

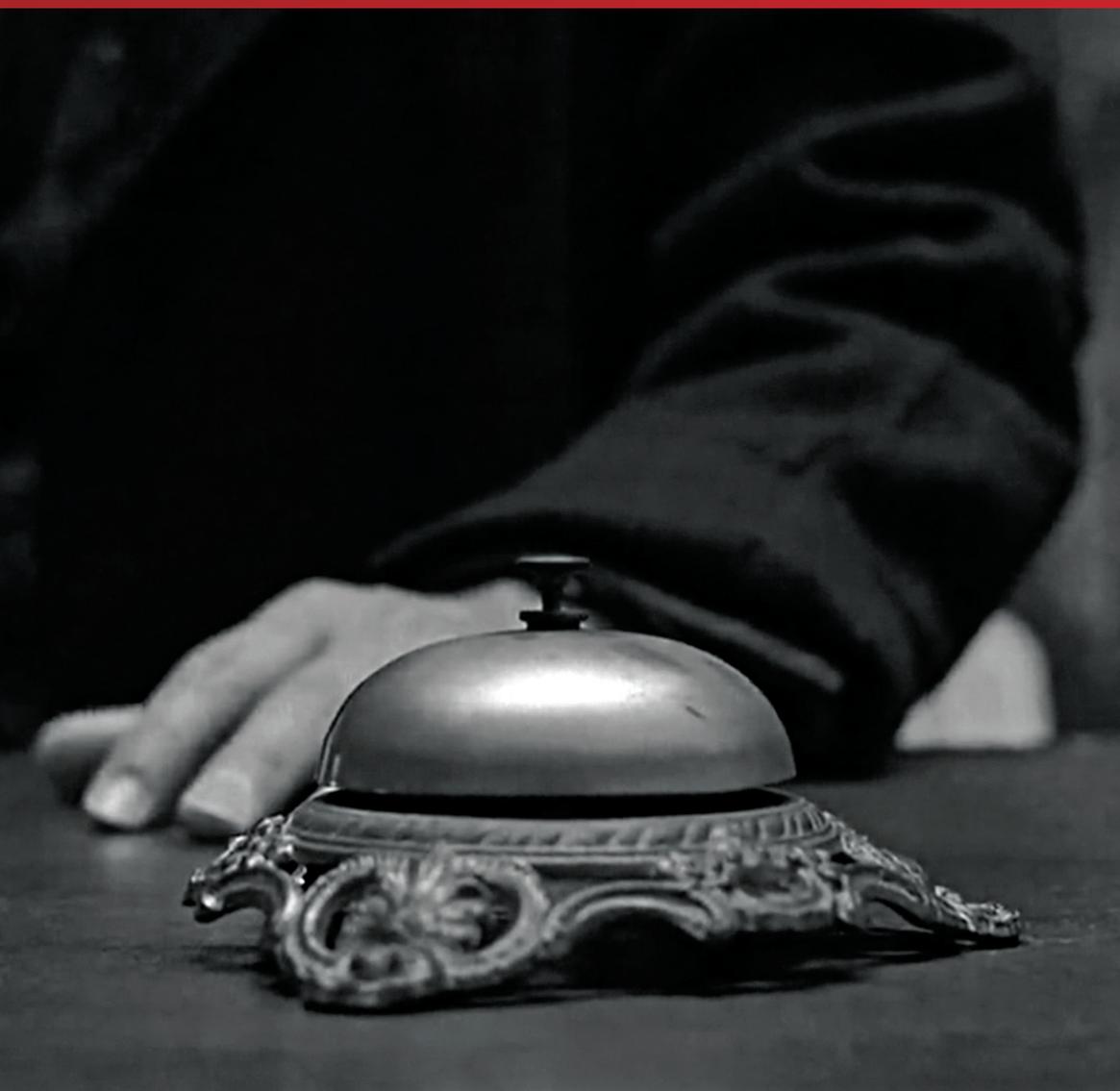


2015 Customer Service Survey



Key Findings

February 2016



Research First

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2015 Customer Service Survey: Topline Findings

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Chairman's Report

I am pleased to report the findings of the seventh annual customer service survey. This year we have had the pleasure of working with Research First to conduct the survey and report on the findings.

As with previous years, we have looked to establish whether any patterns in service delivery are occurring and in what industry sectors there is improvement, or otherwise.

