The Institute of Customer Service

Customer Service and why it matters…

Jo Causon
CEO
The Institute of Customer Service

Introducing The Institute of Customer Service....

- Independent, not-for-profit membership body

- Our purpose is to help organisations improve their business performance through customer service

- Approx. 450 organisational members, over 4,000 individual members

- 80% from private, 20% from public and third sectors

- Secretariat of All Party Parliamentary Group for Customer Service

Some of our members

A challenging environment?

Political uncertainty

Growing power of customers

Changing regulatory framework

Network economy

BREXIT

Cybersecurity

Fall of the £

Inward Investment

Beyond austerity

Consolidation

Exchange Rates

Organisations feeling the pinch

Shortage of skilled employees

Artificial intelligence and sensorisation

Challenger Brands

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Why customer service matters?

79%
UK GDP from the service sector

70%
Employees who deal with customers

114%
higher revenue per employees for organisations higher than sector average UKCSI

84%
Customers believe staff need more training

26%
Customers would pay more for excellent service

£28 bn
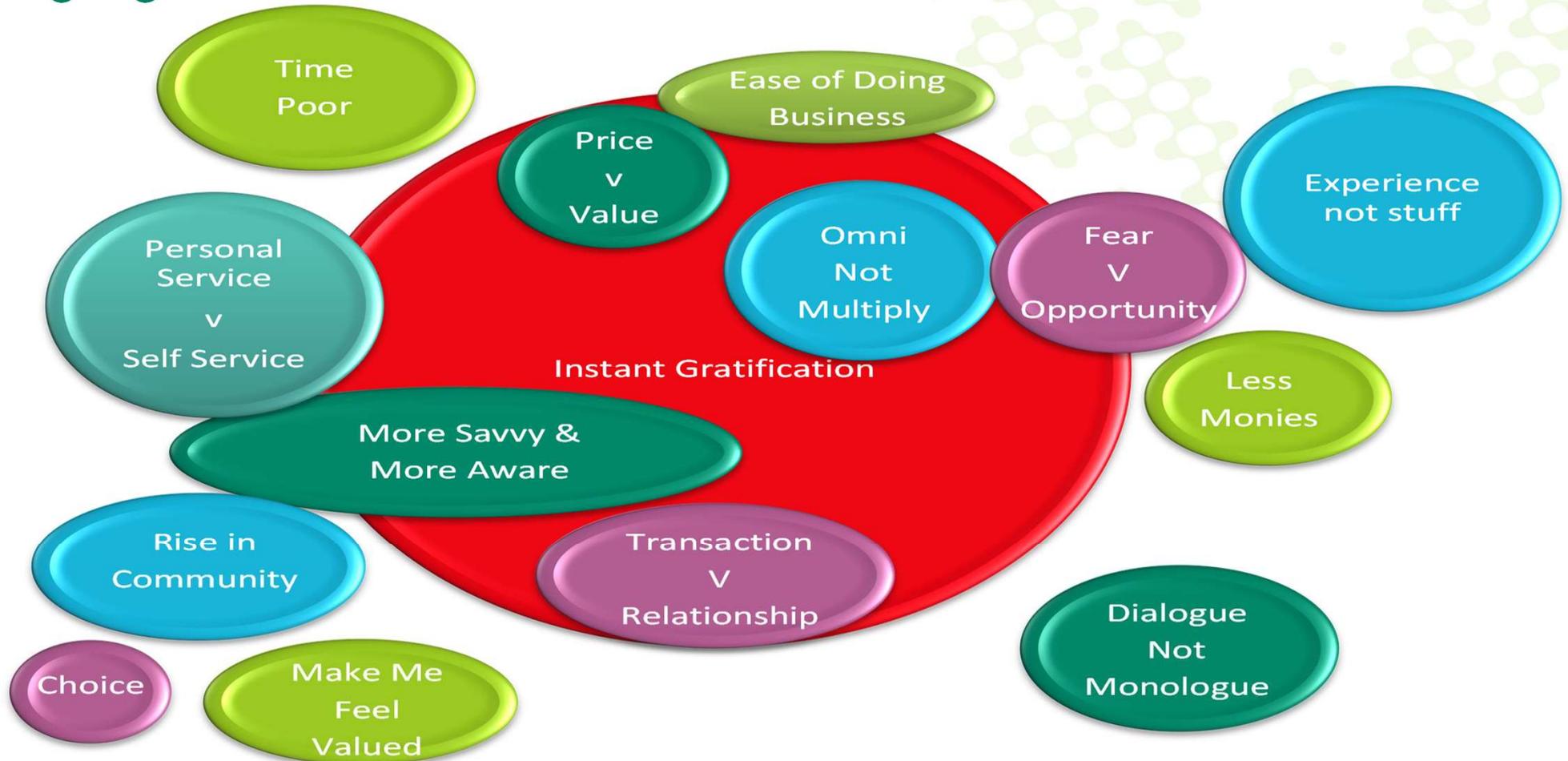Lost to the economy through poor customer service

0.41
Increase in customer satisfaction for every 1 point of employee engagement

9.9 million
Phone calls to organisation as a result of complaints

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Changing customer behaviours?

Time Poor

Ease of Doing Business

Price v Value

Omni Not Multiply

Fear V Opportunity

Experience not stuff

Personal Service v Self Service

Instant Gratification

Less Monies

More Savvy & More Aware

Rise in Community

Transaction V Relationship

Choice

Make Me Feel Valued

Dialogue Not Monologue

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UKCSI: a barometer of UK customer satisfaction

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July 2018

UK Customer Satisfaction Index

The state of customer satisfaction in the UK

UK's largest cross-sector benchmarking panel

- 10,000 customers; 43,500 responses

- 13 sectors

- 253 organisations

- 30 + metrics of customer experience based on customer priorities

- Channel use and satisfaction

- Drivers of complaints and satisfaction with complaint handling

- Data collected March-April & Sept-Oct

- Published Jan and July

- State of the nation report, 13 sector reports and resource packs

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Overall customer satisfaction is 77.9, 0.3 points lower than July 2017

78.2

77.9

77.1

76.3

76.0

76.2

77.0

77.4

77.8

78.2 78.1

77.9

72.0

Jan-09

Jul-18

Trust, 7.7 is unchanged

Customer effort, 4.9 is unchanged

12.8% experienced a problem, down 0.3% points

78.7% of experiences rft, down 2% points

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Top performing organisations

