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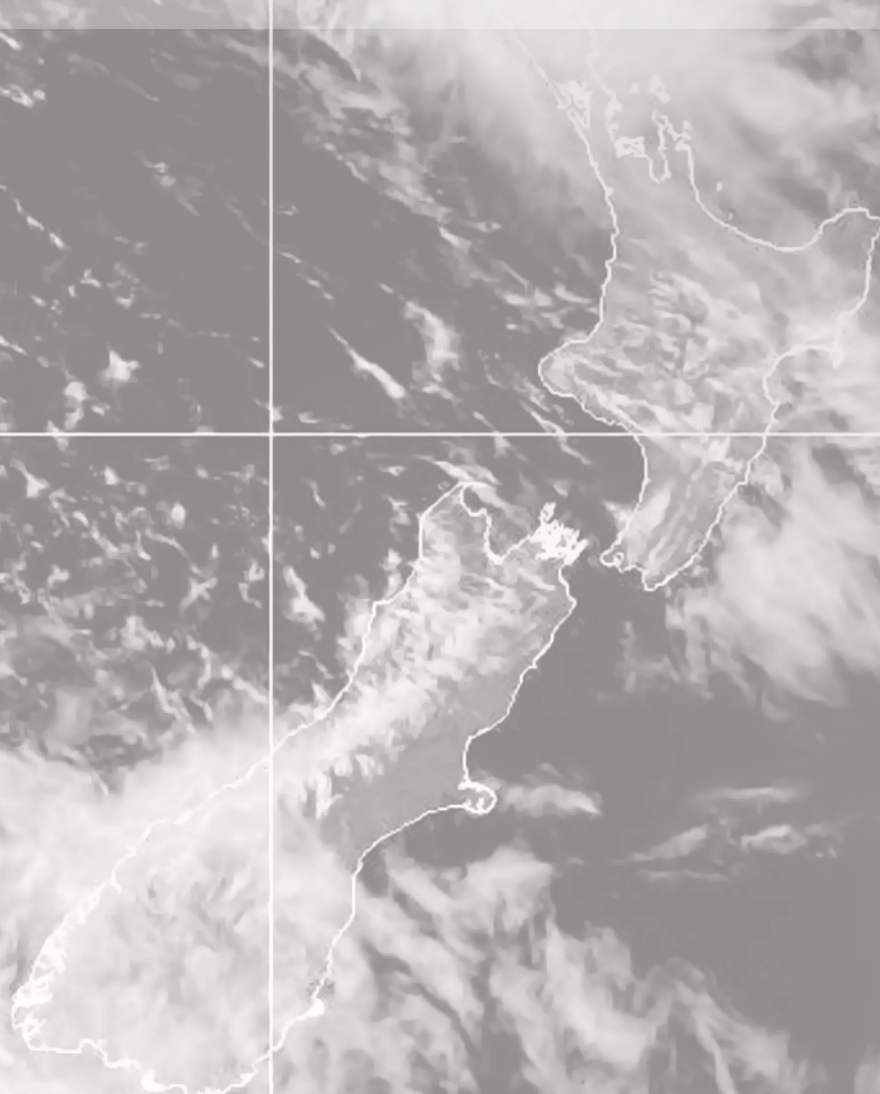
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KIWIHOST

NEW ZEALAND'S CUSTOMER SERVICE EXPERTS

[2013 SERVICE SURVEY: **FULL REPORT** OF FINDINGS]



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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 fifth annual 2013 KiwiHost Customer Service Survey are in and they continue to expand on the findings of the 2008, 2009, 2010 & 2012 surveys. In particular customers are calling on companies to listen to them, demonstrate a willingness to help and respond in a timely manner.

Companies seem to be hearing the call for better service. Half of the industry sectors surveyed came out with a Happiness Rating of 50 or more. This has doubled from 2012, where only four sectors had achieved this. At the other end of the scale, pleasingly, no sectors scored a negative rating. This is a tremendous improvement over last year, where four achieved this inglorious badge of honour. Unfortunately Government Agencies, whilst making a big improvement from last year (by 14 Happiness Points), still only achieved a Happiness Rating of 3.

The overall perception of service in New Zealand has continued its upward trend. In fact, the trend line has steepened and we are now sitting at 64% of people indicating that they are either very satisfied or satisfied with the level of service they receive. That is a huge 16% increase over last year (2012: 48%; 2010: 54%) and a 10% increase over 2010. This is not necessarily reflected in the figures for people who think our service is getting better, with only 32% thinking that is the case. It is however an improvement over last year, where only 24% thought it was getting better.

