

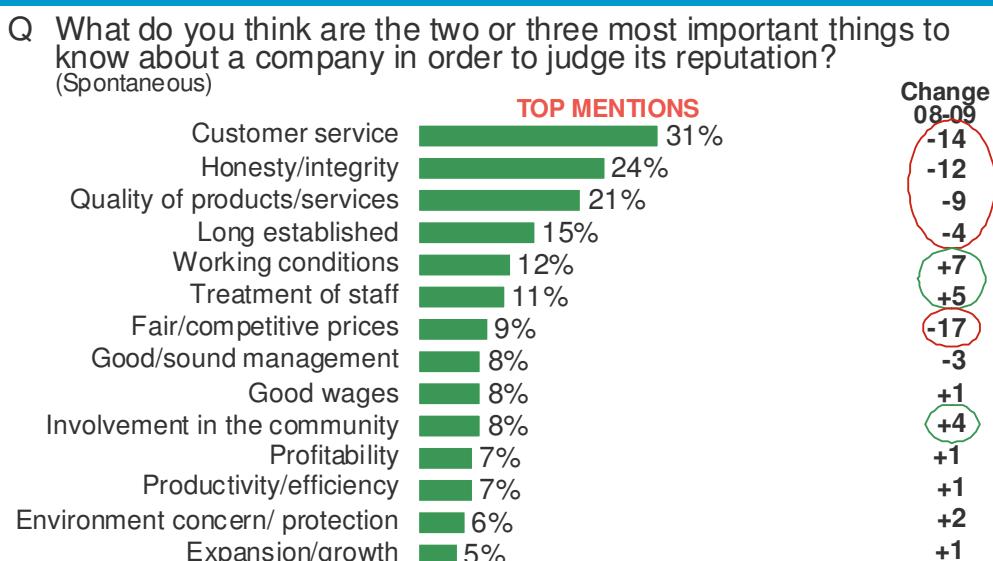
Press Release

Getting the Basics Right? - Customer Service in Britain today

**A Briefing prepared for National Customer Service week, 5 – 11 October 2009
by Ipsos MORI Loyalty**

For the third consecutive year, customer service is *the* top issue people take into account when judging a company (it overtook quality of products/services and honesty/integrity in 2007 and has remained in pole position).ⁱ

Criteria for Judging Companies



Base: All British Public (1,014), September 2009

Ipsos MORI

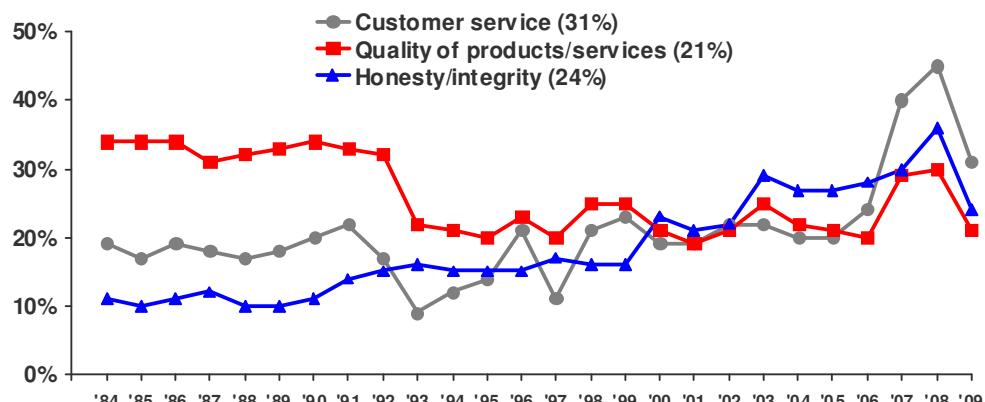


Furthermore two-thirds of British consumers agree that good customer service is usually more important to them than low prices.ⁱⁱ

This isn't to say the consumers haven't been taking more account of pricing in a recession – they have – but the importance of getting the basics right day in, day out, remains.

Customer service and honesty are key to reputation

Q What do you think are the two or three most important things to know about a company in order to judge its reputation ?
(Spontaneous)



Base: All British Public (c1,000 1985-2009)
Ipsos MORI



So what does good customer service look like? According to the general public it's clear: provide the service promised, be honest and take responsibility when things go wrong.ⁱⁱⁱ

It also needs to be more personal, with three-quarters of people feeling that most companies treat them as a number not as a person.^{iv}

Despite it being critical to a company's reputation, the majority of British consumers claim to have experienced at least one incidence of bad customer service over the last 12 months (55%). However, in most of these cases the customer did not actually make a complaint.^v

But this isn't to say that the incident didn't have a lasting impact: three-fifths of the public say they have taken their business elsewhere because they have been treated badly by a company (62%) and a third have decided not to buy a product or service from a company because of *someone else's* bad experience (32%).^{vi}

So, it appears that many customers are not giving companies a last chance to turn things around; they are simply voting with their feet and telling their friends while they're at it!

When customers do make a complaint, however, it often proves to be a critical "moment of truth" in the relationship. If the company gets it right, there is the potential not only to prevent the customer from leaving, but to actually *improve* customer loyalty. As many as a quarter of customers who make a complaint say they are actually more rather than less likely to use the company as a result of the complaints process.^{vii} To achieve a successful outcome the problem needs to be resolved quickly, an apology should be made and, crucially, the complainant needs to be made to feel like a valued customer throughout the process (almost twice as many

complainants say this would make them feel or act more positively towards the company than being offered a discount/free product or service - 45% versus 24%).^{viii}

What impact has the recession had on customer service? By almost two to one, people agree rather than disagree that businesses appear to be listening to consumers more since the beginning of the downturn (42% versus 23%).^{ix} Claire Emes, Associate Director at Ipsos MORI Loyalty comments 'Retailers, in particular supermarkets, are seen as having responded particularly well to the economic downturn in terms of the way they treat their customers, whereas automotive, transport and financial services fare less well. Customers also see retailers, and again supermarkets, as businesses that are most likely to give them a fair deal.'^x

ⁱ 31% of people see "customer service" as one of the two or three most important things to know about a company in order to judge its reputation, 24% "honesty/integrity" and 21% "quality of products/services". Ipsos MORI conducted 1,014 interviews with a representative sample of British adults between 4 - 10 September 2009

ⁱⁱ 64% of people agree that "good customer service is usually more important than low prices", whilst 16% disagree. Ipsos MORI conducted 2,054 interviews with a representative sample of British adults between 11 – 17 April 2008

ⁱⁱⁱ 53% of people see "providing the service promised" as one of the three most important issues for good customer service, 51% mention "honesty" and 41% "taking responsibility when things go wrong." Ipsos MORI conducted 2,054 interviews with a representative sample of British adults between 11 – 17 April 2008

^{iv} 74% of people agree that "most large companies treat me as a number not a person", while 8% disagree. Ipsos MORI conducted 1,988 interviews with a representative sample of British adults between 23 – 29 January 2009

^v 55% of people have experienced at least one incidence of bad customer service over the last 12 months. 41% of those who have experienced an incidence of bad customer service complained at least once. Ipsos MORI conducted 1,988 interviews with a representative sample of British adults between 23 – 29 January 2009

^{vi} 62% of people agree that "I have taken my business elsewhere because I have been treated badly by a company", while 17% disagree. Ipsos MORI conducted 1,988 interviews with a representative sample of British adults between 23 – 29 January 2009

^{vii} 25% of people who have made a financial services complaint and 23% of people who have made a non-financial services complaint say the complaints process has made them "more likely to use the company again". Ipsos MORI conducted interviews with British adults who have made a complaint - 308 (financial) and 546 (non-financial) in 2006

