



KIWIHOST

NEW ZEALAND'S CUSTOMER SERVICE EXPERTS

CUSTOMER SERVICE PULSE

report of findings

JRA
surveys \ analysis \ insight

JRA (NZ) Ltd

Surveys \ Analysis \ Insight

JRA (NZ) Ltd is New Zealand's leading provider of Stakeholder surveys and analysis. For the third year running, the results of this research back up our long held belief that in order to delight customers and inspire customer loyalty, businesses need to ensure their employees are actively engaged in their work. The analysis of this research shows that employees with the right attitude can make a lasting impression on a customer which not only means the customer will come back for more but will spread a positive message about the organisation.

We hope you will find the results of this research useful, and thought-provoking.

And if you want to find out how your employees and customers rate your organisation, we'd be delighted to help you find out. We can assure you it will be a very well worthwhile experience!

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KiwiHost

New Zealand's Customer Service Experts

KiwiHost is New Zealand's largest provider of customer experience management programmes, with special emphasis on developing people and service skills across a diverse range of industries, from manufacturing to health and transport. Since its inception in 1989, KiwiHost has developed customer service skills for more than 300,000 New Zealanders and 50,000 businesses.

All this experience has taught KiwiHost that benefits, quality, speed, convenience and so-called 'bells and whistles' are all important to business, but they're not the real customer service people are looking for.

The truth is that there will always be somebody who's faster; who copies your benefits or meets the same quality standards as you're offering.

The one thing competitors cannot copy; the one thing that is completely unique to a business; the one thing that every single customer in the world most wants to connect with is the distinct business personality; the culture of the team and the way they relate to customers. The only way to deliver that is through a company's own personal brand of customer service.

If you're interested in tapping in to the one real point of difference your business can deliver, we'd be glad to help.

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EXECUTIVE SUMMARY

The results of the 2009 KiwiHost/JRA Customer Service Pulse have consistent messages with the findings of 2007 and 2008. Respondents are calling on customer service staff to listen to them and understand their needs, show a willingness to help them and then respond in a timely manner.

It seems that many New Zealand organisations are not meeting customer expectations in these three key areas. In particular, the Telecommunications industry and Government agencies rated the lowest across a range of industries that respondents were asked to rate. On the flipside, the Banking industry and Restaurants, Bars and Cafes scored more favourably. However, even for the industries that scored favourably, only 60% of respondents were 'satisfied' or 'very satisfied' with the level of service indicating that there is still significant room for improvement amongst the higher performing industries.

When asked whether the level of customer service was improving in New Zealand, 41% of respondents felt there had been 'no change' whilst 30% of respondents felt it was getting worse.

These findings indicate a general feeling of dissatisfaction with the level of customer service provided by many New Zealand organisations. This is concerning given other findings of the KiwiHost/JRA Customer Service Pulse that indicate only a very small number of New Zealanders raise their complaints directly with an organisation. Only 6% of respondents *always* raise their concerns with an organisation whilst 13% never do. The majority of respondents indicated they 'occasionally' or 'hardly ever' raise their complaints.

Whilst many respondents are not telling the organisation about their concerns, they are telling their friends and family. Most respondents indicated that they will tell 4-6 other people about a bad customer service experience they have (compared to only telling 1-3 other people about a good customer service experience). Not only are they telling their family and friends, but respondents indicated they will only give an organisation one or two chances before they start to look at taking their business elsewhere.

These results provide a wake up call for many New Zealand organisations and re-enforce the need to have engaged, well-trained frontline staff that are supported by an organisation with customer focused strategies and processes.



INTRODUCTION

Between August and November 2009 over 600 New Zealanders completed a questionnaire asking for their perceptions of customer service in New Zealand. This report details their views and experiences of interacting with all types of New Zealand businesses.

