

A young girl with brown hair, wearing a yellow and white striped shirt, is looking intently at a laptop screen. She has her hand resting on her chin. An elderly man with glasses and a grey sweater is sitting next to her, also looking at the screen. The background is blurred, showing what appears to be a home setting with shelves.

Customer Service: Perceptions & Expectations

A report by Optus

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Foreword

Welcome to the *Customer Service: Perceptions & Expectations* report by Optus for 2013.

We are all customers: we shop, we bank and we buy goods and services of every conceivable description. Regardless of whether we're grocery shopping, selecting a new mobile phone or eating at our favourite restaurant, we've all been on the receiving end of good (and bad) customer service.

That's the starting point for this study. We wanted to explore what good service looks like through the eyes of the people who matter most: customers.

While the study set out to identify those factors that contribute to an outstanding customer experience, we also wanted to better understand what Australians really think of the service they receive from banks, insurance providers, airlines, the utilities sector and, of course, telcos.

For Optus, this research provides something of a blueprint in our drive to become a leading Australian customer service provider. In short, the report provides valuable insights into customers of all ages and backgrounds, and improves our understanding of what customers really want – whoever and wherever they may be.

Optus is using the findings in this report to help us redefine how we think about and respond to our customers in our service delivery and support; in the products and services we bring to the market; and in the consistent experience we provide for customers when they walk into a store, phone a service centre or jump online.

We hope the *Customer Service: Perceptions & Expectations* report gives Australia's service providers food for thought as they tackle the challenges of meeting their customers' expectations, both now and in the future.



Vicki Brady

Managing Director of Customer, Optus



About the research

Conducted by Stancombe Research and Planning on behalf of Optus, this study examines trends and expectations within the Australian customer service landscape.

The research analyses customers' expectations and experiences across the banking, insurance, airline, telecommunications and utility sectors. It looks at purchasing processes; customers' access to information, advice and problem resolution tools; how service providers communicate with their customers; account management; and customer rewards and recognition.

The study draws on in-depth qualitative interviews with a small number of respondents and an online survey of a nationally representative sample of 5,044 Australian adults.

Data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics (ABS).

Participants were not informed that the research was conducted on behalf of Optus.

Respondents were profiled by gender, occupation, household income and geographic location, and were further segmented into four distinct groups:

- The Silent Generation, born between 1925 and 1947
 - The Baby Boomers, born between 1948 and 1962
 - Generation X, born between 1963 and 1981
 - Generation Y, born between 1982 and 1999.
-

Executive summary

“On our own terms”: that’s the message from Australian consumers to their service providers.

For the first time, there are more than five different generations of Australians co-existing side by side, creating a virtual melting pot of generational attitudes, experiences and expectations. It’s no wonder then we’re seeing this diversity reflected in the Australian customer service landscape.

When we look at the drivers that are influencing global customer service trends, technology – most specifically the internet – is changing the way we shop for, research and recommend brands. Australia is no exception, with around 7.8 million adults using the internet to purchase goods and services over the last 12 months¹. In the retail space, this revolution is forcing service providers to rethink their approach to customers across both traditional and more technologically driven service channels.

But it’s not just a case of doing more for customers across a range of service channels. Regardless of what technological innovations lie just around the corner, Australians will continue to value brands that deliver a range of personalised experiences to meet customers’

particular service needs and preferences.

This report provides an analysis of the factors contributing to brilliant service across a range of channels: from traditional storefront retail experiences and call centre interactions, through to online self-service kiosks.

The findings challenge our assumptions about generational preferences, dispelling the myth that younger, more tech-savvy customers have vastly different expectations of their service providers than other groups of Australians.

Instead, the results suggest that the overwhelming majority of Australians expect their service providers to do the simple things exceptionally well, regardless of whether a customer walks into a store, phones a service centre or jumps online.

And while the findings point to a general deficiency in customer service standards, if there’s one thing that the results tell us, it’s that brands need to abandon a one-size-fits-all approach to customer service and embrace multi-channel service models that can be tailored to customers whenever, wherever and however they choose to engage with their service providers.



Key findings

- Honest business practices, price transparency and timely service are the most important factors for good customer service.
 - Value-added services such as product notifications, promotional offers and priority service queues hold little appeal for customers, particularly if their service provider fails to deliver on honesty, price transparency and timely service.
 - Long wait times (31%), unhelpful service (21%) and poor communication skills including language barriers (19%) dominate customers' frustrations with their service providers.
 - Automated phone menus are a less significant concern, with only one in 10 customers rating this as a major frustration.
 - While some aspects of automated customer service are now common place, the Silent Generation, Baby Boomers and Generation X all report feeling pressured by their service providers to use online self-service features such as online payment systems and account management services. The perception among these segments is that their service providers prefer them to engage via online systems far more than they themselves are comfortable doing.
 - When customers urgently need to speak with a service representative, 60 per cent consider between one and five minutes an acceptable waiting period, while 18 per cent are prepared to wait only one minute to speak with a customer service representative before hanging up.
 - Customers have little tolerance for being passed from one customer service representative to another. Close to 40 per cent will not tolerate speaking with more than one customer service representative, while two service representatives per call or store visit is acceptable to almost half (48%) of all customers.
 - Older Australians are twice as likely as their younger counterparts to rely on service providers for product information prior to making a purchase. Members of Generation Y are more likely to conduct their own research about new products and services, with 30 per cent preferring to independently seek out information through websites or via their own social media networks. This makes it particularly difficult for brands to reach and influence this group through traditional service channels.
 - Customers demand flexible and personal service. Around 28 per cent of Australians want their service providers to know their personal product and service history. Almost a quarter (23%) value brands that are willing to set aside standard processes if a customer's circumstances warrant special treatment, while only 10 per cent of people want to deal with a dedicated service representative, each and every time.
 - Brands can make significant progress in building customer loyalty through the way they respond to customers when things go wrong. Australians reportedly want service providers to fix the problem at their own expense (39%), offer financial compensation for inconveniencing their customers (27%), admit fault (12%) and offer an apology (11%).
 - Protecting personal and financial data remains a concern for some people, with around 10 per cent of customers avoiding all online financial transactions, while 35 per cent of customers avoid conducting financial transactions via mobile devices.
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BACK TO
basics



Back to basics

To be a great service brand, you need to deliver brilliant customer service. But what exactly does that look like? That's the starting point for the *Optus Customer Service: Perceptions & Expectations report*.

Following a series of in-depth interviews we identified 34 attributes of good customer service spanning purchasing processes; access to information, advice and problem resolution tools; how service providers communicate with their customers; account management; and customer rewards and recognition. Survey participants ranked these attributes from most important

to least important. The result is a Hierarchy of Good Customer Service, which service providers should be practising as they look to prioritise and focus their customer service strategies in areas that will have the most impact on their customers' experiences.

The results speak for themselves. Today's consumers expect their service providers to do the simple things exceptionally well. Across economic, geographic, gender and age profiles, Australians identified the basic building blocks of customer service as honest business practices, price transparency and timely support.

The most desired elements of good customer service

1	Be honest and fair.
2	Ensure there are no hidden costs or fees.
3	Resolve my problems quickly.

In the Hierarchy of Good Customer Service, value-added services are well down the list of customer priorities. While our respondents acknowledge value-added services can contribute to the overall customer experience, these drivers hold little importance when brands fail to deliver the basics such as honesty, price transparency and timely support.

The least desired elements of good customer service

1	Be the first to bring new digital innovations to the market.
2	Send me notifications of new products, promotions or special offers.
3	Offer me priority service relative to customers that spend less.

THE NEED FOR
speed



The need for speed

It's difficult to imagine life without the internet or mobile devices. We are so used to accessing the latest news and information from around the world with a touch that we've come to expect the same instant response from our service providers. For many customers, timely service is the key differentiator between a good and bad customer experience.

The challenge for brands is to find ways of striking a balance between providing service that is both fast and effective. This may involve providing training and development for frontline staff; empowering service staff with the tools to resolve customer issues; or improving business processes to speed up service without compromising quality.

