difference lies in the execution – Lyra's and Zone Fitness have been able provide a satisfactory customer service culture that fosters customer loyalty. Pick n Pay has not been able to achieve this; they are still plagued by unsatisfactory customer reviews. This discrepancy may not lie as much in the training employees received by their managers but rather by the type of worker Pick n Pay managers choose to hire. As discussed in the Service-Profit Chain, hiring an employee with the right attitude is essential, it is hard to implant ideas of service culture into someone; rather, it is a manager's job to motivate employees to bring out and polish preexisting ideas on service. Pick n Pay may be franchise run but the relationship between workers and their manager do not appear as close as do the relationships at Lyra's and Zone Fitness. Similarly, customers that may have experienced satisfactory customer service at Pick n Pay still do not possess the bond that workers and customers at Lyra's and Zone Fitness have established. Building real and lasting bonds with customers is an integral part of the Customer Intimacy operation model, which Pick n Pay can improve upon. Workers at Pick n Pay receive the most formal customer service training but provide the least satisfactory service. The implementation of such formal service training may be a product of the repeated sub-par customer service reports as an attempt to curb the problem. This points to the importance of hiring workers with solid customer service ideas as seen by Freddy at Lyra's. Total Quality Management explains that a

business should focus on preemptive moves – this is a start for Pick n Pay because it is a reactive move toward issues in the past, but a preemptive move to minimize such problems in the future (Arogundade 2012). Continuous Improvement is the base of Total Quality Management, if Pick n Pay, Lyra's Café, and Zone Fitness wish to continue maximizing profit, increasing customer loyalty, and establishing market leadership through Customer Intimacy, they must continue to have customer focus, retain customer communication, and streamline their processes.

Recommendations for Further Study

If more time were permitted for our ISP, research would expand to juxtapose each of the business case studies with their competing contemporaries. Pick n Pay Constantia, a corporate run branch would be studied to compare customer service culture and operational models with Pick n Pay Rondebosch, a franchise branch. Pick n Pay Rondebosch then would be juxtaposed with the Checkers and Woolworths Main Road Rondebosch locations. The Zone Fitness case study would expand to investigate the Virgin Active gym in Constantia. An emphasis would be placed on company culture. Jonathan, a Zone Fitness manager explained that Virgin gyms are less laidback. It would be interesting to study the relationship of said company culture on customer service and target audience through consumer values. The difference in gym size would also shed light into levels of entrepreneurial versus corporate influence. Lyra's Café case study would expand to include local café's such as Coco Wah Wah and then a larger cooperate restaurant such as Nando's. Interviews with a manager, employee, and customer would be conducted to investigate their customer service culture and which operational model they elect to establish market leadership.

Appendices

A. Interview Questions

Manager Interview Questions

1. What are your views on customer service?
2. Do your employees share similar views on customer service?
3. What type of customer service training do you provide to your workers?
4. Is good customer service a reflection of good management?
5. How do you motivate your employees to maintain said views or improve upon their customer service skills?
6. Do you give raises, promotions, perks, or special benefits to better performing employees?
7. How do you balance an efficient work environment while assuring that customers feel comfortable, that you are not rushing them?
8. Does the size of your business have an effect on the necessity of good customer service or outreach?
9. How does the customer service here compare to service at other contemporary establishments?
10. Who is your target audience?
11. Do you think your race, class, gender, looks, education, ethnicity, size or accent have any effect on customer service?

Employee Interview Questions

1. What are your views on customer service?
2. How are your views on customer service influenced by your manager?
3. What type of customer service training have you received?
4. How does your manager motivate you to provide the best service possible?
5. Do you receive any benefits for better service? (Tips, raises, promotions, awards, ect.)