^{viii} 45% of people who have experienced a problem with a company in the last fortnight and have left/intend to leave the company and/or feel less goodwill towards the company say apart from fixing the problem, being treated as a more valued customer in their dealings with them would be the one thing that would have done most to make them feel or act more positively towards the company. 12% say being offered a discount and a further 12% being offered an extra free product or service. Ipsos MORI conducted 1,000 online interviews with British adults (who have experienced any recent incidents/problems in the last 2 weeks) in April 2007

^{ix} 42% of people agree that "businesses seem to be listening to their customers more since the beginning of the economic downturn", while 23% disagree. Ipsos MORI conducted 1,988 interviews with a representative sample of British adults between 23 – 29 January 2009

^x 53% of people say supermarkets have responded well to the economic downturn in the way they treat their customers. 57% of people see supermarkets as one of the top three types of business most likely to give them a fair deal. Ipsos MORI conducted 1,988 interviews with a representative sample of British adults between 23 – 29 January 2009

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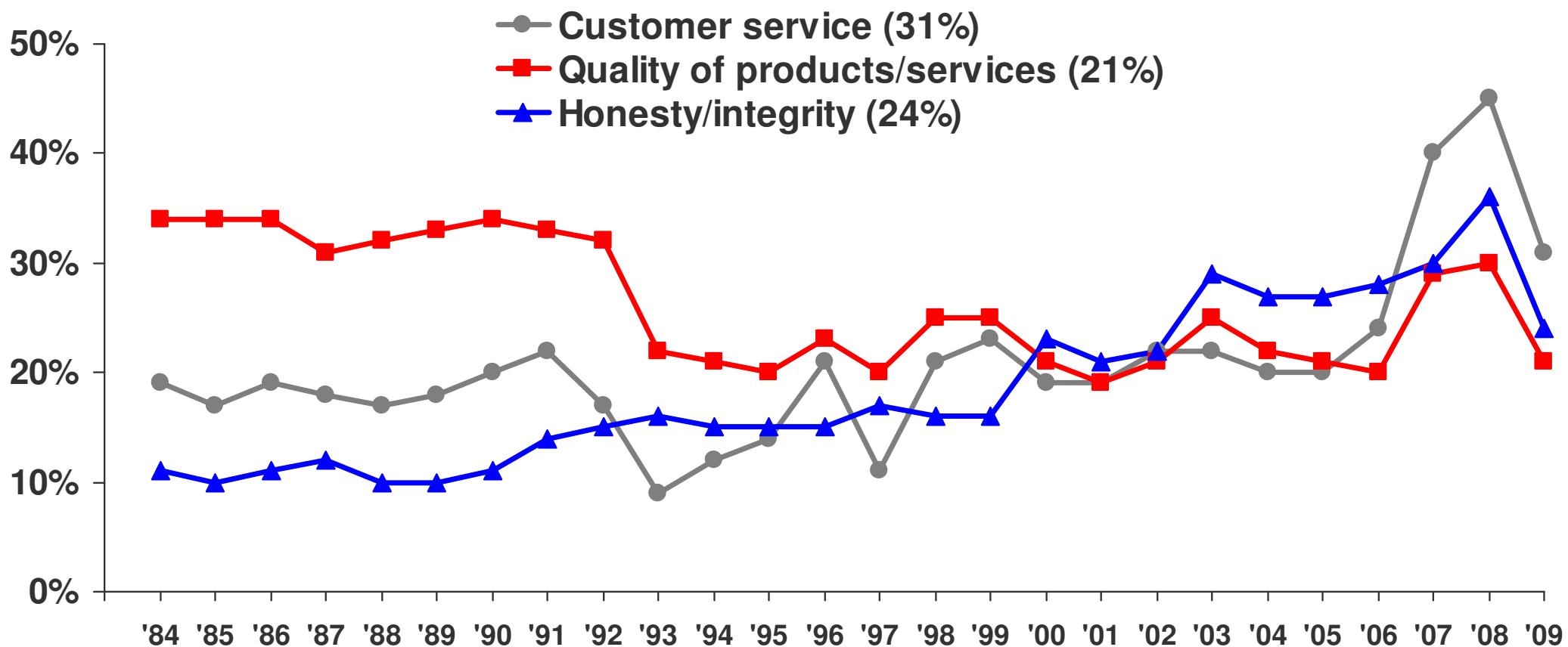
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Customer service remains key to reputation even in a recession

Q What do you think are the two or three most important things to know about a company in order to judge its reputation ?
(Spontaneous)



Base: All British Public (c1,000 1985-2009)

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What makes for good customer service?

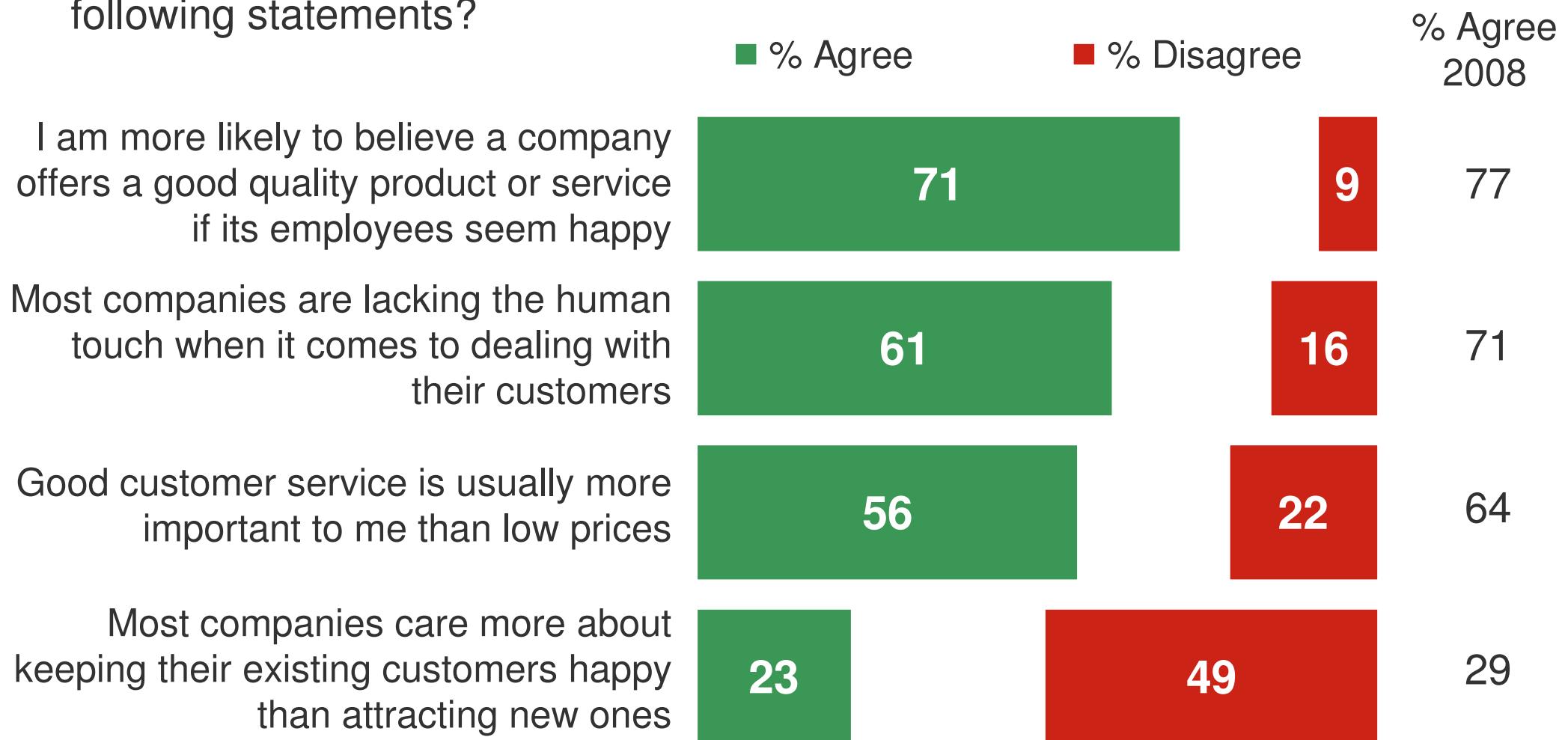
Which, if any, of these are generally the most important to you for good customer service? Please pick up to three.

