

Customer Service Best Practices Survey Results

In our last survey on [customer tipping points](#), consumers told us where companies fail at meeting their expectations and how they typically react to bad customer experiences. The results delivered insight into the true impact of poor customer service on satisfaction, loyalty, brand reputation and revenue. In this latest survey, we focused on what companies are doing right and how this impacts customer relationships, perceptions and profitability.

Executive Summary

During difficult economic times, most organizations shift their focus from acquiring new customers to retaining and growing existing customer relationships as a more cost-effective way to increase revenue. It is also during these times that they realize the vital role that customer service operations play in maintaining profits and improving customer loyalty.

The Best Practices survey sought to discover:

- Which industries are doing the best job when it comes to customer service
- Which service channels provide the best experiences
- The importance of an organization's customer service reputation in consumer buying decisions
- The impact of issue handling and resolution on customer loyalty

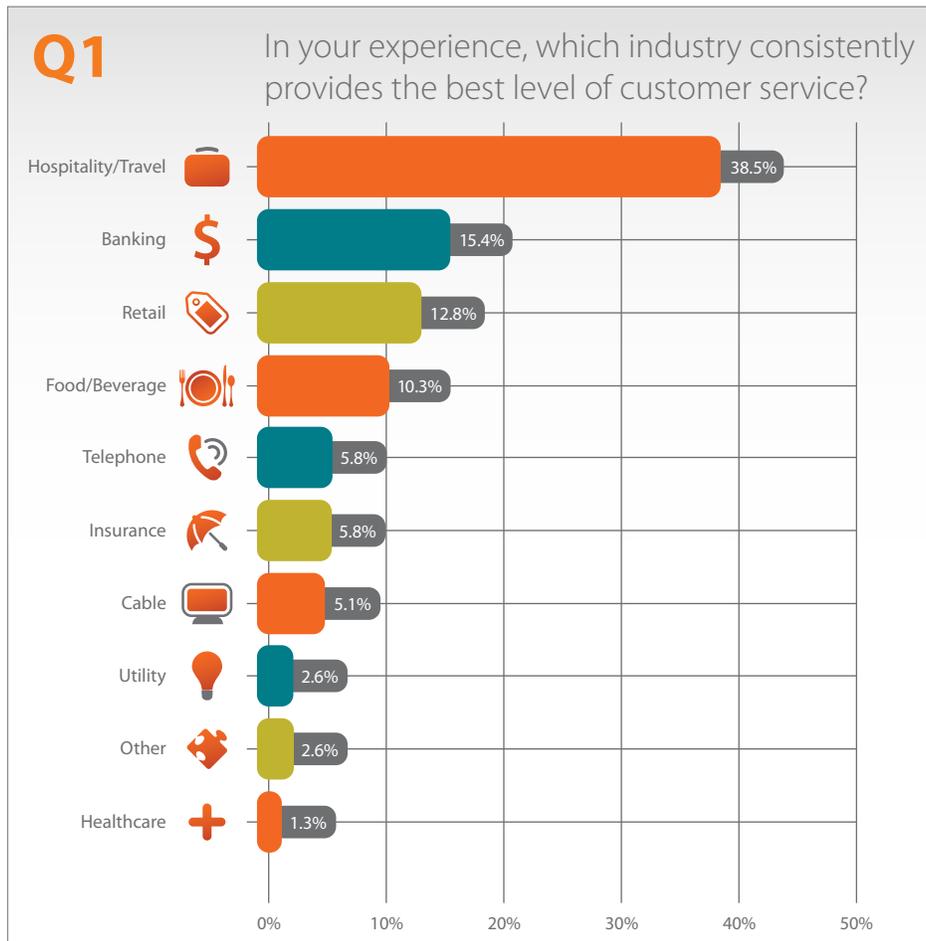
Overall, the findings show that consumers place a strong emphasis on customer service with over 60% of respondents indicating that a company's customer service reputation is 'very important' in influencing their decision to do business with an organization. Consumers also revealed that customer service even plays a larger role than price when making purchasing decisions, and especially in situations where a company meets or exceeds their expectations in handling and resolving customer issues.

