



KIWIHOST

NEW ZEALAND'S CUSTOMER SERVICE EXPERTS

[2014 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 into 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 sixth annual KiwiHost Customer Service Survey are in and they continue to expand on the finds of the 2008, 2009, 2010, 2012 & 2013 surveys. In particular, customers are calling on companies to listen to them, demonstrate a willingness to help and respond in a timely manner.

The overall perception of service in New Zealand has continued its upward trend. In fact, 2/3 of New Zealanders are happy with the service they are receiving from New Zealand businesses. This result has been a gradual improvement over the last seven years, where it began at approximately half that level.

There is a real consistency this year to the results that were achieved over the last couple of years. The following areas were the same as last year:

- Half of the industry sectors surveyed came out with a Happiness Rating of 50 or more. (In 2012 only four of the sixteen surveyed achieved this)
- No industries scored a negative rating
- Restaurants/Bars/Cafes were the top ranking industry sector again
- Government Agencies were lowest again, but are slowly increasing up to 5% this year

This year, we have changed the industry sectors that we have been focusing on for a few years and have started looking at some of those that have been attracting interest in the media. These included Insurance, Power, Supermarkets & Fast food sectors.

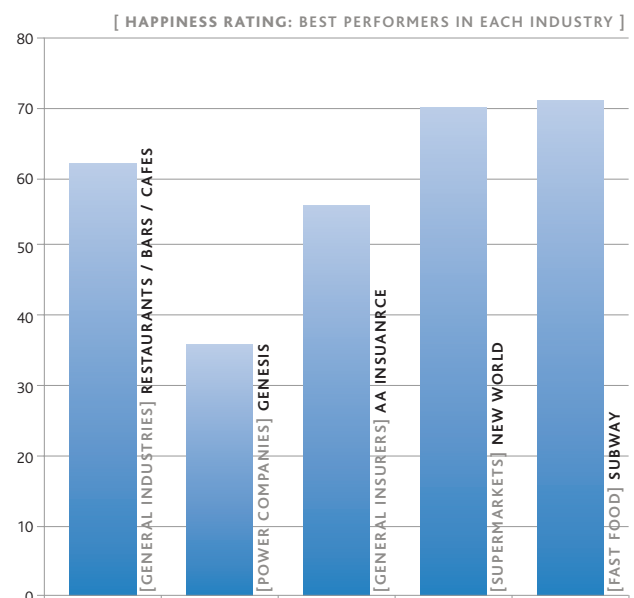
Rather than immediately shifting to insurance companies after the Christchurch earthquakes, we decided to wait until they'd had a chance to adjust to the significant increase in demand. We will watch these results with interest over the next couple of years to see if their performance improves as the demands from earthquake issues reduces.

We note with interest that while the individual star performers this year in Subway and New World, whilst at the top of their industry list, are still some way off the individual record for satisfaction. This is still held by Air New Zealand, some 20 points higher.

Also of interest this year was where people were turning to, to get their information. Almost half of those surveyed are searching out reviews online for information about a company, before using them for the first time. This certainly adds to the theory that social media, of all kinds, is increasing in its importance for all firms. One poor communications strategy or PR disaster can put people off and in fact destroy careers.

Below we have highlighted some of the star performers across the various industries this year.

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

INTRODUCTION

During September and October 2014 over 1100 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.

THE TOP 3 FACTORS OF EXCEPTIONAL CUSTOMER SERVICE

For the sixth 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 are quite clear and are growing in significance over any of the other factors listed:

1. **LISTEN & UNDERSTAND MY NEEDS**
2. **DEMONSTRATE A WILLINGNESS TO HELP**
3. **RESPOND 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:

“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.”