Kiwi's have yet again told us how much they appreciate good service and what they consider 'great' service to be. It is not a huge surprise that what they tell us is similar to last year, and whilst many companies get it right, there are still far too many companies still getting it wrong.

I pay particular attention to the service offered and it always pleases me when a company or individual get it right. However recently I've had several experiences that have left me feeling dissatisfied about the state of service being offered out there on a consistent basis. These instances have been from large organisations that have systems in place to deal with the kinds of situations that arise and should be able to handle things better. Unfortunately, these experiences just back up what is being said by many other consumers in their experiences. My question to these companies will be, "how do they intend to rectify their poor performance so far?"

These experiences not only define what I think about those companies, but they dictate my actions, both now and into the future, with regards to where my business will go... to their competition.

This all points to the importance of customer service as a business advantage. Take Contact Energy's loss of 10,000 customers in a financial year as an example of how much service, pricing and competition can affect your bottom line.

This year, the number of people satisfied with the overall quality of customer service they are receiving dropped just one percentage point overall and we now seem to be plateauing at a level of service offered. The last three years has seen those satisfied or very satisfied sit between 65 – 68%. There has been some movement with those neutral about the service offered dropping by 8%, leaving those unsatisfied at 14%, up 9% from last year. An indication that people are becoming more certain about what service they receive and how they interrupt it.

I hope the results inside this report give you some insight into New Zealand's perception of customer service and how your industry sector is tracking. If you'd like to discuss how you can improve your companies' service offering, then KiwiHost can help you. For more detail and insights around the survey data, please contact [Research First](#).



Jared Brixton

Managing Director

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Key Messages

This report details key findings from the 2015 KiwiHost/Research First customer service survey. The findings paint a mixed picture of industry performance across New Zealand, and highlight some notable changes in performance at the higher levels.

The industry that showed the most significant customer service improvements in 2015 was accommodation, closely followed by automotive, healthcare, and accounting/legal services.

Whilst banks continue to deliver consistently good customer service, the pace of their performance remains largely static and they no longer own the lead position.

Customer service from telecommunications companies, and to a slightly lesser degree internet service providers, continues to deteriorate in 2015.

Supermarkets and fast food outlets have improved their customer service performance in 2015, but are not performing as well as in previous years.

Conversely, the clothing/footwear/apparel and home appliance industries have not managed to capitalise on the small gains made in 2014, and continue to track downwards.

The seven years of data collected to date say very clearly that New Zealanders value quality service experiences. This means ensuring staff are engaged, well trained and empowered in the delivery of customer service. Without those engaged staff, the consequences through social media can be immense and almost immediate.

The 2015 Customer Service Survey shows that while some New Zealand companies appear to be starting to take this to heart, there are still a significant number that have a long way to go. It is also clear that sustained improvement in customer service requires a considerable effort.

If you found the content of this key findings report thought-provoking, our series of more in-depth reports about customer service in New Zealand might be of interest to you too. For more information about the survey please contact www.researchfirst.co.nz

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About the Survey

Welcome to the 2015 KiwiHost / Research First Customer Service Survey. This key findings report details the views and experiences of 1030 New Zealanders in 2015 and references comparative data from previous years. The 2015 survey was conducted between October 2015 and February 2016.

These survey findings are brought to you by KiwiHost and Research First Ltd. For more detailed information from the survey, contact KiwiHost or www.researchfirst.co.nz.

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 businesses' personality, and the only way to do this 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.

Research First helps businesses and organisations to better understand the role they play in the lives of their customers/service users, and identify opportunities for the future.

Research First is a full service market research and strategic insights agency, serving the New Zealand business community since 2006. We have extensive experience working with customer-centric organisations on brand awareness, customer satisfaction and service optimisation projects. We are also a respected provider of social policy research and evaluation services to local and central Government departments.

Our highly skilled research team now numbers over 50 researchers and interviewers, offering a complete spectrum of quantitative and qualitative methods, data analysis techniques and technology solutions. We specialise in:

- Brand positioning and perception;
- Customer decision-making mapping;
- Retail and service experience measurement; and
- Competitive analysis, strategic advisory and growth planning.

We are available for immediate consultation on any of your business needs. We also invite you to visit our website and subscribe to our popular monthly newsletter - www.researchfirst.co.nz



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Three Elements for Success

For the seventh year running, respondents were clear about what front line customer service staff should be doing to meet their expectations. The top three factors are:

1. Listen and understand consumer needs;
2. Demonstrate a willingness to help; and
3. Respond to consumers in a timely manner.

