

# Customer Service Still Struggles to Satisfy

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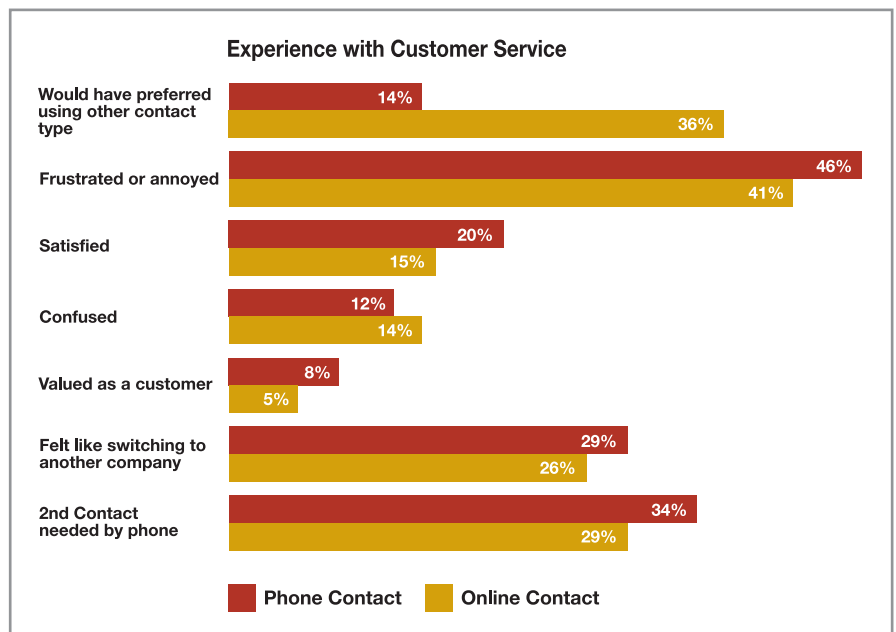
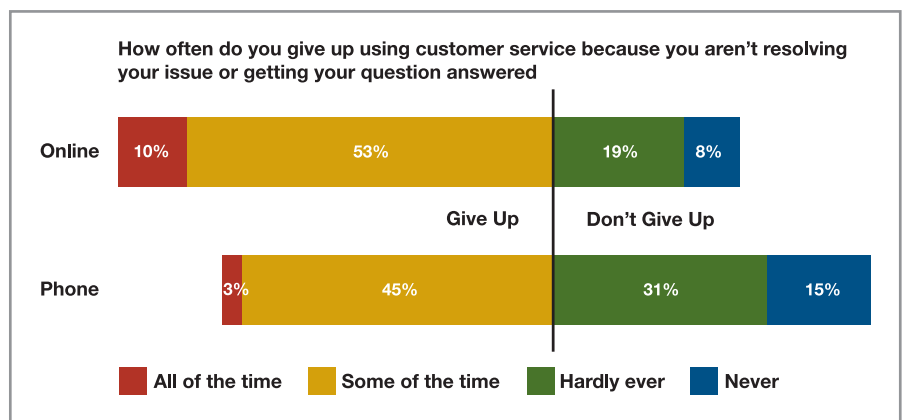
Considering the amount of media attention given to the current economic crisis and the importance of customer satisfaction and retention, new research in this area paints a worrying picture of consumers' perception of customer service in the UK. The survey, conducted by YouGov Plc on behalf of unified desktop and process optimisation solution company Jacada, questioned more than 2,100 UK adults on a number of key customer service issues.

## Customer dissatisfaction has become the norm

According to the Jacada research, almost two thirds (63%) of respondents admit to "giving up" when accessing customer service online – and almost a half (48%) when using the phone – without having their issues resolved. And for those that soldiered on, almost half ended up feeling "frustrated or annoyed" by their contact with customer service – regardless of the channel used to resolve their issues – according to the Jacada research.

If those findings don't cause concern amongst UK businesses, then perhaps these will: just 20% of those surveyed reported feeling satisfied by their suppliers' customer service efforts in the past year when accessing a telephone help line, and only 15% said they were satisfied following online contact. In addition, more than one third of respondents stated that they now **expect** to get poor service when they call a company's customer service call centre.

Worse still, only 1 in 12 consumers reported feeling "valued as a customer" following their contact with customer services.