July-18 Rank	Organisation	Sector	July-18 Score	July-17 Score	July-17 Rank	Change in score July-17 to July-18
1	Amazon.co.uk	Retail (Non-food)	86.7	87.0	1	-0.3
2	John Lewis	Retail (Non-food)	86.5	85.4	3	1.1
3 =	Next	Retail (Non-food)	86.1	84.6	5	1.5
3 =	Yorkshire Bank	Banks & Building Societies	86.1	79.4	103	6.7
5 =	first direct	Banks & Building Societies	85.6	85.8	2	-0.2
5 =	Nationwide	Banks & Building Societies	85.6	84.2	9	1.4
7	Tesco Mobile	Telecommunications & Media	84.5	83.2	18	1.3
8 =	M&S	Banks & Building Societies	84.4	84.2	9	0.2
8 =	Wilko	Retail (Non-food)	84.4	83.4	15	1.0
10	Iceland	Retail (Food)	84.0	81.6	47	2.4
11	Netflix	Leisure	83.9	82.4	29	1.5
12	Specsavers	Retail (Non-food)	83.6	80.9	61	2.7
13	Pets at Home	Retail (Non-food)	83.5	83.4	15	0.1
14 =	Greggs	Leisure	83.4	84.3	7	-0.9
14 =	Superdrug	Retail (Non-food)	83.4	84.2	9	-0.8
16 =	Argos	Retail (Non-food)	83.3	81.9	39	1.4
16 =	Trivago	Tourism	83.3	78.1	136	5.2
16 =	Waitrose	Retail (Food)	83.3	84.1	13	-0.8

New entrants

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20 most improved organisations

20 most improved organisations over one year	Sector	UKCSI score July 2018	UKCSI score July 2017	Change
Jaguar	Automotive	81.6	74.8	6.8
Yorkshire Bank	Banks & Building Societies	86.1	79.4	6.7
HMRC (Inland Revenue)	Public Services (National)	65.4	59.8	5.6
Trivago	Tourism	83.3	78.1	5.2
United Utilities (water)	Utilities	78.4	73.3	5.1
Kia	Automotive	81.8	78.1	3.7
Co-op Insurance	Insurance	81.5	77.9	3.6
M & S Energy	Utilities	79.7	76.2	3.5
Citroen	Automotive	79.4	76.0	3.4
Harvester	Leisure	79.2	76.2	3.0
Green Flag	Services	83.0	80.2	2.8
Privilege	Insurance	77.8	75.1	2.7
Specsavers	Retail (Non-food)	83.6	80.9	2.7
The Co-operative Energy	Utilities	75.5	72.8	2.7
Greater Anglia	Transport	70.2	67.6	2.6
Vauxhall	Automotive	79.7	77.1	2.6
Halfords autocentre	Services	82.4	79.9	2.5
Sainsbury's	Insurance	79.3	76.8	2.5
Esure	Insurance	80.8	78.4	2.4
Iceland	Retail (Food)	84.0	81.6	2.4

Consistent performers: at least 1 point higher than sector average since July 2015

Automotive
Skoda UK

Banks & Building Societies
first direct
Nationwide

Insurance
Aviva
LV =
Saga

Leisure
Greggs
Subway

Services
Green Flag
RAC

Public Services (National)
HM Passport Office
Post Office
DVLA

Retail (food)
Aldi
M & S
Waitrose

Retail (non food)
Amazon.co.uk
John Lewis

Telecomms & Media
Giffgaff
O2
Tesco Mobile
Three

Tourism
Premier Inn

Transport
British Airways
easyjet
Eurotunnel
Jet2
National Express
P & O ferries
The Trainline.com
Thomson Airways
Virgin Atlantic
Virgin Trains

Utilities
First Utility
OVO Energy
Severn Trent Water
Yorkshire Water

Customer satisfaction today: a summary of trends

Improving trends in Utilities, Transport, Public Sector
has stalled

Banks & Building Societies at its highest point ever, 80.4

More organisations have dropped (55) than have increased (28) by 2 points or more

Key differentiators of high performing organisations:

- Right first time
- Complaints
- Phone experiences
- Trust and transparency

Organisations with higher than sector average customer satisfaction
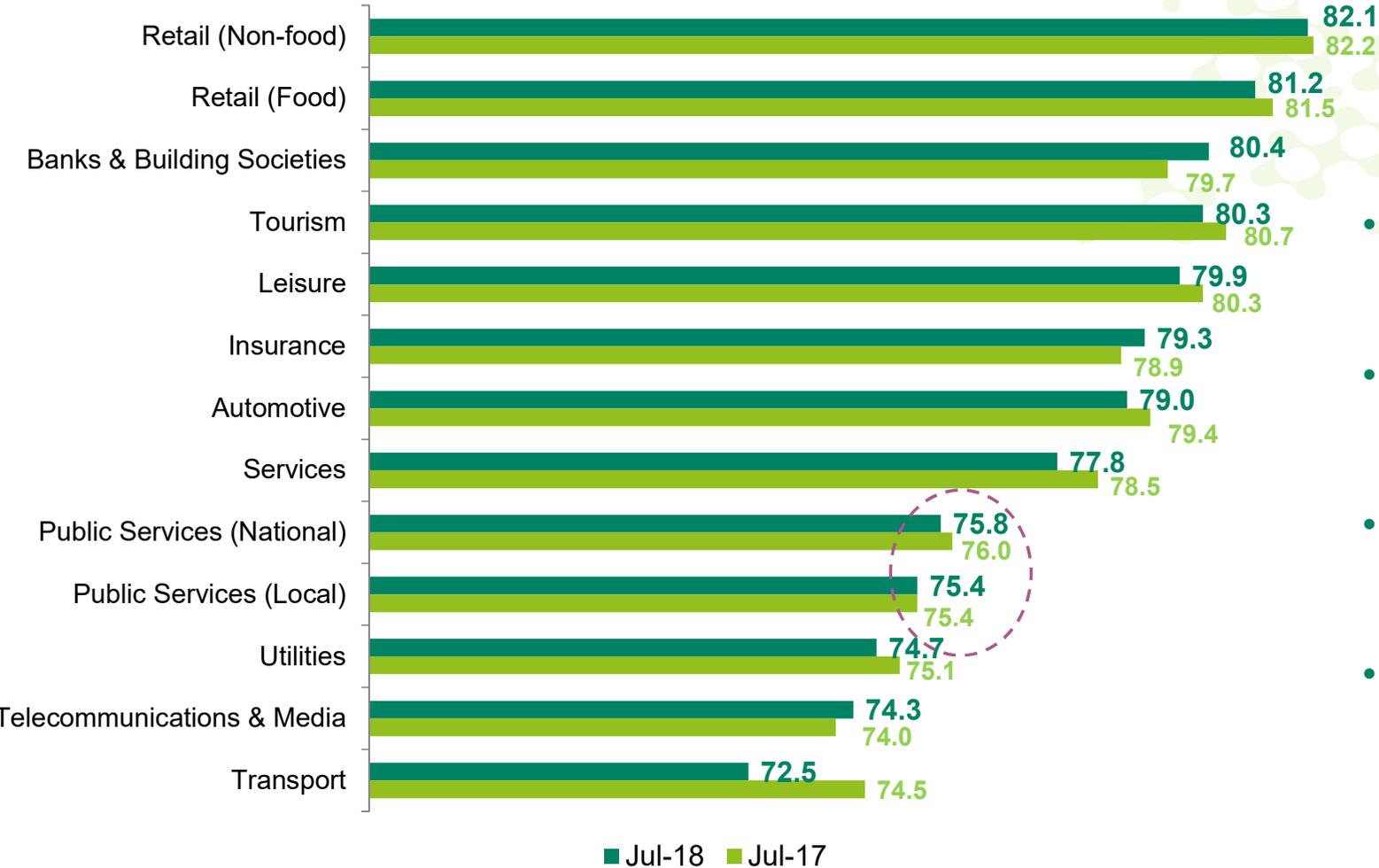achieve stronger:
- Turnover growth
- Revenue per employee
- Profit