The research results show that businesses getting these three things right will have more satisfied customers than their competitors. In respondents' own words:

 *A staff member from a government organisation going out of their way to phone and advise outcome of a request, rather than just sending a generic letter.*

 *I was looking for a product that was not available at the specific time. The owner of the business phoned me to say what it was off the shelf, when it would be back and how much it would cost.*

 *My wife and I applied for a bank card. She received hers very quickly but mine never arrived. After many emails and promises from the bank, I finally went into the branch and sorted it out with a teller who followed the whole process through and kept me informed.*

 *As soon as I went into the shop, they acknowledged me straight away, as it was a big place. I asked for help and they stopped what they were doing and helped me out having a great conversation and laugh. I walked out of there so happy with the experience I had just encountered that it was on my mind all day.*

 *They listened to me explain exactly what I wanted without jumping to suggest one of their standard options. They contacted me later on to make sure I was happy with the services I got and even suggested some improvements I didn't know were available.*



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Considerable Variation Across Industry

The results of the 2015 KiwiHost/Research First customer service survey paint a mixed picture of industry performance in New Zealand. The results highlight some notable changes to the industries performing at the higher levels.

The remainder of this section highlights the customer experience of service in New Zealand across eighteen industries between the periods 2012 to 2015.

5.1 The Strongest Overall Performers and Greatest Improvements

Accommodation, closely followed by automotive, healthcare and accounting/legal services have made strong improvements to their customer service offering in 2015 and are now leading the charge. Food services continues to perform to near the same standard.

5.2 Banks Appear to be Coasting

While banks continue to deliver consistently good levels of customer service, their performance has been largely static over the last three years.

5.3 Some Industries Show Signs of Improvement

Electricity suppliers appear to have made strong improvements in customer service over 2015. Customer service in the general insurance sector has also been steadily improving. In the supermarket sector as a whole, the general happiness rating for customer service increased by 5 points in 2015, and supermarkets ranked in the top five highest performing industries.

5.4 Some Industries Appear to be Struggling

Customer service in the telecommunications industry, and to a slightly lesser degree internet service providers, continues to deteriorate in 2015. Supermarket and fast food outlets have improved their performance in 2015 but still do not perform as well as several years ago. Conversely, the clothing/footwear/apparel and home appliance industries have lost the small gains they made in 2014.

Government agencies and local or district councils appear to be improving, however they still rank among the lowest performing industries (with the exception of telecommunications).