THE TOP 3 FACTORS OF EXCEPTIONAL CUSTOMER SERVICE

As in the past 3 years, respondents have given us very clear messages of what front line customer service staff should be doing to ensure their expectations are met. The top three factors listed in 2009 are:

1. Listen to me and understand what my needs are
2. Show a willingness to help me
3. Respond to me in a timely manner

The 1st and 2nd of these factors are the same as the past two years and the 3rd factor appears in the top three for the first time - perhaps reflecting the 'time-poor' nature of today's customers. The results of our research suggest businesses that can get these three things right will have more satisfied customers than their competitors. The responses below from some of our respondents demonstrate the importance of these three themes:

“Recently our business wanted an addition to our services and we had to have it done in a hurry. The person I dealt with was friendly and efficient, explained clearly what the service techs had to do and that he had requested it be done urgently. The service was completed within about 3 hours when normal time is 1-2 working days”.

“I went in to get tyres replaced on my car. I was grumpy and in a hurry. The tyre company employee smiled, listened to what I wanted, organised a loan car for me to get back to work and arranged for tyres for me at a discounted price. When I returned later he asked how my day was going and showed



As illustrated in the diagram above, any business wanting to provide an exceptional customer service experience, needs to focus on the three important areas listed.

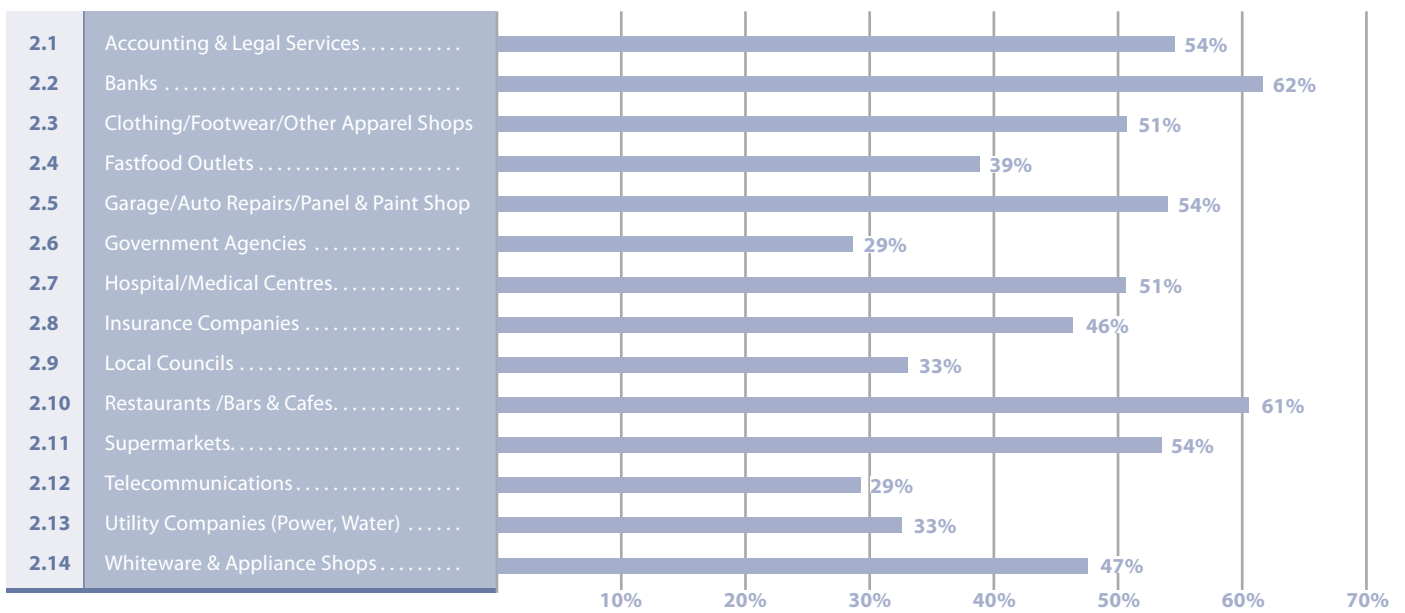
me on a model what they had done to my car with tyre alignment and why that was important to reduce wear. I left feeling great.”

“Was out to lunch, place was very busy, took a while to attend to us but waitress was calm and apologising for delay, kept coming to check everything was OK and ended up giving discount because she thought we had to wait too long. Very friendly service.”