1 points of employee engagement linked to a 0.41 point improvement in customer satisfaction

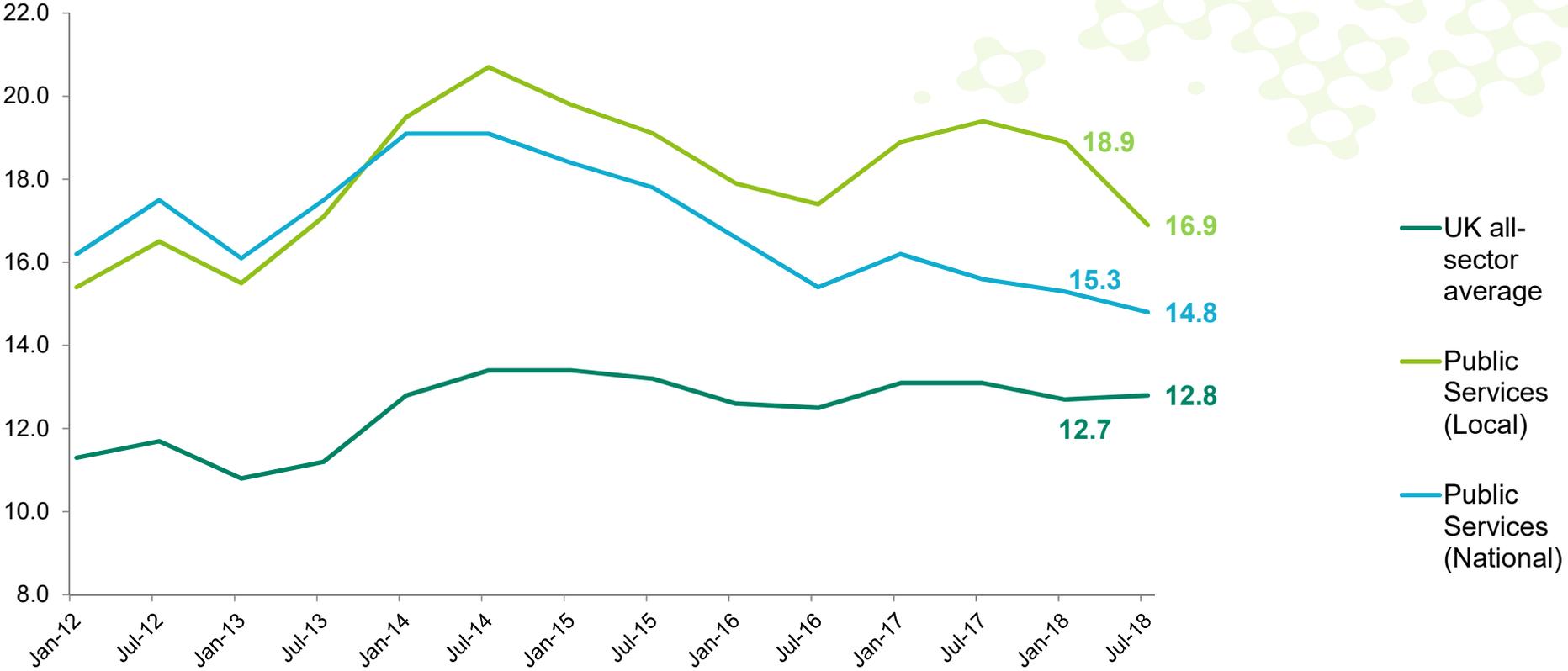27.6% of customers would pay more for excellent service

Making it easier to contact the right person to help is the top issue customers want organisations to fix

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UKCSI sectors in 2018

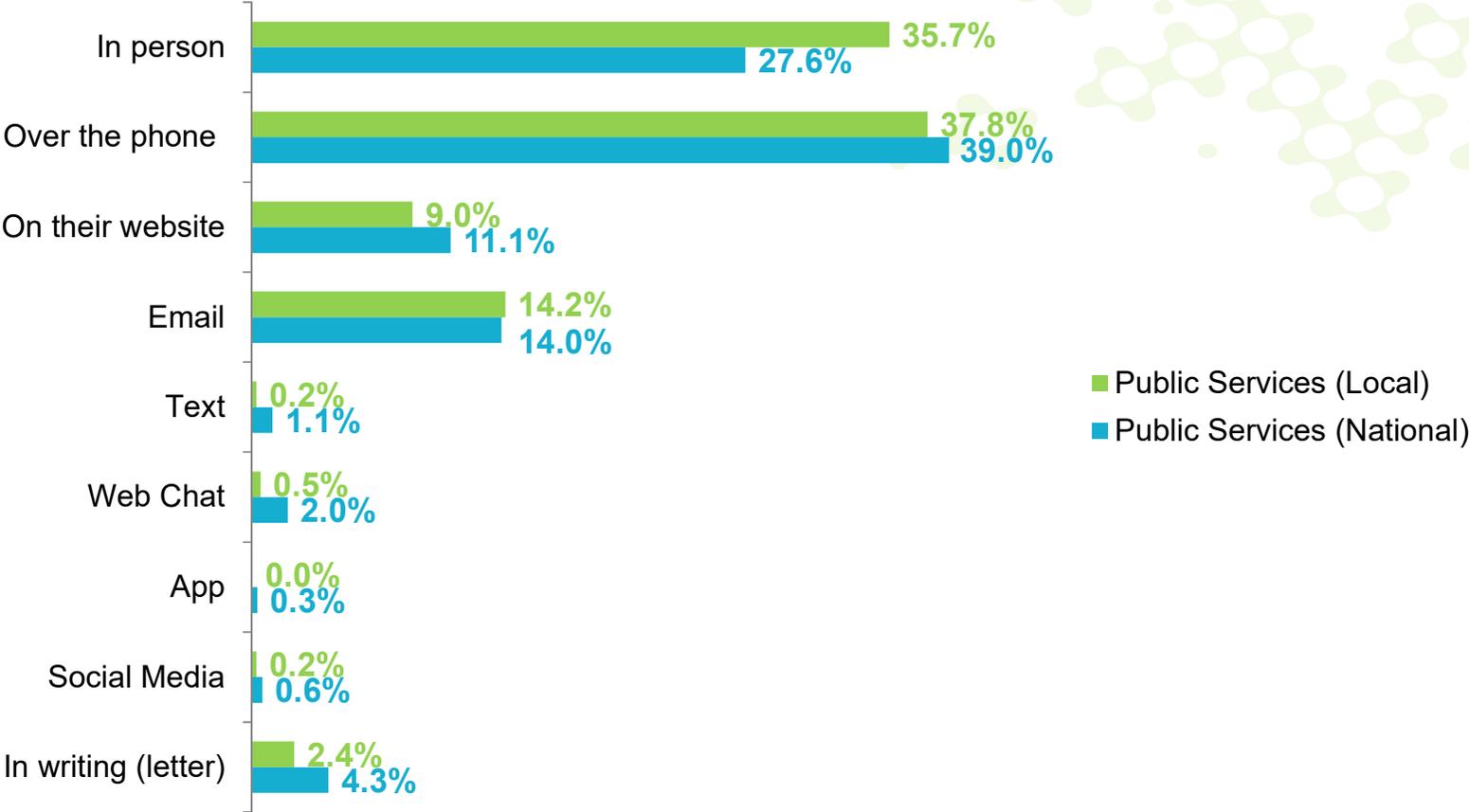| Sector	Jul-18	Jul-17
Retail (Non-food)	82.1	82.2
Retail (Food)	81.2	81.5
Banks & Building Societies	80.4	79.7
Tourism	80.3	80.7
Leisure	79.9	80.3
Insurance	79.3	78.9
Automotive	79.0	79.4
Services	77.8	78.5
Public Services (National)	75.8	76.0
Public Services (Local)	75.4	75.4
Utilities	74.7	75.1
Telecommunications & Media	74.3	74.0
Transport	72.5	74.5

