



NEW ZEALAND'S CUSTOMER SERVICE EXPERTS

Perceptions of Customer Service in New Zealand

Full Report February 2009

*What New Zealanders want
from Your Business*



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JRA (NZ) Ltd

Surveys \ Analysis \ Insight

Meeting your customers' needs has never been more important. With ever increasing signs of an economic slump, businesses who can meet and exceed their customers' expectations will be better placed to withstand the predicted tough times. The second ever Kiwihost/JRA Customer Service Pulse seeks to reveal insights in to what New Zealand customers expect from a business, how they react when they receive bad customer service and how they currently rate New Zealand businesses in general.

JRA (NZ) Ltd is New Zealand's leading provider of Stakeholder surveys and analysis. For the second year running, the results of this research back up our long held belief that in order to delight and inspire customer loyalty, businesses need to ensure their employees are actively engaged in their work. Employees who are providing superior levels of customer service day in day out, will ensure that a business is in the best position to withstand the current tight times.

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

And finally, 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 worthwhile experience!

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KiwiHost

Better Customer Service through people development

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 – a fact substantiated by the findings of this first KiwiHost /JRA Perceptions of Customer Service in New Zealand Survey.

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

KiwiHost Managing Director, Jared Brixton, says "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."

The survey has found that someone taking responsibility for my needs; showing a willingness to help me and to listen and to understand my needs' as their highest priorities in any transaction.

How a company's staff connect with people; how they relate to customers and the communication skills they use is, fundamentally, at the core of a good Customer Service offering.

Customers know that actions speak louder than words, and actions are controlled by the attitudes, motivation and communication skills of the team – collectively and individually.

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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Introduction

Between August and November 2008 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 findings indicate that many New Zealand businesses have a long way to go in order to ensure they are satisfying their customers. Among other reasons, respondents felt frustrated by inefficient telephone systems, retail staff who were more interested in chatting amongst themselves and no one being responsible for following up on their queries.

On the flipside though, there were many New Zealand businesses named by respondents because of their outstanding customer service delivery. These businesses are doing many things right and in particular are delivering on the three most important service areas we detail in this report. The good news for these businesses is that these satisfied customers are not only more likely to use you again but they are telling their family and friends about their experiences.

Key Findings

The results of the second annual Kiiwhost/JRA Customer Service Pulse have provided some insights that have significant implications for NZ businesses:

- Only 5% of respondents indicated they ALWAYS complain to the business concerned when they receive poor customer service.
- Whilst many respondents do not complain to the business, they do tell their family, friends and colleagues. 95.4% of respondents told someone else about a recent bad customer experience they had with 32.3% indicating they told 4-6 people (this was the most common number of people to share their experience with).
- Not only are these dissatisfied customers spreading the word, 28.5% of them indicated they only give an organisation ONE bad customer service experience before they start looking at alternative businesses to spend their money with and 42.8% give an organisation TWO bad experiences before they start looking at taking their custom elsewhere.

These three findings suggest it is likely that if your business has dissatisfied customers then you probably do not know about it, that they are probably telling others about it and they may already be looking at alternative businesses to spend their money with. Not only are you about to lose these customers but they are deterring others from using your business as well.

No business can afford to have dissatisfied customers particularly in these tough economic times. Providing superior customer service IS a competitive advantage and we hope the findings outlined in this report will help your business to understand the areas you need to focus on to improve satisfaction amongst your customers.

The Top 3 Factors of Exceptional Customer Service

For the second year running, respondents have sent a clear message of what front line customer service staff should be doing to ensure their expectations are met. The top three factors listed below remain the same as in 2007.