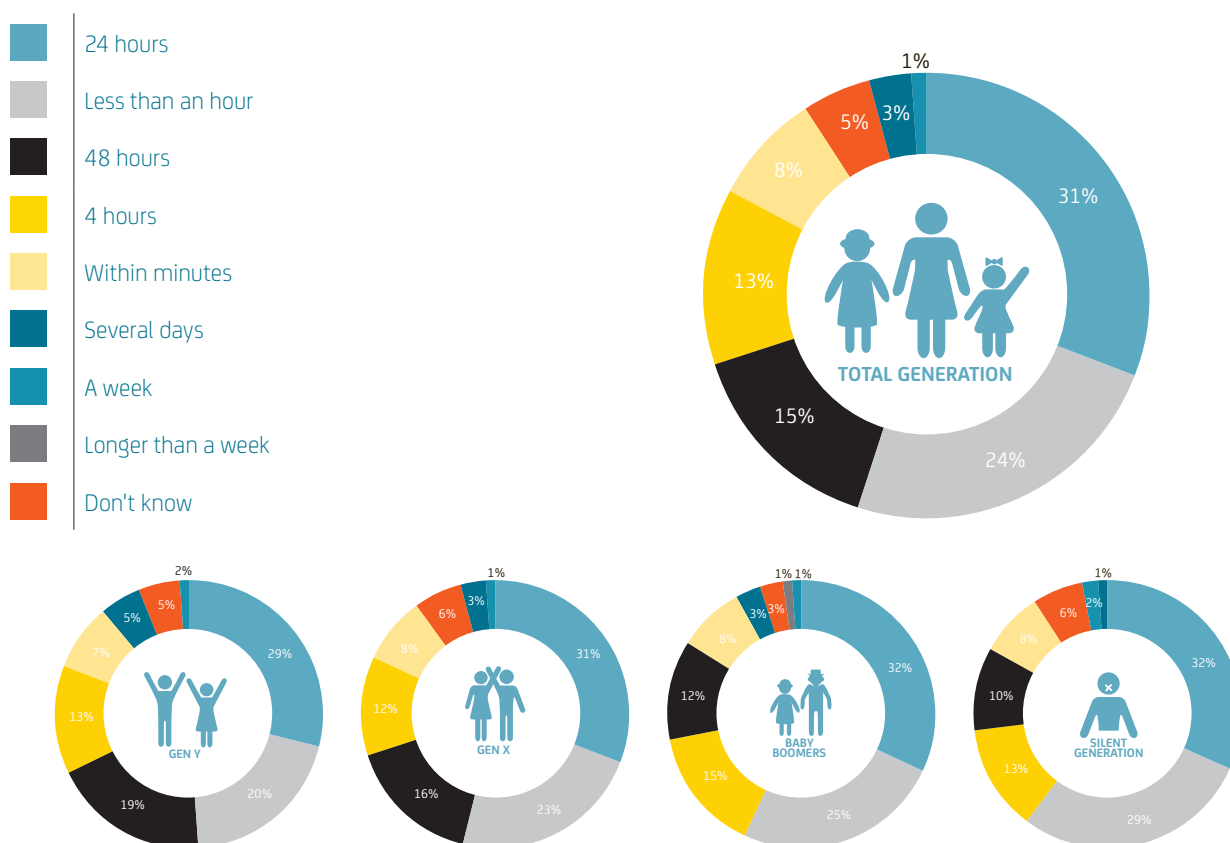
What's clear from these results is that when customers engage with service providers, they have very clear expectations about what they want.

Problem resolution: how long is too long?

When customers experience service difficulties, they want their service providers to take swift action and resolve their issue quickly. In a bid to see what prompt service means to customers, we asked our survey participants to tell us how long they're prepared to wait to have a serious issue fixed.

Around 31 per cent told us they expect issues to be resolved within 24 hours of reporting a problem, while around 15 per cent are willing to wait up to 48 hours for service assistance. By contrast, almost quarter (24%) of Australians expect the problem to be resolved in less than an hour.

Maximum time to solve problems



Service providers given the five-minute warning

Fast response times are particularly critical when people need to speak directly with a customer service representative.

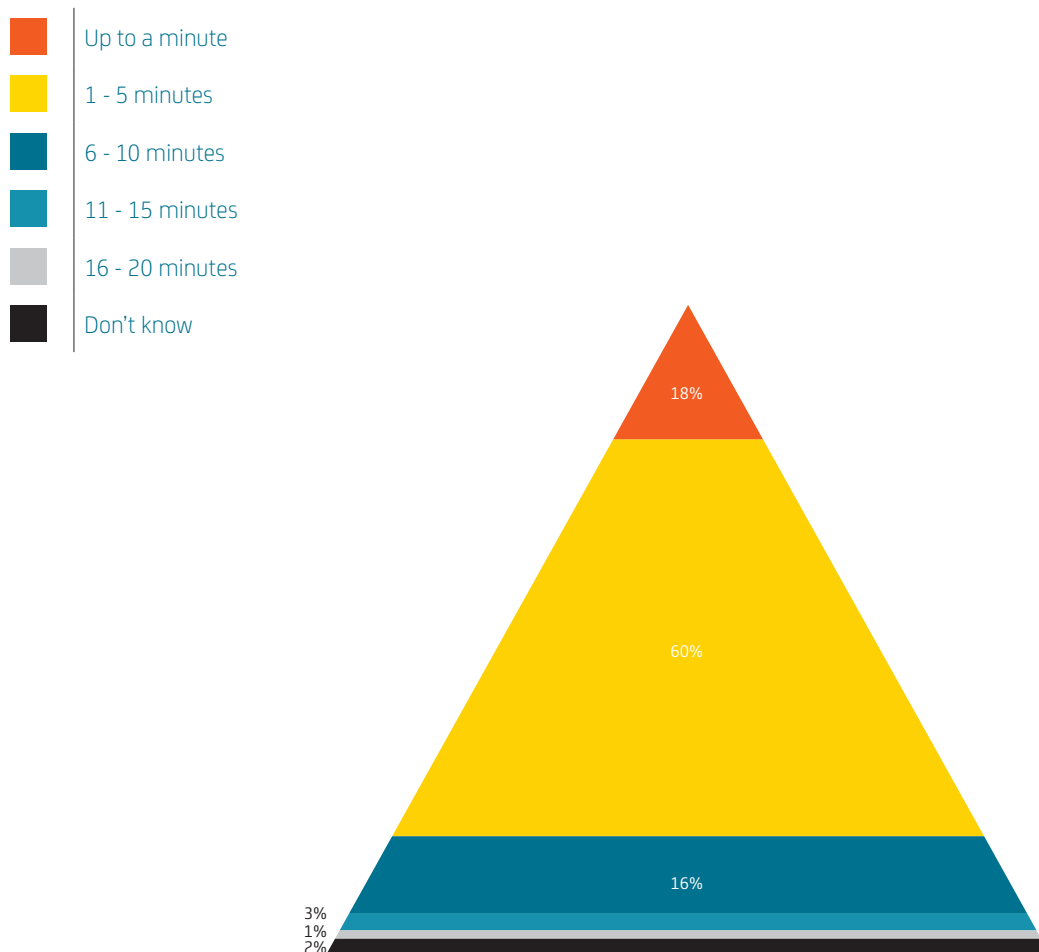
While the majority (60%) of Australians will wait between one and five minutes to speak with service staff, only 16 per cent are prepared to wait between six and 10 minutes for assistance.

What's more surprising is that around one in five (18%) people are only prepared to wait one minute or less to speak with a customer service representative before they hang up.

Breaking the data down by age, we discovered that Generation Y shows the greatest levels of patience when it comes to waiting times, with the majority (64%) of younger Australians willing to wait between one and five minutes to speak with a customer service representative.

At the other end of the spectrum, 23 per cent of Baby Boomers and 23 per cent of the Silent Generation expect to receive service in under a minute.