It appears that we may have hit a critical point, where the general level of service has improved to a level where most organisations are providing somewhat satisfactory service. If this continues along the current trend line, those lying outside of this (in other words those not providing good service) could find that the response to their failings is more evident than it has been in the past. This could result in bad customer

commentaries, social media backlash, bad public relations and inevitably large loss of customers.

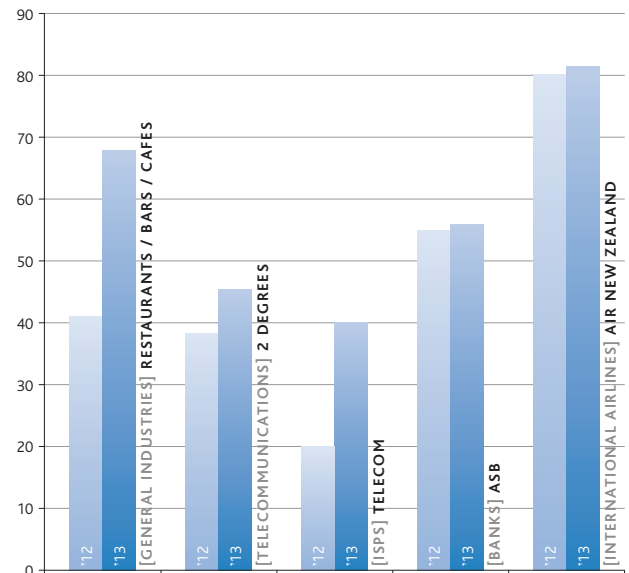
There is however still plenty of room for improvement, with 36% of people not satisfied with the level of service provided. This combined with a significant number of people who rarely complain (58%) means that companies should not be complacent with their service offering.

Social media continues its surge in popularity for ways to communicate with business, expressing either good or bad service. Those using social media in this way have diversified further from last year, with an even response from all age categories. It is likely that this trend will also continue and place even more significance on this means of communication in the future.

In the graph below we have highlighted some of the star performers across the various industries this year. We've also included their result from last year, so you can see how they've improved from last year.

[JARED BRIXTON: MANAGING DIRECTOR, KIWIHOST LTD]

[HAPPINESS RATING: BEST PERFORMERS IN EACH INDUSTRY]



[* 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 means that the responses indicate that the company has more unsatisfied customers than satisfied ones - ouch

INTRODUCTION

During September and October 2013 over 1250 New Zealanders participated in the KiwiHost Customer Service Survey 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.

WHAT MAKES CUSTOMER SERVICE EXCEPTIONAL?

For the fifth 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 have reverted back to what was indicated in 2008 and 2009:

1. **LISTEN & UNDERSTAND MY NEEDS**
2. **DEMONSTRATE A WILLINGNESS TO HELP**
3. **RESPONDING TO ME IN A TIMELY MANNER**

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:

“At my local supermarket. Most of the staff recognise me because I am a regular and always ask how my day is going, how work went, what’s new with the family! Simple stuff but it feels nice to feel comfortable and looked after whenever I go in there. When they see me, they’ll also sometimes get the shopping item I usually get, and have them ready for me at the checkout!”

“The person I spoke to was understanding, informative and very helpful polite and even rang me back to update. It was a very pleasurable experience considering the contents of the call. This call made me feel worthy, understood and positive at seeing the light at the end of the tunnel. I not only thanked them for their help but also stated that it was the best customer service I’d ever come across and asked for her supervisors details so I could pass this on. As a result of this call I had a much better day and felt at ease and less stressed. :)”

“Palmerston North hospital was wonderful to my family when my mother was there in August this year. They were amazing with the respect to our mother and the way they took care of the family.”

“It was a dolphin and whale cruise in the Auckland harbour. The staff were very personable, very, very informative about where we were, what types of animals we were looking at, and customer service in general was exceptional, ie food, drinks, etc.... It was an excellent experience!”

As you can see, any business wanting to provide an exceptional customer service experience, needs to focus on the three important areas listed above.