## “Serious” customer service issues are on the rise

The Jacada survey revealed that the majority of customer service issues (59%) are seen by callers as “urgent” or “serious” and almost a fifth (16%) of people have seen an increase in urgent/serious issues in the last 12 months. Conversely, only 4% reported experiencing a decrease.

For businesses, this shift is important, regardless of whether the issues themselves truly are becoming more serious, or if callers are simply perceiving them that way. For the customer service department more serious issues mean more complex and emotionally-charged calls, making it even more important that agents are equipped to deal with problems effectively.

## Errors are still causing the most demand for customer service

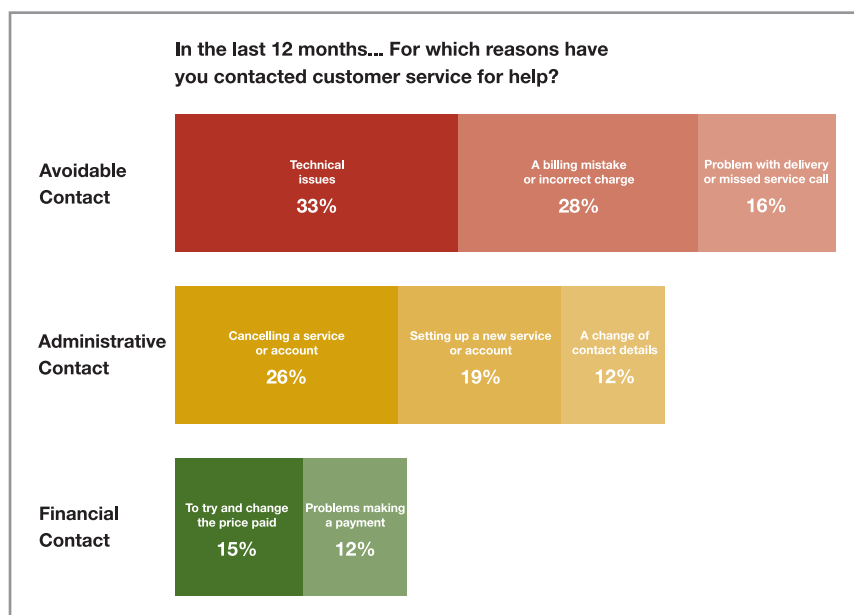
Of all the trends highlighted by the Jacada research, the reasons given for making contact in the first place were some of the most shocking: 76% of those questioned had to

contact customer service because of an error made by the company in areas such as billing, technical issues, problems with delivery, or a missed service call.

This drain on customer services is often referred to as “avoidable contact”, since businesses can avoid it by taking greater care with their own internal policies and procedures. And it’s these apparently avoidable contacts that are most likely to engender the greatest levels of frustration and dissatisfaction with the organisation. Worryingly, the majority of people questioned (53%) stated that they believe the frequency of this type of contact has actually **increased** over the last 12 months.

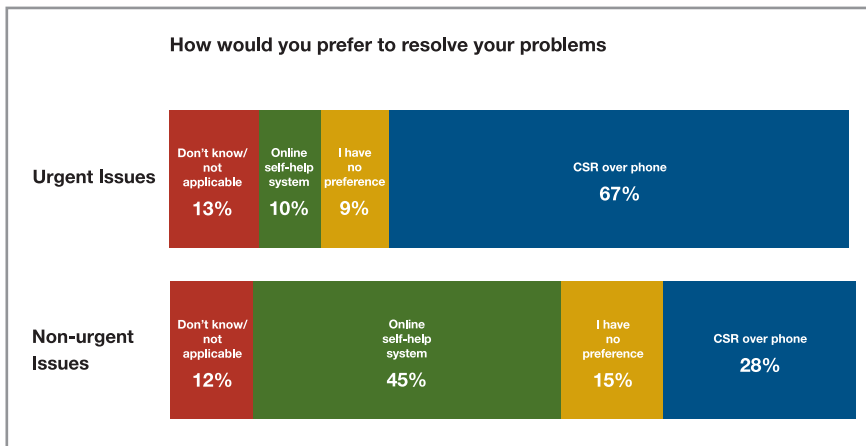
More shocking still, even though many of the customer service issues are actually being created by the companies themselves, almost a third of users of the online help facilities (29%) or call centres (34%) didn’t get their issues resolved the first time, and had to call the call centre **again**.