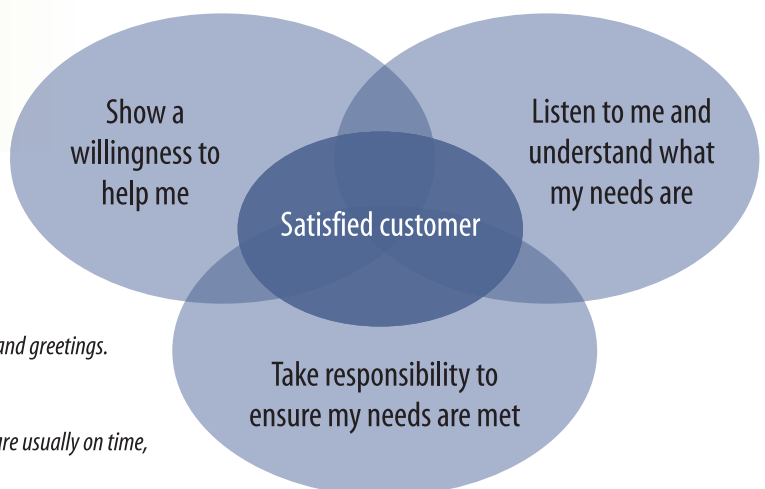
1. Show a willingness to help me
2. Listen to me and understand what my needs are
3. Take responsibility to ensure my needs are met

The results of our research suggest businesses who 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:

"Business X are always ready to listen and help. They remember my name and greetings. They go out of their way to help"

"I can contact them and make an appointment at a convenient time, they are usually on time, and helpful, empathetic and genuinely care about me and how I am feeling.....and make an effort to resolve my problem as quickly as they can"

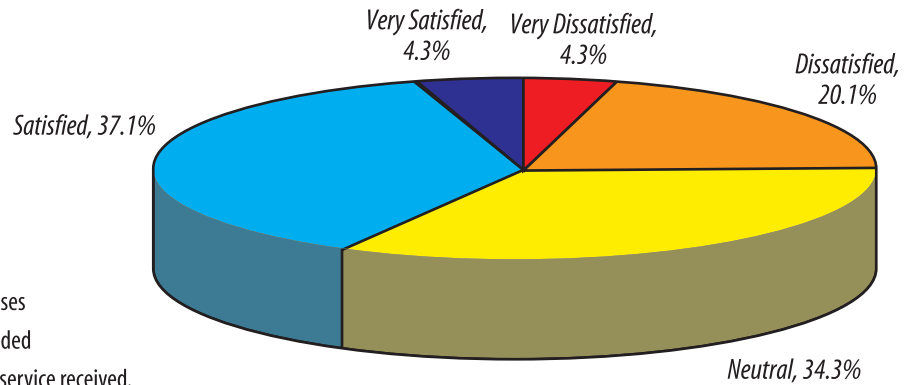
"The staff are attentive, listen and give good sound advice, if the particular person you are talking with doesn't know they admit this and will get someone who does know to follow through."



As illustrated in the diagram above, any business wanting to focus on satisfying customers and providing an exceptional customer service experience, needs to focus on the three important factors listed.

Perceptions of Customer Service in New Zealand

The general perception of the standard of customer service in New Zealand is pretty low. Overall only 41.3% of our respondents indicated that they were 'Very satisfied' or 'Satisfied' with the level of customer service in New Zealand – that leaves 58.7% 'Neutral', 'Dissatisfied' or 'Very dissatisfied'. The chart below displays the distribution of responses to the question, 'Overall, please rate your level of satisfaction with customer service generally in New Zealand':



These results clearly indicate the need for businesses to improve on the levels of customer service provided given that 34.3% exhibit feelings of neutrality to service received.

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, take responsibility to meet my needs and show a willingness to help. When a business does not deliver on these three themes, the result is a dissatisfied customer.

Many respondents to our survey recalled walking in to retail shops and being ignored by the poorly trained staff or phoning customer service lines and not being able to speak directly to a person. The quotes below are taken from some of the responses:

"Comparing retail here with retail in Australia: In NZ (often - and depends on the shop) you could walk into a retailer and be there for 10 minutes without anyone greeting you even if the shop is empty."

"Company X never returns calls, never gives a definite date they can come round, never on time when they do finally give a date."

"Don't talk to you; don't seem to care about their jobs."

