

# BusinessWeek

**WHEN  
SERVICE  
MEANS  
SURVIVAL**



# BEHIND THE LIST

**We started by delving into J.D. Power's database and asking readers to weigh in. More than 1,000 responded**

For our third annual list of Customer Service Champs, we started with existing data from J.D. Power & Associates, which, like *BusinessWeek*, is owned by The McGraw-Hill Companies. J.D. Power surveys consumers every year about customer satisfaction. We looked at two of the several measures they assess: the perceived quality of a company's staff, and what customers think of its processes, such as return policies or reservation procedures.

We aggregated the scores within an industry for each individual brand. Because some businesses work across multiple industries, such as banking and insurance, we included the brand only in the industry in which it scored highest. Our results may differ from J.D. Power's satisfaction rankings, which also consider quality, presentation, and price.

As in past years, we also surveyed 5,000 people using the BusinessWeek Market Advisory Board, a panel of readers we tap for feedback on a range of issues. We asked them to nominate three companies they felt were best at customer service and three they felt were the worst. More than 1,000 readers responded. J.D. Power took those top choices and surveyed consumers nationwide. That allowed us to expand the rankings beyond J.D. Power's existing database, which includes only a limited number of retailers, for example.

J.D. Power then ranked all of the brands using scores from its database and the additional surveys. To account for differences between sectors—buying a Lexus, for example, is nothing like buying a cell phone—we gave bonus points for those companies that lead their industries and subtracted points for those that fell below third place. We also gave 25 bonus points to brands that did best in our readers' poll.

One outlier: Starbucks, which got many votes from readers. Because none of its peers did well in the readers' survey or appeared in J.D. Power's 2008 database, we left it off the list. As a result, we can only give the coffee chain a venti honorable mention. For a more complete description of our methodology, go to [www.businessweek.com/go/09/method](http://www.businessweek.com/go/09/method).  
—Jena McGregor



## CUSTOMER SERVICE CHAMPS

| RANK | BRAND/INDUSTRY   | QUALITY OF STAFF | EFFICIENCY OF SERVICE | TOTAL SCORE |
|------|--|------------------|-----------------------|-------------|
| 001  | <b>AMAZON.COM</b><br>Online/Catalog Retail                 | A+               | A                     | 1035.12     |
| 002  | <b>USAA</b><br>Insurance                                   | A+               | A+                    | 1029.36     |
| 003  | <b>JAGUAR</b><br>Auto                                      | A+               | A+                    | 1022.34     |
| 004  | <b>LEXUS</b><br>Auto                                       | A+               | A+                    | 992.09      |
| 005  | <b>THE RITZ-CARLTON</b><br>Hotel                           | A                | A                     | 976.78      |
| 006  | <b>PUBLIX SUPER MARKETS</b><br>Supermarket                 | A-               | A                     | 969.75      |
| 007  | <b>ZAPPOS.COM</b><br>Online/Catalog Retail                 | A+               | A                     | 969.65      |
| 008  | <b>HEWLETT-PACKARD</b><br>Consumer Electronics             | A                | A-                    | 959.17      |
| 009  | <b>T. ROWE PRICE</b><br>Brokerage                          | A                | B                     | 946.92      |
| 010  | <b>ACE HARDWARE</b><br>Home Improvement/Electronics Retail | A-               | A-                    | 940.11      |
| 011  | <b>KEYBANK</b><br>Banking                                  | A-               | B+                    | 934.86      |
| 012  | <b>FOUR SEASONS HOTELS &amp; RESORTS</b><br>Hotel          | A                | A                     | 919.18      |
| 013  | <b>NORDSTROM</b><br>Department Store                       | B-               | B                     | 917.23      |
| 14   | <b>CADILLAC</b><br>Auto                                    | A+               | A+                    | 915.73      |
| 015  | <b>AMICA</b><br>Insurance                                  | A                | A                     | 912.06      |
| 016  | <b>ENTERPRISE RENT-A-CAR</b><br>Rental Car                 | B                | B                     | 906.75      |
| 017  | <b>AMERICAN EXPRESS</b><br>Credit Card                     | B                | B+                    | 905.76      |
| 018  | <b>TRADER JOE'S</b><br>Supermarket                         | A-               | B+                    | 904.31      |
| 019  | <b>JETBLUE AIRWAYS</b><br>Airline                          | B                | B                     | 897.24      |
| 020  | <b>APPLE</b><br>Consumer Electronics                       | B-               | A                     | 886.11      |
| 021  | <b>CHARLES SCHWAB</b><br>Brokerage                         | A                | B                     | 882.73      |
| 022  | <b>BMW</b><br>Auto   | A+               | A+                    | 879.88      |
| 023  | <b>TRUE VALUE</b><br>Home Improvement/Electronics Retail   | B+               | B+                    | 875.67      |
| 024  | <b>LL BEAN</b><br>Online/Catalog Retail                    | B                | A                     | 865.88      |
| 025  | <b>JW MARRIOTT</b><br>Hotel                                | A                | A                     | 864.98      |

**The winners in our third annual ranking are looking for ways to cut costs without slashing service. The total score is based on results from the first two columns, with bonus points for being an industry leader or scoring high on our readers' poll.**

#### IDEAS FROM THE BEST

Some 30% of sales come from outside retailers who sell goods on Amazon. To enhance quality control, CEO Jeff Bezos has been rolling out new services for those retailers, such as aid setting up shop or managing order fulfillment. Customers get more choice, which keeps them coming back: Sales surged 18% in the fourth quarter.

This financial services firm for military families handled 150,000 catastrophe claims in 2008, double its average, as events such as Hurricane Ike destroyed customers' homes and autos. Still, USAA retained 96% of customers. In 2008, USAA expanded eligibility to other military groups that weren't previously covered, helping to build market share.