6. How do you balance efficient service and building customer relations?
7. How does your customer service compare to that of the other workers?
8. Do workers preform to the expectations of their manager?
9. Do you think your race, class, gender, looks, education, ethnicity, or accent have any effect on customer service? (On how customers react to your own, on how the customer is treated based on theirs)

Customer Interview Questions

1. What are your views on customer service?
2. How was your most recent customer service experience?
3. Is that your normal experience?
4. Are they friendly?
5. Are they efficient?
6. Does the service find an effective balance between efficiency and friendly customer service?
7. How could it be improved?
8. What are its strengths/weaknesses?
9. Would you recommend a friend to this establishment?
10. Is good customer service a reflection of good management?
11. What makes you choose to do business here as opposed to another similar establishment?
12. Do you find customer service to be polite but unhelpful?
13. How accountable are workers when something does not go quite right?
14. Do you think your race, class, gender, looks, education, ethnicity, or accent have any effect on the service you received?

B. *Sample Consent Form*

Consent Form For Adult Respondents in English

I can read English. (If no, but can read Xhosa or Afrikaans, please supply. If participant cannot read, the onus is on the researcher to ensure that the quality of consent is nonetheless without reproach.)

I have read the information about this study and/or had it explained to me, and I fully understand what it says. I understand that this study is trying to find out about customer service in relation to managerial structures.

I understand that my participation is voluntary and that I have a right to withdraw my consent to participate at any time without penalty.

I understand and am willing that you will ask me questions about my job in relation to customer service and management structures

I **do/ do not** require that my **identity (and name)** be kept secret. (delete inapplicable) I understand that, if requested, my name will not be written on any questionnaire and that no one will be able to link my name to the answers written down. If requested, my individual privacy will be maintained in all published and written data resulting from this study.

I **do/ do not** (delete inapplicable) give permission for a **photograph** of me to be used as data for the study. I understand that the researcher will not use or provide any photographs for commercial purposes or publication without my permission.

I understand that I will receive... or **no gift** or direct benefit for participating in the study

I confirm that the interviewer has given me the address of the nearest School for International Training Study Abroad Office should I wish to go there for information. (2nd Floor Tannery Park west, Belmont Rd, Rondebosch, Cape Town)

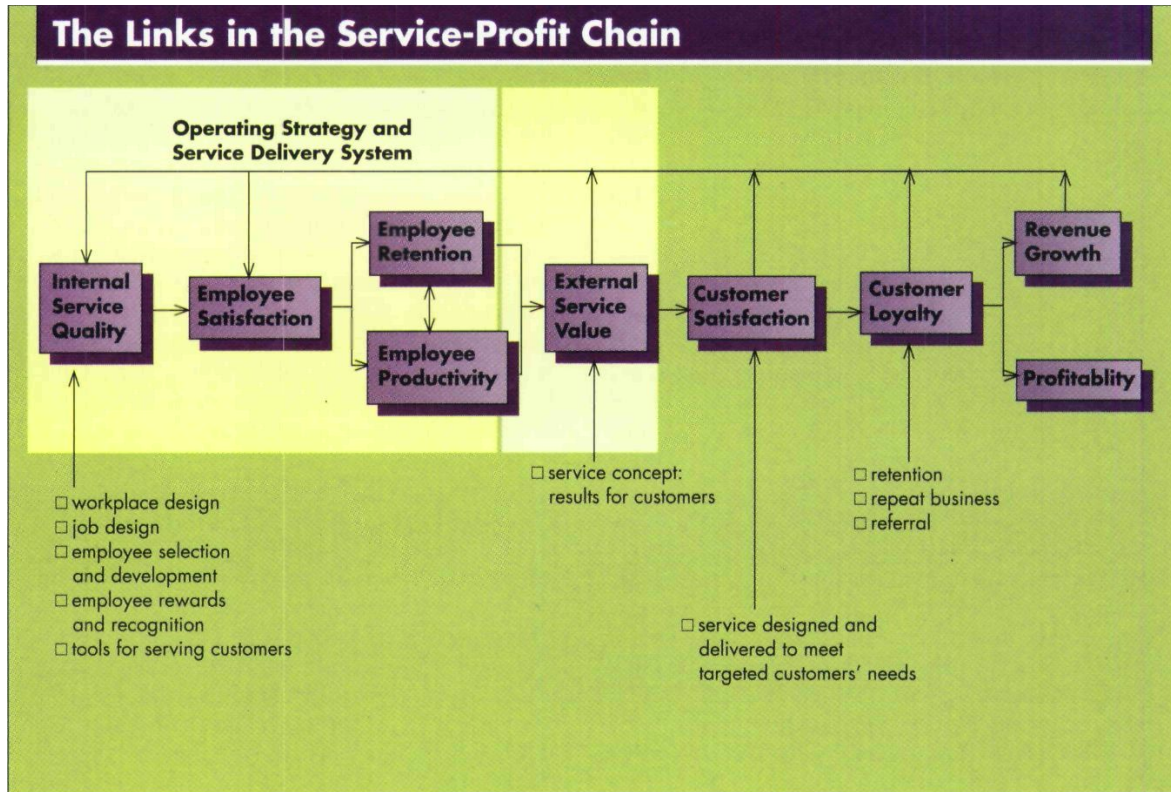
I know that if I have any questions or complaints about this study that I can contact anonymously, if I wish, the Director of the SIT South Africa Cape Town (Shane Duffy 0833671025)