"The time taken on hold, passing you from one person to another then hanging up (after 10mins on hold) on you because it is after 8.30pm and they have finished work."

"When we enquired about a special advertised we were rudely told it was not applicable anymore. When we further queried as it was still advertised, we were told it wasn't the attendant's problem. When asked why, she told us she wasn't paid to do that and it was the manager's job."

Respondents to the survey were asked to rate their level of satisfaction within a number of customer service areas. When asked to rate their satisfaction with the three key factors, 'Someone taking responsibility to meet my needs' scored the lowest with only 35.1% of respondents selecting 'Very satisfied' or 'Satisfied'. 'Being listened to and understood' also scored low with only 39% of respondents scoring this area favourably. The most favourable score (and one of the highest out of all the areas rated) was 'Willingness to help' with 51.4% of respondents scoring this area favourably.

These scores indicate that many NZ businesses have room for significant improvement in these areas. From analysing the results of the survey, it is clear that many New Zealanders are frustrated with poorly trained customer service staff and inefficient systems and processes to support front-line staff.

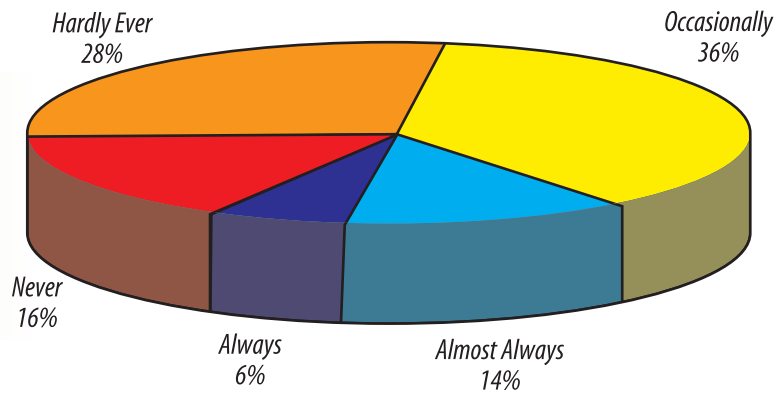


Spreading the Word – dissatisfied customers tell all...

As highlighted previously, respondents to our survey indicated that only a very small percentage of New Zealanders actually complain to the business concerned when they receive a poor level of customer service. Only 6% of respondents said they 'Always' complain after a bad experience and 14% said 'Almost always'. This leaves 80% of respondents only complaining 'Occasionally' or even less frequently than that. The chart below displays the distribution of responses to the question: "Where you have experienced bad customer service with an organisation, how often do you raise your complaints directly with the organisation?"

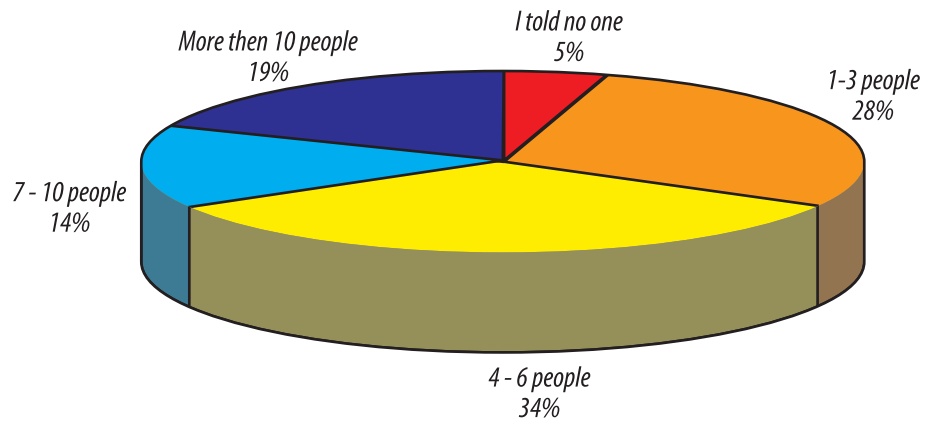
Some business owners probably would not be too worried about this finding because who really wants to deal with complaining customers anyway?