For businesses, these are – or should be – terrifying statistics. After all, call centres already represent a significant expense for the companies that operate them. Yet this frustrating loop only serves to create additional expense for companies who are being forced to invest even **more** in their call centres in order to deal with the raft of issues that have not been resolved at first contact. Not only that, but businesses also need to consider the potential impact on revenue of upsetting – and possibly losing – customers as a result.



## Customer service by phone: reports of its death are greatly exaggerated

Despite the latest advances in online self-service technology, the Jacada research makes it clear that most people still prefer to speak to a real person if they have an urgent or serious problem, with 67% preferring phone and only 10% preferring online. This figure is especially interesting when viewed alongside another of the survey's findings... most issues (59%) are now seen by callers as "urgent" or "serious".



The type of company being contacted has an impact on channel preferences, too. For example, 80% of those questioned would prefer to speak to a real person when dealing with queries or issues they have with their banks, compared to just 46% for retailers.

### For which types of companies is it important to have access to a real person instead of using online customer support when you need to resolve an urgent or serious issue?

Banks	80%
Utility provider (ie electricity, gas or water)	67%
Credit card company	64%
Local government services/governmental department	64%
Insurance company	58%
Internet provider	57%
Mobile phone company	50%
Home phone company	49%
Cable or satellite TV company	48%
Retailer	46%

## Customer Service is an emotional issue

For many consumers, endless run-ins with customer service has become much more than a minor annoyance. According to a survey commissioned for BBC Headroom for its *Losing It* programme, 26% of those questioned rated call centre hold-ups as their number one pet hate – and it was mentioned as an irritant by 75% of the nearly 4,000 people questioned.

Combine this with the fact that 76% of respondents in the Jacada survey were contacting customer services because of an "avoidable" error by the company, and you can see why failures in customer service are further compounding this customer frustration.

Perhaps for this reason, an incredible 1 in 4 of those questioned admitted to losing their temper with an agent during a customer service call during the last 12 months, and over a quarter of those surveyed have postponed dealing with an issue because they simply can't face dealing with the customer service facilities that are being offered to them.

Companies naïve enough to think that such emotions have no bearing on business should think again. Satisfaction with the contact centre has become a leading indicator of customer loyalty and word-of-mouth recommendations. One report<sup>1</sup> found that 94% of satisfied customers will do business with the same company again (and 91% of them will also recommend the company to others). But only 62% of customers that reported being disappointed with a customer service experience said that they would continue as a customer (39% said they would recommend the company to others afterwards).

<sup>1</sup>CFI Group's second annual Contact Centre Satisfaction Index, July 2008

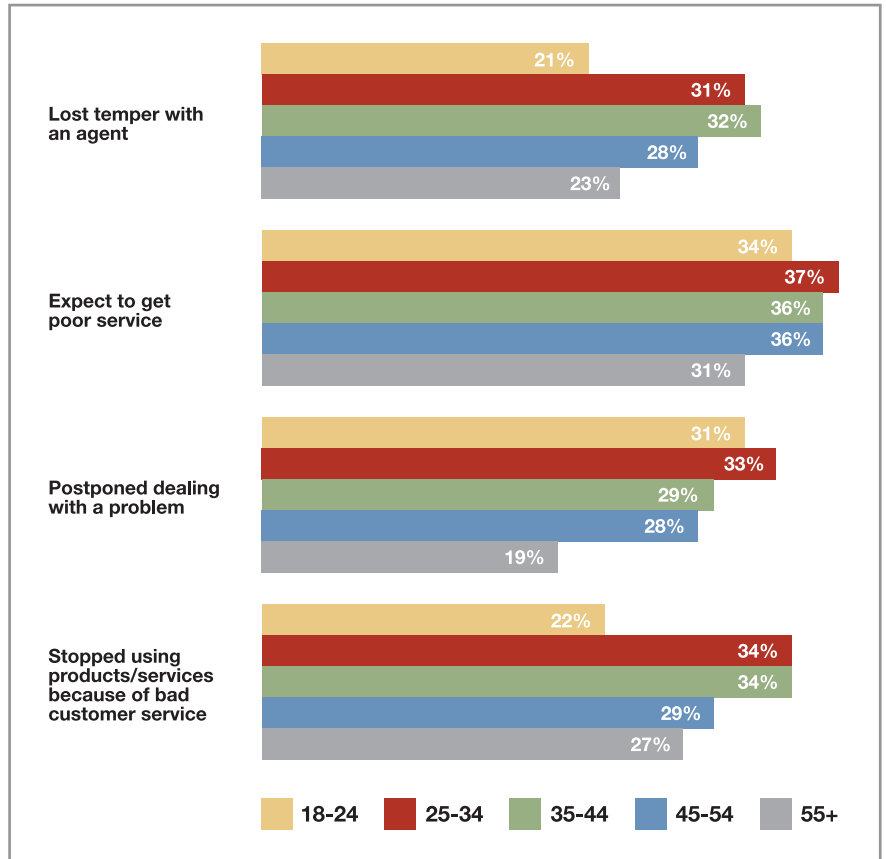
## Perception of service is coloured by age