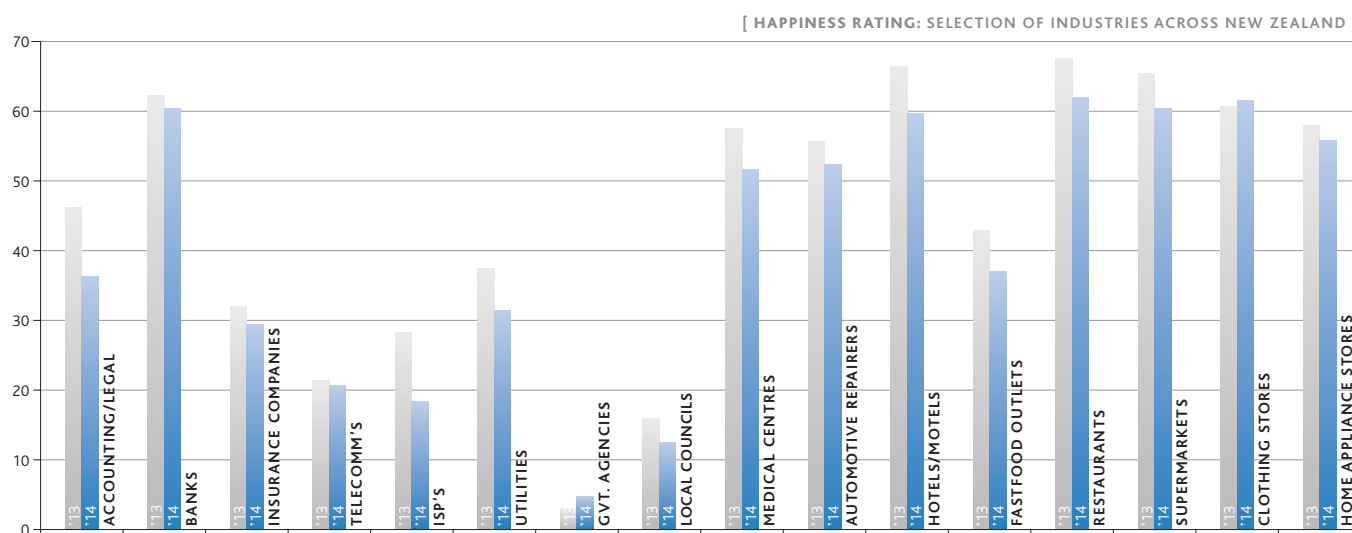
“Ordered something online. From the time I ordered the product to the time I received the goods the company kept me informed once they received deposit of money in their account, letting me know that they had couriered the goods and rung to confirm I had received goods. I thought this was excellent customer service.”

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.



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 as second most favoured by respondents. Pleasingly this year they are joined on the top with equal scores from Supermarkets and slightly higher by Restaurants/Bars/Cafes. 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 Clothing/Footwear/Apparel (for the first time), Supermarkets & Hotels/Motels with much lower negative responses.

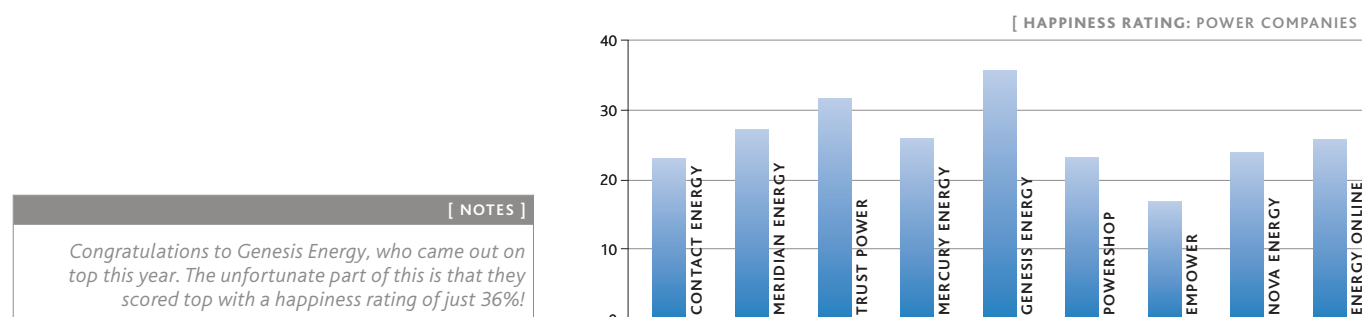


Unfortunately while there are clearly some industries that are doing well, they haven't been able to continue the upward trend of the last couple of years. Almost all industries have gone backwards in the eyes of their customers. Here's hoping this is an aberration and next year we will see this rebound back to the levels seen in 2013.

