



# [ 2012 SERVICE SURVEY: FULL REPORT OF FINDINGS ]

## ABOUT KIWIHOST

KiwiHost are 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.

Since 1989 KiwiHost has developed customer service skills for more than 50,000 businesses. All this experience has taught KiwiHost that a real customer service experience is what people are looking for. The one thing that customers want most is to connect with the distinct business personality, and the only way to do 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 2012 Service Survey are in and they continue to expand on the findings of the 2008, 2009 and 2010 surveys. In particular respondents are calling on companies to listen to them, demonstrate a willingness to help them and take responsibility to meet their needs.

Unfortunately it seems that many New Zealand Organisations are not meeting the expectations of their customers, with only four industry sectors finishing with a Happiness Rating\* of 50% or more. These included Mechanics/Auto Repair, Hotels/Motels, Banking and the Accounting/Legal professions. At the other end of the scale several industries ended with a negative Happiness Rating including Telecommunications, Government Agencies, Local Councils and Internet Service Providers.

The overall perception of service in New Zealand, despite being 6% down on the previous survey, continues to trend in the right direction... upwards. 48% of respondents indicated that they were satisfied with the level of customer service in New Zealand. This is somewhat undone when we asked whether they thought service was getting better or worse. 36% felt that it was getting worse, while only 24% thought that it was getting better.

These findings indicate a concerning level of dissatisfaction with the level of service provided by New Zealand Organisations. This is backed up further by the individual results of many of the companies reviewed inside, with Telecommunications and Internet Service Provider companies being hit the hardest by the response to their service efforts. This represents a significant opportunity for someone to get it right and dominate those markets.

Companies should be feeling the pressure as 40% of respondents indicated that they either always or almost always complained directly to the business concerned. The most concerning element for businesses however, should be the number of other people they are telling about it, with most (35%) telling 4 – 6 people, and another 19% telling 10 or more people!

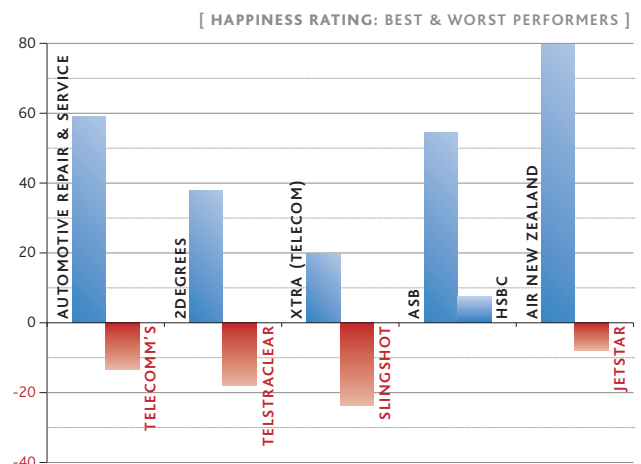
Unsurprisingly social media in our younger (under 25's) respondents is becoming increasingly important in how they communicate their feelings. It is now twice as likely for under 25's to use this medium than our over 25's. This is only going to take on more significance as this sector gets older and their younger peers start coming through as a buying force.

Welcome to the new age for service requirements! As seen in the media, you don't get a second chance to get it right on social media, before hundreds or thousands know about it and the effect it has on your brand.

These results should give a kick in the pants to some organisations and hopefully a realisation that service is not something that can be tucked under the rug, but is highly relevant to a company's reputation, brand and overall success.

To the right is a chart showing a summary of who performed well and who didn't. As you can see there are some clear standouts, with Air New Zealand having the highest overall Happiness Rating of 79.6 and Slingshot faring the worst with a Happiness Rating of -23.8 (in effect, an Unhappiness Rating).

[ JARED BRIXTON: MANAGING DIRECTOR, KIWIHOST LTD ]



## \*HAPPINESS RATING

What does it mean? It's the number of satisfied responses minus the number of unsatisfied responses, represented as a percentage of the total number of responses for each company.

- A Happiness Rating of 100 would indicate that ALL responses for that company were **POSITIVE**.
- A **NEGATIVE** Happiness Rating (eg Slingshot's score of -23.7) means that the responses indicate that the company has more unsatisfied customers than satisfied ones - ouch!