Time customers will wait to speak with service staff



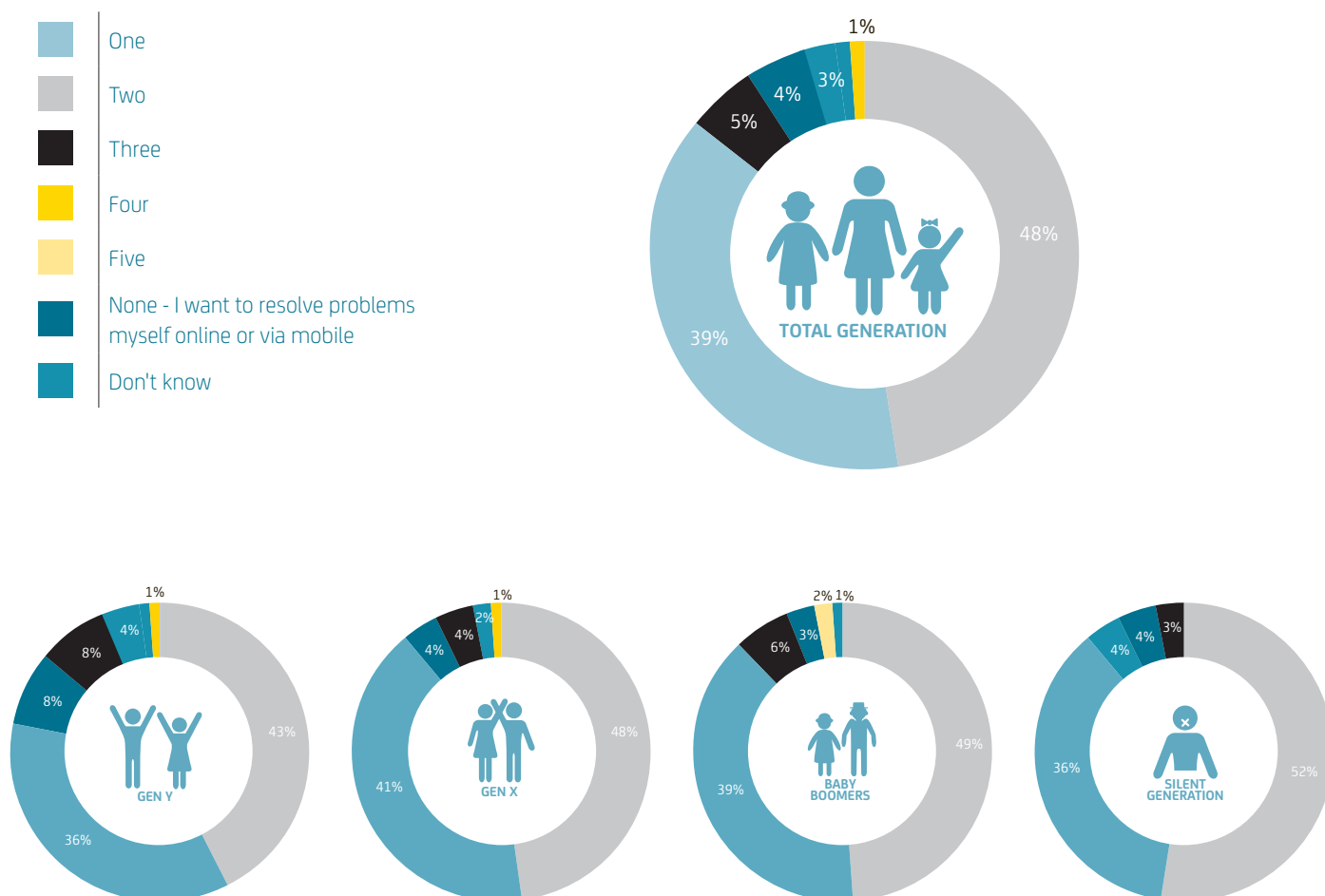
Three is one too many

Australians show little tolerance for being passed between departments or from one person to another when they call a service centre.

While almost half (48%) of the people we spoke to said they are prepared to speak with two service representatives in order to resolve a problem, 39 per cent would only speak to a single customer service representative to get the job done. Around 4 per cent of people avoid customer service staff altogether, opting for independent online research to resolve their service difficulties.

Although younger Australians are more inclined to try and resolve problems on their own, they are also more willing to speak with three or more customer service representatives than their older counterparts when they do require assistance.

Number of people customers will speak with to resolve a problem



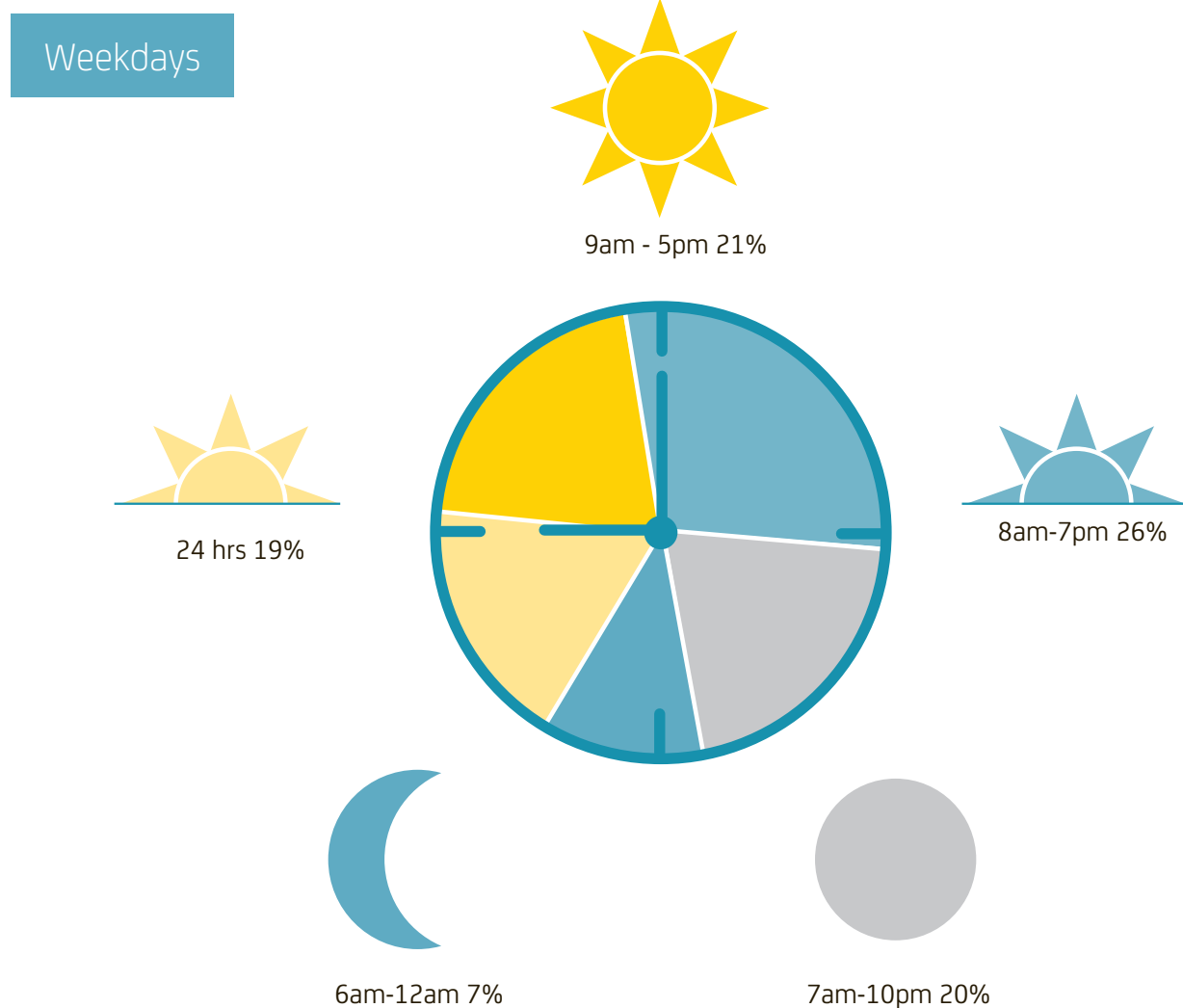
Nine to five is not enough

Customers who embrace online self-service systems have high expectations. Today's consumers expect to be able to engage with their service providers whenever and wherever it suits them. As a consequence, standard business hours are now largely irrelevant for many customers.

They are becoming increasingly intolerant of companies that shut down their service support in the evenings. Across the week more than a quarter (26%) of customers expect companies to offer call centre services between 8:00am and 7:00pm. Around 20 per

cent of people want call centre hours extended from 7:00am until 10:00pm, while a further 19 per cent of people want access to call centres around the clock. Standard business hours (9:00am – 5:00pm) remain acceptable for around 21 per cent of customers.