Government agencies continue their slow grind to improving service. They have once again managed to slowly improve their rating, having moved this year from 3 to 5 Happiness points.

POWER COMPANIES

Within the Power Industry, Genesis Energy was the favourite with easily the most positive feedback, although interestingly they had the 2nd highest negative feedback also. Only Contact Energy had more negative feedback. There is still a lot more work to do in this category with no one receiving a 50% Happiness Rating and Genesis Energy high scoring with just 36%!! By far and away the worst set of individual results, even worse than the insurance industry (or Telecommunications from 2013).

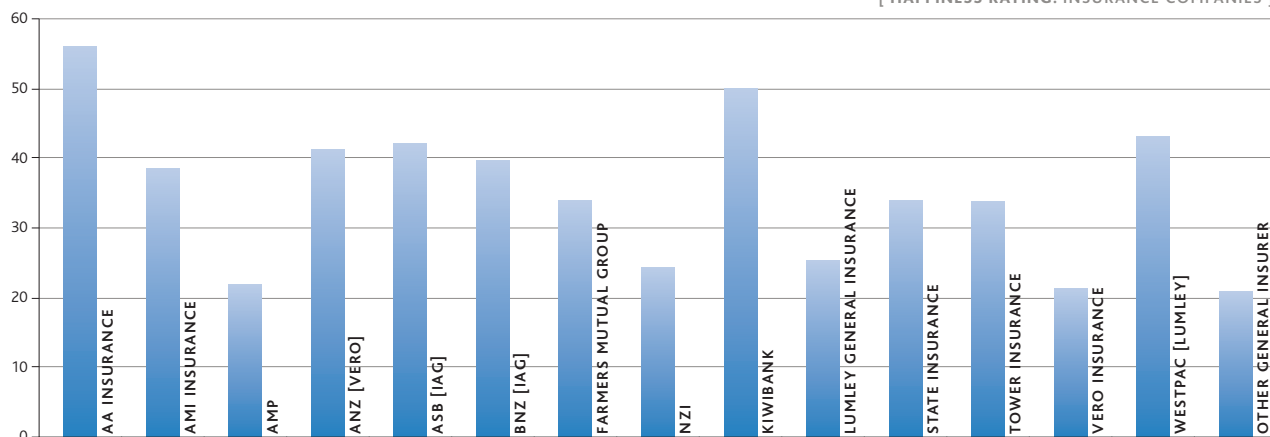


INSURANCE COMPANIES

Insurance companies seem to be on a par with the individual bank scores from previous years. This would seem to indicate that they are doing OK. However, with AA Insurance being the only ones to rank higher than 50%, there is still some work to be done industry wide (29%). This is certainly the case with those at the lower end of the spectrum, like AMP & Vero Insurance. Given the high demands placed on Insurance companies over the last few years, I think I'd be inclined to give them a pass mark... just.

[NOTES]
AA Insurance were the only General Insurer to record a Happiness Rating of more than 50% (56%). Well done

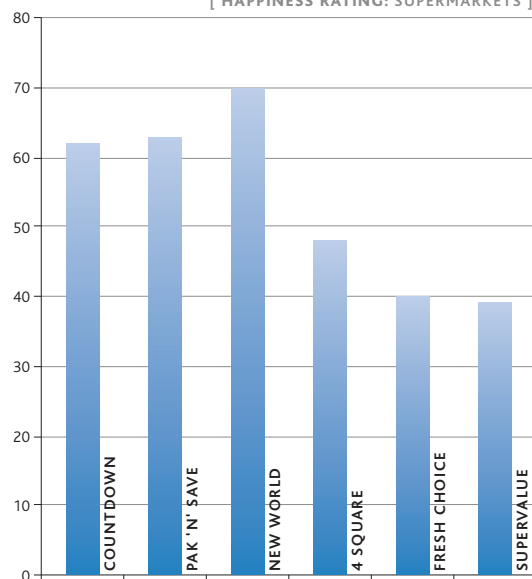
[HAPPINESS RATING: INSURANCE COMPANIES]