## INTRODUCTION

Between August and November 2012, we asked hundreds of New Zealanders about their perceptions of customer service in New Zealand. This report details their views and experiences of interacting with all types of New Zealand businesses.

This year, where possible, we have boiled the responses down to a single number "Happiness Rating". This is the overall percentage of those who held a satisfied or very satisfied view of the industry or company, less those with a negative view. It provides a clear picture of who or what is doing well and who is not.

## WHAT MAKES CUSTOMER SERVICE EXCEPTIONAL?

From the customer's perspective it is very clear what makes service exceptional:

1. **LISTEN & UNDERSTAND MY NEEDS**
2. **DEMONSTRATE A WILLINGNESS TO HELP**
3. **TAKE RESPONSIBILITY TO ENSURE MY NEEDS ARE MET**

If you can do only one thing for your customer though, it would be "**listen & understand my needs**". This was the top request for all those surveyed by some margin.

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:



*“The person I spoke with listened to my problem, and assisted on the phone, found there was an issue, advised technician would be on site within 24 - 48 hours - he had been and fixed the issue before I even got home – in less than 4 hours”*

*“I left feeling that what I wanted was achieved, that they had listened and sorted my problem. A tick off my to-do list!”*

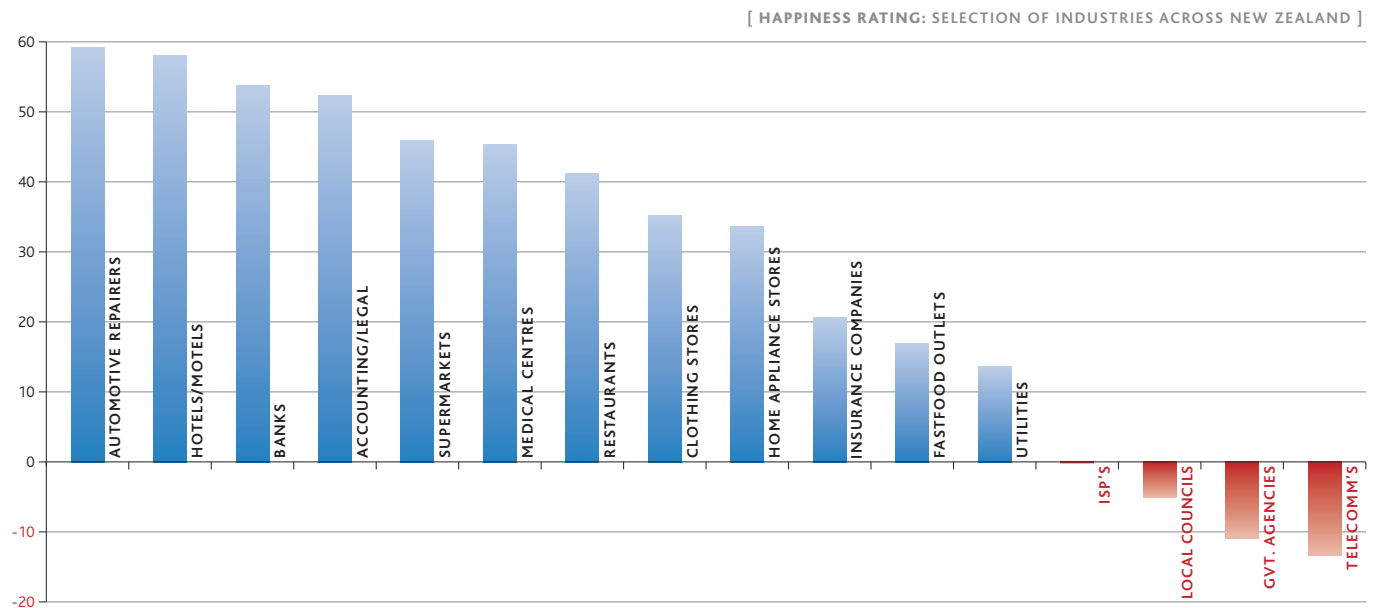
*“The man fixing my drainage post-earthquake did an amazing job, I recommend him to everyone. He explained the scope of the work, clearly communicated when there was additional damage, left my property in a tidy manner and followed up with a call. Amazing”*

*“Ordered something online. From the time I ordered the product to the time I received the goods the company kept me informed once they received deposit of money in their account, letting me know that they had couriered the goods and rung to confirm I had received goods. I thought this was excellent customer 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 has shown that respondents have a more favourable perception of the level of customer service provided by Banks. This year the Banks were undone by both the Automotive Repair and Hotels/Motels Industries. 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 the highest Happiness Rating, achieved by the Automotive Repair Industry, was 59.1 out of 100 - not a bad score, but not amazing.