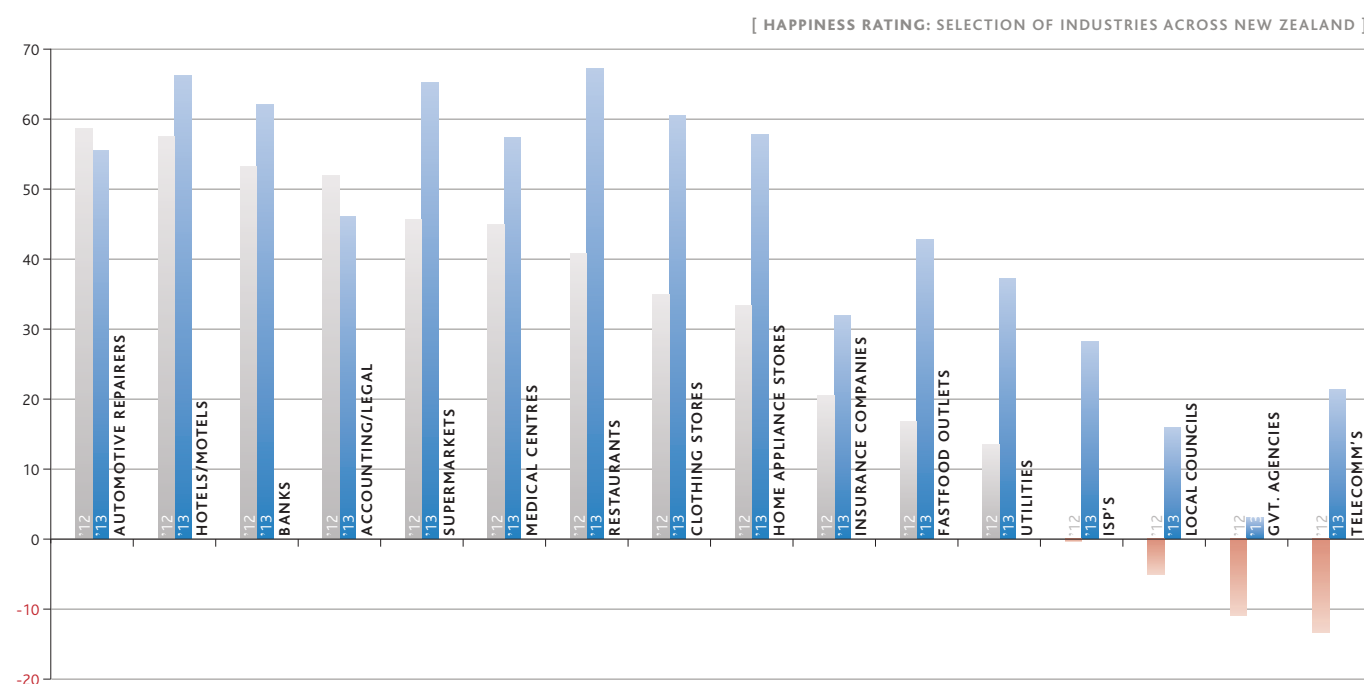


INDUSTRY LEVEL INFORMATION

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 finding is once again supported by the research conducted, with Banks rated most favourably by respondents, however pleasingly they are joined on the top with equal scores from Restaurants/Bars/Cafes & Supermarkets. The big difference though is when you look at the overall happiness rating, by removing the negative responses. Here we see the overall top score going to Restaurants/Bars/Cafes, closely followed by Hotels/Motels with the lowest negative responses.

Another pleasing element to this year's responses is the improvement across most industry sectors. Telecommunications & Internet Service Providers have clearly got the message and improved the most from last year, going up 34 points.

Unfortunately whilst Government agencies have improved this year, they are still barely making a positive impact scoring only 3 on the happiness rating

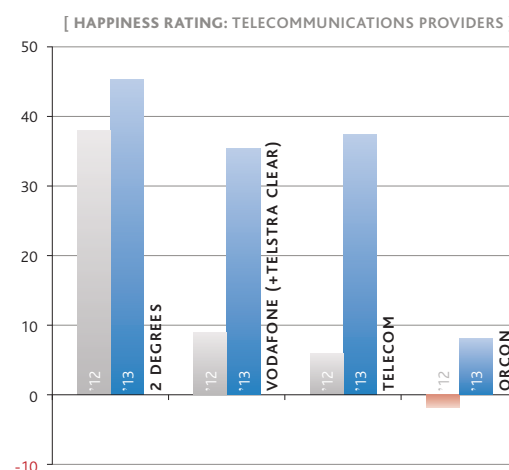


TELECOMMUNICATIONS

Within Telecommunications, 2Degrees was again the favourite with 60% positive feedback and the least negative feedback at just 15%. Unlike last year though, both Telecom & Vodafone have significantly improved their performance and are close on the heels of 2Degrees. There is only 5 Happiness points separating all three companies positive responses

[NOTES]

The most intriguing element of the results this year, was the merger of TelstraClear (who had one of the worst scores last year) with Vodafone, doesn't seem to have hurt them at all. In fact they have significantly improved their position from last year.

