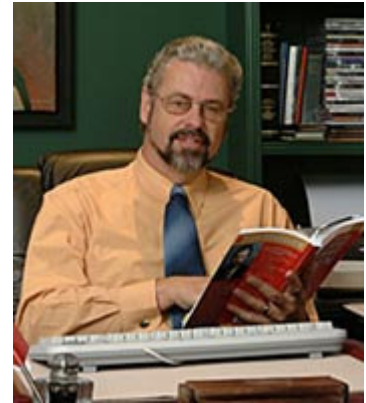


Are we really taking customer service seriously?

Nearly all businesspeople will agree that with fewer and fewer products or services being truly unique, the customer service experience has become the sole differentiator for the vast majority of companies. In other words, the quality of your customer service is what will give you a competitive advantage.

But the reality for most customers is that the quality of the customer service they receive is very poor. So poor, in fact, that it drives them away from their service providers and into the arms of their provider's competitors.

Half of the consumers surveyed in Britain and the United States said poor customer service was the reason they switched service providers according to a study by Accenture. Nineteen percent of shoppers said they had patronized a different store in the past year, 18% of all gas, electricity and water customers said they had switched suppliers in the last 12 months, 13% of bank customers changed banks and 13% of phone users switched Telcos all because of poor service. On average, for any given industry, 10% of all customers said they had changed their supplier because of poor customer service.



More and more companies are channelling customer contact through call centres but most customers believe this is making customer service worse, not better. In the Accenture study, 54% of customers said dealing with a call centre was like, "driving in slow city traffic that also required them to take many alternative routes to reach their destination."

Eighty-two per cent of customers using contact centres complained about being kept on hold too long. In fact, the Accenture study revealed that the average British consumer spends nearly 6 minutes on hold when contacting a call centre and they speak to 2.7 service representatives while trying to get the help they need. Seventy-seven percent said they had to repeat the same information over and over again.

Even when they do get through to the 'right' person, most customers end up disappointed. Seventy percent of customers said they did not get the help they sought and 35% said the agent they talked to lacked the product or service knowledge to help them. A further 20% said the technology the company used actually delayed or prevented them from getting the service they sought.

British customers using contact centres complained about slow service (47%), inflexible service (49%), lack of personalized solutions (43%), impersonal treatment (42%), lack of service due to computer systems being down (42%), company representatives asking too many personal questions (35%), and companies creating too much paperwork (14%). To add insult to injury, 51% said that when they did get through to a customer service representative, the agent tried to sell them another product or service.

The Internet, another channel companies are encouraging customers to use to get the service they seek, is not much better. Eighty-five percent of consumer financial sites are failing to provide good levels of customer service according to a study by Forrester Research. The study showed that lack of contextual help is the biggest failing with 75% of sites not providing adequate task-related help and easy access to assistance from a person in real time. Consistency was another problem with over 60% of sites using different symbols, colours, positions and instructions for navigational aids within the same site.

But perhaps what is most disturbing is that when things go wrong, companies fail abysmally to satisfy their unhappy customers.

It is an accepted fact that customers who have a problem with a company and have that problem resolved to their satisfaction are more loyal than customers who never had a problem.

It is an accepted fact that the longer it takes to resolve the customer's problem and the more people they have to talk to to get it resolved, the more dissatisfied customers are likely to be at the conclusion.

Failing to handle a customer complaint to the customer's satisfaction can be very expensive. If you think of a customer who has complained recently, found out what they spent with your company every year and

then multiplied that by 15 years (the customer's lifetime), you would understand how much business you would lose if you did not resolve their complaint to their satisfaction. If you then factored in the effect of the unhappy complainant telling nine other people about their bad experience (by calculating what business you would not get if each of those nine might have spent even just half as much as your complainant over only 10 years) you will see there is a lot of money at stake.