Conversely at the bottom of the industries surveyed were Internet Service Providers, Local Councils, Government Agencies and Telecommunication providers. As you can see from their negative Happiness Ratings, these industries have more unsatisfied respondents than satisfied ones. Telecommunications providers were viewed especially poorly, with 45% of all respondents indicating that they are unsatisfied with the customer service the industry provides.



## INDUSTRY SPECIFIC INFORMATION

This year we drilled down into a few main industries, asking respondents how satisfied (or indeed unsatisfied) they are with the customer service on offer from specific companies within the Telecommunications, Internet Service Providers, Banks and International Airlines Industries. In the 2010 survey we asked participants to select which Telecommunications provider gave the best level of customer service (Telecom and Vodafone were first equal with 33% of votes each). This year we decided to go deeper and asked their satisfaction level with individual companies within each selected industry. *Note: Participants were given the option of indicating if they had no experience with that company so that responses are from people who are, or have been, customers of each company.*

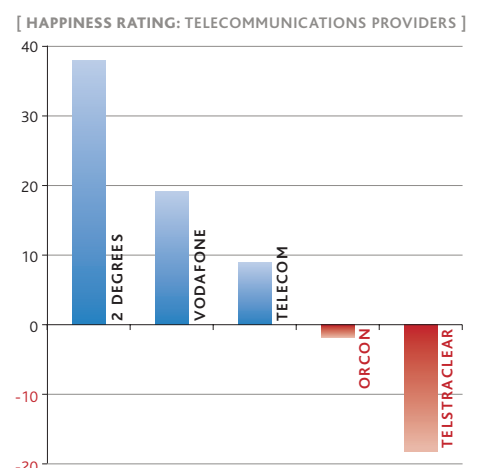
## TELECOMMUNICATIONS

Within Telecommunications, 2Degrees was the clear favourite with 50% satisfied respondents and the least unsatisfied at just 12%. TelstraClear however was on the other end of the scale with 22% satisfied and the largest percentage of unsatisfied respondents at 40%, leaving them with an overall Happiness Rating of -18.18.

[ NOTES ]

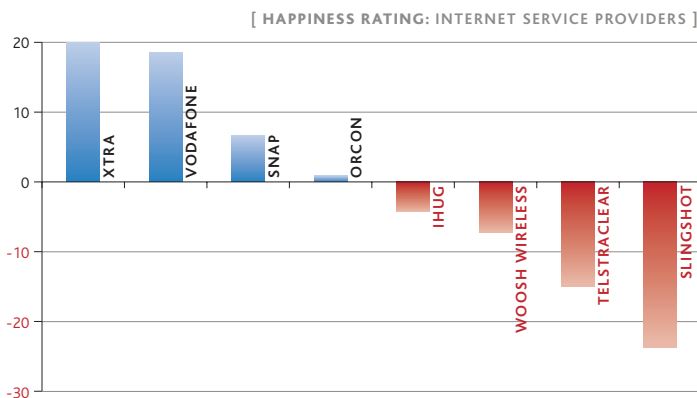
*2 Degrees, Vodafone and Telecom should all be congratulated for scoring a positive Happiness Rating in an industry that scored the worst overall Happiness Rating.*

*However, it's clear that they still have a wee way to go as a Rating of less than 40 out of 100 clearly indicates they still have work to do to improve their customer service to retain existing customers and win new ones.*



## INTERNET SERVICE PROVIDERS

The results for the Internet Service Providers was particularly interesting with Xtra (Telecom) being rated highest with 48% of their customers feeling satisfied, yet 28% were unsatisfied. This meant that they only just scraped in ahead of Vodafone on the overall Happiness Rating with a score of 19.95. On the other hand both TelstraClear and Slingshot were shocking, with large negative Happiness Ratings (or Unhappiness Rating) of -15.09 and -23.78 respectively.