INDUSTRY LEVEL INFORMATION

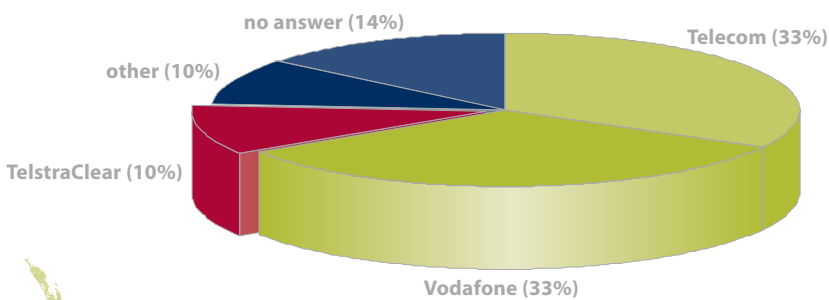
The results of the survey show that respondents do have different perceptions of the level of customer service provided by industries in New Zealand. Previous research conducted by KiwiHost and JRA has shown that respondents have a more favourable perception of the level of customer service provided by Banks. This finding is once again supported by the research conducted this year with Banks rated most favourably by respondents closely followed by Restaurants/Bars and Cafes. Although these industries rated more favourably than others, there still exists significant room for improvement amongst these industries (as can be seen from the graph below, only 62% of respondents were 'satisfied' or 'very satisfied' with the level of service provided by Banks).

LEVEL OF SATISFACTION WITH DIFFERENT INDUSTRIES WITHIN NEW ZEALAND



Also consistent with previous year's research, respondents had the least favourable perceptions of the Telecommunications industry. In addition to this, Government Agencies, Utility companies and Local Councils also scored poorly.

TELECOMMUNICATIONS INDUSTRY

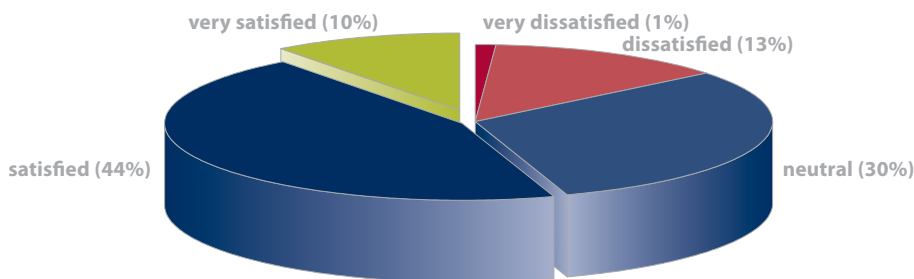


The chart to the left displays the distribution of responses when respondents were asked who provides the best level of service.



PERCEPTIONS OF CUSTOMER SERVICE IN NEW ZEALAND

The general perception of the standard of customer service in New Zealand is low. Overall only 54% of our respondents indicated that they were 'Very satisfied' or 'Satisfied' with the level of customer service in New Zealand. The chart below displays the distribution of responses when respondents were asked to rate their general perception of customer service in New Zealand:



These results clearly indicate there is significant room for improvement across organisations in New Zealand.

IS THE LEVEL OF CUSTOMER SERVICE GETTING BETTER OR WORSE?

41% of respondents to the survey believe there has been no change in the level of customer service provided by New Zealand organisations whilst 30% believe the level of customer service is getting worse. Only 26% of respondents felt that the level of customer service in New Zealand was getting better – a concerning trend for the future.

THE TRIGGERS - WHY CUSTOMERS FEEL INDIFFERENT OR NEGATIVE ABOUT SERVICE

The triggers are found in our three key factors – listen to me and understand my needs, show a willingness to help and respond to me in a timely manner. When a business does not deliver on these three themes, the result is a dissatisfied customer.

There were particular themes that emerged from the comments that suggest that there are certain areas that customers find particularly irritating. Amongst these themes were young, inexperienced staff, staff who talk to co-workers before attending to the needs of customers or staff who do not speak adequate English.