I agree to participate in this study.

Signature (participant)_____Date:_____

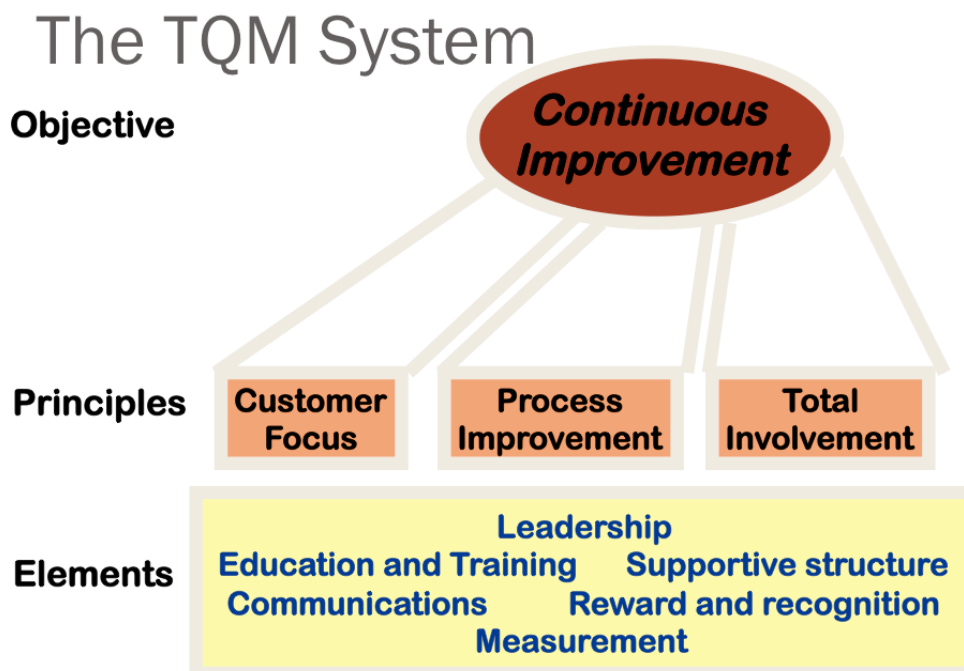
Signature (researcher)_____Date:_____

C. *Service-Profit Chain*



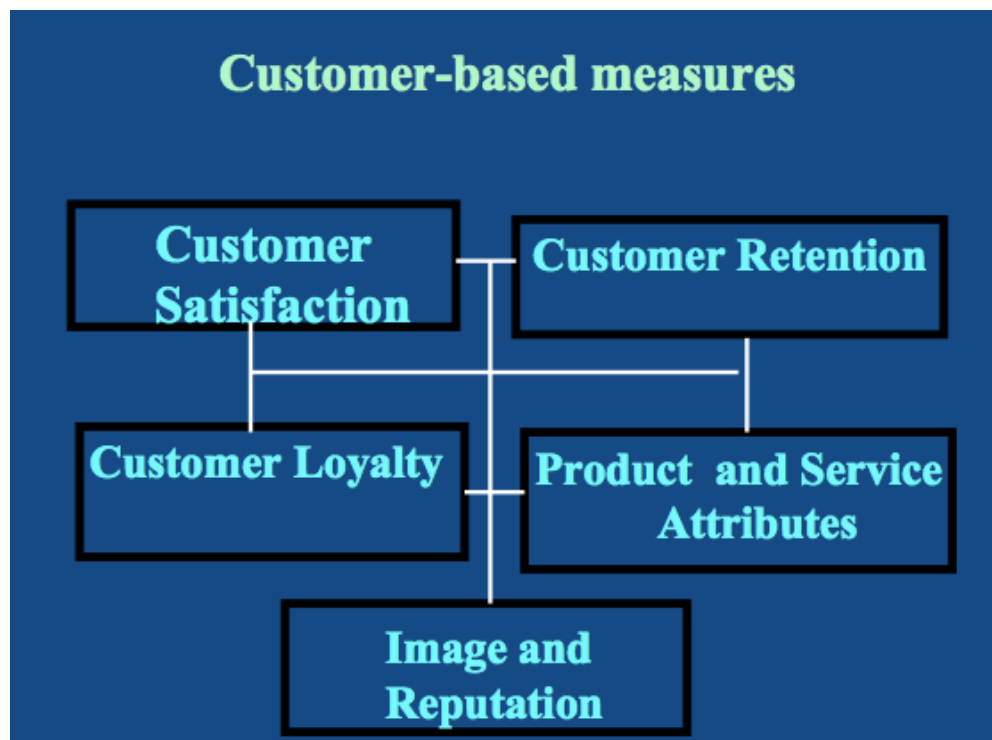
(Heskett 1994, p. 166)

D. *Total Quality Management Chart*



(Arogundade 2012)

E. *Customer Based Measures*



(Arogundade 2012)

Bibliography

Anthony, Pick n Pay, 4/12/2012

Arogundade, Kolade 2012, *Performance Measures*, PowerPoint Slides, University of Cape Town.

Arogundade, Kolade 2012, *Systems Theory*, PowerPoint Slides, University of Cape Town.

Arogundade, Kolade 2012, *Total Quality Management and Continuous Improvement*, PowerPoint Slides, University of Cape Town.

Dettmann, Terry 2000, *A Review of 'The Discipline of Market Leaders'*, Consulting Services NW

Freddy, Lyra's Café, 20/11/2012

Geoff, Northern Vineyard, 18/11/2012

Heskett, James 1994, 'Putting the Service-Profit Chain to Work', *Harvard Business Review*, March-April Vol. 72, Issue 2, p.164-170

Heskett, James 2008, *The Service-Profit Chain Today*, Harvard Business Review, 18/11/2012, <http://hbr.org/web/extras/2008/12/service-profit-chain-today>

Jenifer, Pick n Pay, 15/11/2012

Joey, Zone Fitness, 4/12/2012

Jonaton, Zone Fitness, 20/11/2012

Koelble, Thomas 2008, 'Market and Economy', Shepherd Nick & Robins Steve (eds), *New South African Keywords*, Ohio University Press, Athens, pp.157-168.

Patrick, 12 Nursery Road, 5/12/2012

Perman, Stacy 2009, *In-N-Out Burger: A Behind-the-Counter Look at the Fast-Food Chain That Breaks All the Rules*, Harper Business, New York.

Ritzer, George 2008, *The McDonaldization of Society* 5th ed, Fine Forge Press, Thousand Oaks.

Shawmay, Outside Pick n Pay, 4/12/2012

Steve, Supplement shop below Zone Fitness, 4/12/2012

Tony, Lyra's Café, 16/11/2012

Treacy, Micheal 1995, *The Discipline of Market Leaders*, Addison-Wesley, Reading Massachusetts