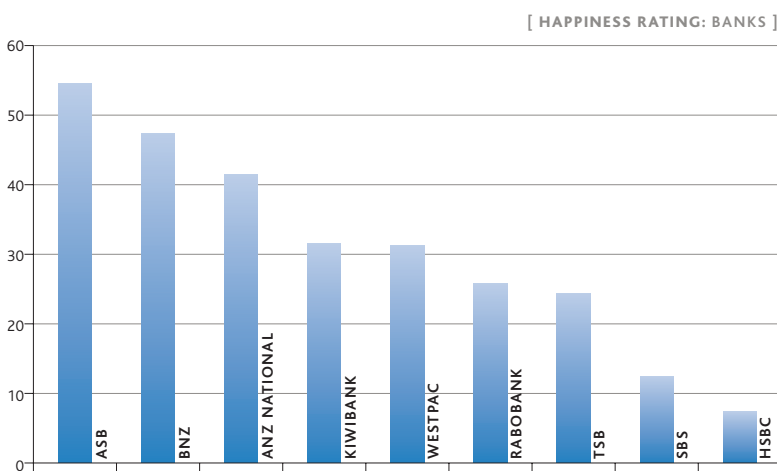


[ NOTES ]

Slingshot received the overall worst Happiness Rating with a worrying score of -23.7. The other ISP's shouldn't be too complacent however, as the highest Happiness Rating of 19.9 (out of 100) indicates there is clearly a long way to go for all of them.

## BANKS

The Banks managed to achieve the second highest level of satisfied customers of all the industries at 69%. Once pared down to the specific companies we found a fairly consistent satisfaction response with five out of the nine companies having 50% or higher satisfied respondents. ASB undoubtedly came out on top with 65% satisfied customers coupled with only 11% unsatisfied, leaving them with an overall Happiness Rating of 54.55.

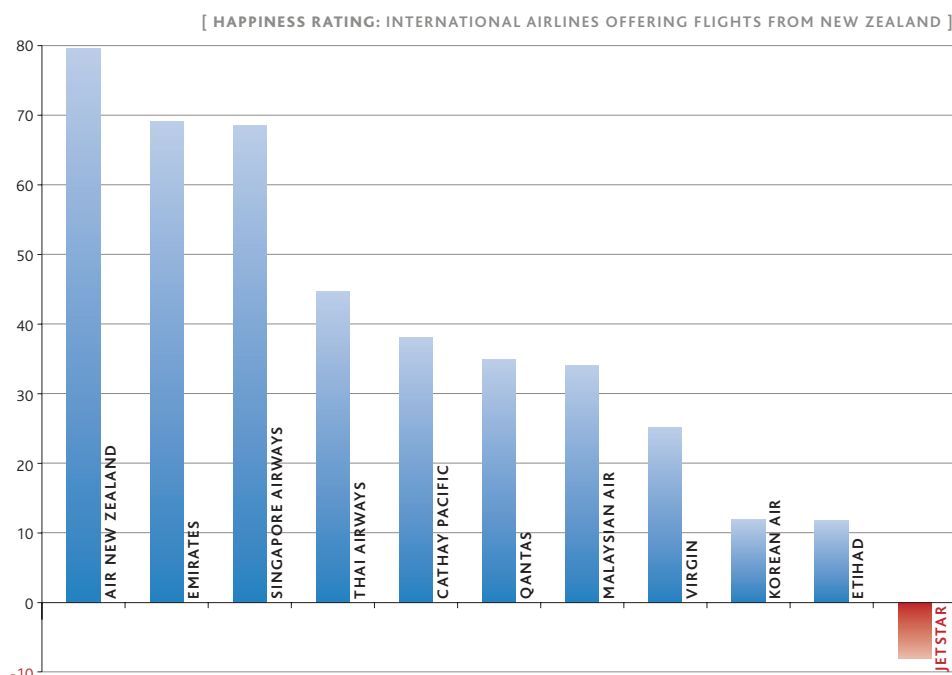


[ NOTES ]

Well done to all the banks for scoring a positive Happiness Rating - superior to any of the other industries surveyed!