Clearly, no two customers are the same, but it seems that those from different generations will view customer services in different ways. As such, UK businesses need to understand the impact that these differences will have on the perception of the customer service offered and thus of the company itself.

According to the Jacada research, it is the 25-34 year olds of the so-called Generation Y who are most likely to be regular users of customer service, with more than half (53%) of those questioned saying they contact customer service once or more a month, compared to just 47% of their Generation X counterparts and 38% of those 55 and older.

Whilst Generation X is often referred to as the “me” generation, Generation Y is now being seen as the “me, right now” generation. With a thirst for instant communication and hyper-efficient service, patience is definitely not one of this generation’s character traits.

Indeed, according to the Jacada research, 25-34 year olds are the group most likely to be frustrated or annoyed with online customer service (45%), and also one of highest for feeling frustrated with the call centre (49%). They are also the most likely to feel like switching suppliers after contacting customer service. So not surprising that they are amongst the most likely to report that they have actually stopped using a company because of a bad experience. This group is also the most likely to: postpone dealing with customer service; expect bad service; and to lose their temper during contact with customer services.

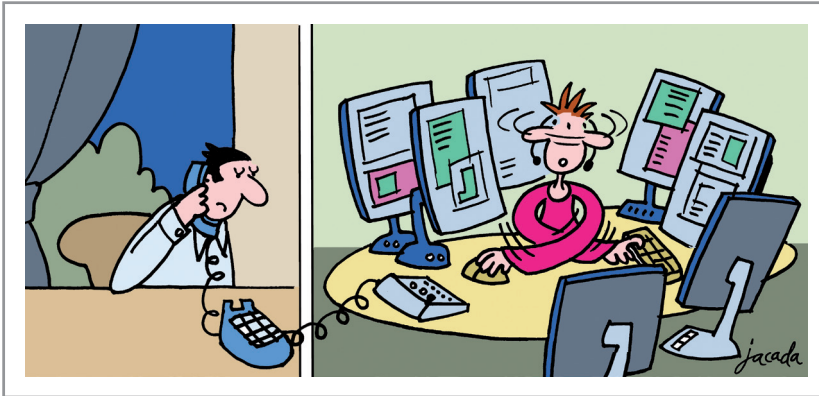


Significantly, members of this group are also far more likely than others to be influenced by word-of-mouth. And given the current proliferation of social networking sites, the medium exists to share experiences immediately and fully. This phenomenon provides a powerful force that is able to influence purchasing behaviour far greater than the controlled messages from a company’s marketing communications department, which Generation Y views with a high degree of cynicism.

For UK businesses, these are important facts to consider. This group is not only the largest of the different demographic subsets, but also represents the future of customer service expectations. And yet customer service is already failing them, despite their current and potential buying power.

## Customers blame systems and procedures more than individuals

a call was five (and 5% of agents reported using up to 15 different applications).