Detailed Survey Results

Q1 IN YOUR EXPERIENCE, WHICH INDUSTRY CONSISTENTLY PROVIDES THE BEST LEVEL OF CUSTOMER SERVICE?

For some industries, customer service is at the cornerstone of business, and that becomes evident when examining consumer perceptions of service performance. Consistent with most external data and research, consumers chose travel/hospitality as the top industry that consistently delivers the best customer experience. 38.5% of respondents selected travel/hospitality, more than double the number of respondents who chose the second place industry, Banking (15.4%), followed by Retail (12.8%) and Food & Beverage (10.3%). Telecom, insurance and cable all fell into the 5% range.

The results are no surprise given the strong emphasis that airlines and hotels place on customer experience. Because it is easy for consumers to select a different hotel or airline based on price and availability, travel and hospitality companies understand the importance of customer service as competitive differentiator and advantage. In industries like cable and utilities where consumers have fewer choices, perceptions of service drop significantly with only 5.1% and 2.6% of respondents selecting those as consistently delivering the best service.

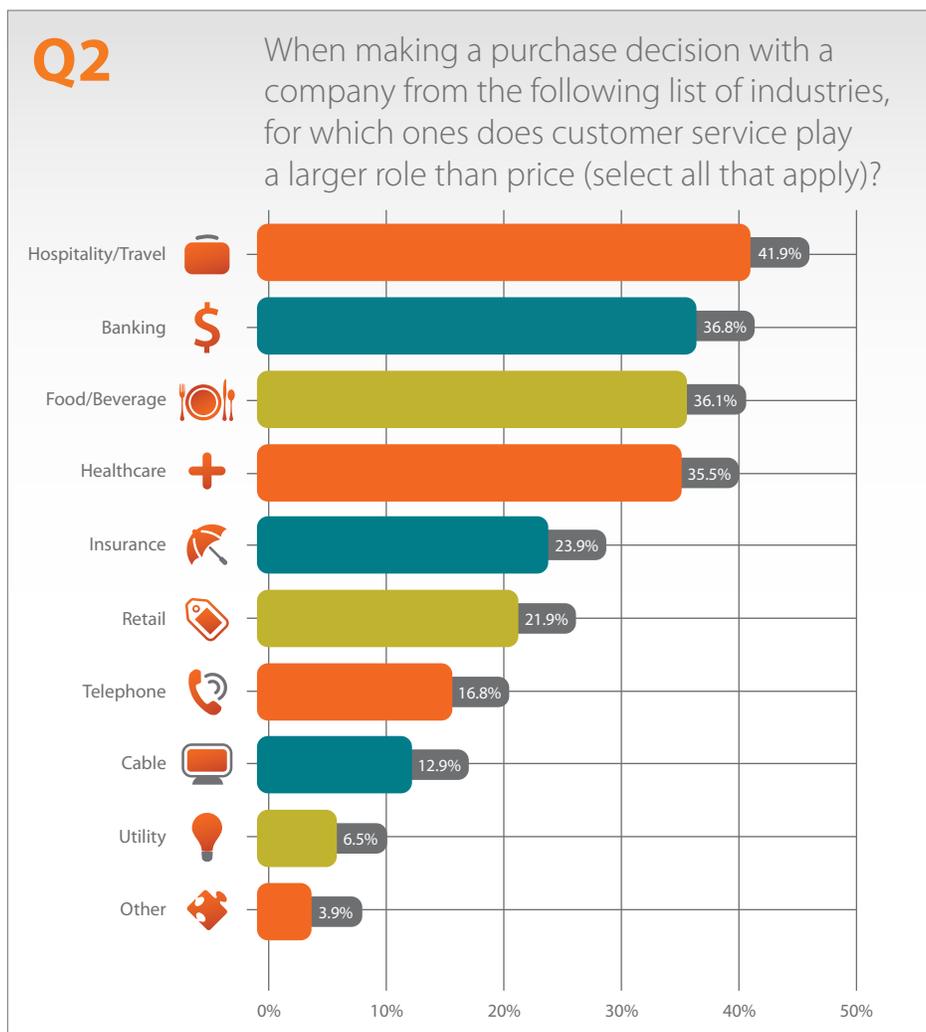


Q2 WHEN MAKING A PURCHASE DECISION WITH A COMPANY FROM THE FOLLOWING LIST OF INDUSTRIES, FOR WHICH ONES DOES CUSTOMER SERVICE PLAY A LARGER ROLE THAN PRICE (SELECT ALL THAT APPLY)?