% selecting each option



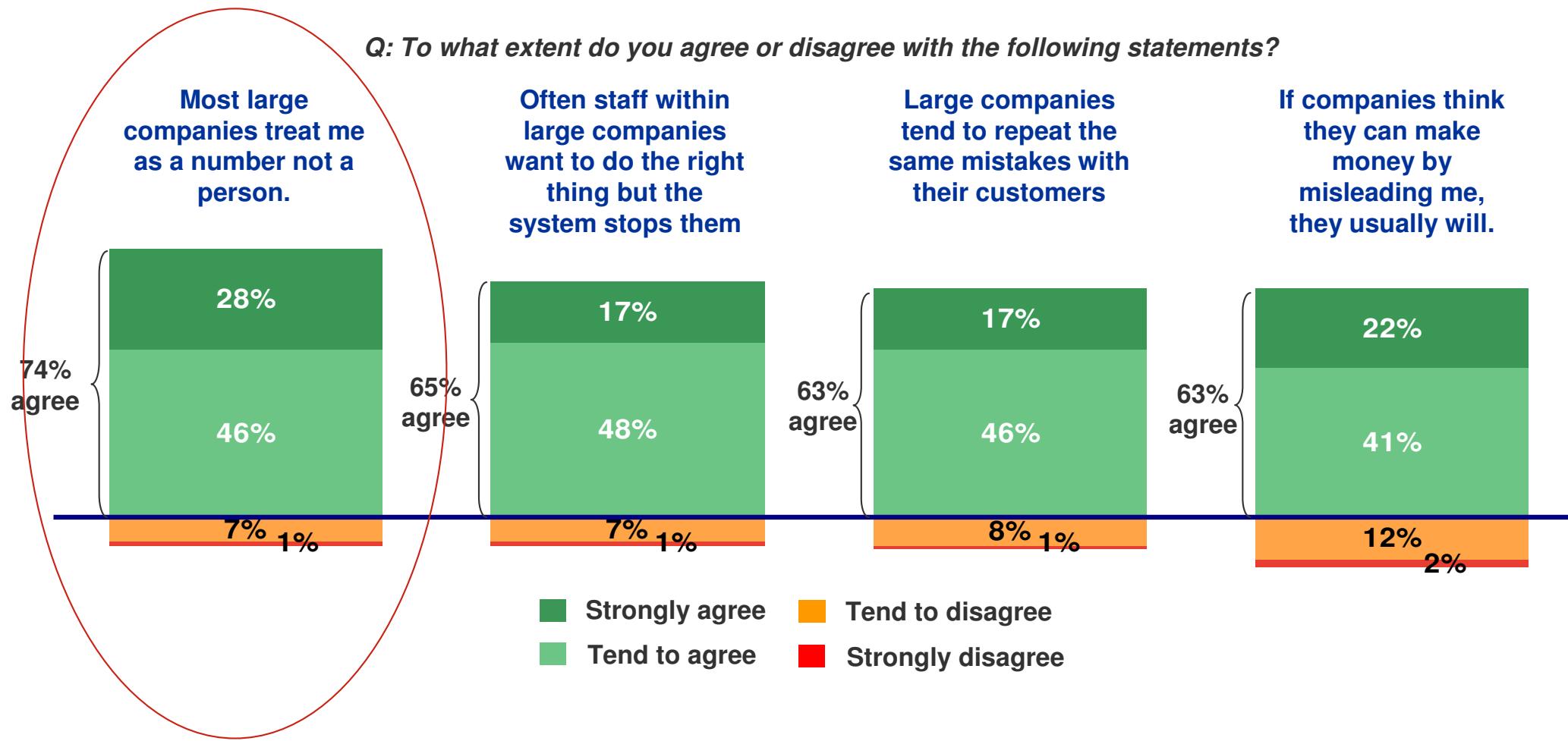
However, the public believes new customers are more important to companies than existing ones

Now thinking about your experiences of services you receive as a customer of various companies. To what extent do you agree or disagree with each of the following statements?



Base: 2009; 1,026 British adults (15+), 27 Feb – 5 March; 2008; 2,054 British adults, 11-17 April 2008

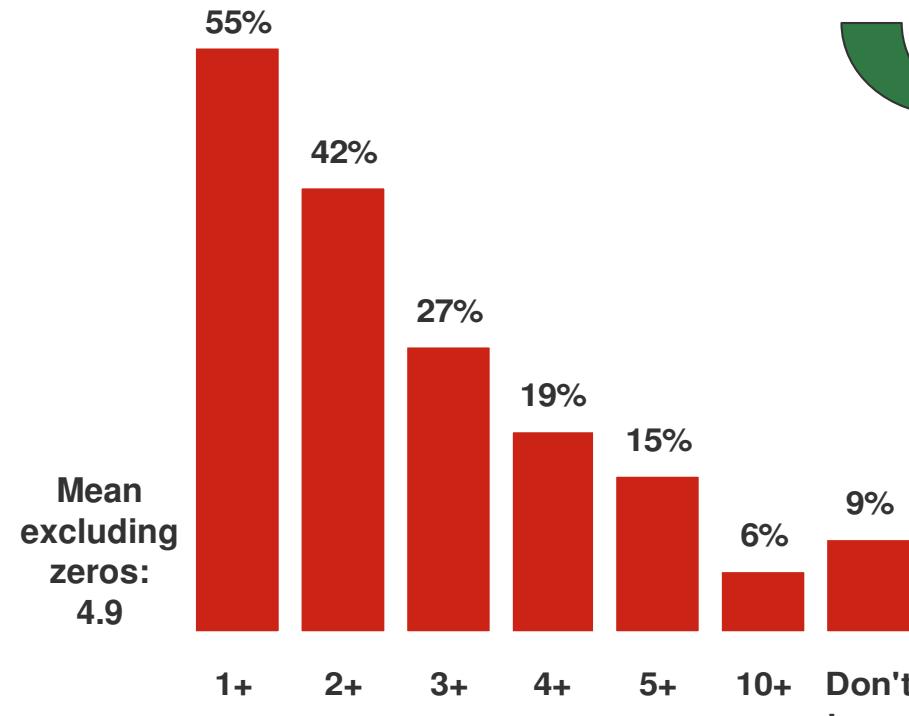
Customer service could be more personal



Base: 1,988 British adults

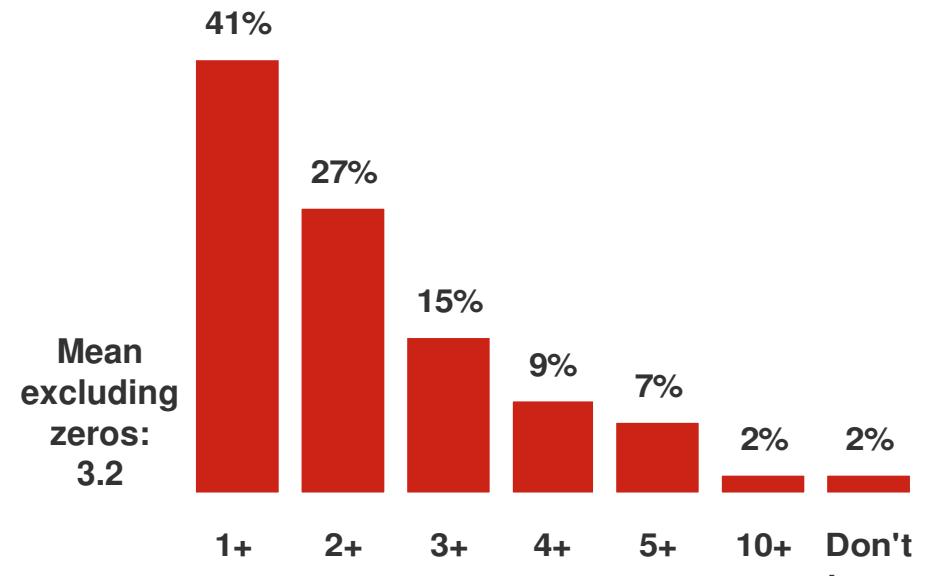
The majority of people have experienced bad customer service, but they don't all complain

Q: In the past 12 months, how many times have you experienced bad customer service?