■ Jul-18 ■ Jul-17

- Most sectors flat year on year

- Banks & Building Societies at its highest ever

- Public Services have improved since Jan 15

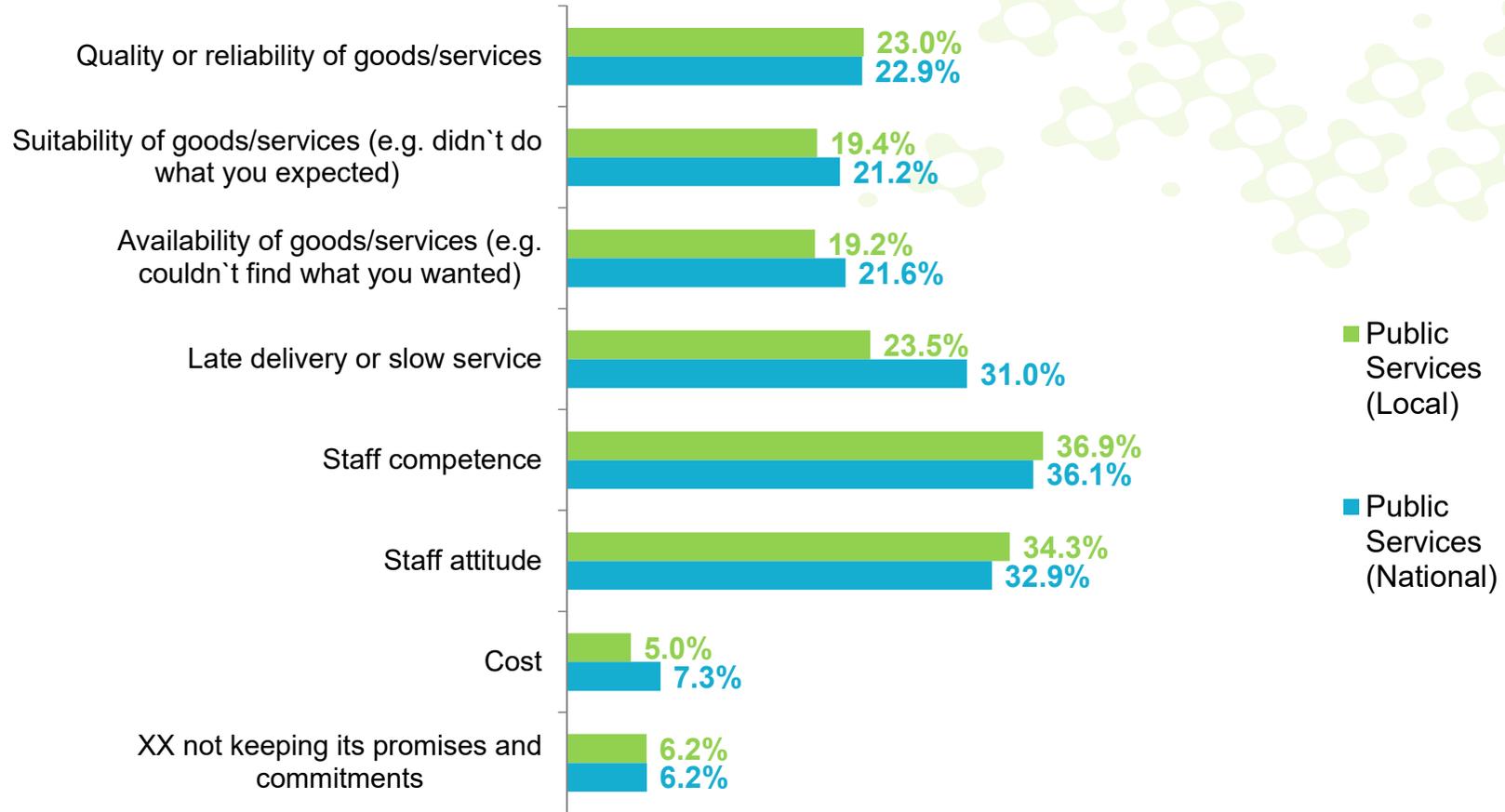- Transport at its lowest since Jan 15

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Trends in % customers who have experienced a problem

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How Public Services customers report complaints

In person
- Public Services (Local): 35.7%
- Public Services (National): 27.6%

Over the phone
- Public Services (Local): 37.8%
- Public Services (National): 39.0%

On their website
- Public Services (Local): 9.0%
- Public Services (National): 11.1%

Email
- Public Services (Local): 14.2%
- Public Services (National): 14.0%

Text
- Public Services (Local): 0.2%
- Public Services (National): 1.1%

Web Chat
- Public Services (Local): 0.5%
- Public Services (National): 2.0%

App
- Public Services (Local): 0.0%
- Public Services (National): 0.3%

Social Media
- Public Services (Local): 0.2%
- Public Services (National): 0.6%

In writing (letter)
- Public Services (Local): 2.4%
- Public Services (National): 4.3%

■ Public Services (Local)
■ Public Services (National)

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Causes of problems and complaints in Public Services

	Public Services (Local)	Public Services (National)
Quality or reliability of goods/services	23.0%	22.9%
Suitability of goods/services (e.g. didn`t do what you expected)	19.4%	21.2%
Availability of goods/services (e.g. couldn`t find what you wanted)	19.2%	21.6%
Late delivery or slow service	23.5%	31.0%
Staff competence	36.9%	36.1%
Staff attitude	34.3%	32.9%
Cost	5.0%	7.3%
XX not keeping its promises and commitments	6.2%	6.2%

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What was the reaction when you reported your complaint ?