For some industries, consumers are willing to pay more for products or services if it means getting better service. 41.9% of respondents indicated that customer service plays a larger role than price when making purchasing decisions in travel and hospitality, followed by banking (36.8%), food/beverage (36.1%) and healthcare (35.5%). Utility (6.5%), Cable (12.9%) and Telco (16.8%) companies lagged behind, likely due to the fact that service providers thrive on long-term relationships, and consumers have to exert more effort to cancel contracts or switch to competitors.

Interestingly, the results almost mirrored the first question suggesting that industries delivering best-in-class experiences are also the ones where consumers value customer service over price.

This data is very compelling given the state of the economy and the renewed focus on saving and frugality. Even in a difficult economic climate, most consumers still place a heavy emphasis on customer service—although many companies run to slash prices on products and services to compete and maintain revenue, an investment in customer experience improvement can yield much more revenue without a risk of devaluing goods in the future.

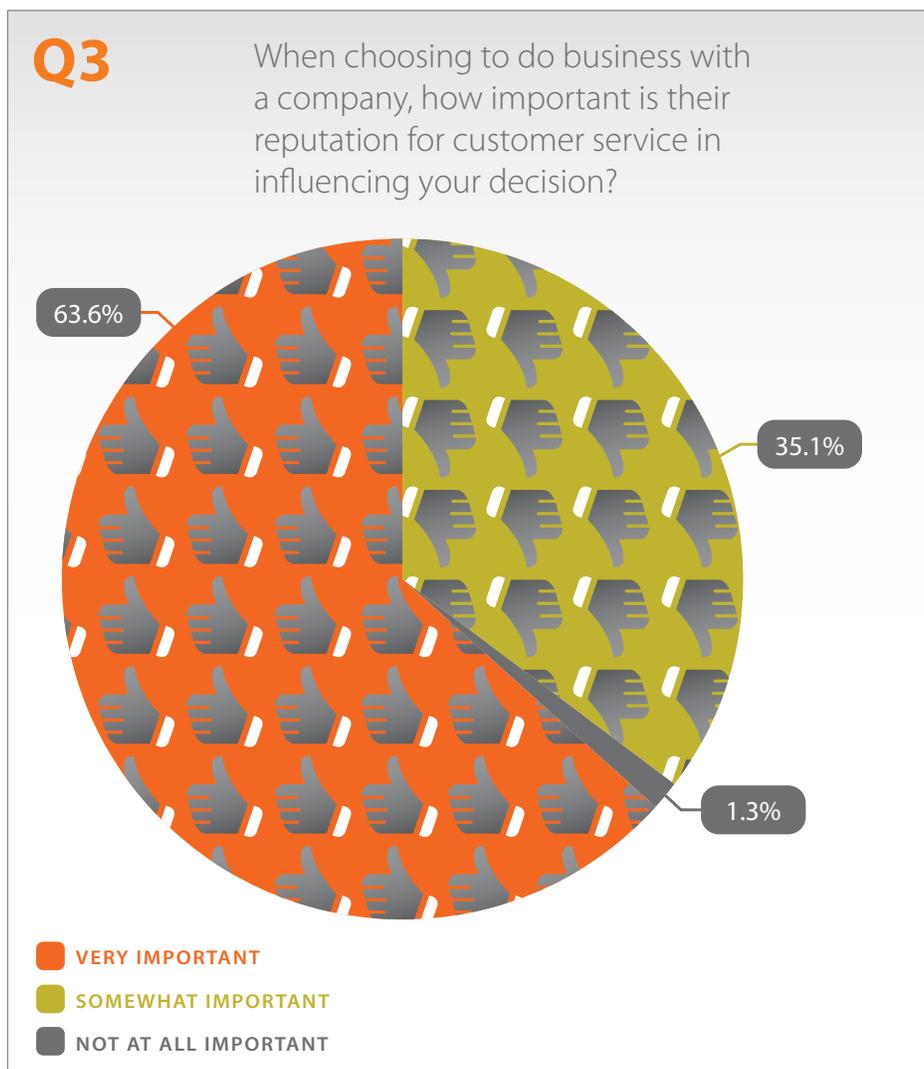


Q3 WHEN CHOOSING TO DO BUSINESS WITH A COMPANY, HOW IMPORTANT IS THEIR REPUTATION FOR CUSTOMER SERVICE IN INFLUENCING YOUR DECISION?