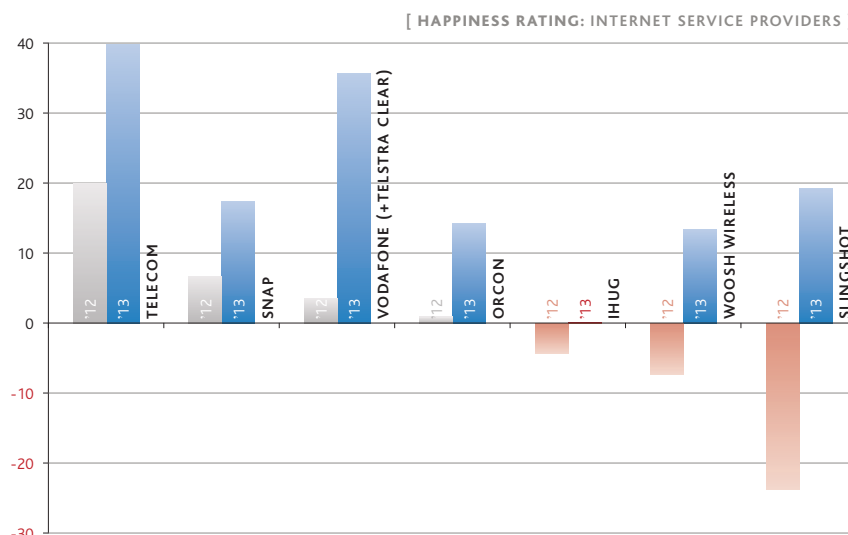


INTERNET SERVICE PROVIDERS

ISP's took a massive hit last year, with the lowest overall score and almost all of them scoring negatively. So it is with great pleasure that I can report that all ISP's scored positively. Telecom retains top spot, but is now closely tailed by Vodafone.

[NOTES]

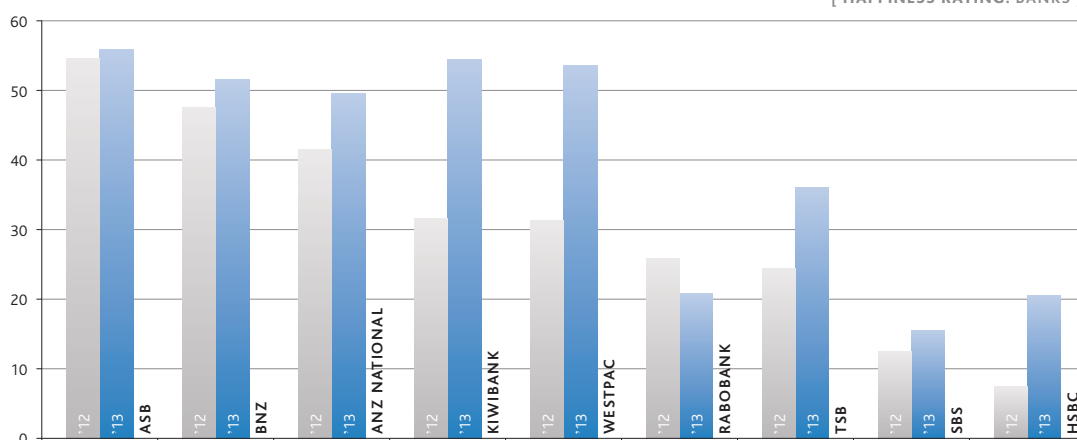
We would like to commend Slingshot for improving from lowest overall Happiness Rating in the 2012 survey, to achieving the 3rd highest Happiness Rating in this year's ISP category, by improving their results by 43 points!



BANKS

The Banks once again managed to achieve the highest satisfaction rates of all the industries at 74% of customers feeling happy with their overall level of customer service. Once paired down to the specific companies we found a fairly consistent satisfaction rate with five out of the nine companies being rated 60% or higher in satisfaction. This year, Westpac had the highest level of satisfied customers, but when added to unsatisfied, they slipped just behind the eventual leaders in ASB & KiwiBank.