Acceptable hours for call centre service



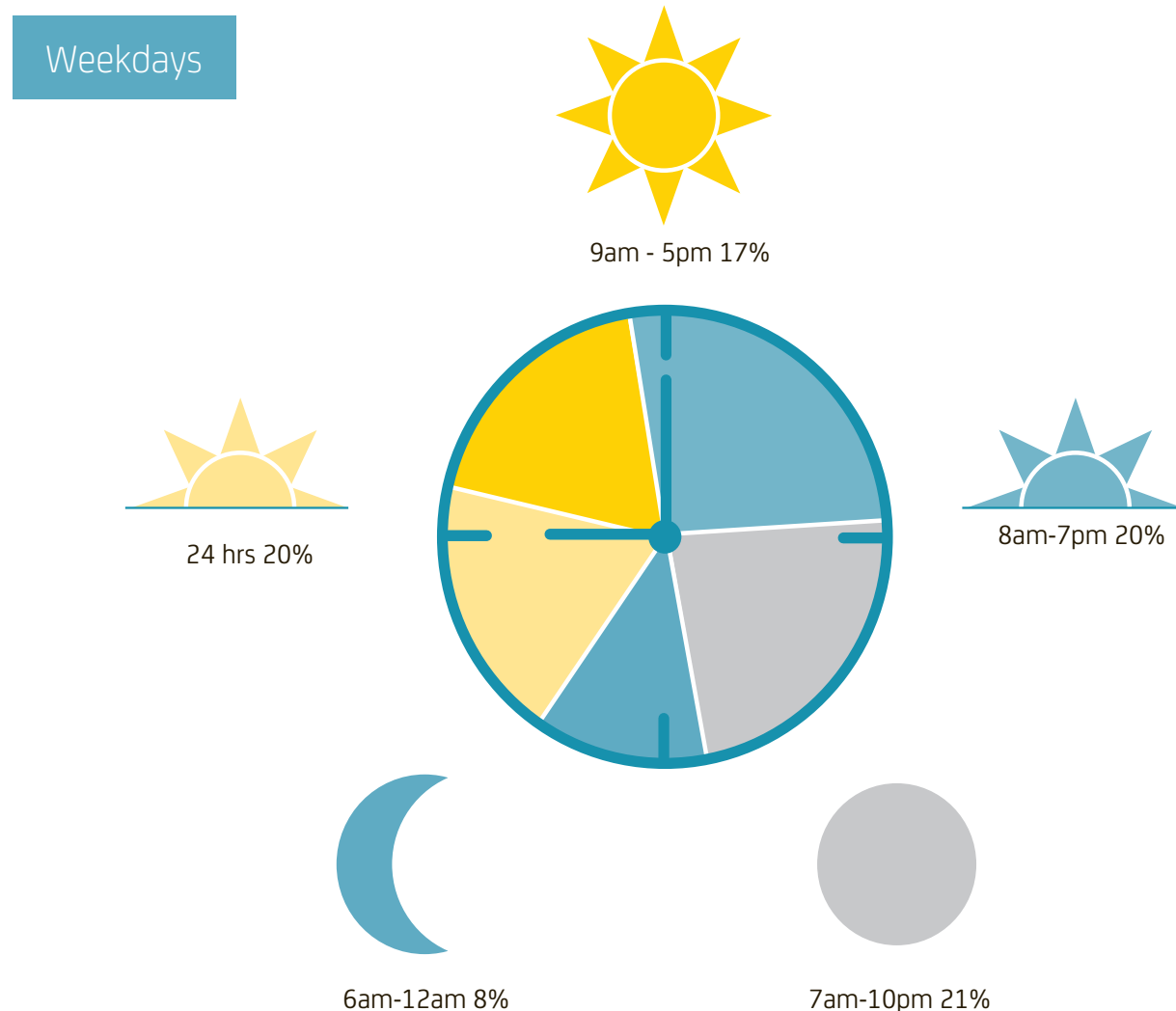
Demand for online interaction grows

Australians are also stepping up expectations about how service providers interact with them online or via their mobile devices. When customers are online they want fast and easy access to online service staff.

Many of the people we spoke with expect their service providers to provide real-time online chat services both before and after work. On weekdays, one in five (20%) want their service providers

to support live online chat services between 8:00am and 7:00pm. Up to 20 per cent of customers want round the clock online chat services, while 21 per cent want extended online chat services between 7:00am and 10:00pm. Under one in five (17%) consider standard business hours (9:00am – 5:00pm) to be acceptable for live online chat services.

Acceptable hours for live online chat services



MEASURING
up



Measuring up

If brilliant customer service is all about honesty, price transparency and speedy service, how do Australia's main service industries stack up? In a bid to understand where the banking, insurance, airline, telecommunications and utilities sectors stand relative to one another, we asked survey participants about customer loyalty and advocacy.

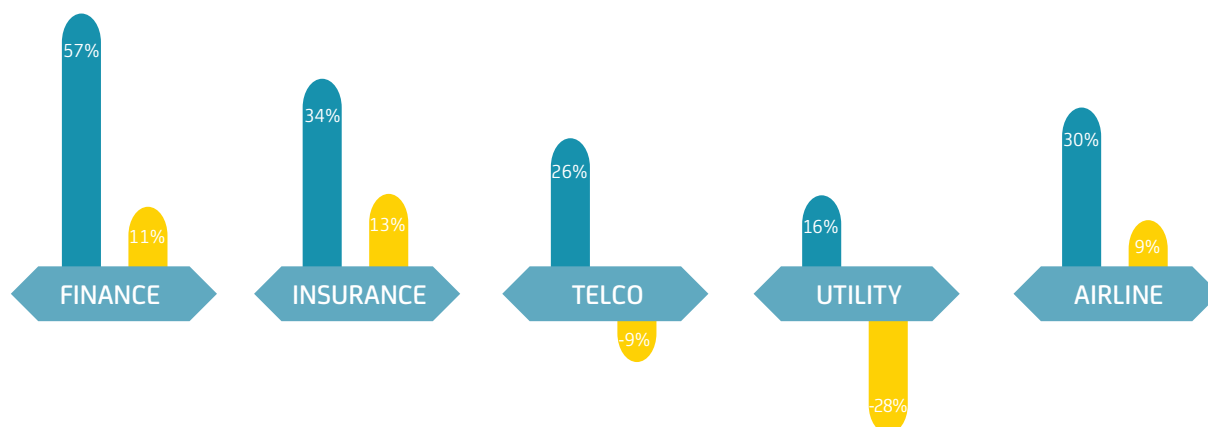
Loyalty is a measure of how likely people are to stay with the same service provider over the next two years, while advocacy gauges how likely customers are to recommend a service provider to their family and friends.

For the most part, our findings reveal a positive correlation between customer loyalty and advocacy. A closer look at the data reveals all service sectors are in positive territory when it comes to customer

loyalty, with the banking and insurance sectors leading the way, trailed by airlines, telcos and utilities providers.

When it comes to customer advocacy, the story is less clear-cut. While the insurance, banking and airline sectors enjoy moderate levels of customer advocacy, the telecommunications and utility sectors perform poorly in this area, drawing more brand detractors than advocates.

Customer perceptions of key service sectors: loyalty and advocacy



So what does this mean for the future? As service providers seek new opportunities to stand out from their competitors, some businesses – and perhaps entire sectors – will look for new ways to build customer loyalty through a range of differentiated services.

For some, the answer will lie in their approach to attracting smart, personable and well trained employees, capable of

transforming call centre experiences into an opportunity to deliver an outstanding customer experience. For others, the answer is in developing business processes, systems and policies that empower call-centre staff to resolve issues quickly, reducing customer frustrations.

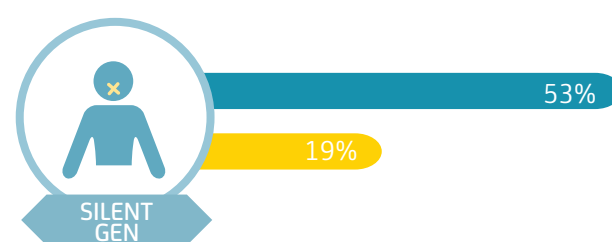
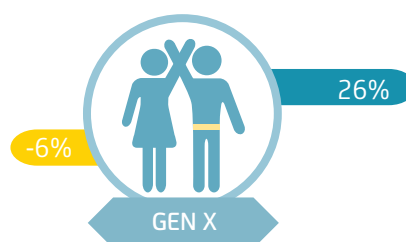
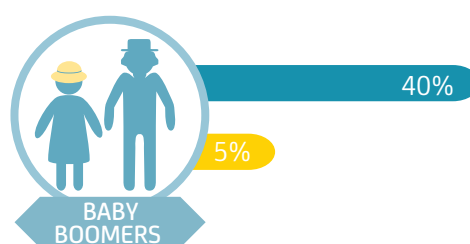
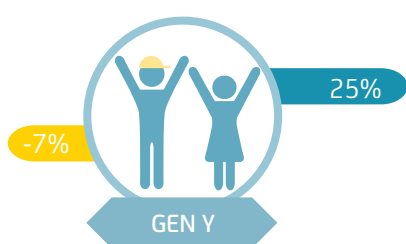
Age really does matter

When it comes to customer loyalty and advocacy, it seems age really does matter. People over the age of 50 (Baby Boomers and the Silent Generation) are almost twice as likely to be loyal to their service providers as their younger counterparts. By contrast, only around one in four members of Generations X and Y feel loyalty to their service providers.

The results are even more evident when we look at customer advocacy. While around five per cent of Baby Boomers and 19 per cent of the Silent Generation define themselves as brand advocates, Australians under the age of 50 are much more likely to be brand detractors. Around 6 per cent of Generation X and 7 per cent of Generation Y are not only unlikely to advocate for their service providers, they are also openly critical of these brands to their family and friends.

The popularity of social media channels such as Facebook, YouTube and Twitter show us that in the right circumstances, young people are willing to act as brand advocates. From a service perspective this means customers' expectations are diverse and they expect different ways to engage with their service providers.

Loyalty and advocacy by generation



Customer satisfaction not guaranteed

In addition to understanding customers' service expectations, this research also examined customers' satisfaction with their service providers.