Customer service reputation is extremely difficult to measure, especially given the plethora of resources now available to rate and score a company's service performance. From third party research firms like JD Power & Associates to rapidly expanding social communities, consumers have a wealth of information at their fingertips about the level of customer service that a company provides its customers. But how does this impact buying decisions and loyalty?

Nearly two out of every three respondents (63.6%) indicated that customer service reputation is a 'very important' factor when choosing to do business with a company, while 35.1% noted that it is 'somewhat important'. Only 1.3% said reputation was not a factor at all. This data suggests that companies have a huge opportunity to increase acquisition and retention by focusing on customer service and satisfaction. Many progressive companies who recognize the value consumers place on service are even touting it as part of their brand in commercials and ads, effectively leveraging their customer-centric strategies for competitive advantage.

In an upcoming survey we will delve deeper into this area to examine how consumers seek out information about a company's customer service reputation.

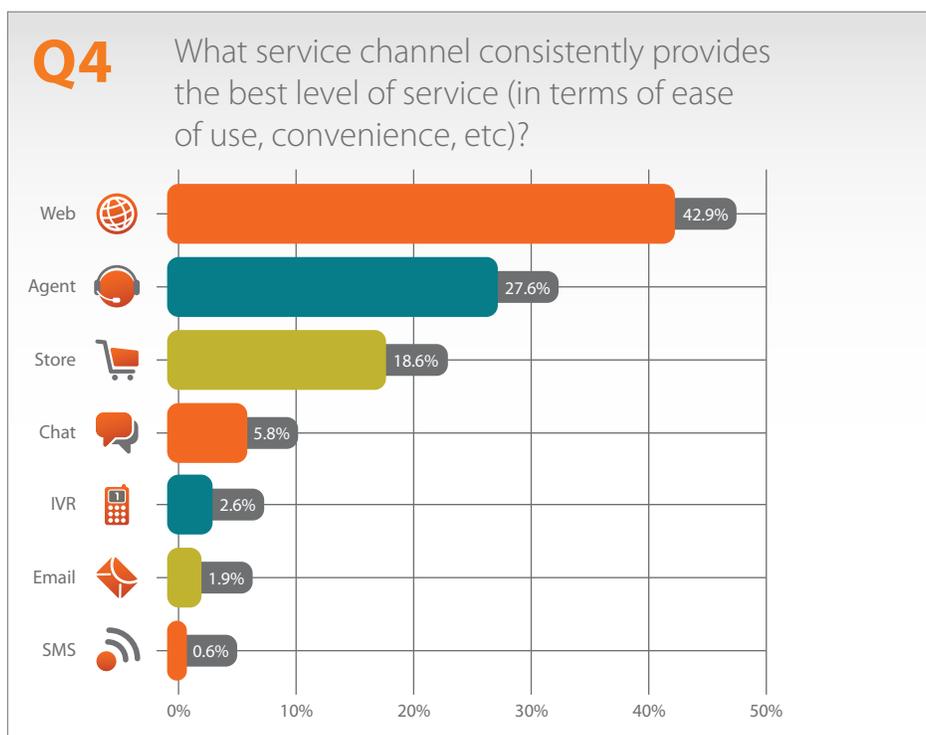


Q4 WHAT SERVICE CHANNEL CONSISTENTLY PROVIDES THE BEST LEVEL OF SERVICE (IN TERMS OF EASE OF USE, CONVENIENCE, ETC)?