Well be worried – whilst dissatisfied customers are not telling the business concerned they are telling their friends, family and colleagues – your potential (or existing) customers.



The chart below displays the distribution of responses to the question:

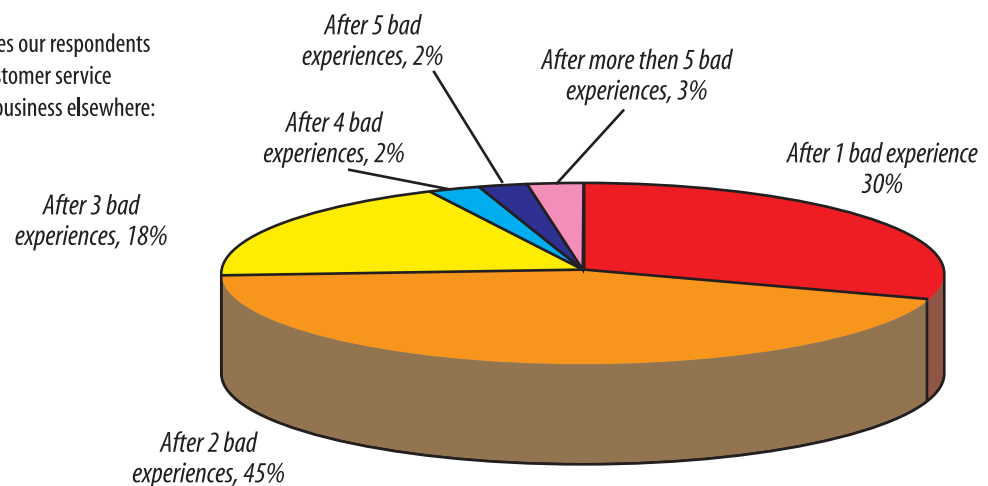
"Please think about an EXCEPTIONALLY POOR customer service experience you've had recently, how many people did you tell about it?"



94% of respondents indicate that they do not always tell a business about a poor customer service experience yet 95% of respondents indicate that they will tell other people with 4-6 other people being the most common number (in contrast, the most common number respondents told after a positive customer service experience was 1-3 people).

Last Chance?

The chart below displays how many chances our respondents give a business after experiencing poor customer service before they start considering taking their business elsewhere:



75% of respondents would start looking elsewhere to spend their money after only one or two bad experiences - this does not give a business many chances to meet a customer's expectations and re-emphasises the need for New Zealand businesses to be providing exemplary customer service as a standard aspect of daily operations.

But what about good customer service experiences?

It is not all doom and gloom though – many New Zealand businesses are providing high levels of customer service and have been named in our survey. The quotes below are from respondents recounting the reasons why they had a positive experience with a New Zealand business:

“Despite only being a small account, they are proactive and keep the contact level up and they have convenient systems to place orders”

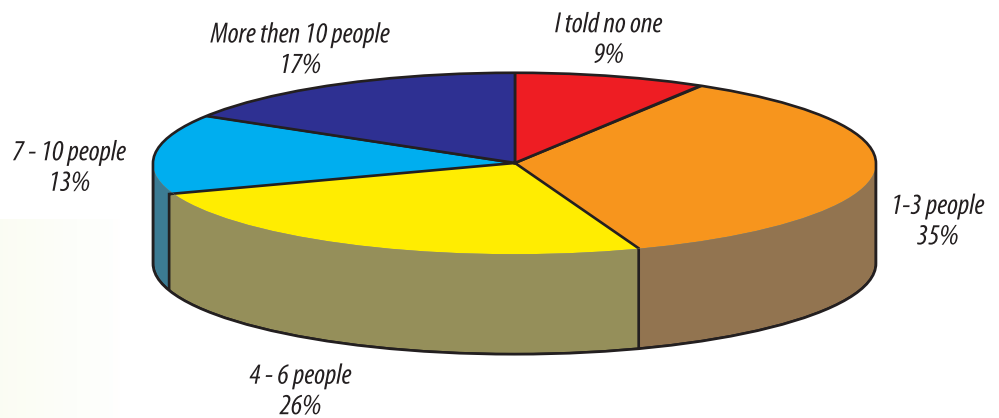
“Lots of knowledgeable and helpful staff available”

“Personal, friendly, efficient, helpful.”