“Finishing a social conversation with a co-worker before sauntering over to serve a customer is probably one of the most irritating behaviours when waiting to be served. A couldn't care less attitude and lack of personality the other.”

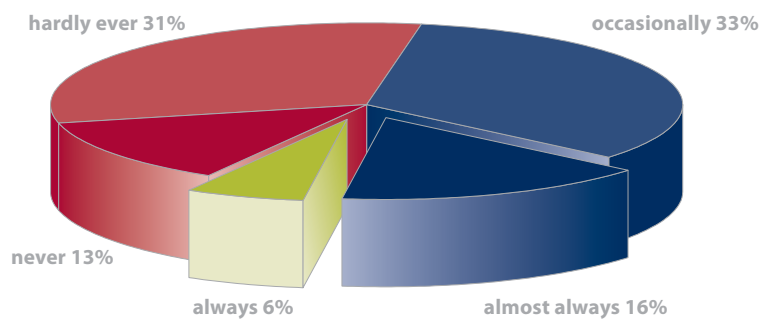
“Because we are increasingly being served by people whose first language is not always English there are elements of miscommunication increasingly coming to the fore.”

“I avoid dealing with staff under the age of 23 unless I know them or when I want fast service. I find them inattentive, preoccupied, likely to continue conversations with fellow employees or friends and make mistakes while doing your transaction. Many (not all) don't greet you or say goodbye.”

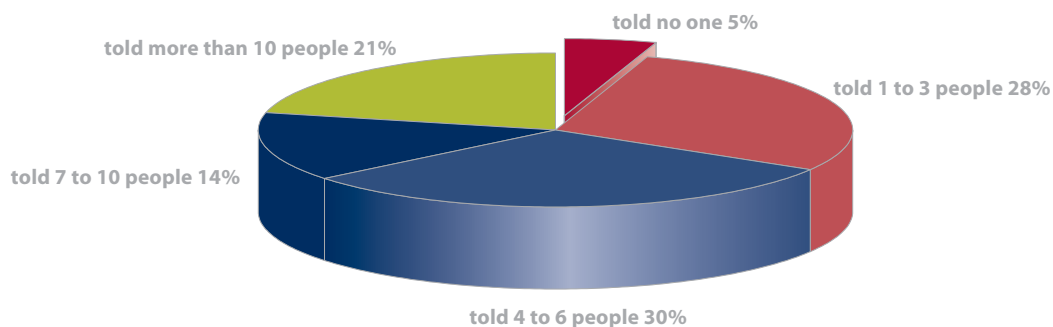


A BAD EXPERIENCE - WHAT DO WE DO ABOUT IT?

It is now very clear from the research conducted over the last 3 years that Kiwis generally are very reluctant to complain directly to an organisation after a bad customer service experience. In fact, only 6% of respondents indicated they 'always' complain after a bad customer service experience whilst 13% said they 'never' complain. The chart below clearly displays how frequently respondents complain after experiencing a bad customer service experience:

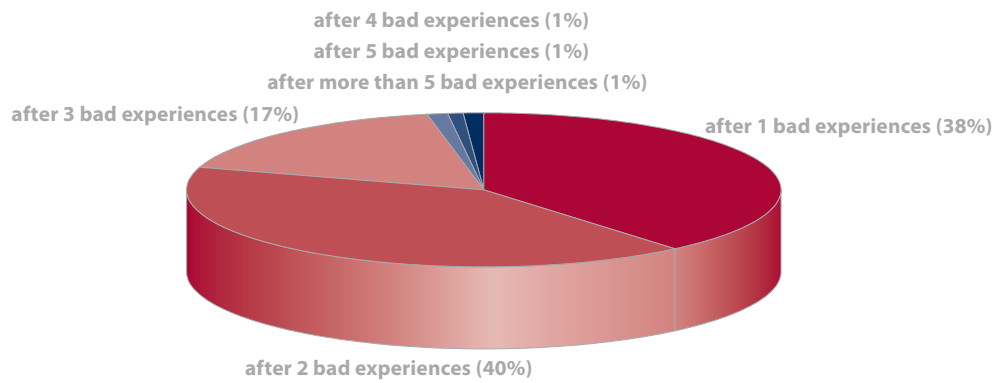


As can be seen, the most common response was 'hardly ever' or 'occasionally'. So what do respondents do if they are not complaining directly to an organisation? They tell their family and friends. 21% of respondents to the survey indicated they told more than 10 people about a recent bad customer service experience they had. The most common number of people respondents told was between 4 and 6 others. The chart below shows how many people respondents told about a recent bad customer service experience they had:



This research shows that it is uncommon for an organisation to know about a customer's bad experience but it is very common for that customer's friends and family to be aware of it. All the more reason for an organisation to ensure their frontline staff are consistently delivering superior customer service.

Once our respondents had experienced a negative customer service experience, how many chances do they give an organisation before looking to take their business elsewhere? Most of our respondents indicated they will only give an organisation one or two chances before they start looking at taking their business elsewhere. The chart below shows the distribution of responses when asked how many chances respondents give an organisation before they look at taking their business elsewhere:



ITS NOT ALL DOOM AND GLOOM...

The good news is that there are many New Zealand organisations that do provide memorable experiences for their customers and clients. Some of the quotes below clearly illustrate the lasting impression those organisations can make:

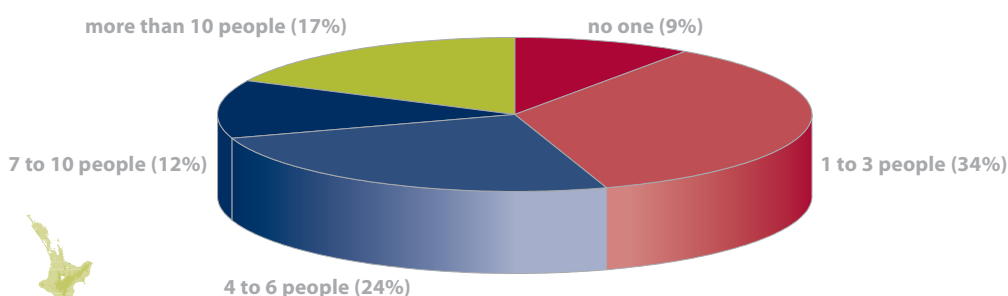
“I needed something in a hurry from a hire company, I was under a lot of pressure to deliver an event with short resources, both physical and human. My enquiry to the company, whom I had only dealt with once before, was short, sharp and demanding. Their service with a smile went the extra mile - and was fantastic. Some of the items that arrived were not what we wanted - our miscommunication, not theirs - without a grumble they took them away and brought back what we needed. Left a fantastic feeling, was very pleased with them.”

“Even though I’m not old or frail, the sales person offered to carry my chunky item to my car for me. When I said “That’s OK, my car is parked a little way away”, he said “that’s OK, I can still carry it for you”. (He was the owner of the store and I wasn’t a regular customer).”

“I usually buy a block of Colby from the supermarket but Nosh was more convenient. However I’m not a cheese connoisseur and it all looked very expensive and fancy. When I explained to the man behind the counter that I just wanted something to put in the kids’ toasted sandwiches he was exceedingly helpful, offering for me to taste a range of cheeses, even though I was only likely to spend a few dollars on the plainest cheese available. He didn’t make me feel stupid for not knowing much about cheese or for not having expensive tastes. It has really encouraged me to shop there more frequently!”

The comments relating to positive customer service experiences shows that the staff at these businesses are listening to their customers, they clearly demonstrate a willingness to help and they take responsibility to meet their customer’s needs.

Positive customer service experiences not only increase the loyalty of that particular customer but they also tell their family, friends and colleagues about it – effectively these people act as promoters for a business.