As customer service options expand to meet the demand of an increasingly savvy, connected consumer base, it becomes apparent that some channels are more intuitive and effective than others, and typically enjoy higher adoption and transaction completion rates. Just a few years ago, a majority of consumers were primarily using live customer service assistance to get questions answered and complete tasks. However, with a major focus and push on self-service recently, consumer preferences appear to be changing accordingly.

When asked which service channel consistently provides the best level of service, 42.9% of respondents chose web sites as the most convenient and easiest to use, nearly double the number of respondents who chose customer service representatives (27.6%). Next were retail branches (18.6%), chat (5.8%) and IVR (2.6%). While chat represents a fairly new interaction channel, automated IVR applications have been around for years but have consistently scored low possibly due to the negative perceptions of voice recognition technology or the frustration of not being able to easily and quickly access an agent from the menu if preferred. A recent customer experience insight (CEAi) market brief reported on voice self-service behavior of over 240 million consumers and found that 40% of self-service interactions transfer out to live agents; of these 24% transfer without even attempting self-service and 10% transfer due to a failed transaction. Although voice self-service was once hailed as the sole answer to rising call center operations costs, there is still huge room for improvement given consumer perceptions and behavior.

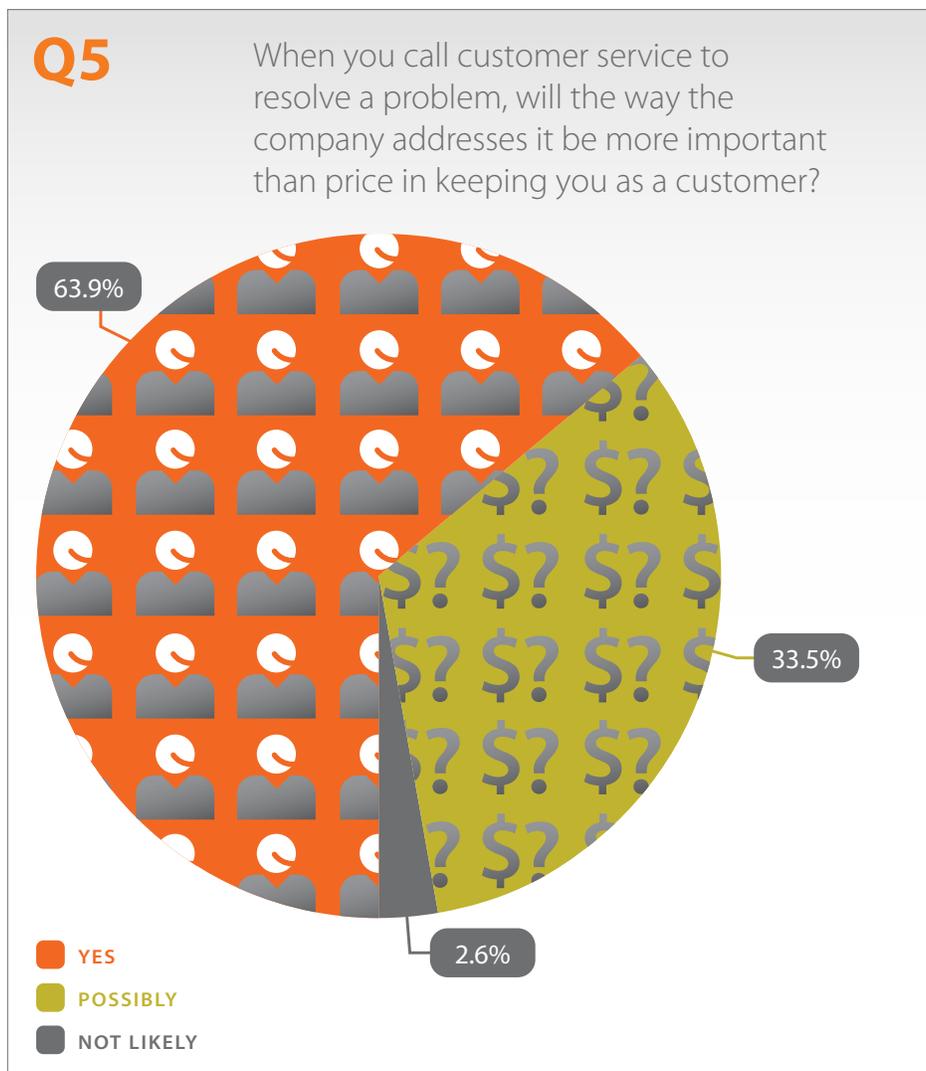
Rounding out the list were email (1.9%) and Mobile/SMS applications (<1%). Although email still requires a representative to answer questions and resolve issues, it is considerably less attractive to consumers likely due to slower response times, while mobile/SMS applications enabling self-service are fairly new and have just begun to gain ground in industries like finance where companies are pushing mobile banking services as a more cost-effective alternative to branch visits and live customer service representatives.