Recent research out of Britain shows just how poorly we are handling customer complaints. According to the latest Customer care Alliance study, last year 77% of British consumers had a problem with at least one product or service they consumed. Forty-three percent said the product or service did not meet their expectations, 36% experienced poor product or service quality, 21% experienced delivery problems and 18% complained of misleading information.

Sixty-four percent of customers were extremely or very upset over their most serious problem. Fiftythree percent said they had lost time as a result of the problem and 44% said they had lost money.

Eighty-three percent of these customers complained to the organisation responsible and 53% also told their friends about their problem. Thirty percent also decided never to do business with that supplier again. Interestingly, 35% of those who did not complain said they didn't think there was any point complaining because nothing was likely to be done to solve their problem.

It seems these customers are speaking from experience because 90% of the customers who did complain said they were unhappy with the way their problem was handled.

It took on average 4.5 contacts with a company to resolve a problem. Only 10% of the problems were resolved in one day, 20% took more than 30 days and 37% of customers said their problem had still not been resolved. One-third said they got nothing as a result of contacting the company.

Even when customers wanted non-financial remedies they were disappointed. Seventy-one percent of customers were not given an apology, although 47% had expected one. Seventy-eight percent were not given an explanation about what had gone wrong although 44% wanted one. Thirtytwo percent of customers wanted an assurance the problem would not be repeated but only 6% got one. Not surprisingly, satisfaction with the way the problem was resolved correlated highly with overall customer satisfaction, customer loyalty and what customers said about the company.

Lest we feel complacent, research in Canada, the USA, Australia and New Zealand says we are all performing at about the same level as the British when it comes to handling customer complaints.

So what kind of service do people want and how should we respond when things go wrong?

According to a study of 1000 consumers in the USA by IBM, today's consumers are making it clear they want friendly, knowledgeable, fast and personalized service. They want products that are easy to find and use. They want to interact with technology that recognizes them and rewards them for their loyalty. It will come as a surprise to many managers that all this is even more important to consumers than low prices! And as we have seen, if customers do not get this experience, they are quite prepared to take their business elsewhere.

As companies try to build more and more features into products such as telephones, satellite TV, and home appliances, these products are becoming more and more complex. Consequently, customers need more assistance in learning how to use, and therefore get full value from, these products. Similarly, as more companies are turning to technology as a way of interacting with their customers, customers need more education about how to make the most of the technology (e.g. "Did you know that by pressing 7 at any time, you can ...?"). Taking the time to educate your customers will reduce their frustrations and increase the quality of the customer service experience.

By the same token, 'self service' has got to add value to the customer and not just save money for the service provider if the customer is going to be satisfied. Most 'self service', such as you get at petrol stations, is really no service at all. It is simply DIY dressed up in corporate-speak. If you were a do-it-yourself person and built an addition on your home, when your friends admired your work I doubt you would say, "Yes, I hired my local builder and took the self-service option." Using technology such as telephone banking and the Internet must make it easier, faster and more effective for the customer if it is going to be seen as a service enhancer.

When things go wrong, customers want to be able to get quickly to someone who can help them. They want their problem resolved quickly and they would like an apology, an explanation about what went wrong and an assurance that steps will be taken to try to prevent the problem from recurring.

So it seems that lack of knowledge about what the customer wants is not the obstacle to delivering outstanding customer service. Nor is giving the customer what they want difficult to do. We just need to make giving the customer the kind of experience they are looking for a priority.

In other words, we have to take customer service seriously.

How can we say we are taking customer service seriously when, although we know it is very important to have loyal customers, we allow poor customer service to drive customers way in droves?

How can we say we are taking customer service seriously when the way customer problems are handled affects customer satisfaction, customer loyalty and the brand and yet we allow 90% of all customers who complain to go away unhappy?

How can we say we are taking customer service seriously when we are doing so little about it that 67% of all British consumers surveyed said that customer service had not improved in the past five years?

And what will have to happen for us to really take customer service seriously?

Dr Ian Brooks