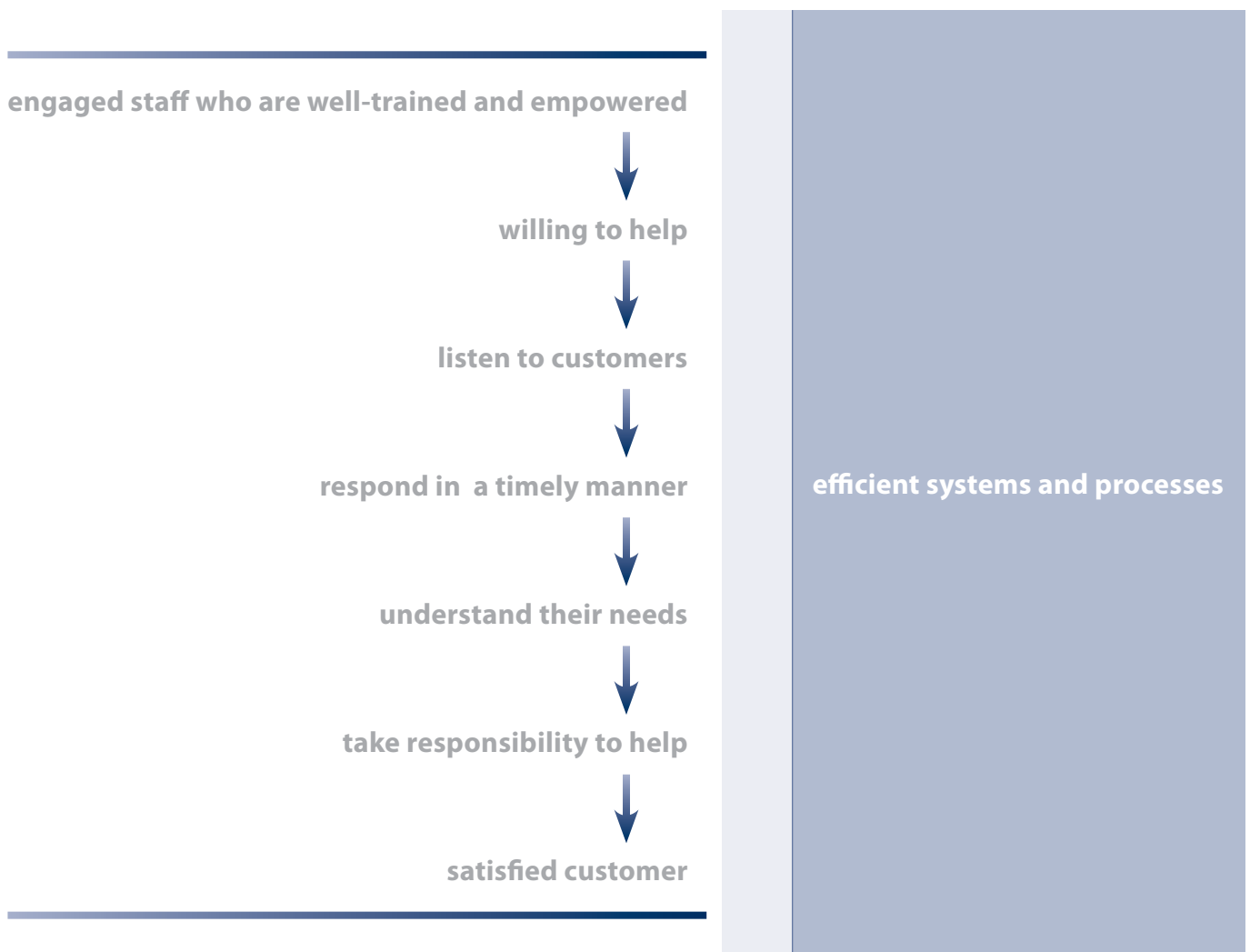
This chart displays the number of people respondents told about a recent positive customer service experience



ADDRESSING THE IMBALANCE

A MODEL OF CUSTOMER SERVICE

All the research we have looked at in 2007, 2008 and in 2009, point to the importance of having engaged staff who are well trained and empowered delivering customer service in your business. Staff who are engaged with the business, who are well trained and empowered will exhibit behaviours consistent with our three themes. Supporting these requirements of best practice service delivery is the requirement a business has efficient systems and processes to back their frontline staff up.





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