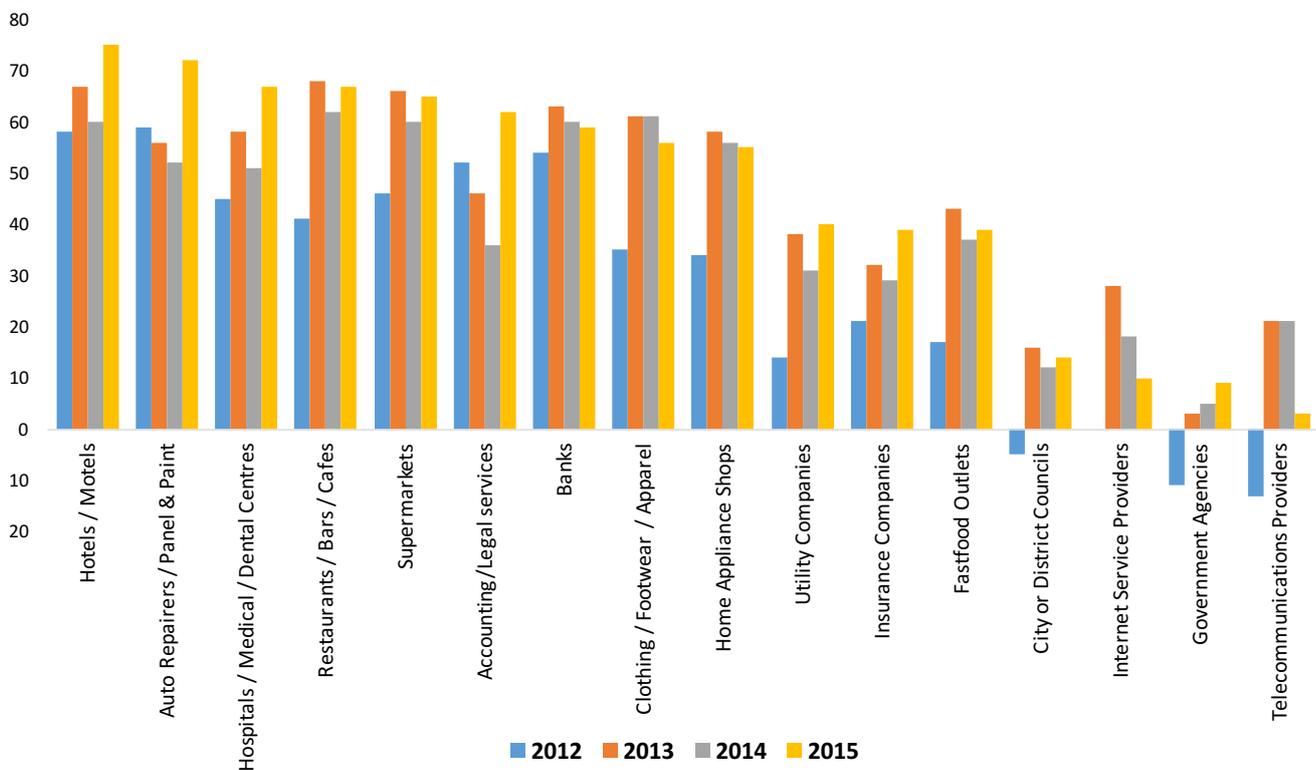
Happiness Rating

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

A happiness rating of 100 would indicate that **all** respondents for that company were **positive**.

A **negative** happiness rating means that the responses indicate that the company has more unsatisfied customers than satisfied ones.

5.1 Happiness Rating: Selection of Industries Across New Zealand



A series of further detailed reports are available from Research First. These reports feature Net Promoter Scores, Happiness Ratings, and a range of consumer demographics (e.g. gender, age, lifestyle, region, and income) for a range of brands across four industry sectors:

1. General insurance (AA, AMI, AMP, ANZ, ASB, BNZ, FMG, NZI, Kiwibank, Lumley General Insurance, State, TOWER, Vero, Westpac, MAS, Youi);
2. Fast food (McDonalds, Subway, KFC, Burger King, Wendy's, Nando's);
3. Supermarkets (Countdown, New World, Pak'n Save, 4 Square, Fresh Choice, Supervalu); and
4. Utilities (Contact Energy, Meridian Energy, Trustpower, Mercury Energy, Genesis, Powershop, Empower, Nova Energy, Energy Online).

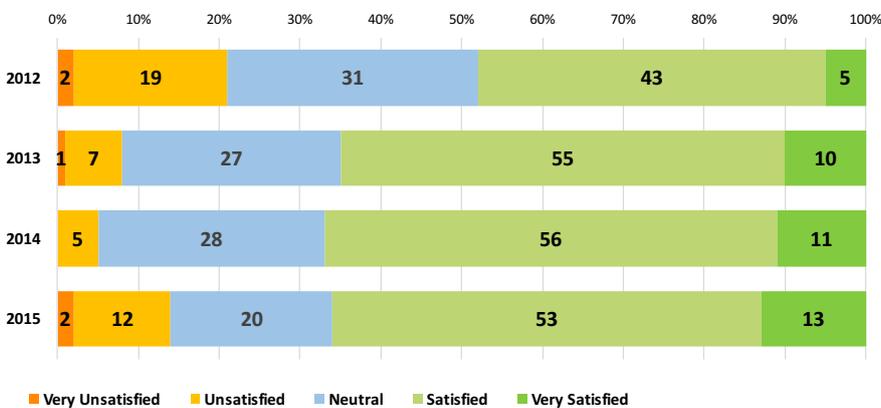
For more information or to buy a report contact www.researchfirst.co.nz.

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Customer Service in New Zealand

Overall, New Zealanders are reasonably satisfied with levels of customer service (53% said they are satisfied and a further 13% said they are very satisfied). The overall level of satisfaction in 2015 is largely the same as in 2014. Interestingly, there is a gradual rise in proportion of respondents reporting that they are very satisfied with customer service. This suggests that more New Zealanders are enjoying an exceptionally high level of customer service.