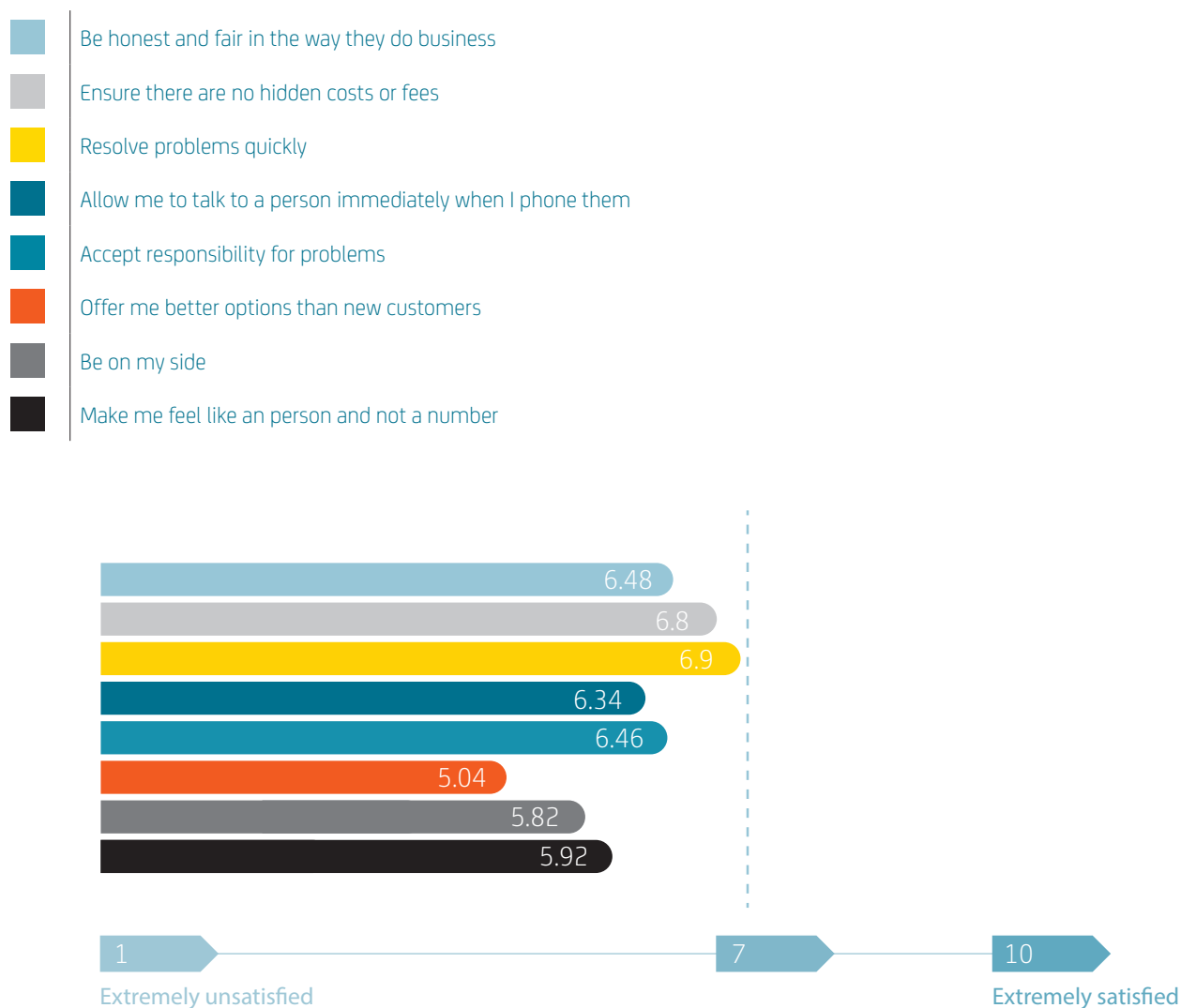
Using a 10-point scale to measure customer satisfaction – where 0 is extremely unsatisfied, 10 is extremely satisfied and 7 is considered a pass mark – these results show there's plenty of room for improvement. Despite having very clear expectations about what good customer service looks like, it seems many Australians feel their service providers just don't deliver the goods.

Australians identified critical weaknesses in the way, key service sectors address many of the elements contained within the

Hierarchy of Good Customer Service. Banks, airlines, telcos and utility providers all perform below par on key elements such as honesty, price transparency and speedy service. Only the insurance sector achieved an average customer satisfaction rating of seven or above on any one element.

While there are many areas where brands can improve, the research indicates service providers need to focus on two particular areas: how they interact with customers when they are in most need of assistance, and making customers feel valued.

Customer satisfaction with service providers



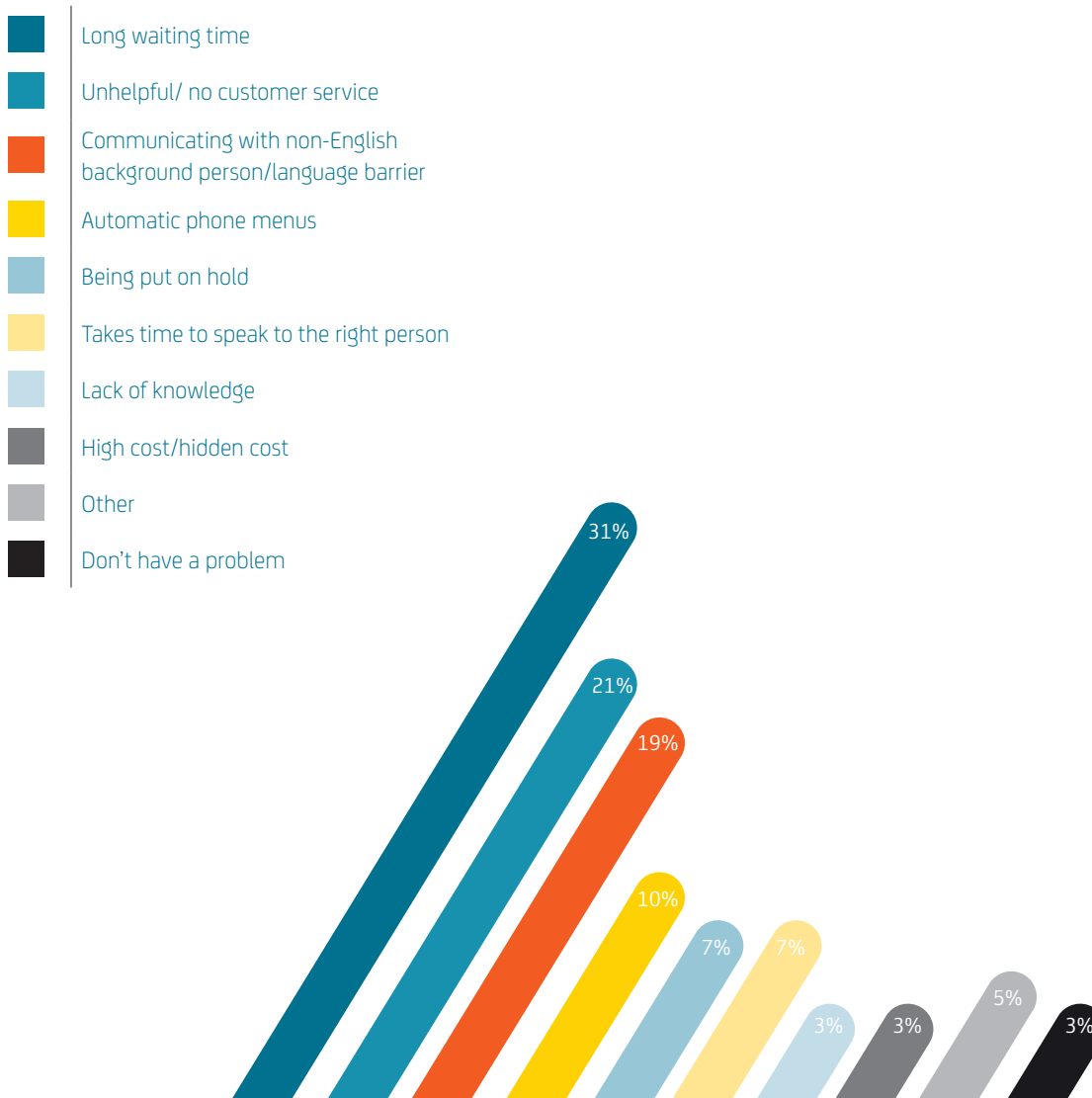
Call centres fuel customer frustrations

Regardless of age, our respondents agree that call centre interactions lie at the heart of customers' frustrations with their service providers.

Principal complaints include long queues and waiting times (31%), unhelpful customer service (21%) and poor communication skills, including language barriers (19%).

Automatic phone menus are a less significant concern, with only one in 10 customers rating this as a major frustration.