SUPERMARKETS

Supermarkets received one of the highest industry ratings at 60%. This has also come through when you look at the major players in the industry, with New World, Countdown & Pak'n'Save recording high scores individually. Those smaller players in the market appear to have a large amount of work to do though, particularly Freshchoice & Supervalu.

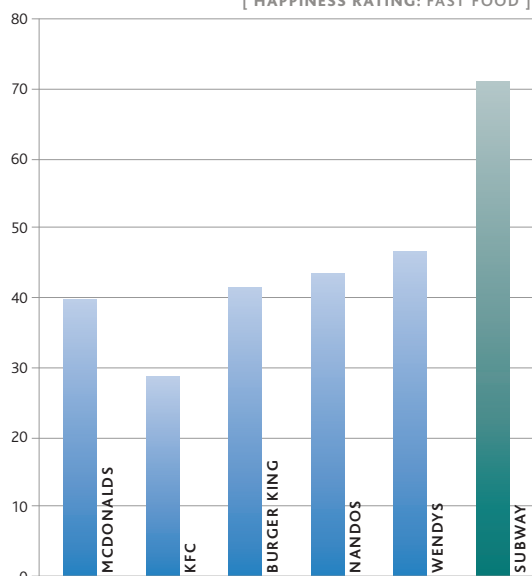
[HAPPINESS RATING: SUPERMARKETS]



[NOTES]
New World was only one point off taking out the overall title of 'Best Service for 2014' in our survey. Great result of 70% Happiness Rating. Clear winner in this category

[HAPPINESS RATING: FAST FOOD]

FAST FOOD



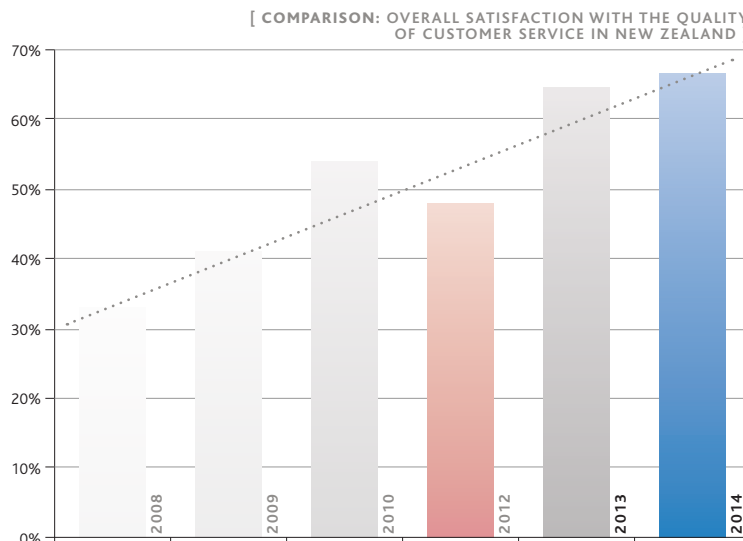
The general rating for the fast food industry is relatively low, at 37%, but individually there are some that are outstanding. Subway is certainly a good example of this and they have taken out the Best Service in 2014 with a 71% Happiness Rating. Others in the category however still have some way to go, with their nearest rivals, Wendy's, some 25 percentage points back on 46%.

[NOTES]
Subway took the 'Best Service in 2014' with an overall Happiness Rating of 71%. Congratulations to all your team for a fantastic effort.