6.1 Overall Satisfaction with the Quality of Customer Service in New Zealand



6.1 The Triggers – Why Do Customers Feel Indifferent or Negative About Service?

The triggers are found in the three key factors – listen to consumers and understand their needs, show a willingness to help and respond in a timely manner. When a business does not deliver on these three service aspects, the result is a dissatisfied customer.

Some themes emerged from the comments, suggesting areas that customers find particularly irritating. Among these themes are:

- Staff (especially young staff) who are clearly aware of a customer waiting to be served, but choose to ignore them instead;
- The length of wait times when calling customer service telephone helplines;
- The length of time it takes for mistakes to be resolved or a rude response from staff when a customer complaint is made; and
- Not delivering on promises made.

 *The boy behind the counter was playing on his cell phone. Didn't acknowledge me, said hang on a minute. Then proceeded to talk to another staff member and after a couple of minutes, said 'yep'. After I had asked for what I wanted he said 'nah don't have any' and walked off. Arrrrgh!*

 *The person looked right through me like I wasn't there. These people are paid to serve I know it can sometimes be draining but that is their job to be welcoming.*

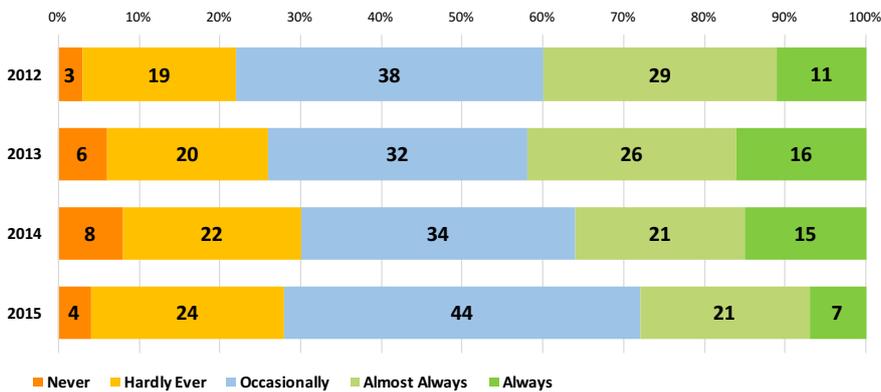
 *Can't be bothered attitude. Talking to other staff member instead of welcoming and serving us.*

 *The imposing manner of the insurance guy who was dealing with us and he was very difficult to get hold of and he did not action things he was asked to do or promised to do.*

6.2 A Bad Experience – What Do We Do about It?

After a bad customer service experience most people only occasionally raise their concerns, and nearly 30% will hardly ever or never raise their concerns.