Biggest frustrations with service providers



The online movement: push or pull?

Although web-based technologies are rapidly changing the way we shop for, research, recommend and engage with brands, it shouldn't come as a surprise that online service channels aren't on everyone's radar.

While members of Generation Y are eager to jump online, it seems that older Australians are not so keen. When asked how they'd prefer to engage with their service providers, there's a conflict between what older generations want and what they believe their service providers are pushing them to do.

While only 43 per cent of Generation X want to engage with their service providers through online tools, more than half (52%) believe their service providers would prefer them to adopt online self-service facilities.

Similarly, while only 29 per cent of Baby Boomers are looking for opportunities for online engagement with their service providers, almost half (48%) believe their service providers prefer them to use online self-service tools. This means 19 per cent of people are potentially feeling forced to use online service systems, despite preferring to engage with brands in other ways.

By contrast, more than half (57%) of young Australians want to engage with their service providers online, while less than half (46%) believe their service providers want them to engage online. It appears although service providers may be encouraging their customers to embrace online tools, for younger people, the online shift isn't happening quickly enough.

This data reinforces that while there are consumers who demand the latest technology and expect their service providers to be at the forefront of digital innovation, there is also a large group of consumers who actually prefer more traditional, personal ways of engaging with their service providers.

These results highlight the danger of employing a one-size-fits-all approach to customer service. Customers are looking for brands that are willing to treat them as individuals by offering a true multi-channel approach to customer service that allows them to do what they want regardless of whether they walk into a store, phone a service centre or jump online.

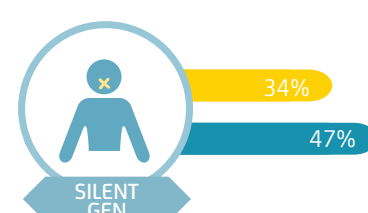
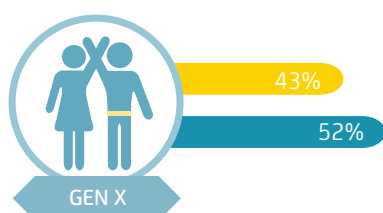
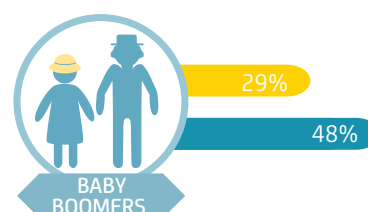
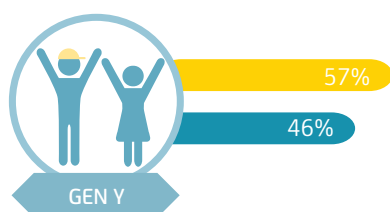
The online disconnect between service providers and customers



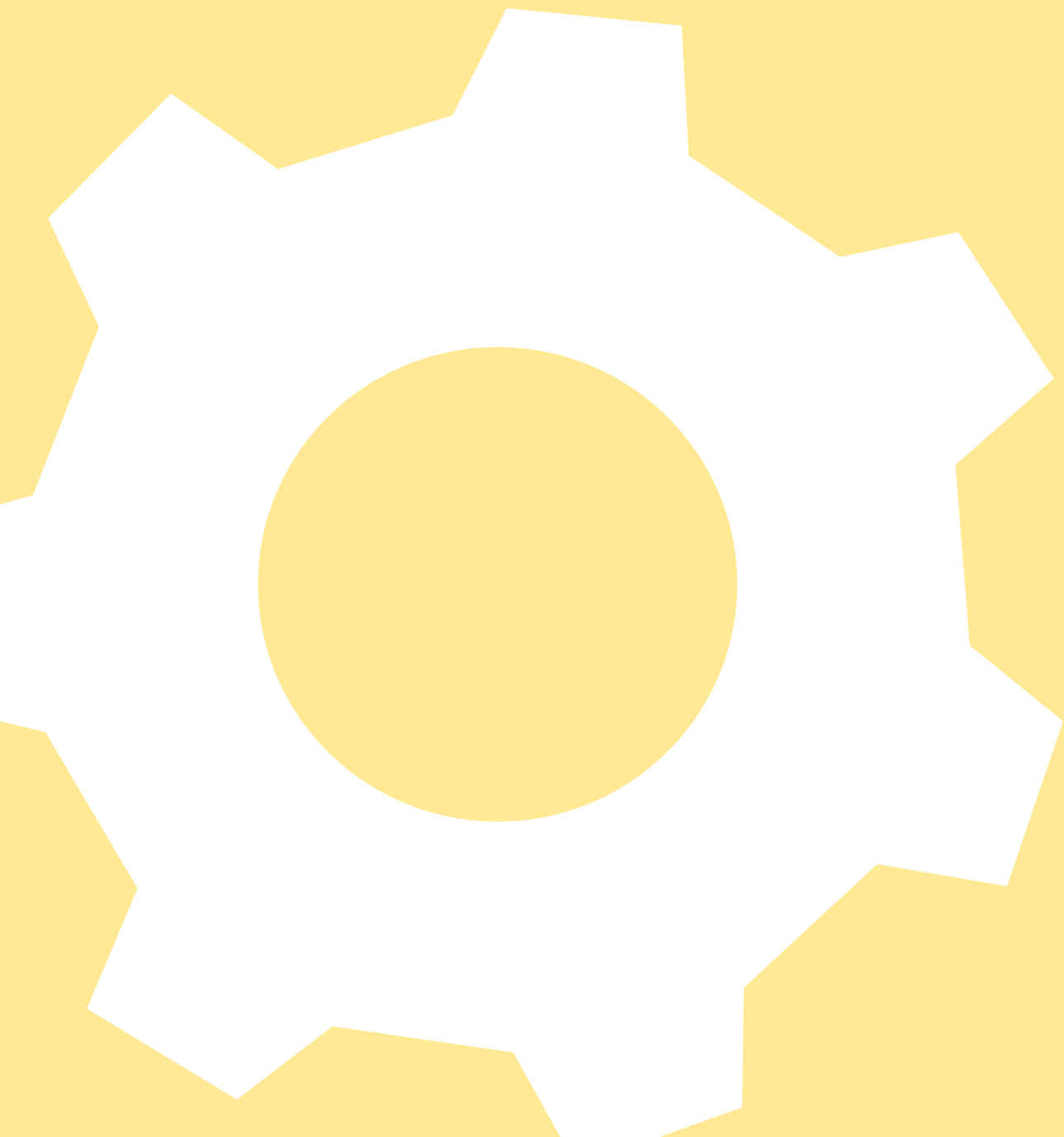
I prefer to engage online



Service organisations prefer me to engage online



BEYOND THE
basics



Beyond the basics

Many service providers have added a range of online and mobile services to make life easier for their customers. While the data shows customers rate online tools very highly as a way of managing their accounts, even tech-savvy consumers dislike online service systems that force them to interact with brands in ways that prove ineffective for their specific needs.

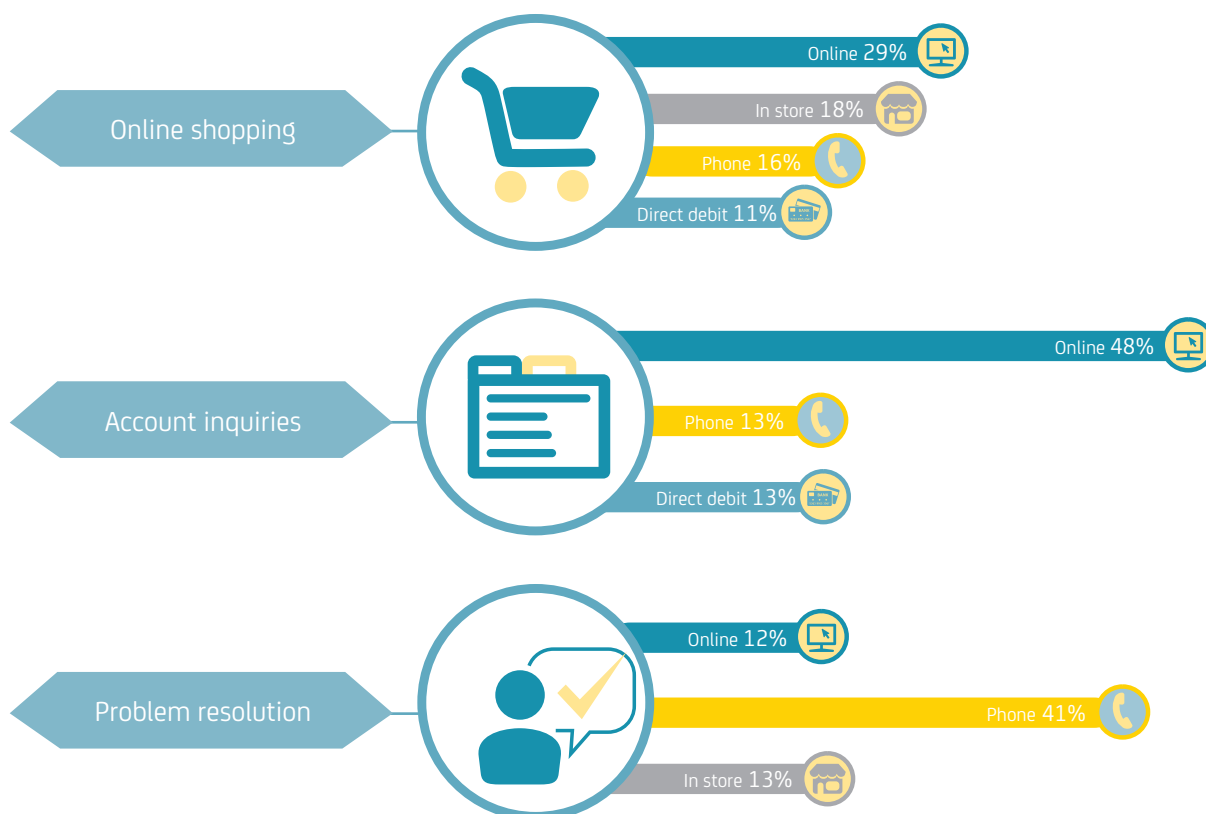
In fact, our respondents told us the convenience of online experiences just can't replace the importance of interacting directly with real customer service staff, particularly when it comes to seeking product information, obtaining advice or resolving problems.