Positive

	Public Services (Local)	Public Services (National)
Dealt with it immediately	14.4%	12.5%
Listened carefully/wanted to fully…	21.3%	18.5%
Were sympathetic	19.4%	19.4%
Apologised	26.5%	25.9%
Acknowledged your complaint in writing	14.7%	12.0%
Told you what would happen next	16.8%	21.4%
Told you how long it would take to resolve	10.9%	14.8%
Took responsibility	12.5%	11.7%
Seemed uninterested	30.7%	30.2%

Negative

	Public Services (Local)	Public Services (National)
Dismissed it	18.0%	19.4%
Passed you on to someone else	14.4%	16.2%
Made excuses	22.5%	18.2%
Replied quickly	2.6%	2.3%
Took too long to reply	8.0%	11.4%

■ Public Services (Local)
■ Public Services (National)

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Key differences between top quartile and the rest in each sector

6.8	Speed of resolving complaint	5.2
6.8	Handling of complaint	5.3
7.0	Staff understanding the issue (complaints)	5.6
7.1	Staff attitude	5.7
87.1%	Right first time	79.1% 5%

8.4	Competence of staff (phone)	7.5
8.2	Ease of getting through (phone)	7.2
8.2	Open and transparent	7.5
8.3	Trust	7.6

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Building a Complaints Process

Enabling Complaints

1) Clear definition of a complaint
2) Provide straightforward ways to complain
3) Identify why customers who have problems don't make a complaint
4) Proactively invite complaints from customers

Dealing with complaints

5) Train your people to detect and anticipate complaints
6) Focus on first point of contact behaviours
7) Set expectations / get feedback about time to resolve
8) Resolve complaints as quickly as possible
9) Ensure clear accountability for complaint handling

Measurement and insight

10) Analyse issues / complaints which customers find most annoying
11) Measure satisfaction with different elements of your complaint handling process

Follow-up

13) Put in place follow-up with "resolved" complaints

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Why investing in your customer service matters…

Trust, reputational and financial benefits

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% customers scoring 9 or 10

% customers giving 9 or 10 out of 10 for customer satisfaction

% customers giving 8.0 – 8.9 out of 10 for customer satisfaction

Remain a customer — 96% — 66%

The 9 or 10 out of 10 effect

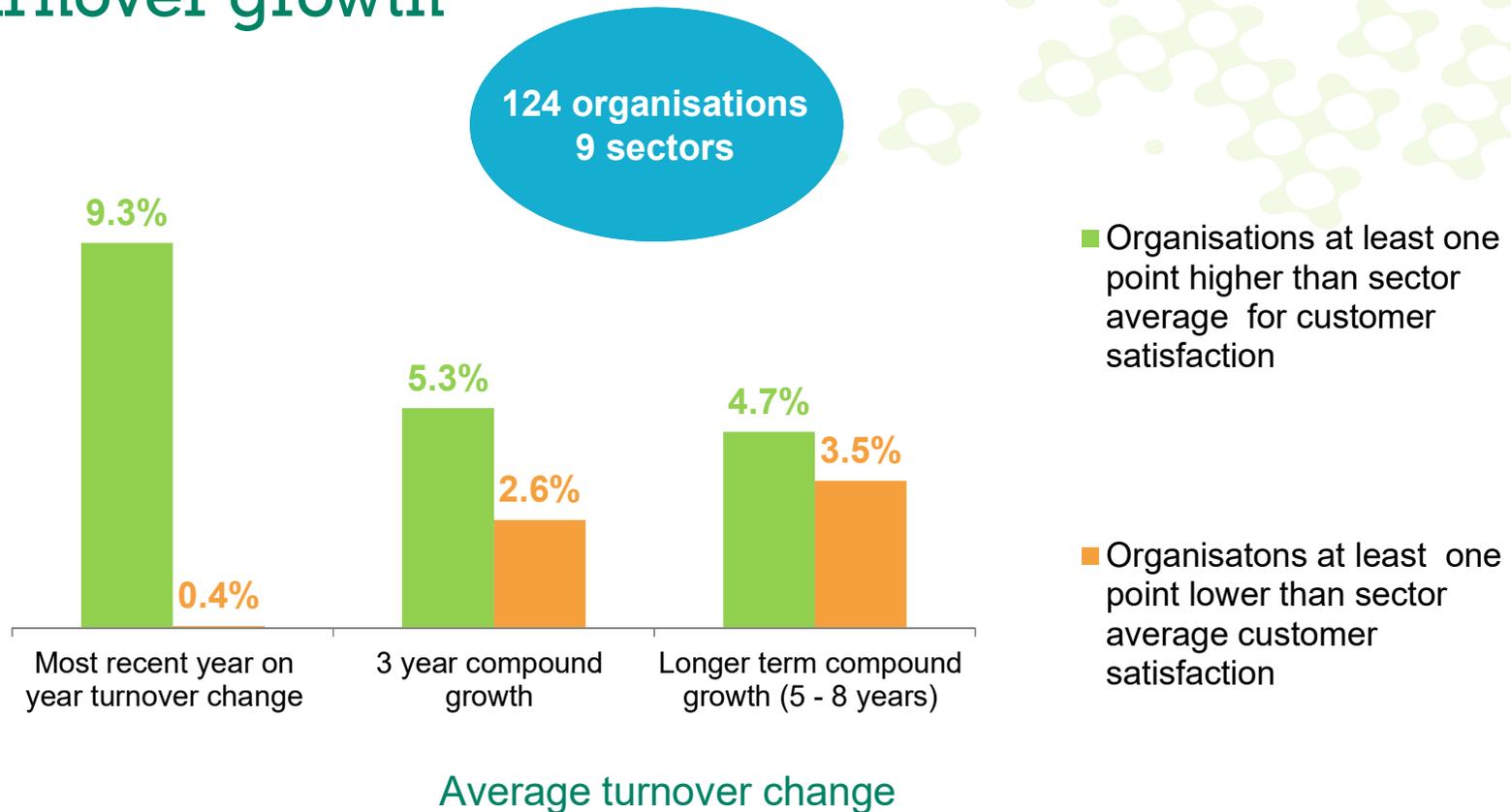Recommendation — 92% — 47%
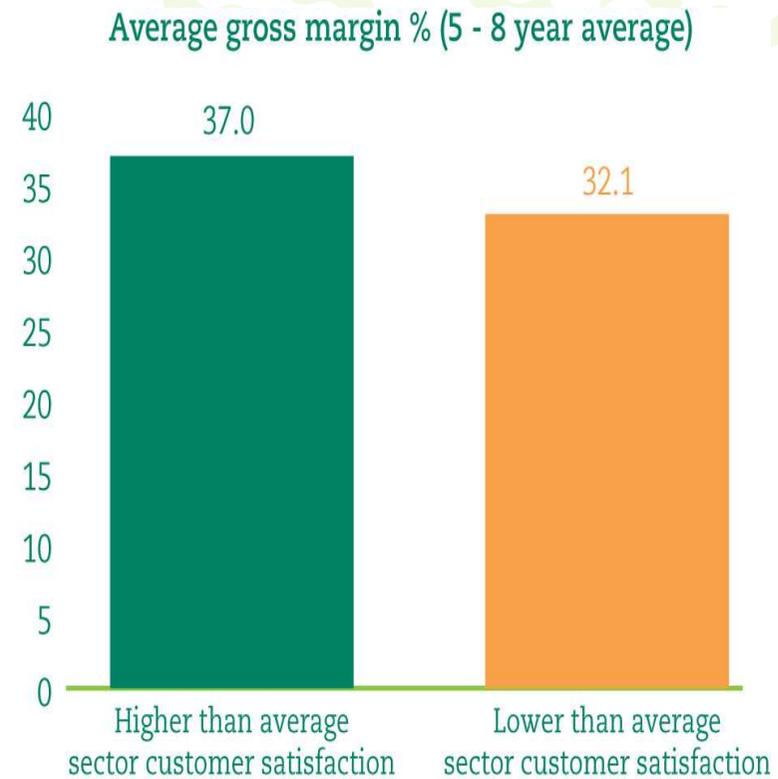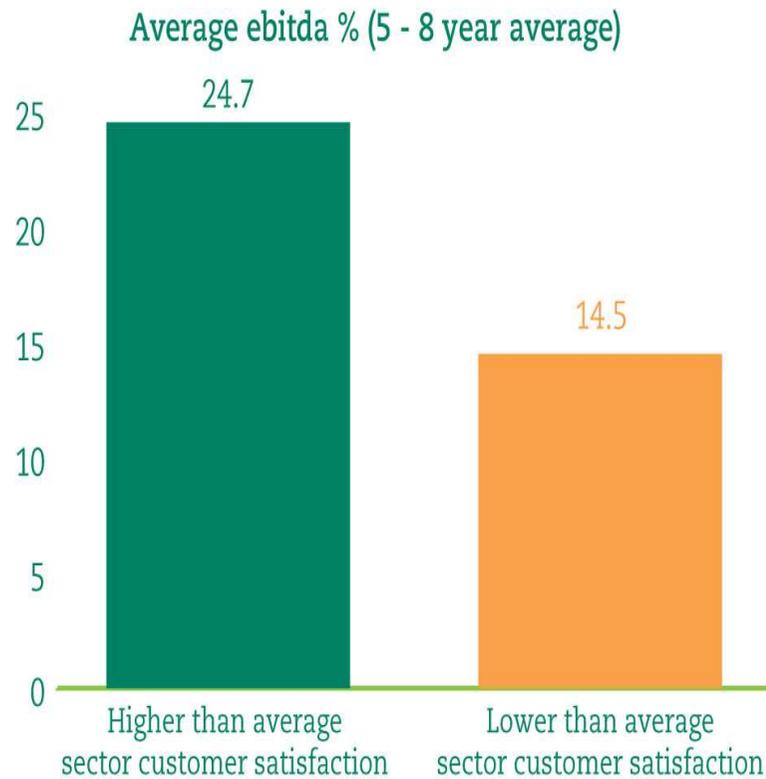
Trust — 96% — 49%