6.2 Frequency of Raising Concerns After Bad Experiences

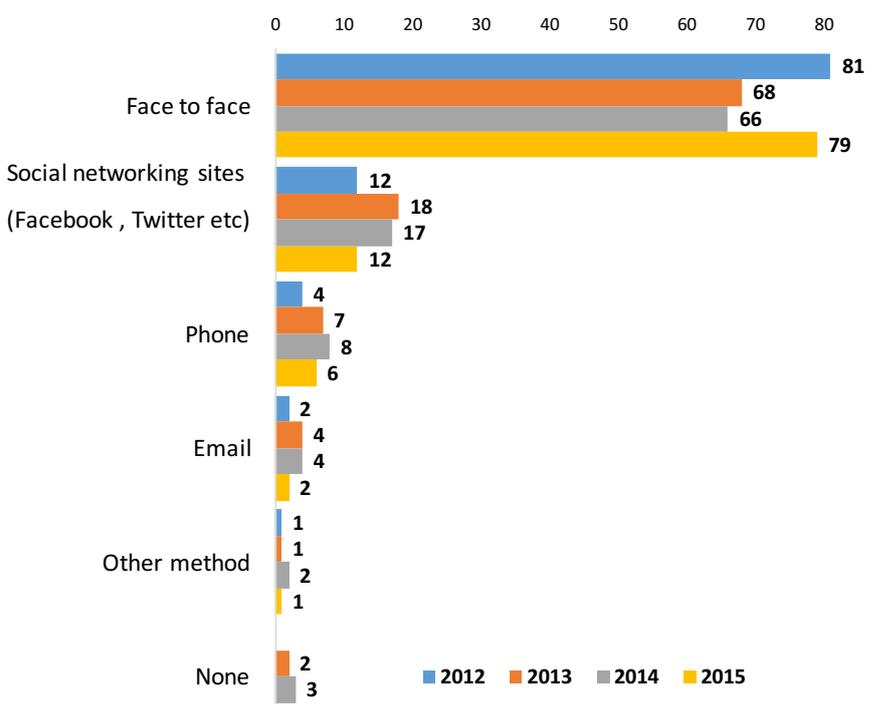


Further customer insights and trends are available. These include what customers do when they receive bad customer service, the number of friends and family they tell after a bad customer experience, how many bad experiences customers will suffer before they switch providers, the feedback mechanisms customers use to voice their dissatisfaction with companies, and how customer behaviour is changing over time. These additional insights are available from www.researchfirst.co.nz

6.3 Social Media

Social media is a powerful tool for voicing experiences. 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 to use it! Of all those that have commented on social media about their service experience, 38% have made positive comments and 24% have made negative comments. This is an unbelievably good opportunity to have your brand promoted by existing customers.

6.3 Rise in Usage of Social Media by Participants to Tell Their Friends and Family of Bad Customer Service



6.4 Positive Customer Experiences

The following quotes come from the survey respondents and describe some positive experiences of customer service. In particular they show how staff go the extra mile to delight their customers, carry out their duties in a highly professional manner and deal with mistakes with aplomb.



We stayed in a remote holiday cottage on the West Coast. The holiday would have been amazing anyway because it had a fantastic view and amenities, but the hosts went above and beyond to make sure we were comfortable and warmly welcomed. When we arrived they had lit the log burner earlier in the day so that the cottage would be cosy and warm (it was a cold and rainy day), and greeted us with a basket of freshly baked scones with homemade jam. Because of those things, our relaxing weekend on the coast went from good to outstanding just in the first 5 minutes!



We had a lot of fencing built by a contractor. They made a beautiful job but despite written and verbal instruction from us, they built half of it (some 84 meters) the wrong way around. We received an immediate apology and within 48 hours they completely sorted the issue, it was an outstanding come back. The contractor was pleasant, honest and his work as good as his word. We immediately rang him to say thank you and we posted comments to that effect on his website. We have also told as many people as possible of our great job and excellent treatment (we understand that mistakes are made, it's how people react to them that's important and in this case this company ticked all the boxes).



The customer service person was polite, provided good product knowledge, questions were answered and if they could not be answered, it was sorted in a timely manner. Clear and concise information provided and not over the top in follow up.



Our accountant was so helpful to us, with great advice saved us money.



The treatment in the hospital was very professional and responded promptly.

If you would like to read more positive customer experiences please contact www.researchfirst.co.nz.

6.5 Negative Customer Experiences

The following comments show some examples of negative customer service experiences. These comments illustrate several key problems with customer service in New Zealand, namely how staff fail to “own” customer problems when they arise and don't treat customers with the respect they deserve.

 *Call centre staff could not understand my very simple request. I was placed on hold for very long periods of time. I was made to feel that I did not have a right to the information (I did). I was treated with suspicion and doubt. I was told that I needed authorisation for the information sought (I had already provided this). I was told that the information I wanted had already been provided (it hadn't). I was made to feel as though I was causing a problem for them. They wanted copies of papers that they already had. All I wanted to do was pay an account for a deceased family member but I wanted clarification of the dates as I did not want to overpay. In all, I estimate that I spent more than 4 hours on the telephone over many days.*

 *I had a very hard time trying to get an issue resolved with an ISP. Too many different people and phone waiting time too long.*

 *I ordered beef to take to work and found out it was chicken. One week later I again ordered beef and explained the previous experience and asked for assurance beef would be provided. Stayed in store to dine and whoa and behold I got chicken. I was pretty angry and spoke to the manager who refunded my purchase...was going to complain to parent company but left it despite feeling annoyed. Refunding me really did not lessen my annoyance.*