## Poor service tempts consumers to switch suppliers

According to the Jacada research, almost a third (29%) of those questioned stopped using a company's products or services because of bad service, and this is only likely to get worse as 56% say they are now less willing to put up with

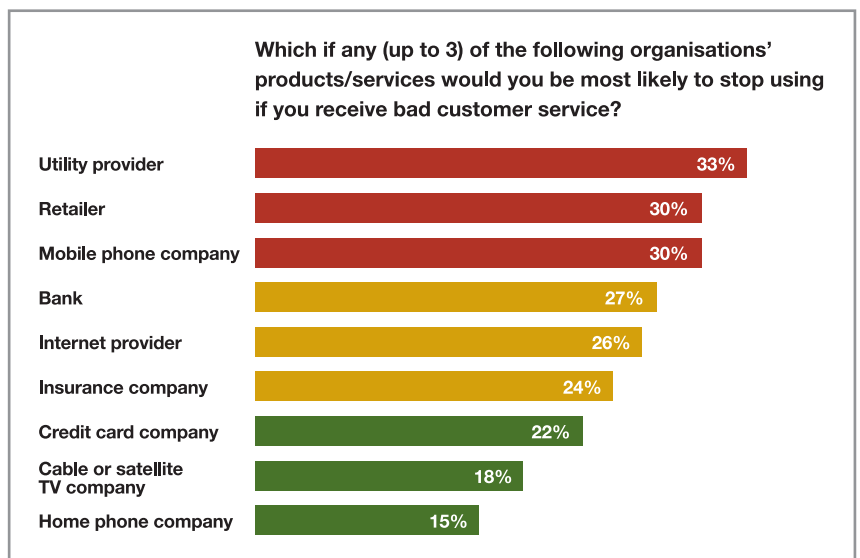
poor service than they once were. What should concern UK companies operating call centres is that the desire to switch suppliers after poor service was greatest if the contact was by phone, rather than online.

Despite the horror stories that are routinely swapped at dinner parties, the relationship between the consumer and customer services is not all bad. Nearly 1 in 5 respondents reported being impressed recently with the efforts made by a customer service agent to help deal with a problem. And more than a third (38%) of UK consumers surveyed for the Jacada research believed that agents are trying to be helpful, but that they seem to struggle with company policies or technology.

When asked to identify the three types of organisations they would be most likely to leave because of bad service, most respondents of the Jacada survey listed utility companies (33%), followed by their mobile phone companies (30%) and retailers (30%). Not surprising results, perhaps, given the ease with which consumers can now switch suppliers in these industries, and the encouragement by the media to do so.

A piece of research from the viewpoint of the call centre<sup>2</sup> gives us some insight into why this may be. The report concluded that while technology has helped give operatives more information and better service to customers, it is also still seen as the major stumbling block to increased productivity. In fact, the report revealed that just 29% of an agent's time is being spent actually talking to the customer (16% of call time is spent conversing with the customer about the query at hand and just 13% on building a rapport or having a general conversation).

The remaining 71% is then split between entering data, making notes, seeking advice and reading from numerous information screens. In addition, the average number of applications used when dealing with



<sup>2</sup>The Professional Listeners Research by Siemens, 2008

## A wake-up call for UK business

The results of the Jacada research should act as a wake-up call to all customer-facing organisations in the UK: when it comes to customer service, UK business are clearly struggling to meet consumers' expectations, both on the telephone and online. Nowhere is this phenomenon more clear than with the staggering rate of "avoidable contact" highlighted by the Jacada research, with more than three-quarters (76%) of respondents giving reasons in this category as their reason for contacting customer service.

Likewise, the fact that only 20% of those questioned reported feeling satisfied with their suppliers' customer service efforts – with just 1 in 12 consumers claiming that they feel "valued as a customer" as a result – is truly shocking. Sadly, over a third of people (34%) surveyed also reported that they now expect to get poor service when they call a company's customer service call centre.

Consumers tend to remember their bad experiences with call centres more than the everyday, problem-free interactions. So it is possible that some of the results may be explained by the fact that this survey asked generically about previous experiences of call centres. However, companies should still see these as worrying statistics because there are undoubtedly some very unhappy consumers out there.

Clearly, change is needed in this area. In their book *Leading on the Edge of Chaos*, Emmett C. Murphy and Mark A. Murphy claim that a 2% increase in customer retention has the same effect on profits as cutting costs by 10%. If this is the case, then companies need to be putting a much greater emphasis on the quality of their interactions with their customers, not only to capitalise on the opportunities that exist right now, but also to pave the way for a viable future.



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