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Organisations with higher customer satisfaction than others in their sector have achieved higher turnover growth

**124 organisations
9 sectors**
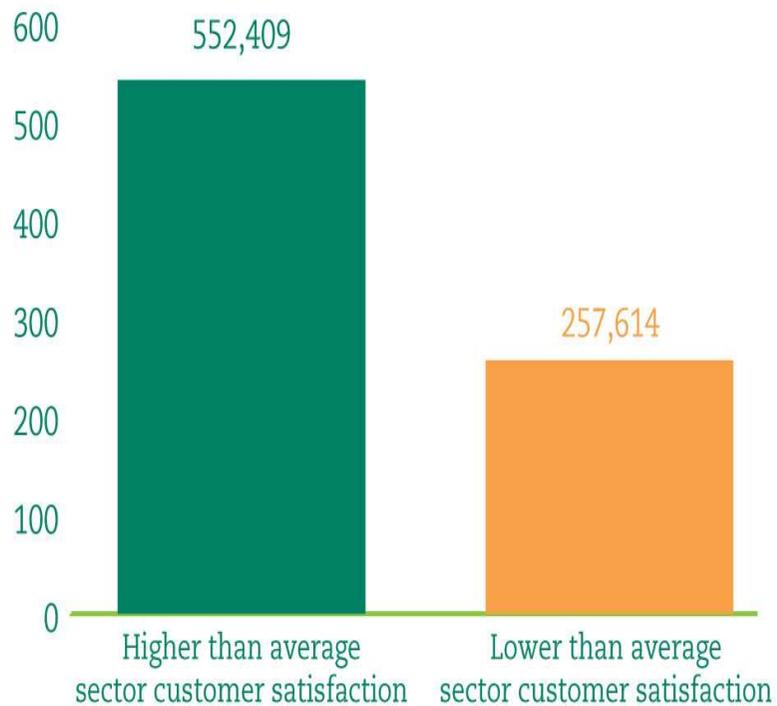
■ Organisations at least one point higher than sector average for customer satisfaction

■ Organisatons at least one point lower than sector average customer satisfaction

9.3%

5.3%

4.7%

3.5%

2.6%

0.4%

Most recent year on year turnover change

3 year compound growth

Longer term compound growth (5 - 8 years)

Average turnover change

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On average, organisations with higher customer satisfaction than others in their sector have achieved better ebitda and profit margins
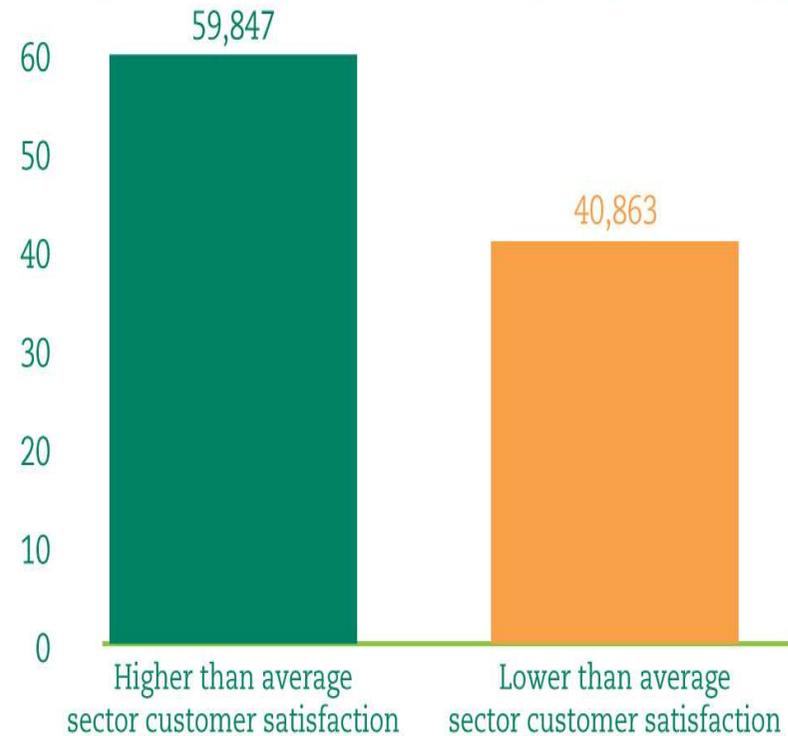
Average ebitda % (5 - 8 year average)