Q5 WHEN YOU CALL CUSTOMER SERVICE TO RESOLVE A PROBLEM, WILL THE WAY THE COMPANY ADDRESSES IT BE MORE IMPORTANT THAN PRICE IN KEEPING YOU AS A CUSTOMER?

Product and service issues are unavoidable, but the way a company handles and resolves issues for customers can have a huge impact on the future relationship. Nearly two out of every three respondents (63.9%) indicated that the way a company addresses customer service issues is more important to them than price when deciding whether to continue doing business with that company. Every customer interaction, regardless of touch point, is an opportunity to impact retention and build loyalty by meeting or exceeding customer expectations.

Some best-in-class companies are even undergoing initiatives to eliminate many of the reasons consumers have to contact them, thereby saving costs from increased call volume and reducing customer effort simultaneously. After all, the best experience would be one where the customer is so content that they rarely if ever need to contact a company. But since problems are inevitable, companies should do everything in their power to ensure that affected customers receive the highest level of service so that they recognize their value to the organization.

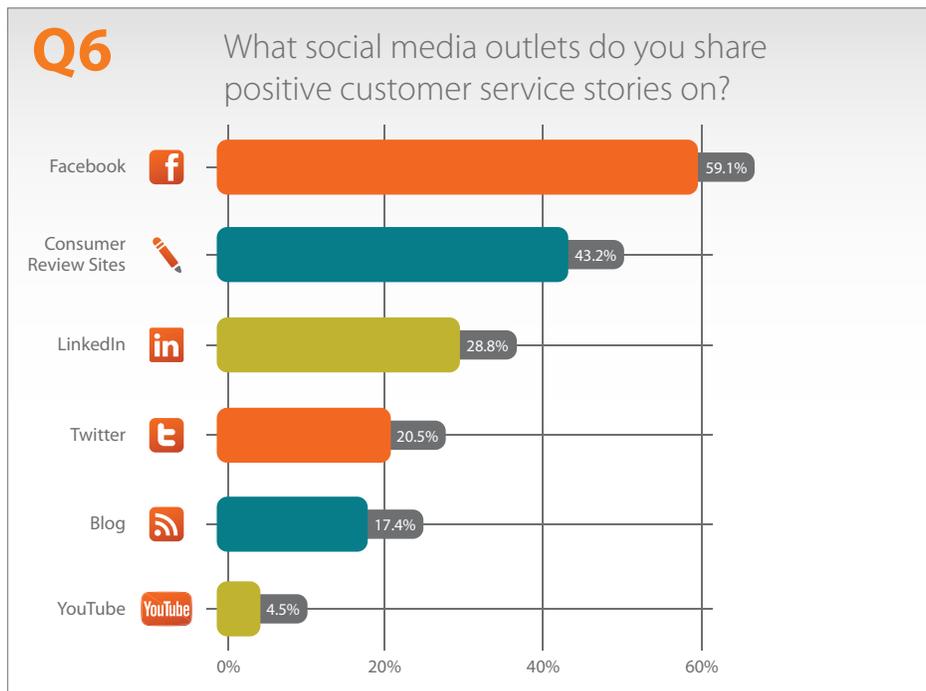


Q6 WHAT SOCIAL MEDIA OUTLETS DO YOU SHARE POSITIVE CUSTOMER SERVICE STORIES ON?