We found many customers prefer to speak with a customer service representative on the phone when seeking information, advice or resolving a problem (41%). Older Australians are twice as likely as younger generations to rely on their service providers for product information prior to making a purchase. In fact, members of Generation Y tend to conduct their own research more often, with 30 per cent preferring to independently seek out information about products and services through websites or via their own social media networks. This makes them a group that's particularly difficult for brands to reach and influence through traditional service channels.

Our findings suggest Australia's preference for online versus human customer interactions is entirely context-driven. Instead of a one-size-fits-all approach, Australians want to use a range of service channels to manage their accounts, seek advice, purchase products and services or resolve problems.

The challenge for service providers lies in identifying where their customers want to use technology and where they still expect customer service with the human touch. For many, this will come down to empowering and training service staff to listen, understand and respond appropriately given each customer's own specific circumstances, as well as building back-end customer data systems that enable staff in call centres and retail environments to quickly pick up on each customer's story and react accordingly.

Most preferred service channel by Australians



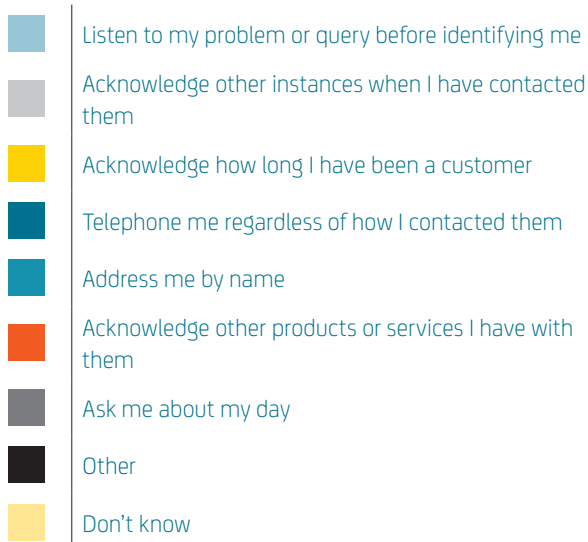
Listen to customers

One of the main ways service providers can build customers' loyalty and trust is by providing flexible, personalised support that treats consumers as real people. In particular, Australians value brands that take a flexible approach to customer service, particularly when customers' circumstances are outside of the ordinary.

This requires brands to develop policies and procedures that enable front-line service staff to listen, understand and respond appropriately to each customer's specific set of circumstances.

When customers raise a question or report a problem, one-quarter of respondents said the most important thing their service provider can do is listen to their query or problem before initiating an identity check. Around 13 per cent of people want their service provider to phone them with a response, regardless of how the customer initially raised the query or reported the problem. Up to 12 per cent of people want to be addressed by name and only one per cent of people see value in service staff asking about their day.

Building loyalty and trust



Know me, respond to me

Call centres and online self-service tools are part of a service-channel mix that brands use to engage with their customers. It should come as no surprise many Australians feel their service providers treat them as mere numbers rather than real people.

When it comes to treating customers as people rather than numbers, 28 per cent of Australians want service providers to know

their product and service history. Almost a quarter (23%) of people value brands that are willing to set aside standard processes if a customer's circumstances warrant special treatment, while only 10 per cent of people want to deal with a dedicated service representative each and every time.

Treat customers like people, not numbers

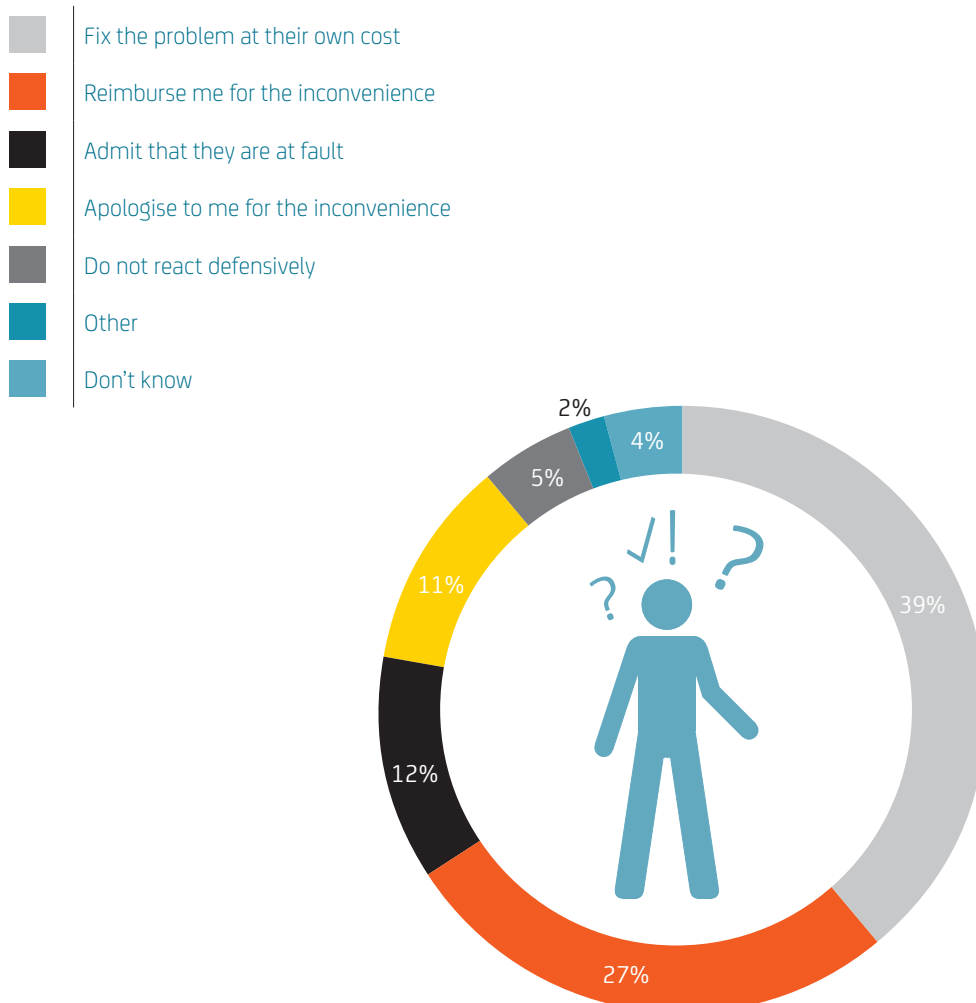


Money talks

Brands can make significant progress in building customer loyalty through the way they respond when things go wrong. In particular, customers are looking for service providers to be both accountable and apologetic.

Australians reported they want their service providers to fix the problem at their own expense (39%), offer financial compensation for inconveniencing their customers (27%), admit fault (12%) and offer an apology (11%).