Base: 1,988 British adults

Q: When you did, how many times did you complain about it?

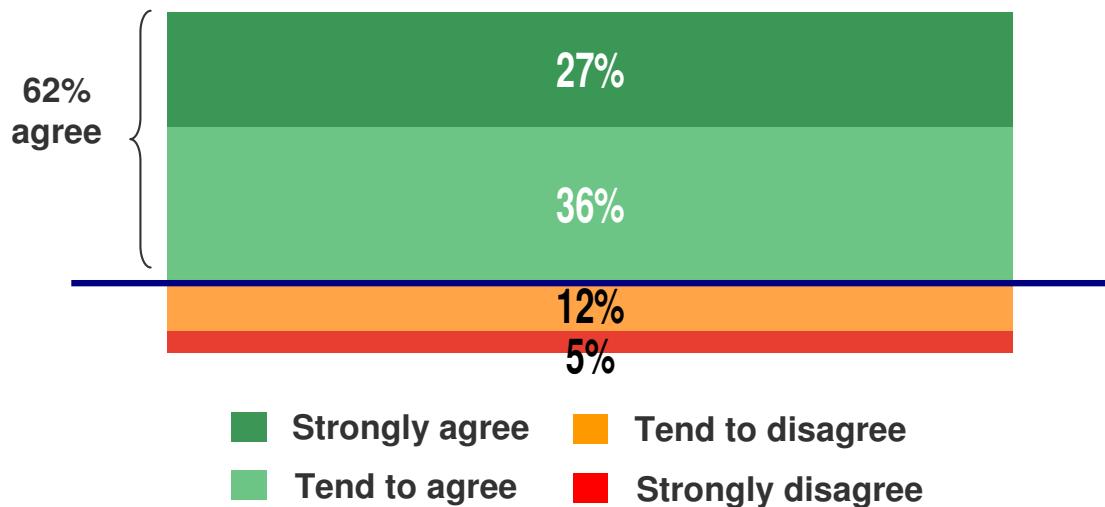


Base: Those who have experienced bad service

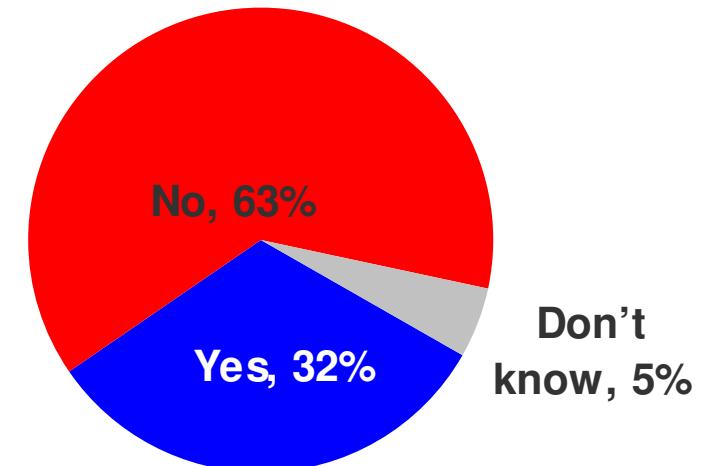
The impact of bad customer service

Q: To what extent do you agree or disagree with the following statements?

I have taken my business elsewhere because I have been treated badly by a company.

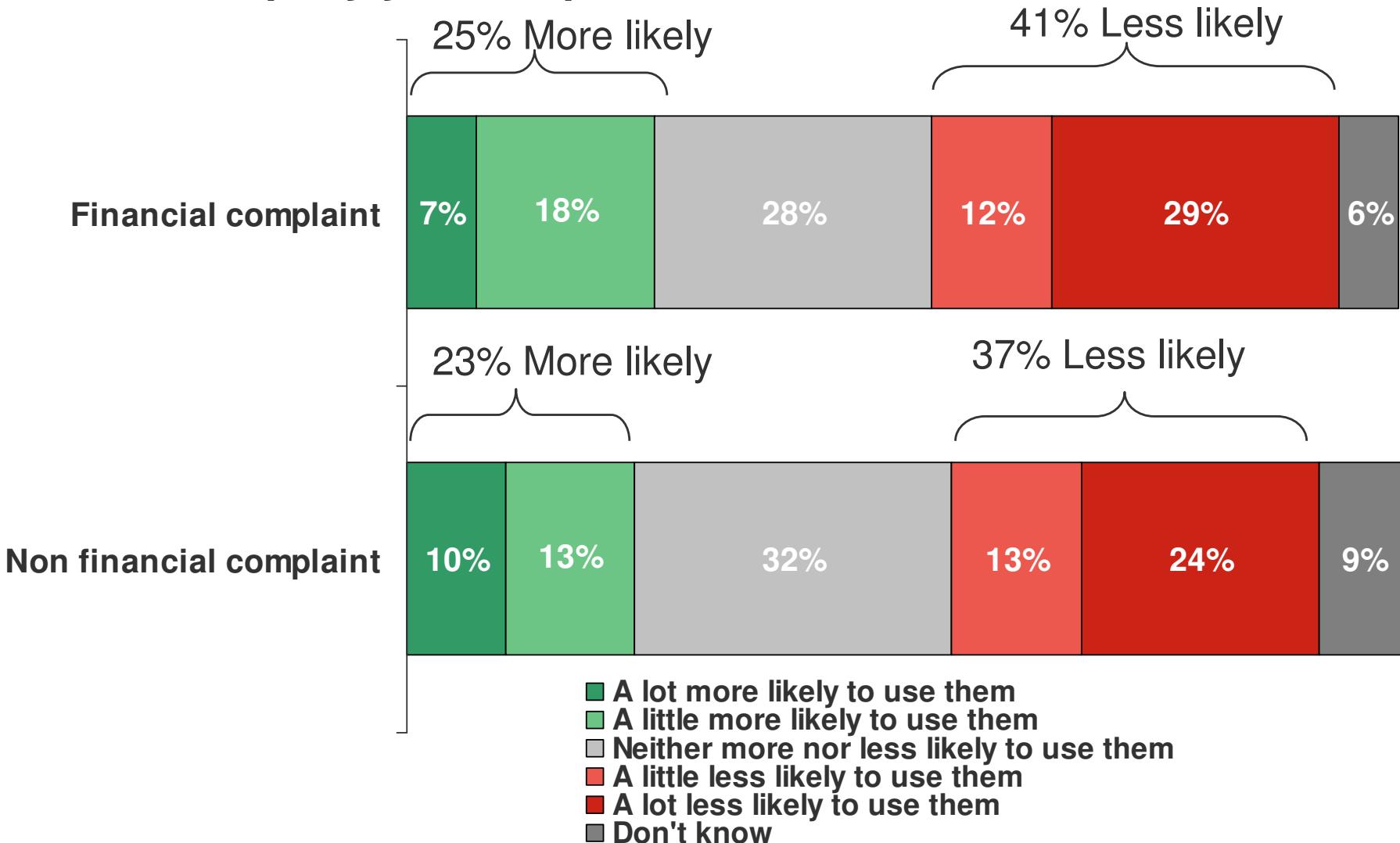


Q: In the past 12 months, have you decided not to buy a product or service from a specific company because of someone else's bad experience with this company?