[HAPPINESS RATING: BANKS]



[NOTES]

Westpac's overall Happiness Rating of 53 is 22 higher than last year, where they came in with only 31, a full 24 points behind winners ASB. While ASB have maintained their position from last year, they have only increased by 1 point

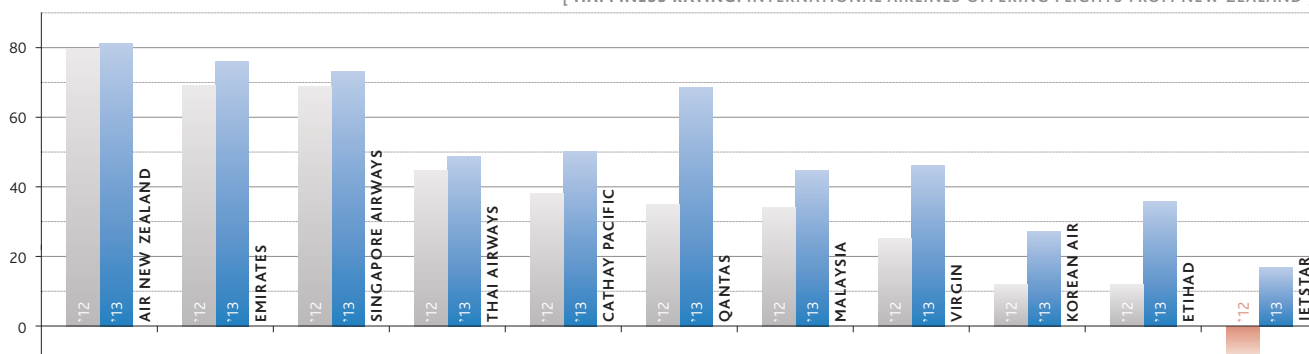
AIRLINES

The positive trend continued within the Airline industry sector, with all companies improving from last year. Air New Zealand maintained their number one position, with 81%, however they do not have the dominance that they had last year. Both Emirates & Singapore Airlines have closed the gap to less than 10 points and they also have the lowest negative score of 3%.

[NOTES]

One of the more pleasing aspects of this year's results was the improvements made by Jetstar, moving from a negative 8 Happiness Rating to positive 17, a 25 point swing

[HAPPINESS RATING: INTERNATIONAL AIRLINES OFFERING FLIGHTS FROM NEW ZEALAND]

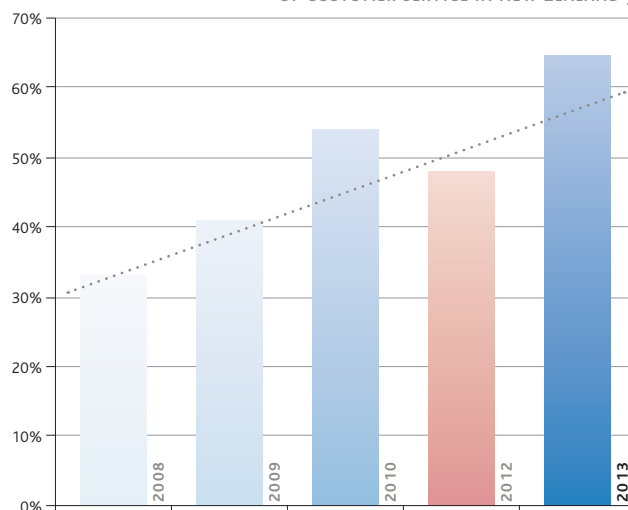


CUSTOMER SERVICE IN NEW ZEALAND

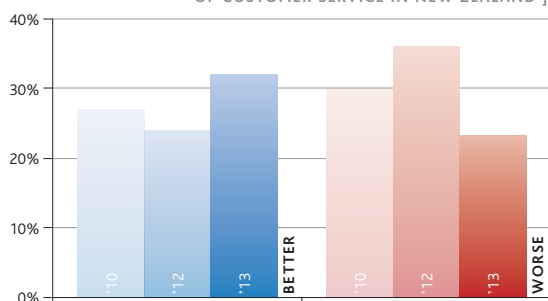
New Zealanders seem to be reasonably satisfied with the service they are receiving in New Zealand, with 54% saying they are satisfied. Another 10% are very satisfied. This is a 16% jump over last year and is in fact the highest level we have measured since the survey began. This continues a trend that started back in 2008.