Ways service providers can accept responsibility



THE
future



The future

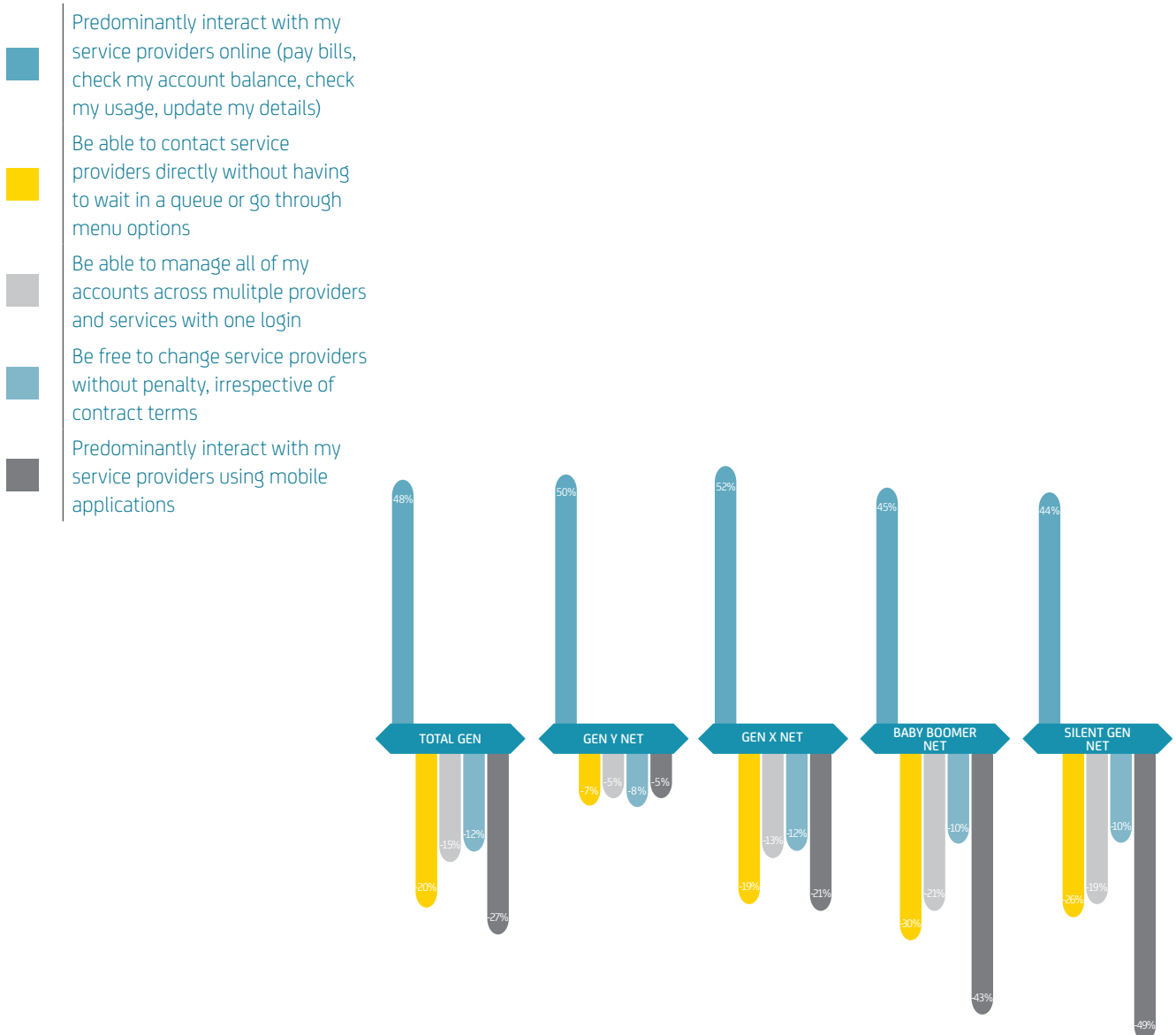
The road ahead is uncertain. While customers believe service providers need to lift their game, most have fairly low expectations that their preferences will be met over the next 12 to 18 months.

Just over one in three (35%) Australians doubt they will predominantly use mobile phone technologies, including touch-and-go solutions, to pay for goods and services. One in five people (20%) believe slow service, including long call queues and complex menu systems, will remain unresolved, while 15 per cent maintain

their service providers will be unable to supply them with a single login to manage their accounts. Only two per cent of people believe retail outlets will be transformed into showrooms where customers can try products and services before they buy.

The areas where customers expect to see some change is in online self-service. Over the next 12 months, almost half of all Australians (48%) expect service providers to enable them to ramp up their use of online services, allowing customers to pay bills, check account balances and update their bill details via the internet.

Customer expectations of their service providers by generation



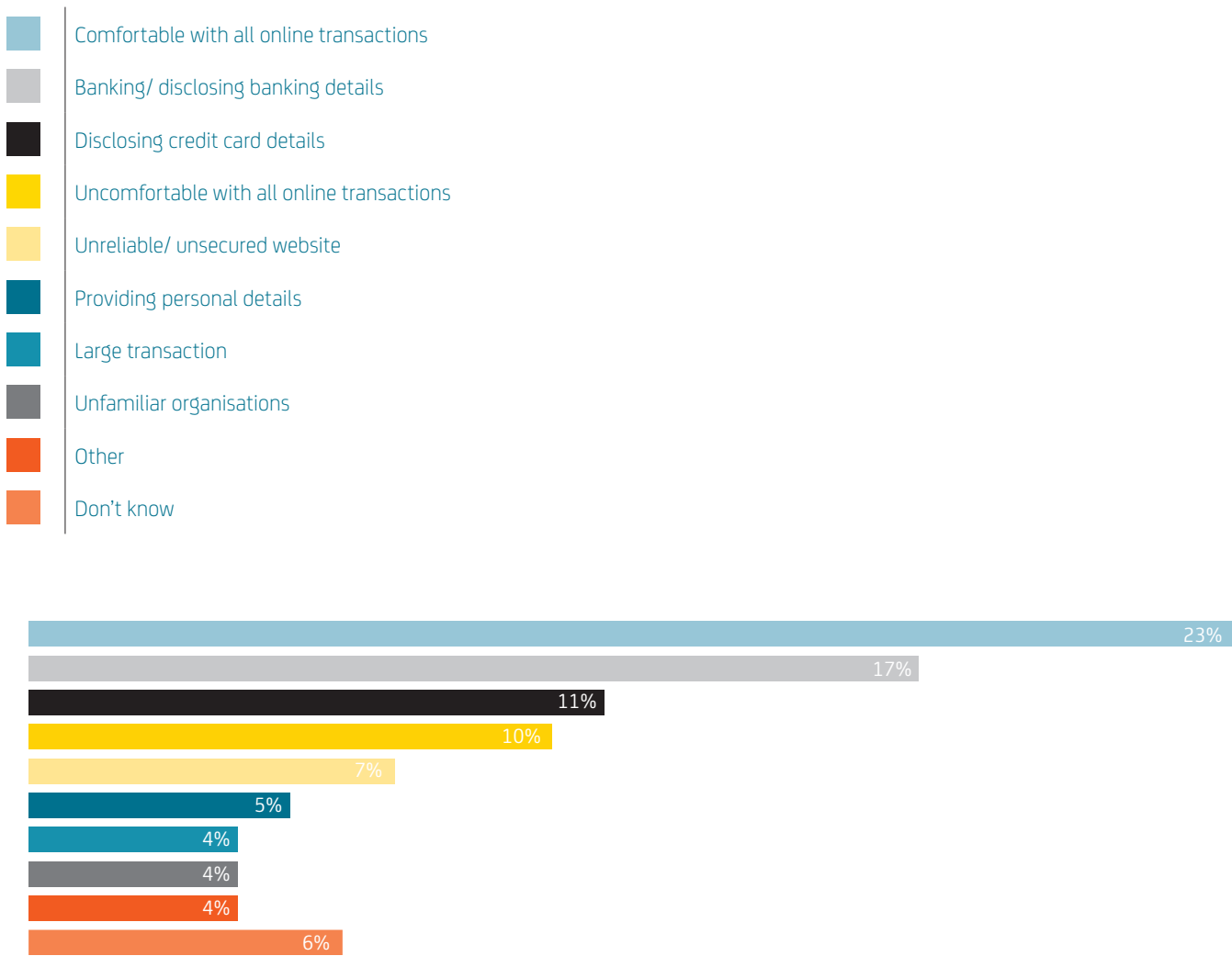
Online transactions: yes or no?

Online security remains a concern for customers, who are well aware of the pitfalls of online financial transactions. Protecting personal and financial information will continue to be a priority for most customers over the next 12 to 18 months.

While a quarter (23%) of Australians felt comfortable with online transactions, the same cannot be said of mobile payment systems.

Smartphone technology is relatively new, so it's unsurprising that only 14 per cent of Australians feel comfortable conducting financial transactions via mobile devices. Although only around 10 per cent of Australians avoid conducting any type of financial transaction via the internet, a much higher percentage (35%) avoid conducting any type of financial transaction using a mobile device.

What transactions or interactions are you not comfortable carrying out online?



Legal disclaimer

This report was prepared at the request of Optus, as general information only.