## AIRLINES

Airlines also did particularly well in terms of a steady positive trend for the majority of companies rated. Air New Zealand had by far the highest level of satisfied respondents across all the industries and all of the competing airlines with 85% satisfied and only 5% unsatisfied. On the other end of the spectrum was Jetstar with only 32% satisfied and 41% unsatisfied - more than double that of the second lowest airline! It's also worth mentioning that whilst neither Emirates nor Singapore Airlines were in top position they both had a very low level of unsatisfied respondents, across all of the industries, and very high satisfaction levels at 72% and 70% respectively.



[ NOTES ]

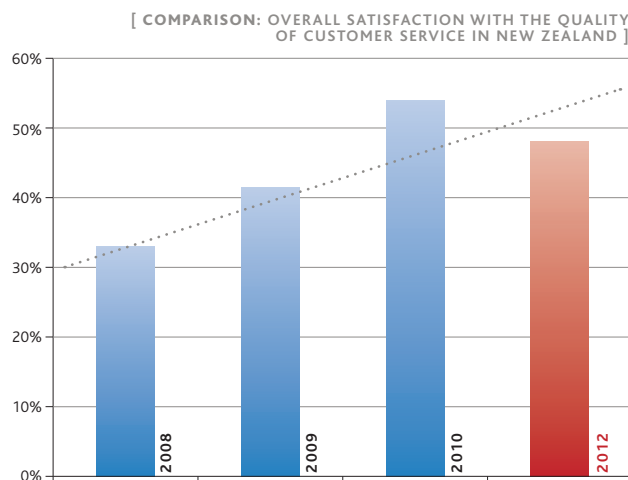
Air New Zealand proved to have the happiest customers with an overall Happiness Rating of 79.6...

Poor old Jetstar received the only negative score of all the airlines, with a Rating of -8.0.

## CUSTOMER SERVICE IN NEW ZEALAND

The general perception of the standard of customer service in New Zealand is low. Overall only 48% of our respondents indicated that they were very satisfied or satisfied with the level of customer service in New Zealand which is a 6% drop in overall satisfaction since 2010. The chart to the right shows the change in overall satisfaction over the past 5 years.

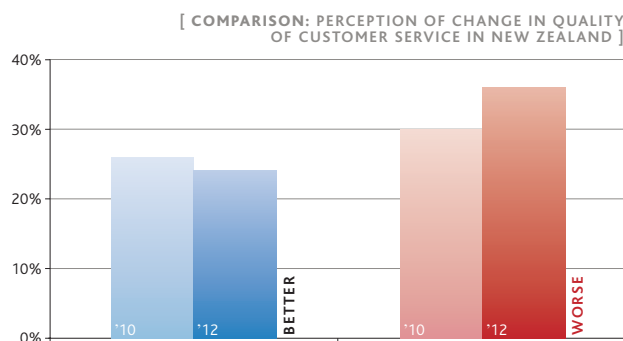
These results clearly indicate that whilst there is a generally improving trend, there is significant room for improvement across all businesses and organisations in New Zealand.



## IS THE LEVEL OF CUSTOMER SERVICE GETTING BETTER OR WORSE?

It is a bit of a mixed bag, with 40% of respondents to the survey believing there has been no change in the level of customer service provided by New Zealand organisations whilst 36% (up from 30% in 2010) believe the level of customer service is getting worse. Only 24% (down by 2% in 2010) of respondents felt that the level of customer service in New Zealand was getting better.

If this continues over the next few years it is likely that the overall perception of service will decrease significantly.



## 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.**

There were particular themes that emerged from the participants 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.

*“The company I was dealing with doubting my integrity and calling me a liar even when I had proof - won’t ever use them again and I have since told multiple people”*

*“The obvious willingness of my Energy Provider to discharge themselves from the issue at hand instead of finding a solution to the problem”*

*“They tried to cut the conversation short, and put me through to person after person to find the correct person that could help me. I would prefer to speak to just one person not heaps, and also find it hard to understand some customer service people over the phone due to accents”*

## A BAD EXPERIENCE - WHAT DO WE DO ABOUT IT?

It is now very clear from the research conducted over the last 3 surveys (these questions were first introduced in the 2009 survey) that Kiwis generally are very reluctant to complain directly to an organisation after a bad customer service experience. In fact, only 11% of respondents indicated they always complain after a bad customer service experience whilst 3% said they never complain.