CUSTOMER SERVICE IN NEW ZEALAND

New Zealanders seem to be reasonably satisfied with the service they are receiving in New Zealand, with 56% saying they are satisfied. Another 10% are very satisfied. This is another small step (2%) in the right direction and is the highest level we have measured since the survey began. This continues a trend that started back in 2008.

There are still clearly plenty of industries that are not performing, with only half of those industry sectors looked at coming out above 50%. If we consider what's possible, then there is still considerable work to be done by many of those surveyed.



THE TRIGGERS - WHY CUSTOMERS FEEL INDIFFERENT OR NEGATIVE ABOUT SERVICE

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 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.

“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.”

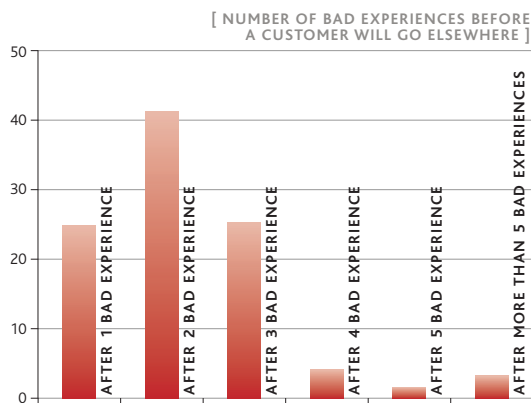
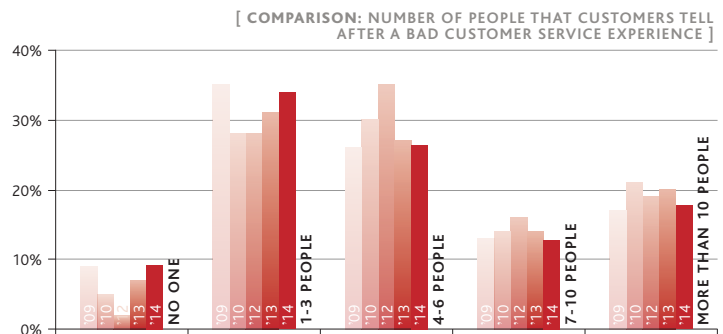
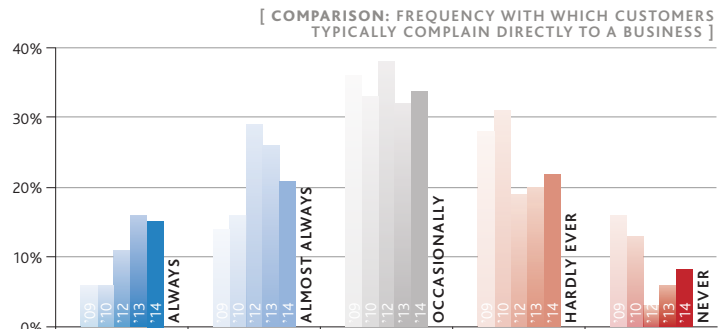
“The obvious willingness of my Energy Provider to discharge themselves from the issue at hand instead of finding a solution to the problem.”

“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 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. 36% of those receiving bad service will now almost always or always raise their concerns with the organisation directly. **This is down 6% on last year.** More alarmingly there is a growing percentage of people who will never raise the issue with an organisation. As can be seen, the most common response was 'occasionally'. In fact, only one third of respondents are telling you.

So what do respondents do if they are not complaining directly to an organisation? They tell their family and friends. More than 17% of respondents to the survey indicated they told more than 10 people about a recent bad customer service experience they had (while only 12% would tell that many about a good experience).



57% would tell at least 4 people about bad service, while only 52% would tell that many about good service.