“One to one customer service. Good listening skills by our personal banker. Supportive and understanding about business ideas. Experienced.”

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. The chart below displays the number of people respondents told about a recent positive customer service experience:



The largest proportion of respondents (35%) indicated they told between 1-3 people about a recent good customer service experience whilst 26% indicated they told between 4-6 people. This word-of-mouth referral is extremely powerful for any business whether it is large or small.

One business...two perceptions

A very interesting and perhaps not surprising finding of our research is the very different perceptions people can have about the same business. Consider these two quotes below:

Respondent X: “They try to solve and generally do problems you ring about very fast and they get back to you with answers”

Respondent Y: “Their arrogance and inability to work towards a solution”

These two quotes are actually referring to the same business.

Or this example:

Respondent X: “They are always cheerful helpful and nothing is too much trouble”

Respondent Y: “Too hard to talk to, don’t care about their customers as they think they are the best”

Again, these two quotes are referring to the same business. This finding indicates that within one business a customer’s perception can be very different depending on which customer service facing person they interact with. It is very common that within a business there are staff members who are engaged with their work and who do exhibit behaviours common with our three themes whilst there are other staff who, for whatever reason, are not providing high levels of customer service.

This problem needs to be addressed in any business wanting to improve customer satisfaction.

What about in a business to business situation - are the results any different?

Respondents who work in a business and who liaise with other businesses were also asked to provide their perceptions of customer service in the business to business environment. Not surprisingly, the perceptions of customer service were more positive across all areas of customer service.

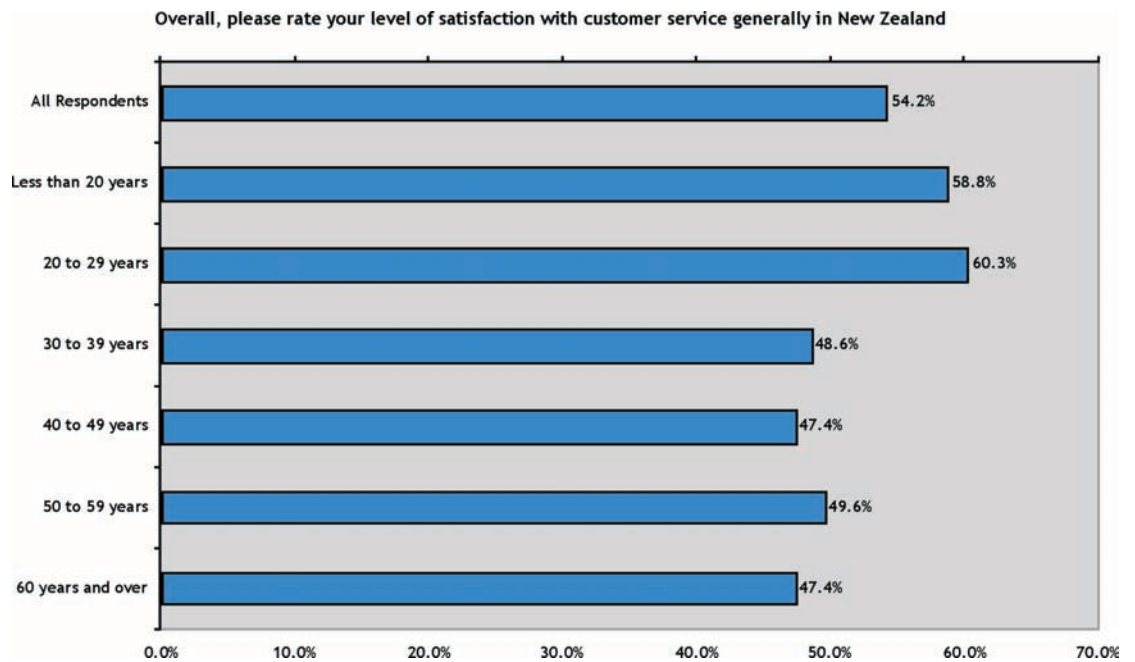
Just over half of our respondents (50.6%) were 'Very satisfied' or 'Satisfied' with customer service generally in New Zealand (compared with 41.3% when thinking of New Zealand businesses in general). When we look at the level of satisfaction with our three key themes – 45.8% answered favourably to 'Being listened to and Understood', 52.5% to 'willingness to help' and 47.7% to 'Someone taking responsibility to meet my needs'. Whilst these scores are more favourable, the results still indicate that there is significant room for improvement in this area as well.