- Higher than average sector customer satisfaction: 24.7
- Lower than average sector customer satisfaction: 14.5

Average gross margin % (5 - 8 year average)

- Higher than average sector customer satisfaction: 37.0
- Lower than average sector customer satisfaction: 32.1

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Organisations with higher than average customer satisfaction score better on financial measures of employee productivity

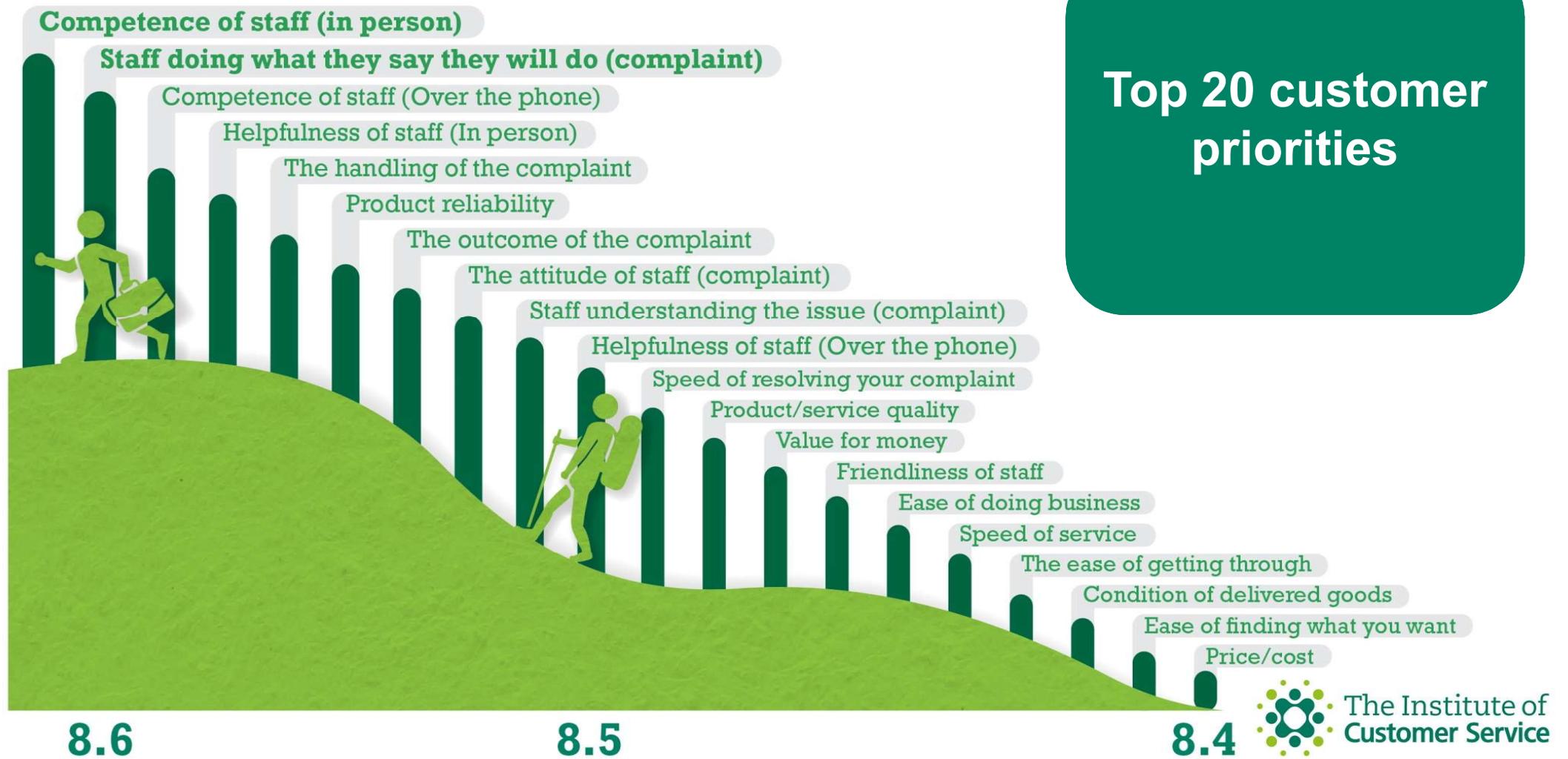## Average revenue per employee £m (5 - 8 year average)

552,409	
	257,614

- Higher than average sector customer satisfaction: 552,409
- Lower than average sector customer satisfaction: 257,614

Average human capital value add £m (5 - 8 year average)

59,847	
	40,863

- Higher than average sector customer satisfaction: 59,847
- Lower than average sector customer satisfaction: 40,863

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Culture

UKCSI is based on customers' priorities

Top 20 customer priorities

Competence of staff (in person)
Staff doing what they say they will do (complaint)
Competence of staff (Over the phone)
Helpfulness of staff (In person)
The handling of the complaint
Product reliability
The outcome of the complaint
The attitude of staff (complaint)
Staff understanding the issue (complaint)
Helpfulness of staff (Over the phone)
Speed of resolving your complaint
Product/service quality
Value for money
Friendliness of staff
Ease of doing business
Speed of service
The ease of getting through
Condition of delivered goods
Ease of finding what you want
Price/cost