As can be seen, the most common response was 'occasionally'. So what do respondents do if they are not complaining directly to an organisation? **They tell their family and friends.**

19% 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 with 35%.

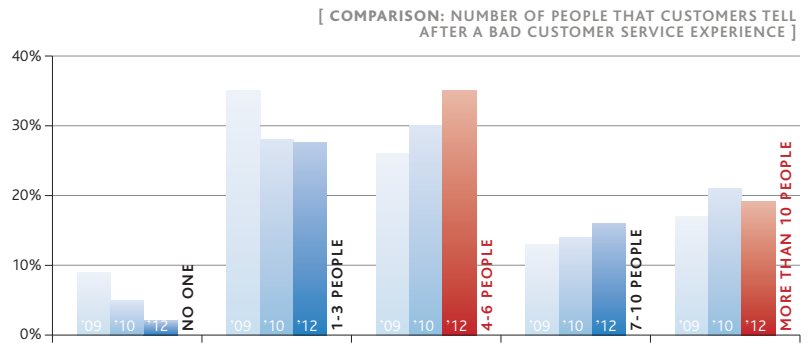
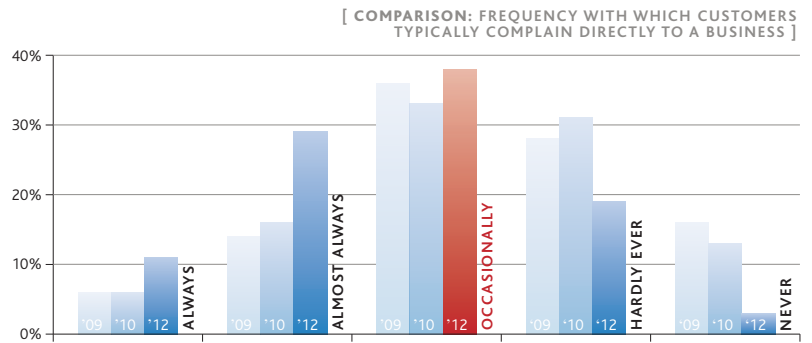
This research shows that it is less likely for an organisation to know about a customer's bad experience but it is very likely that at least 4 of that customer's friends and family will be aware of it. We also found that respondents prefer to rely on family and friends' recommendations when considering using a business or organisation for the first time (see notes at right) - all the more reason for organisations 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.

## SOCIAL MEDIA

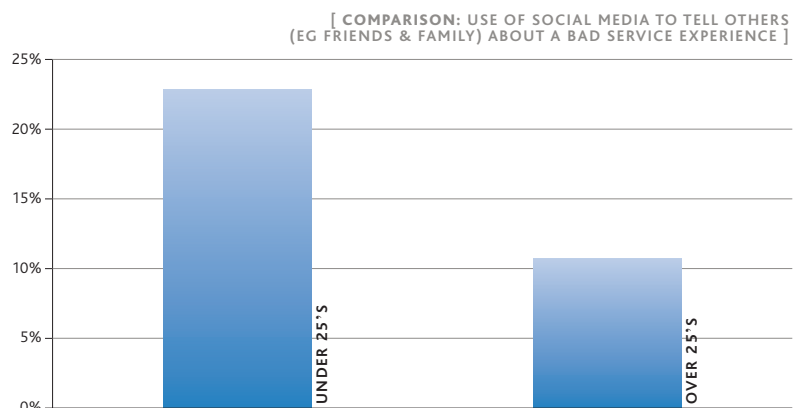
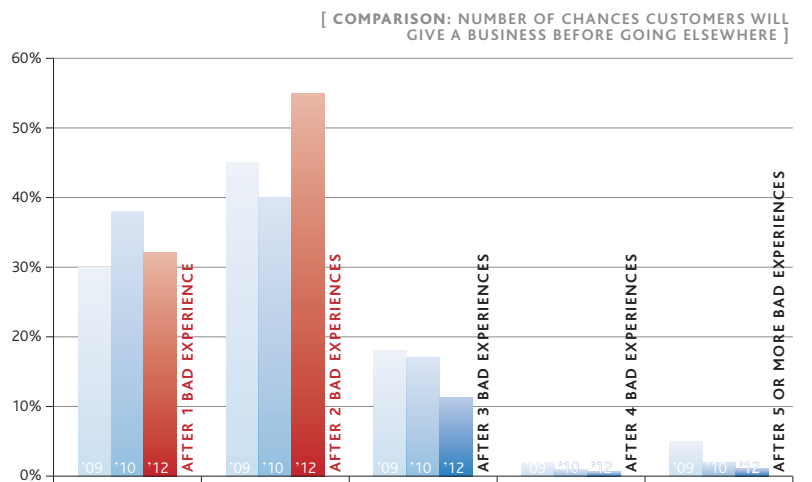
Social media has been steadily growing in appeal over the last few years, with the younger generation (under 25's) being almost twice as likely to use social media to tell other people about a negative customer service experience.