Customer loyalty can improve as a result of a well handled complaint

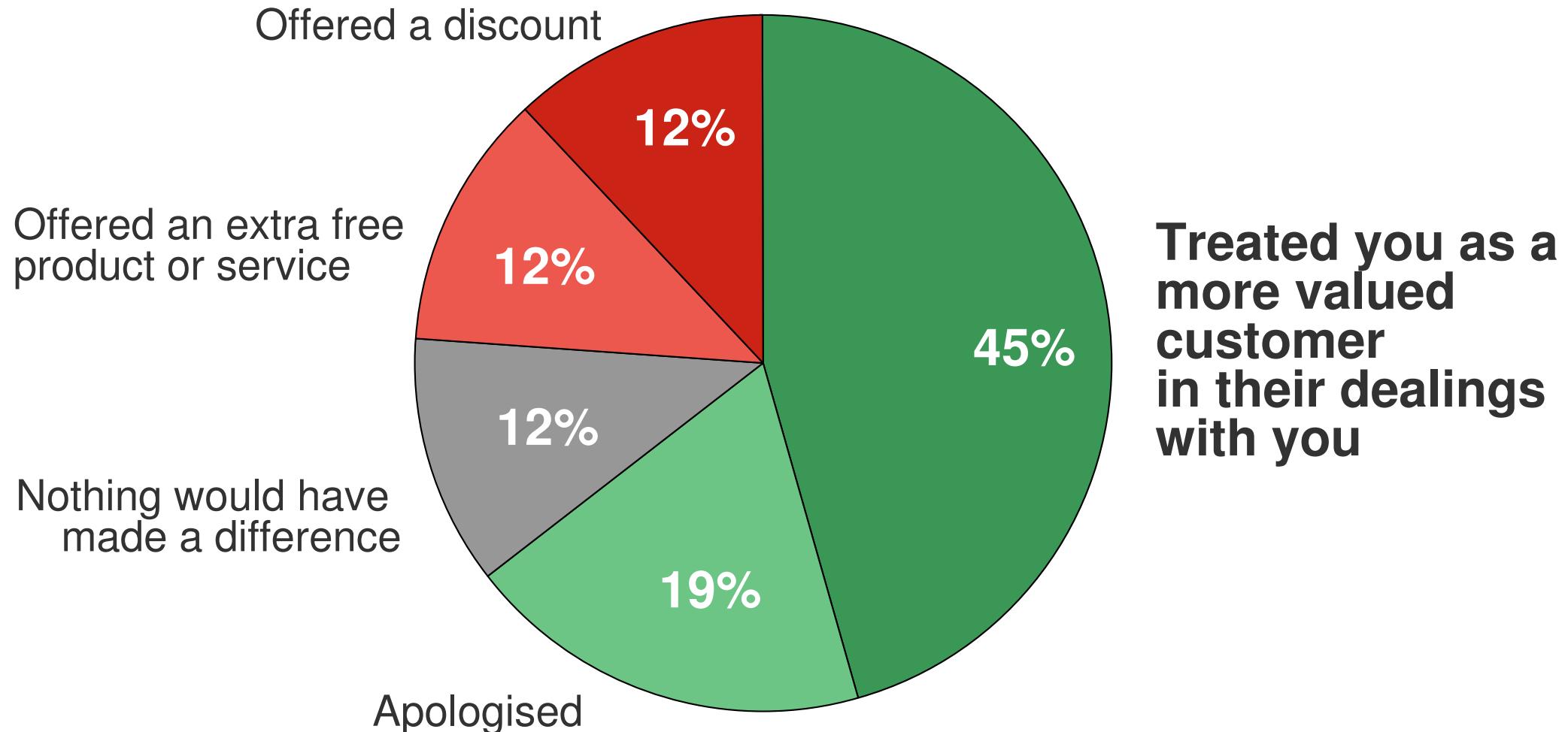
Q *How has the complaints process changed your feelings towards the company you complained to?*



Source: Ipsos MORI Research for Ernst & Young into Financial Service Complaints Handling. GB Adults who have made a complaint –
Ipsos MORI

Customers want to feel valued

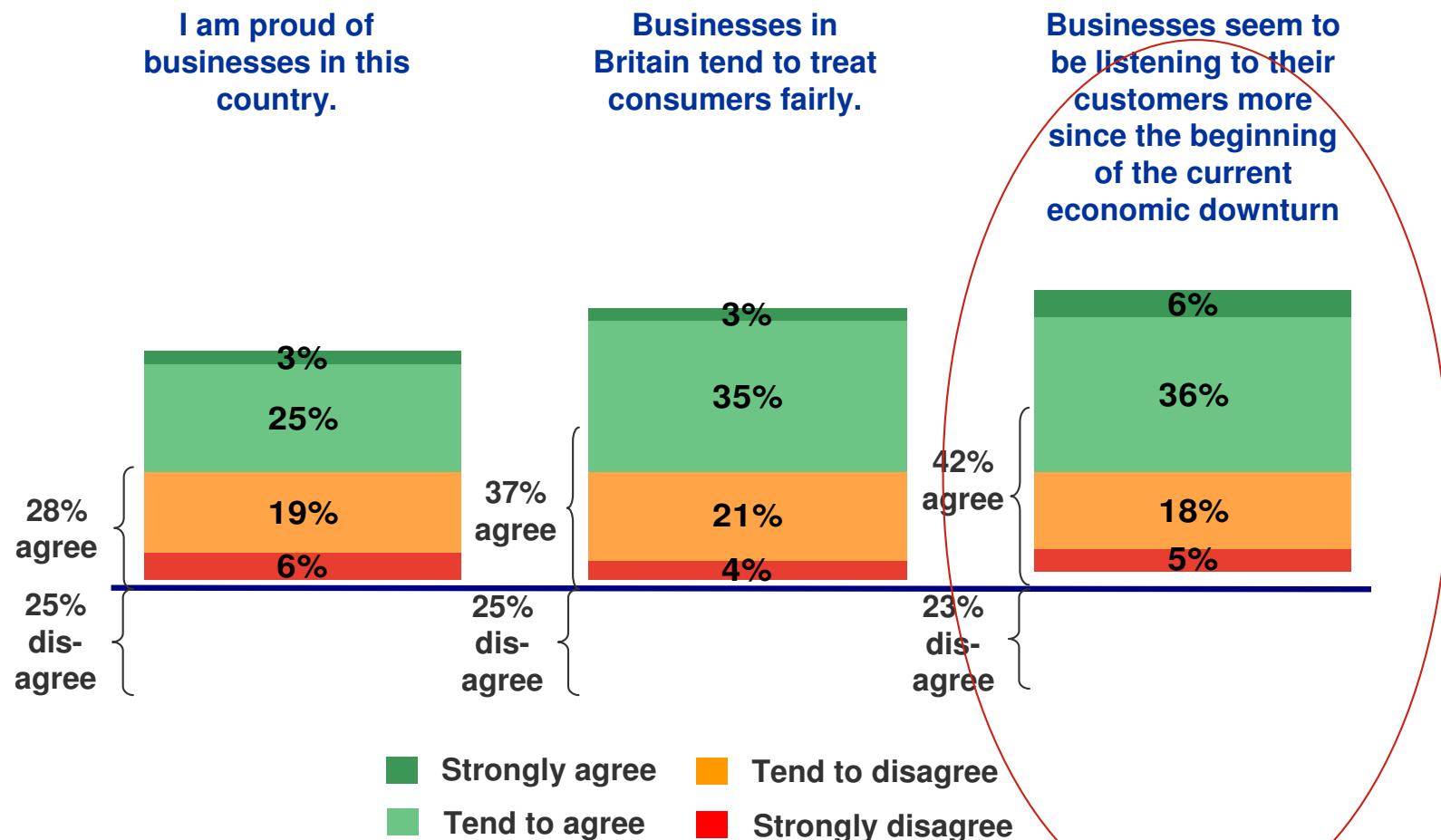
Q *Apart from fixing the problem, which ONE of these would have done most to make you feel or act more positively towards them?*