In the previous Consumer Tipping Point survey, 20% of respondents who had poor customer experiences said they turn to social networks to rant and voice their frustration. But how do consumers do when they have a particularly positive experience? 59.1% of respondents said they share good customer service stories via Facebook and 43.2% post to consumer review sites like Kudzu and Epinions.com, forums specifically designed to provide unbiased product and service evaluations and recommendations for more informed buying decisions. New and less widely used social media outlets like Twitter (20.5%) and blogs (17.4%) weren't as popular with consumers for sharing positive customer experiences, but they can still have a substantial impact on a company's brand and reputation depending on the amount of followers and influencers.

With the sheer reach of social sites like Facebook where the average user has over 130 friends and can share experiences with the click of a button, companies are much more susceptible to negative consumer feedback than ever before. But this also ushers in new opportunities for companies to leverage social media communities to interact with and respond to customers as a show of commitment to the relationship and recognition of customer value.

In a future survey we will explore the social CRM theme further to examine the impact of social media on customer service and brand reputation.



Q7 PLEASE TELL US ABOUT A GOOD CUSTOMER EXPERIENCE IN THE LAST YEAR THAT IMPRESSED YOU. HOW DID YOU REACT?

The survey also gave consumers an opportunity to enter open-ended comments about customer experiences that delighted them. Nearly 2/3 of respondents took the opportunity to share their stories, illustrating the power of meeting and exceeding customer expectations

Below are a few excerpts:

Q7 Please tell us about a good customer experience in the last year that impressed you.

How did you react?

Invalid charge against my checking account, called the bank after initial IVR questions transferred to an agent without request. Agent expressed concern, advised that they would research the issue and report findings. Received call back within a business day; issue was resolved with minimal involvement on my part.

When staying in a hotel for work the front desk agent/manager went above and beyond for us. We were very grateful for his help and recognized him by writing an email to the GM of the hotel.

My utility company came out in the middle of the night to resolve a problem. I told at least 30 people about it!

I emailed the CEO of a private airline about non-reclining seats on two-hour flight. I also blogged about it. CEO replied to me that all long routes are being upgraded. I was impressed and blogged, tweeted about their good service and customer responsiveness.

I recently contacted a local cable company and was prompted with an open ended question. The IVR understood my response and correctly put me into the related menu. I was able to get my questions answered quickly without jumping through hoops or having to listen to a long prompt.

Final Conclusions and Comments

- Consumers place a heavy emphasis on customer service when making purchasing decisions and a majority value service over price, particularly in industries with heavy competition
- Consumers find that web experiences are the most intuitive and convenient, but also still highly regard live customer service assistance, representing an opportunity to build stronger, more personal relationships
- Consumers regularly share positive customer experiences via social media outlets like Facebook and consumer review sites, which are becoming an effective tool for improving brand reputation with peer-provided information
- Companies should look at issue resolution as an opportunity to meet or exceed customer expectations to build trust and loyalty
- Consumers would rather spend more with a company that has a good reputation for customer service excellence

We conduct consumer surveys every quarter. If you have any comments or suggestions for future surveys and research, please email us at info@clickfox.com.

About Clickfox

ClickFox is the defining leader of customer experience analytics (CEA) software and solutions.

Transcending a limited single channel view, ClickFox CEA patented behavioral analysis engine provides a visually intuitive mapping of all customer interactions—from IVR, retail, web, and email to agent CRM desktops, handheld devices, and interactive kiosks—delivering unparalleled visibility to uncover hidden connections and reveal bottom-line customer insights.

With nearly a billion interactions processed per month for some of the nation's largest telcos, financial institutions, among other Fortune 500 enterprises, ClickFox has a proven track record of helping world-class service providers dramatically boost operational efficiency and profitability.

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