In 2008, Jaguar faced a terrible market for luxury cars in the U.S., as well as the shock of changing owners from Ford to Indian conglomerate Tata. But Jaguar's field teams for customer service were recently ranked best in the auto industry by the National Automobile Dealers Assn.

Toyota is cutting back as sales fall. But its top-shelf Lexus division is spending more. It awards cash each year—as much as \$50,000—to dealers who have the best new service ideas. Summits held with other companies, such as Apple, prompted some Lexus dealers to add special help desks for high-tech auto gadgets.

COO Simon F. Cooper is cutting costs by closing some fine-dining restaurants for lunch and running laundry at night, when electricity costs are lower. To lure corporate event planners worried about high-end confabs amid the recession, Ritz will now donate 10% of corporate meeting fees to charity.

To ensure customers always find what they come looking for, upscale Florida-based grocer Publix adopted an "automated replenishment" system in 2008 for fresh items. Scanners indicate when inventory levels are low, and software automatically orders replacements. For oenophiles, the chain started a wine program that offers discounts.

With no monitoring of call times and no scripts, call center reps have so much power it's critical to make sure they're a cultural fit. To do that, CEO Tony Hsieh offers new customer service agents \$2,000 to leave the company after an initial training period if the new hires don't think they mesh with Zappos' zany culture.

In 2008, Hewlett-Packard opened eight new customer service centers worldwide, including two in the U.S. The PC and printer maker also gave all of its experienced agents access to Instant Care, the company's tool that lets tech support reps remotely control a customer's desktop.

As the economic crisis reverberated through the financial markets last fall, customers flooded T. Rowe Price's phone lines, Web site, and walk-in centers, driving traffic to 10% to 20% above expected volumes. Throughout the fall, the company tapped 300 employees who formerly worked the phones to help meet call demand.

Last year, Ace Hardware rolled out new technology that analyzes past shopping patterns to tell store managers what time of day is quietest for tasks like shelving products or cleaning rest rooms. By consolidating its call centers, the home improvement chain saved enough cash to expand evening and weekend call center hours.

Consumers like the Cleveland-based bank's service, but Key is doing more for small-business owners, too. In the past year the bank unveiled new online tools that give entrepreneurs many of the cash-management services long reserved for large companies, as well as more protections against check fraud.

As even luxury customers cut back, the hotelier is working to save costs without cutting service. The Four Seasons, which has had layoffs and a hiring freeze over the past year, is outsourcing laundry to third parties at some properties and combining some hotel management roles to help save labor costs.

Nordstrom's famous return policy lets customers return any item at any store, which means locations in Phoenix can end up with snow boots bought in New Jersey. New technology coming in 2009 will let stores ship that merchandise to online shoppers rather than back to a fulfillment center, which will save shipping costs.

Despite General Motors' cash crunch, Cadillac has not scaled back on guaranteeing loaner cars to customers while their cars are in the shop. With even high-end car owners holding on to vehicles longer, the brand is urging dealers to use their massive databases of customers to sell more oil changes and repair services.

The Providence-based insurer has a strong balance sheet and is investing in both new technology to speed claims processing and advertising to woo customers from struggling rivals. But CEO Bob DiMuccio says what sets the company apart is decades of investment in the staff, which has a turnover rate of less than 7%.

At Enterprise, management pay and promotion are directly related to a store's service performance. The privately owned rental car giant, which had the first mass layoff in its history in 2008, four months ago began using mystery shoppers it calls "brand integrity assessors" who show up unannounced at Enterprise's airport booths.

The credit card giant got a black eye for reducing credit lines for some spending habits, a practice it says it has stopped. But despite corporate layoffs, American Express has restructured compensation and scheduling for call-center agents. The changes offer them incentives tied to satisfaction scores and the flexibility to trade shifts.

Trader Joe's runs a lean operation: Some 99% of employees work in the stores, and even CEO Dan Bane doesn't have an assistant. That has helped prevent layoffs during its 40-year-plus history. Trader Joe's has long urged shoppers to bring their own bags to promote recycling—and save costs.

Pilloried just a few years ago for stranding passengers on the tarmac for hours, JetBlue created the industry's first Customer Bill of Rights—which includes providing compensation for passengers affected by problems caused by the carrier. It recently introduced free e-mail and instant messaging on some flights.

Apple sold more than 13 million iPhones in 2008, vaulting it to No. 2 in the smartphone market. But that rapid growth didn't cause service to slide. Last year the company also posted the largest one-year increase ever in the University of Michigan's closely watched American Customer Satisfaction Index.

A new direct-dial feature lets clients call back a Schwab rep directly to resolve an issue rather than have to navigate the automated phone line a second time. A push to reduce the number of steps it takes to open new accounts has helped to shorten some call times, freeing up reps to answer calls faster.

Luxury car sales were down 20% in 2008, but BMW gained market share. In the past, BMW tied dealers' compensation to satisfaction scores above a certain level. But with few complaints, most dealers scored high every year. Now, BMW ties rewards to how well dealers look after dissatisfied customers.

As customers turn to modest repair projects amid the housing downturn, CEO Lyle Heidemann says small hardware stores are holding up well. The company is testing a new customer feedback program in 2009 that would survey many more customers in a shorter time frame with expanded online surveys.

With slower sales this holiday season, L.L. Bean pulled back on seasonal hiring. But it made few mandatory cuts in labor hours through its flexible network of call center reps, who voluntarily gave up shifts when call volumes were low. A simplified software system for entering orders has greatly reduced the training time for new hires.

As business travel slows dramatically, JW Marriott has cut back on customer niceties such as newspapers in some hotels. But it has tried to improve service by cross-training employees such as administrative assistants, who have been taught to serve food at hotel banquets. That keeps service levels high without having to hire more staff.