Source: Ipsos MORI. Base: All GB adults who have experienced a problem with a company in the last fortnight and have left/intend to leave the company and/or feel less goodwill towards the company (488)

Perception of Large Companies - 3

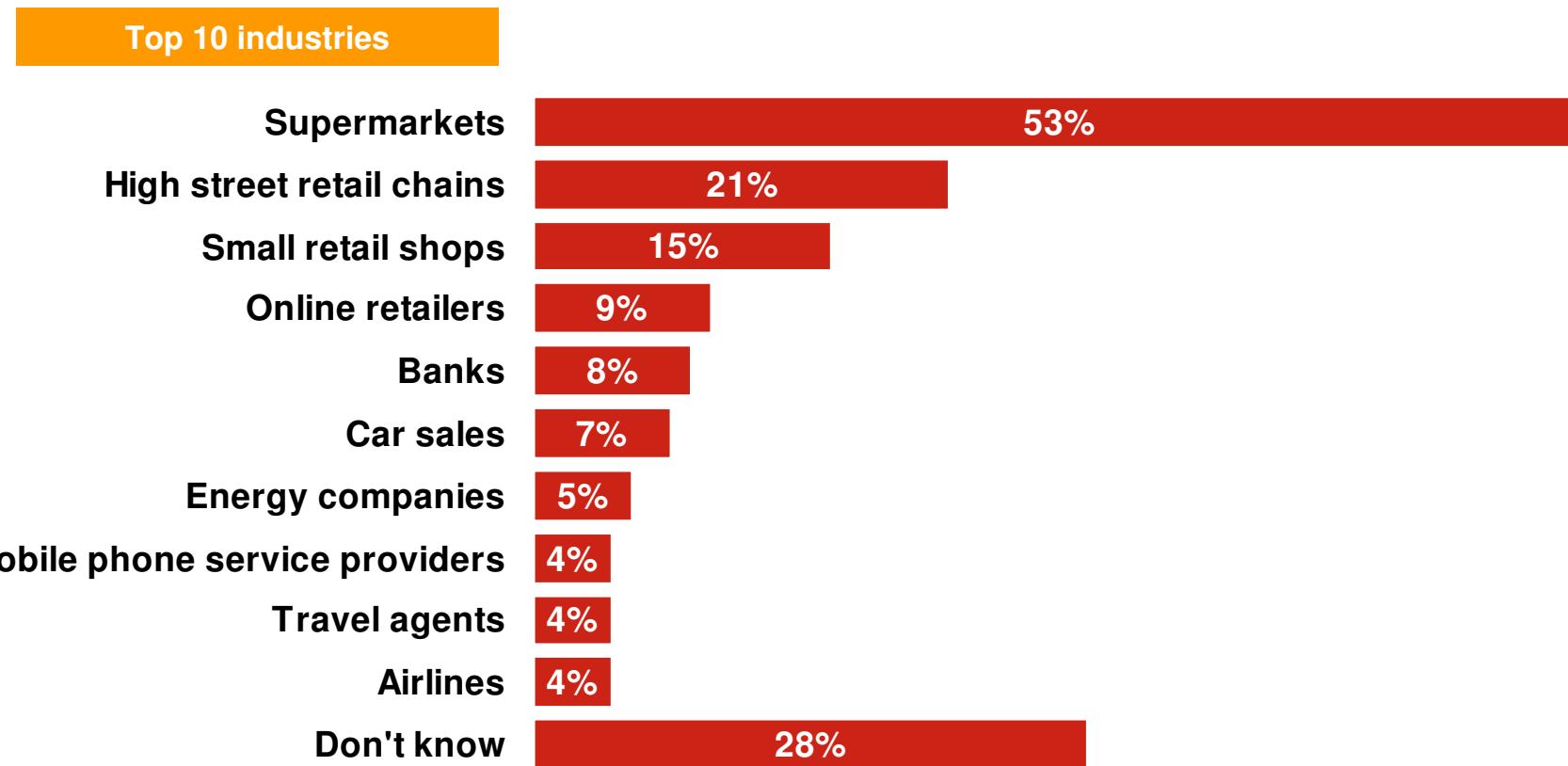
Q: To what extent do you agree or disagree with the following statements?



Who's responded well to economic downturn in terms of how they treat their customers?

Supermarkets are already the reference point for good customer service and are seen as way ahead of other sectors in their response to the downturn

Q: Which industries, if any, would you say have responded particularly well to the economic downturn in the way they treat their customers (Multichoice)

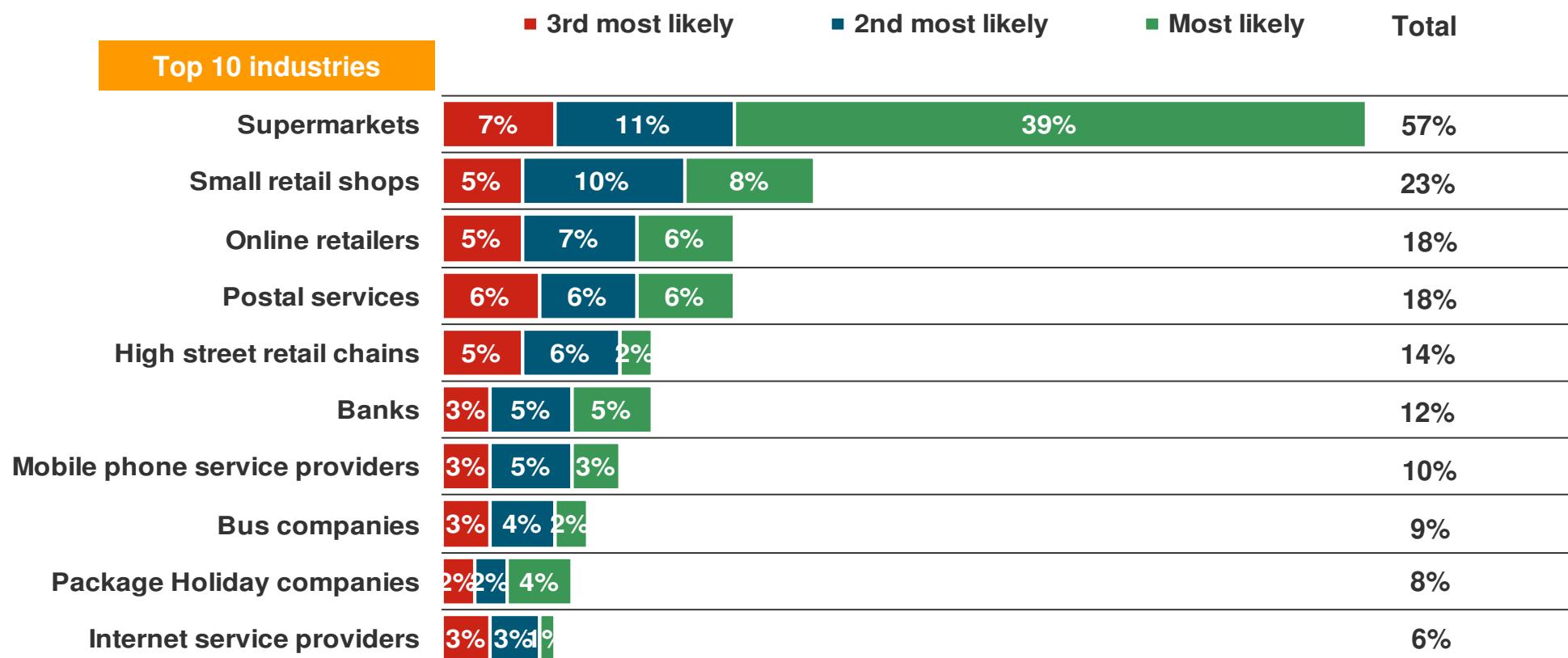


Base: 1,988 British adults Ipsos MORI/Consumer Focus Jan 2009

Supermarkets are, by far, perceived as most likely to give their customers a fair deal