Turning 30... what changes?

Analysis of the results by the age of the respondent indicates a clear difference in perceptions between those who are under 30 and those who are over 30.

This pattern is in keeping with last year's research whereby those respondents under 30 have much more favourable perceptions than those respondents over 30.

The chart below illustrates this point:



Many of the comments made by respondents in the older age group suggest that it is the frustration with "young" poorly trained staff that is having the biggest impact on their experiences. The quotes below from respondents aged over 30 illustrate this point:

"Lack of training on the service provider's part"

"Staff talking to each other whilst ignoring customers waiting at the counter or no staff at counter and you wait."

"They make you queue for ages and then have very young untrained and not very knowledgeable staff members that always seem to need to be overseen and helped by a supervisor"

The findings suggest that either younger respondents are being given better customer service or the more likely reason is that younger respondents are more inclined to let their counterparts off for poor customer service whilst older generations are not prepared to put up with it.

The most important finding of our age group analysis for businesses indicates that the areas that are important are the same across all age groups. Listen to me and understand my needs – take responsibility to help – be willing to help me & go the extra mile. No matter what age group your business deals with, these themes are the key areas to focus on.

Males v Females – are there any differences?

The results of this year's research indicate there are no significant differences between the perceptions of customer service in New Zealand between females and males. 40.9% of males were either 'Very satisfied' or 'Satisfied' with the level of customer service in New Zealand compared to 41.5% of females.

Again the most important finding for businesses is that both men and women want businesses to deliver on the same three key areas – listen to me and understand my needs, show a willingness to help me and take responsibility to meet my needs.



The Best and Worst Performing Industries

Respondents were asked to select from a range of industries which they believed provided the best level of customer service and which they believe provided the worst level of customer service. The industries available to choose from were Accounting and Legal Services, Banks, Cafes, Clothing/Footwear/Other Apparel Shops, Entertainment/Sport/Recreation outlets, Fastfood outlets, Garage/Autorepairs/Panel & Paint Shop, Government Agencies, Hardware/Handyman/Autoparts Stores, Hospital/Medical Centres, Insurance companies, Local Councils, Restaurants/Bars, Supermarkets, Telecommunications, Utility companies (Power, water), Whiteware and Appliance Shops.



The Banking industry was selected by the highest number of respondents (22.9%) as providing the BEST level of customer service in New Zealand. Many respondents also named particular banks in New Zealand when asked to name one company that provides a good level of customer service. Some of the quotes below recount respondent's experiences with banks in New Zealand:

"They listen to you. They understand your needs.

They come up with alternative options if the one you were looking at isn't quite right"

"Listen to the customer & respond intelligently"

"Always ready to listen and help. Remembers my name and greetings.

Go out of their way to help"



On the flipside, Telecommunications ranked the highest for the industry that provides the WORST level of customer service. This finding is consistent with the research carried out in 2007 where over 20% of respondents named the telecommunications industry as providing the worst level of customer service in New Zealand. The quotes below are taken from respondents who had a recent negative experience with a Telecommunications company:

"You can't get through to them re any issues. Put on hold and stay there. I have hung up after 40 minutes"

"Complexity of finding the right person to answer the question,

poor product knowledge of front line staff, left hand disconnected from right hand."