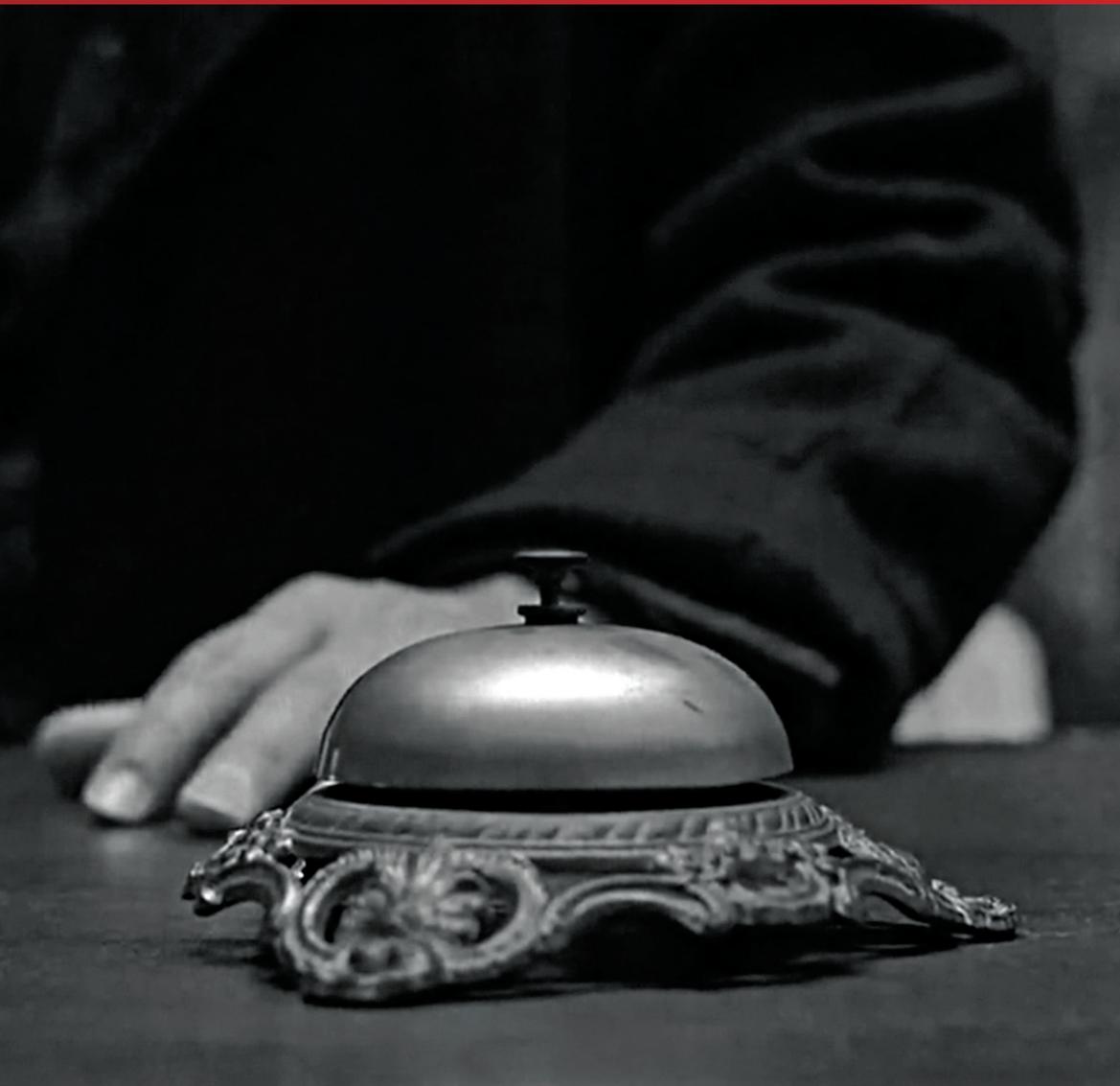
 *I had a terrible experience with a district council. The frontline staff were great but the manager was really rude and treated me like I was stupid. It was a horrible experience.*

Negative customer experiences not only decrease the loyalty of that particular customer but they also do more damage. Disgruntled customers tell their family, friends and colleagues about experiences of poor customer service. Effectively they act as detractors for a business, as can be seen by the frequency with which our respondents tell others, and the number of people they tell about poor customer service experiences.

For further more in-depth insights about:

- What customers in New Zealand do when they receive good customer service and trends over time;
- The number of friends and family that customers tell after a good customer experience;
- How many experiences of good customer service customers will give a company before they abandon it go over to the competition;
- The methods customers use to feedback their satisfaction with companies;
- How customer behavior is changing over time; and
- Insights analysed by a range of consumer demographics e.g. gender, age, lifestyle, region, and income.

Contact www.researchfirst.co.nz and ask about the 2015 customer service in New Zealand report series.



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