- Supermarkets are, by far, perceived as the industry most likely to give their customers a fair deal.
- 4 of the 5 the top industries perceived to be most likely to give their customers a fair deal are in the retail sector

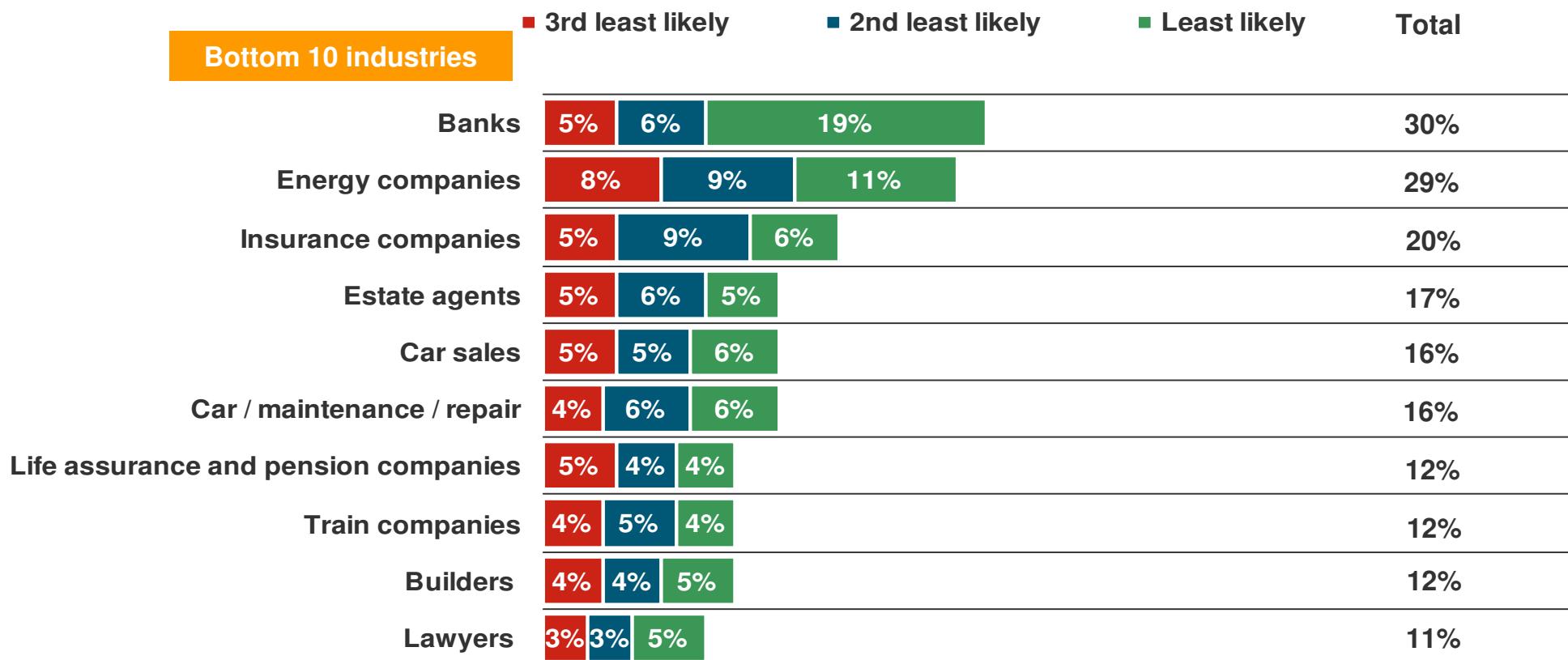
Q: Among the following types of business which 3 in your experience are the most likely to give you a fair deal?



Banks and energy companies are perceived as the least likely to give their customers a fair deal

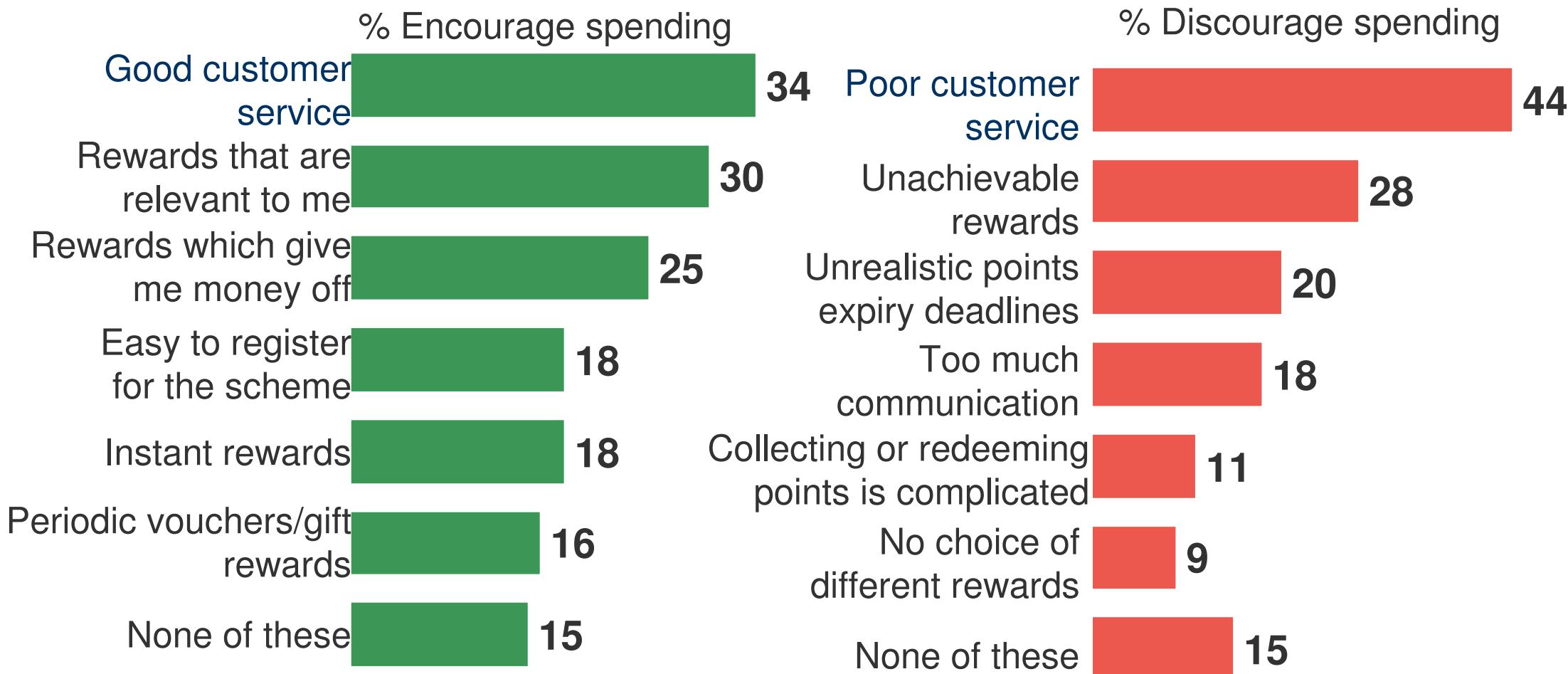
- Almost a 5th of all respondents chose Banks as the industry least likely to give their customers a fair deal.
- Energy companies were a close second with 29% of mentions.