"Very difficult to get contact with, appear not to want to listen,

no accountability for issues, no pro-activity"

When analysing the comments relating to Telecommunication companies, the biggest frustration for customers seems to be getting hold of the companies (or at least getting hold of them within an acceptable time frame) and then..

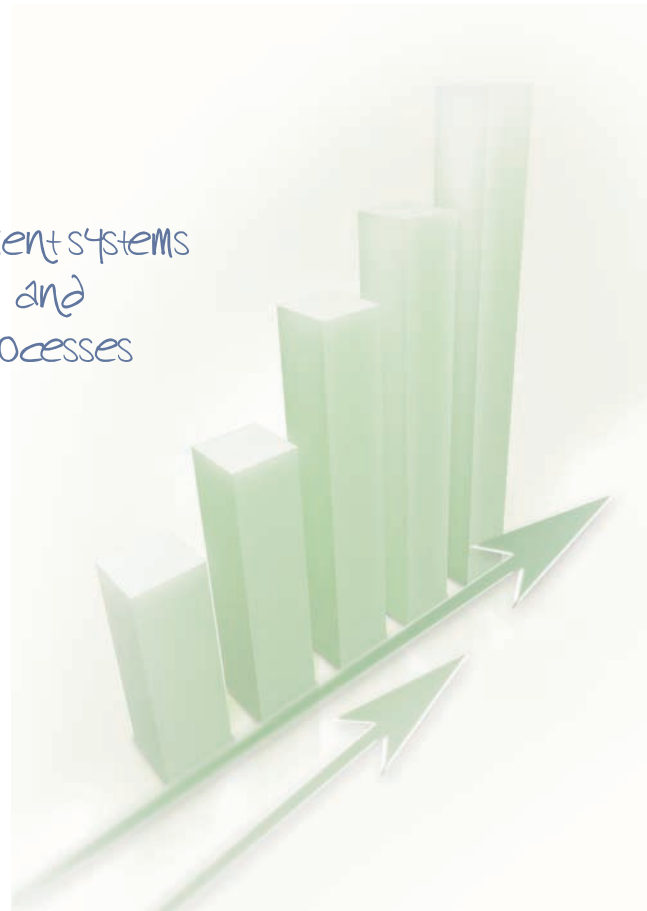
getting hold of the right person who can actually action or solve a customer's particular problem.

Addressing the Imbalance – A Model of Customer Service

All the research we have looked at in 2007 and in 2008, 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 the best practice service delivery is the requirement that a business has efficient systems and processes to back up their frontline staff.



Efficient systems
and
processes



The quotes below are from respondents recounting positive customer service experiences they have had. These quotes re-enforce the best practice model above:

"The people there really know their stuff, and they help you get the best deal."

"Excellent systems & procedures that all staff members are aware of and fully trained in."

*"They are friendly people who talk to you on your level at the same time maintaining their professional status.
They listen to what you want and why you want it first before they recommend."*

Summary

The most fundamental finding of this research lies in ensuring the people who are providing the service to your customers are engaged and well trained. Engaged and well-trained staff WILL deliver exceptional customer service. Exceptional customer service WILL increase the loyalty of your existing customers and they WILL act as promoters for your business in the market place.

It is clear from this research that New Zealanders want to feel listened to, they want someone to take responsibility to meet their needs and they want front line staff to show a willingness to help. They do not want to spend hours trying to get through to a business, they do not want to be passed from person to person having to explain themselves each time and they do not want to be ignored when they walk in to a shop.

Our research shows that this sentiment is the same across age brackets, industries and genders, and is consistent with our research done in 2007. Businesses who can deliver on these three key areas stand to reap the benefits of increased customer loyalty and greater numbers of new customers.

Listen to me-take responsibility to meet my needs-show a willingness to help & go the extra mile