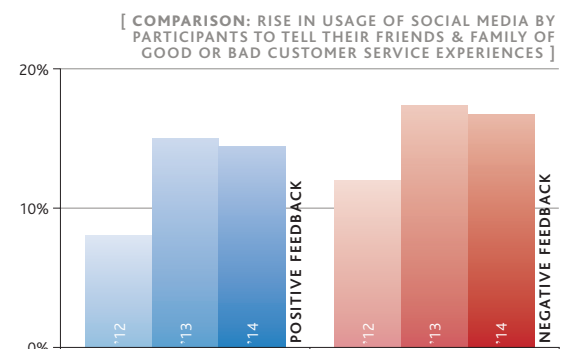
Tellingly 66% of respondents will only give a company 1 or 2 chances to get it right before they will take their business elsewhere. So doing anything wrong with a customer could mean you lose them for life & it's very likely they are going to tell at least 4 people about the experience.

It is relatively evenly split as to how they would communicate the message about bad service to you, with 25% preferring face-to-face, 21% preferring over the phone & 31% 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 a powerful tool for good or bad. Today it provides the ability for anyone to record their views publicly about the service offered by a business and to be taken seriously. And the public love it & use it! According to our survey 40% of all those surveyed have posted feedback about a service experience on social media. That's hundreds & hundreds of people that are out there commenting about a business, because they feel compelled to and it's easy to do it.



Of all those that have commented on social media about their service experience, 50% have made positive comments and 30% have made negative comments. This is an unbelievably good opportunity to have your brand promoted by existing customers.

Providing feedback to family & friends is also another area where social media is changing the way we communicate. Other than telling people face to face, social media is the only other way of communicating these opinions with friends & family in any significant way. 15.5% of respondents are telling people about their experiences in this manner.

How companies respond to this increasing importance 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:

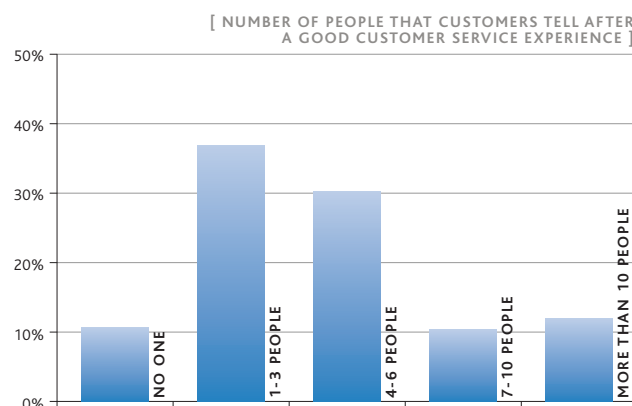
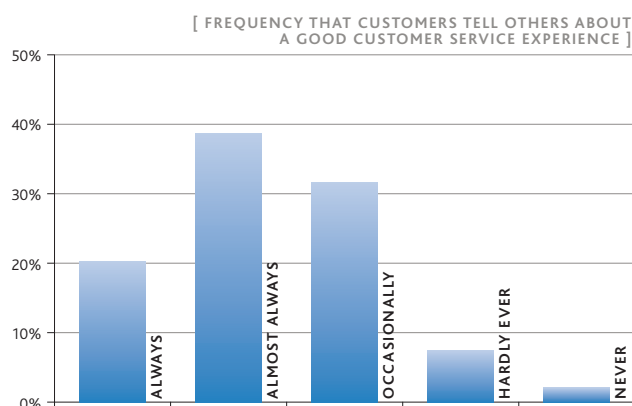
“The first impression was welcoming and the staff member showed she was going to do all that she could to get the result needed. She couldn't take care of it right then but she explained to me what steps she would take and when I was going to be contacted. In fact it was then sorted earlier than promised 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 despite 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 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, as can be seen by the frequency with which our respondents tell others, and the number of people that they tell about great customer service experiences.



CONCLUSION

Through the research conducted over the past seven 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 is critical for your business. Without those engaged staff, the consequences through social media can be immense and almost immediate.

The 2014 Customer Service Survey has shown us that whilst some New Zealand companies are starting to take this to heart, there are still a significant number that have a long way to go. We look forward to surveying those businesses again this year to see whether they have taken the feedback on-board and improved or are still in denial about the value of good service to their business.