*Q: Among the following types of business which 3 in your experience are the **LEAST** likely to give you a fair deal?*



Shopping and retail – relevant rewards: The Importance of Customer Service

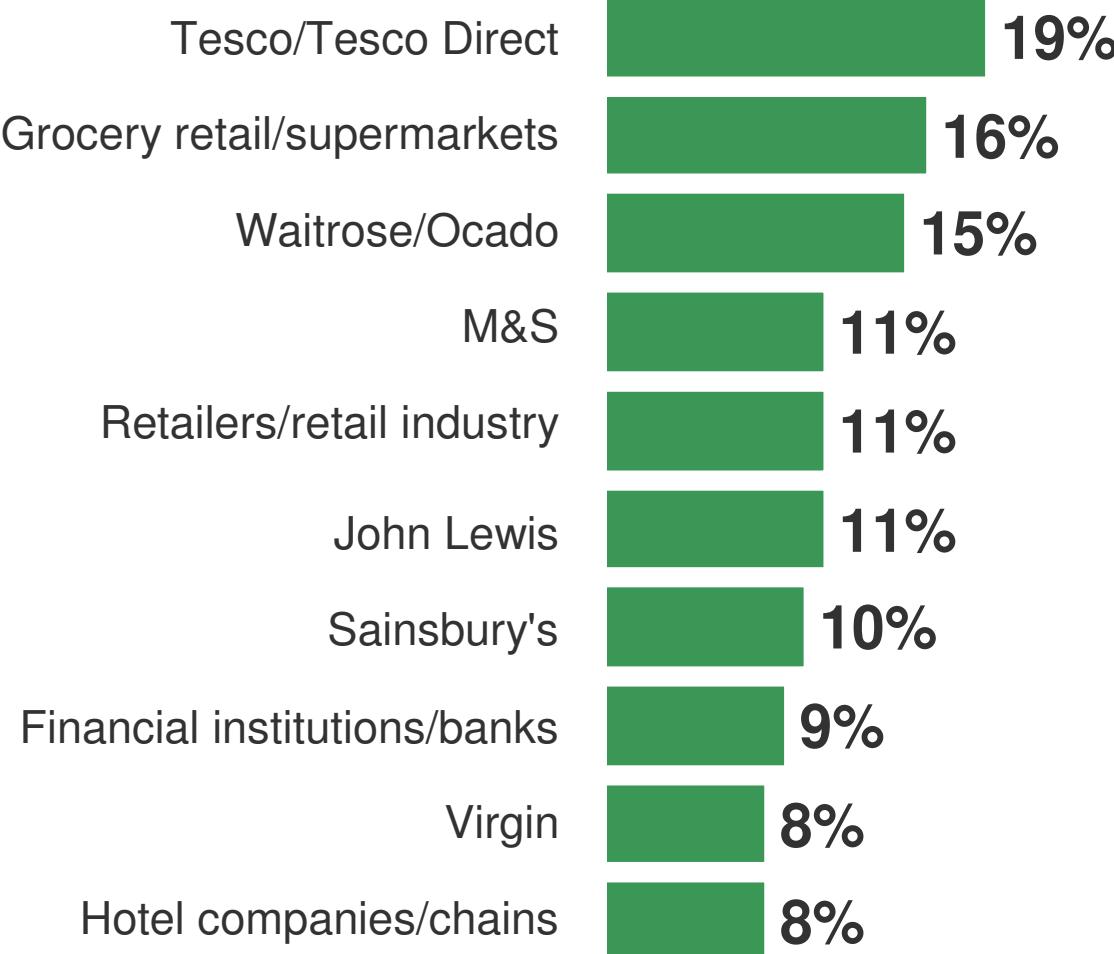
Q Thinking about different aspects of loyalty schemes, which three or four things, if any, are most likely to encourage you to spend more with a business or organisation operating in each of these sectors?



Captains of Industry see retailers leading the way in good customer service

Which organisations and sectors do you see as leading the way in delivering excellent service to their customers?

Top Mentions



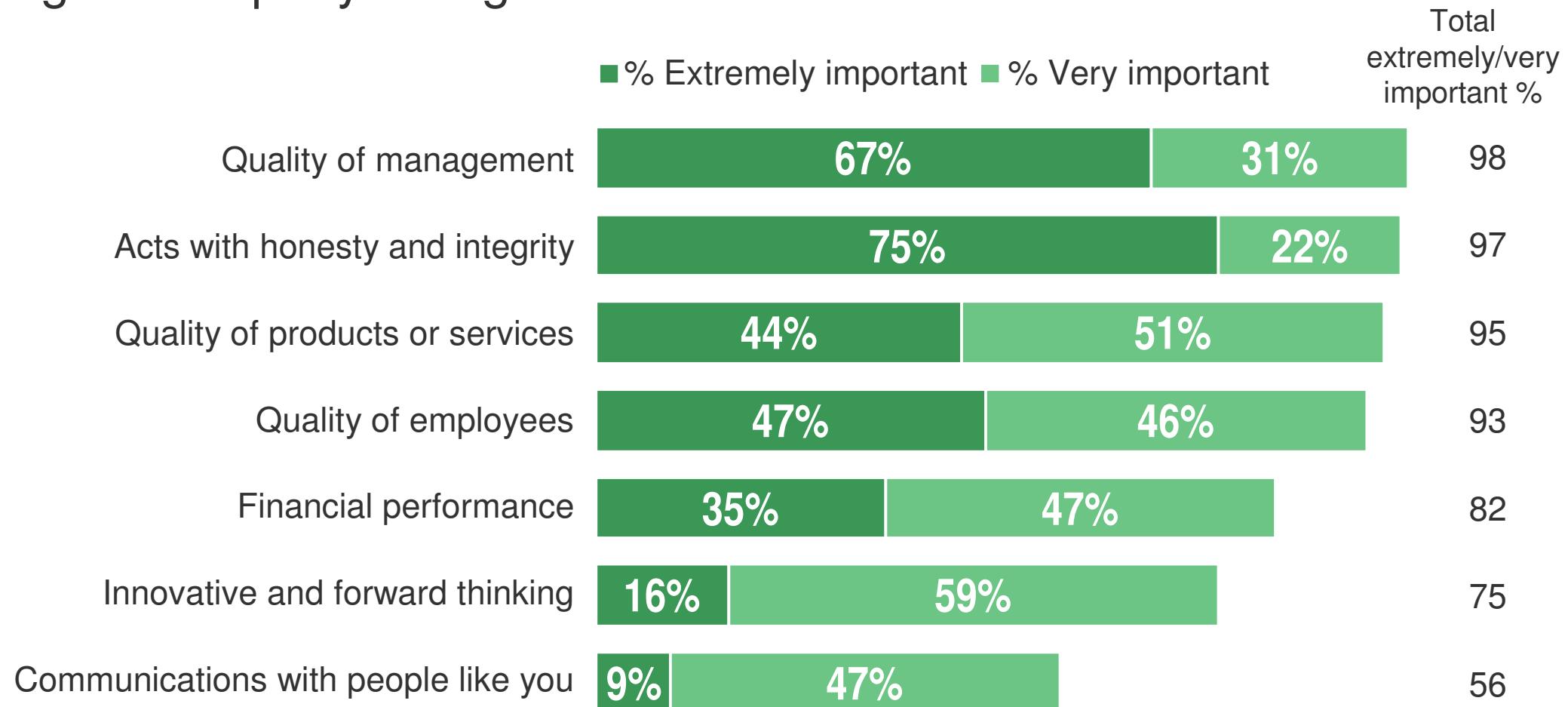
Base: British Captains of Industry (100), interviewed Sep-Dec 2008

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...but good customer service is not top of the list when it comes to how business leaders judge companies

How important are each of the following factors when you judge a company or organisation?



Base: British Captains of Industry (100), interviewed Sep-Dec 2008

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