Social media is continuing to grow in popularity and as this younger generation is part of a rapidly increasing market it will be all the more important for businesses to take heed of this information, and utilise the power of social media as an important customer service tool.



[ NOTES ]

47% of respondents prefer to rely on family and friends' recommendations when considering using a business or organisation for the first time. 30% will search for reviews/information online (eg review-based websites and social media websites) where only 22% will consult a company's own website.



## 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. This can be seen in some of the comments made by survey participants:

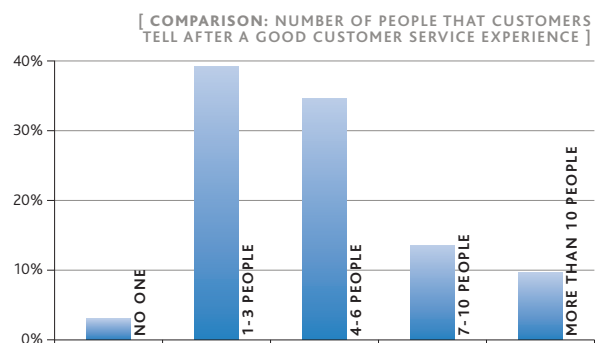
*“The first impression was welcoming and the staff member showed she was going to do all that she could to get the result needed. She couldn’t take care of it right then but she explained to me what steps she would take and when I was going to be contacted. In fact it was then sorted earlier than promised which made the process that much sweeter”*

*“The company personalised my experience. I had asked for a service to be suspended while my mother was in hospital - the company could have said no (as there’s probably some sort of small print that says they can), or they could have been abrupt (such a common response in NZ), but they chose to be friendly, suspended the service for several months (way more helpful than I expected, but a move which will ensure they retain our custom), and offered up a personal ‘best wishes from the girls in the office here’. I thought it was amazing and was very touched by the response, and I sure will tell people about it”*

*“A bra fitting, young girl was very professional and kind. I was pregnant at the time and my Nana had just died so didn’t really want the fitting but it had to be done. Great listener and well informed about various bras etc and even said I hope the funeral (which was the next day) would be as good as it could be in the circumstances and to look after myself. Due for another bra fitting and will be definitely going back there”*

The comments relating to positive customer service experiences show 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 customers’ 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. Our research has shown that after a good customer service experience, that customer is most likely to tell 1-3 people or 4-6 people.



Business owners can also take heart that really good experiences are memorable ones. We asked our participants to tell us about one customer service experience they had in the last 12 months that stood out the most - was it a good experience, or a bad experience? The majority (64%) said the experience that they remembered the most in the last year was a **good** one. This means that people will still be talking about it and recommending that business to friends and family **1 year later** - perhaps even longer. How’s that for an effective, lasting source of advertising?

## A MODEL OF CUSTOMER SERVICE

All the research we have looked at in 2008, 2009, 2010 and in 2012, point to the importance of having engaged staff who are well trained and empowered in delivering customer service for your business. Staff who are engaged with the business, who are well trained and empowered will exhibit behaviours consistent with our three themes. By supporting these requirements of best practice service delivery this ensures that the business has efficient systems and processes and means that the frontline staff are then supported to perform at their best for the good of the company.