This result can be seen in the feedback about the worst companies from last year, where their feedback and results have improved significantly (along with the bad press they received during the year).

[COMPARISON: OVERALL SATISFACTION WITH THE QUALITY OF CUSTOMER SERVICE IN NEW ZEALAND]



[COMPARISON: PERCEPTION OF CHANGE IN QUALITY OF CUSTOMER SERVICE IN NEW ZEALAND]



IS THE LEVEL OF CUSTOMER SERVICE GETTING BETTER OR WORSE?

This continues to be a bit of a mixed bag, but there has been a general swing to be more positive. Those thinking that service has improved has increased from 24% last year to 32% this year. There has been a corresponding drop in those thinking it has gotten worse, from 36% down to 23%. There is still a reasonably large 43% that don't think anything has changed

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.

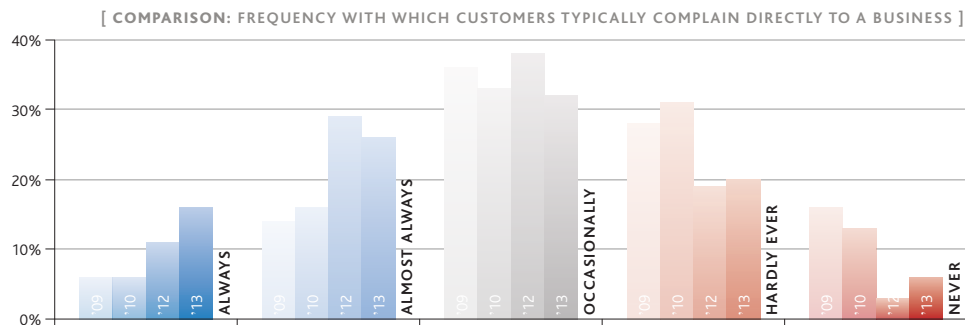
“The staff member was very rude, had no intention in helping whatsoever, sat behind counter texting, ignored me when I approached her with a question but gave me a sneer kind of look as if she was saying “get out”.”

“The experience was drawn out and completely ridiculous. The matter took an immensely long period of time to be resolved and I was not informed of anything during the process. The matter should not have occurred in the first place but the store refused to take responsibility and as such I would never wish to request their service again.”

“Going into local Ford dealership to ask about top model Ford Ranger Ute - receptionist managed to pry sales manager away from America's Cup. He did not appear interested and was unable to offer me a vehicle to test drive other than one that had been sold that was arriving and he said I could take for a little drive as long as I did not put too many kilometers on. If it was my new ute being used for this I would not be too impressed. Then emailed myself and wife greeting us as 'you guys'! Have bought a Toyota Hilux SR5 now. Much better than a Ranger although I wouldn't know as still waiting for a test drive!”

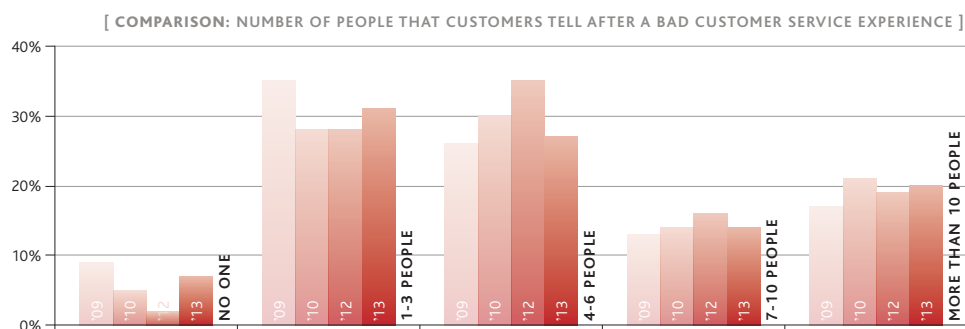
A BAD EXPERIENCE - WHAT DO WE DO ABOUT IT?

It appears that New Zealanders are becoming slightly more confident about the type of service they want and are starting to show signs of a willingness to both demand it and point out when they haven't received it. 42% of those receiving bad service will now almost always or always raise their concerns with the organisation directly. This is up 2% on last year. Surprisingly though, there are still a growing percentage of people who will never raise the issue with an organisation.



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. More than 20% of respondents to the survey indicated they told more than 10 people about a recent bad customer service experience they had (while only 13% would tell that many about a good experience).

62% would tell at least 4 people about bad service, while only 56% would tell that many about good service.



Tellingly 75% of respondents will only give a company 1 or 2 chances to get it right before they will take their business elsewhere. So doing anything wrong with a customer could mean you lose them for life & it's very likely they are going to tell at least 4 people about the experience.

It is relatively evenly split as to how they would communicate the message about bad service to you, with 22% preferring face-to-face, 28% preferring over the phone & 32% via email.

This research shows that it is less likely for an organisation to know about a customer's bad experience but it is much more likely 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

SOCIAL MEDIA

Social media is becoming more and more important for respondents, and therefore to organisations. Every single measure regarding social media responses increased over the 2012 results, some dramatically so. This is not something that is happening within one demographic, with both under 25 and over 25 age groups recording the same level of responses to having posted feedback (both positive & negative) on a social media site.

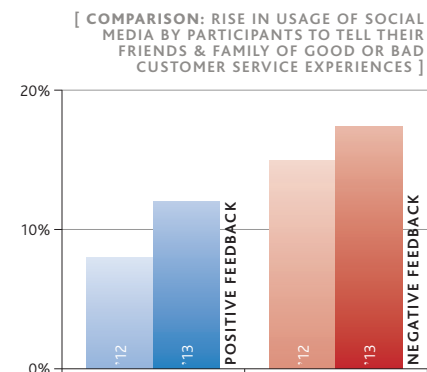
Positive Feedback records the highest score, with 52% of those surveyed indicating that they have posted positive feedback via social media.

"I was emailing lots of questions to a jewellery company and the woman I dealt with was super helpful and they even resized my ring free of charge because she said I had been so nice! I left a comment on their Facebook Page saying how lovely she was."

Negative feedback still seems to be difficult to give for New Zealanders, with only 30% using social media to post it.

When it comes to providing feedback to family & friends, this is where social media is really coming into its own. The graph on the right illustrates that the levels of responses have doubled for positive feedback from 2012 (from 8% to 15%) and increased by 45% for negative responses (from 12% to 17.5%).

How companies respond to this increasingly important feedback could determine their future success. If they choose to embrace it and utilise it as a way to not only communicate to customers, but to engage with them and respond to both positive & negative feedback then they stand a better chance of retaining their customers



CUSTOMER SERVICE ON THE RISE...

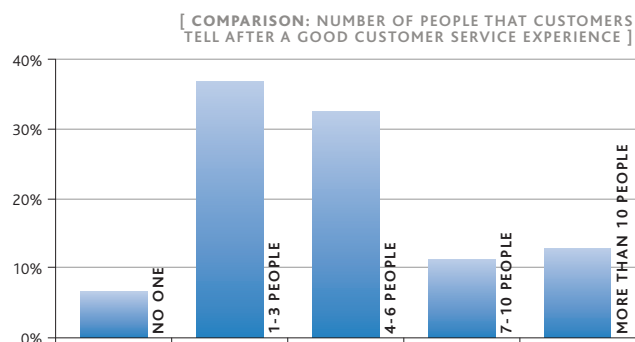
The improvement in customer service seems to be taking effect across a number of industry sectors. Companies clearly see the importance it can have not only in creating a great experience for their customer, but the real difference it can make to the bottom line long term for a business. As you can see from the quotes below, the good service provided by staff can create a lasting impression on their customers:

“Went to baby city to lay-by a pram, they showed me all the prams I may like and when I chose one they didn't have it on show so they put one together to show me.”

“Lost in Wellington - knew we were close to the hotel. Phoned the front desk and the young lady stayed on the phone giving directions while my friend drove there. She was very helpful. This all happened because there are so many one way streets and the GPS on our phones wasn't giving us the correct information.”

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 to the right displays the number of people respondents told about a recent positive customer service experience.



CONCLUSION

Through the research conducted over the past six years, we can see that providing a quality service experience is important to New Zealanders. This means ensuring you have engaged staff who are well trained and empowered in the delivery of customer service for your business is critical. Without those engaged staff, the consequences through social media can be immense and almost immediate.

The 2013 Customer Service Survey has shown us that New Zealand companies are starting to take this to heart and clearly lifting their game. Let's hope this is a trend that continues into 2014.