8.6   8.5   8.4

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Employee engagement will be more challenging and more important to business performance
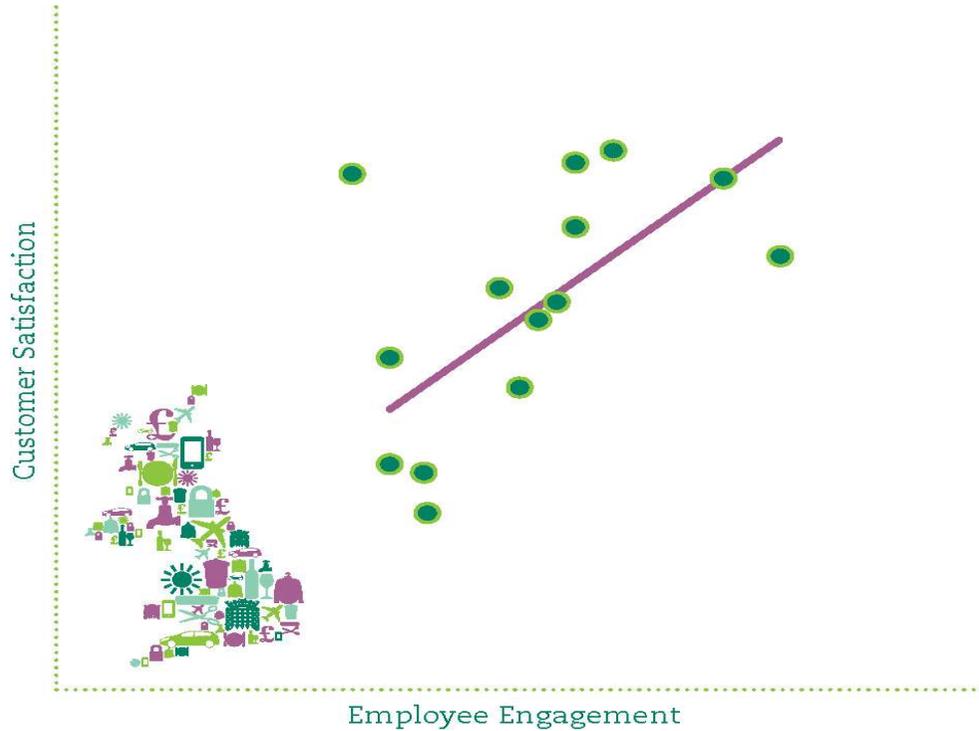
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Leadership commitment

Board-level responsibility for customer experience

Leading by example: values and behaviours

Purpose, vision and strategy

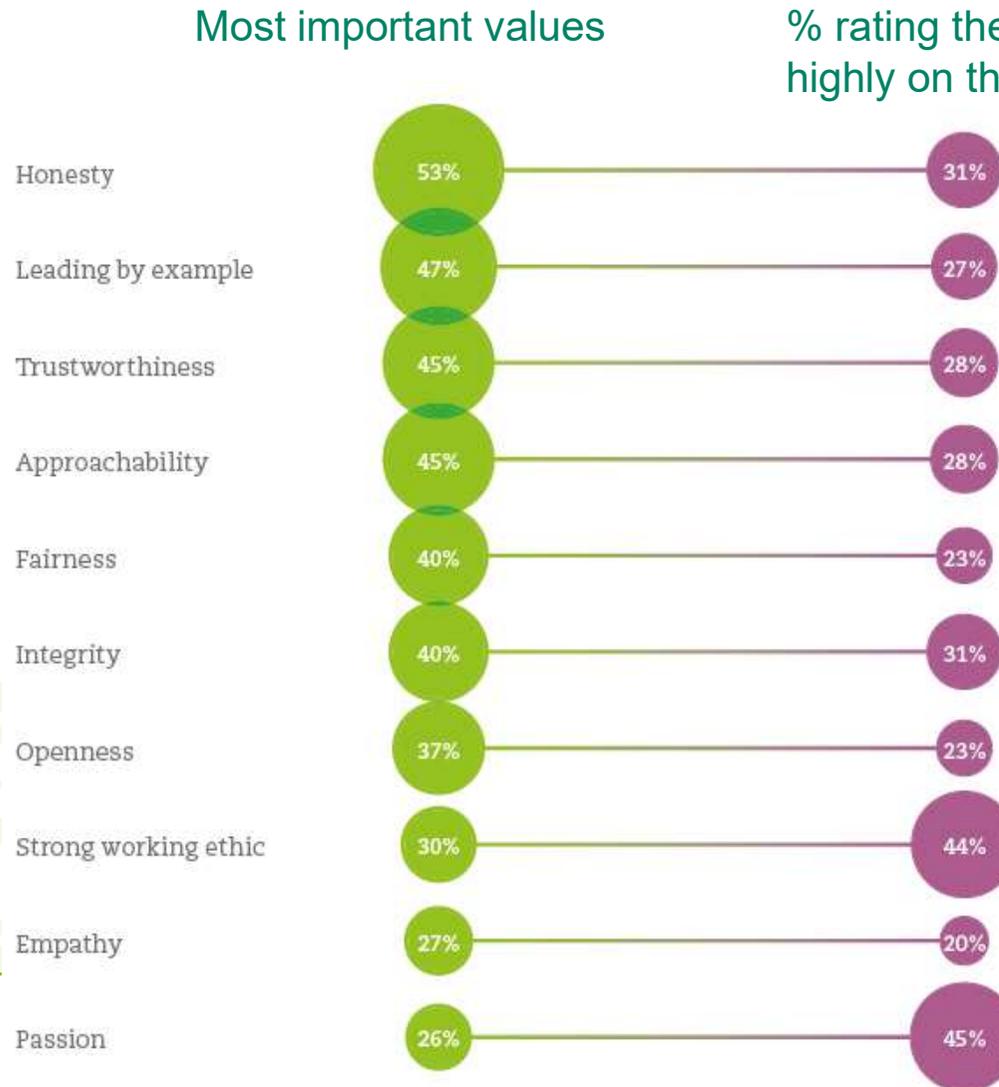**Employees across the organisation measured and incentivised on customer experience**

Customer service is valued across the organisation

Partners / suppliers share ethos

Maintain long-term focus

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Honesty, trustworthiness and leading by example

Most important values

% rating their CEO / board highly on these values

	Most important values	% rating CEO/board highly
Honesty	53%	31%
Leading by example	47%	27%
Trustworthiness	45%	28%
Approachability	45%	28%
Fairness	40%	23%
Integrity	40%	31%
Openness	37%	23%
Strong working ethic	30%	44%
Empathy	27%	20%
Passion	26%	45%

Frontline employee perceptions of their CEO/Board of Directors

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If you could pass on one tip to your CEO what would it be?

30% Listen more to staff and customers, spend more time on frontline, get to know us

8% Better communications

5% Better pay and conditions

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How engaged & disengaged employees behave based on a sample of 2,000 UK employees

% of employees who have stayed late to help a customer
- 78.8%
- 69.2%
- 57.1%

% of employees who have stayed late to help a colleague solve a problem/deliver a solution for a customer
- 78.1%
- 71.1%
- 61.2%

% of employees who feel empowered to be able to make decisions to help customers
- 81.1%
- 56.5%
- 34.9%

% of employees who feel they can influence customers' satisfaction
- 79.5%
- 63.1%
- 43.8%

% of employees who have submitted an idea to customer service improvement scheme
- 70.4%
- 58.0%
- 53.9%

Engaged vs passively engaged employees:

The customer knows ?

- Engaged employees
- Passively engaged
- Disengaged employees

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What we can learn from others…

Key enablers of effective investment in customer experience

Leadership

Consistency

Employee Engagement

Relentless focus on problems, complaints, getting the basics right

Insight
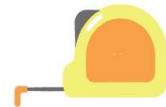
Effective measurement

Customer experience design and processes

Innovation and business improvement

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What can you do?

Board responsibility for customer experience

Coherent vision and strategy

Measured on customer experience

Values and behaviours

Long term focus

People development & recognition

Genuine employee voice

Partners / suppliers share ethos

Customer service valued across the organisation

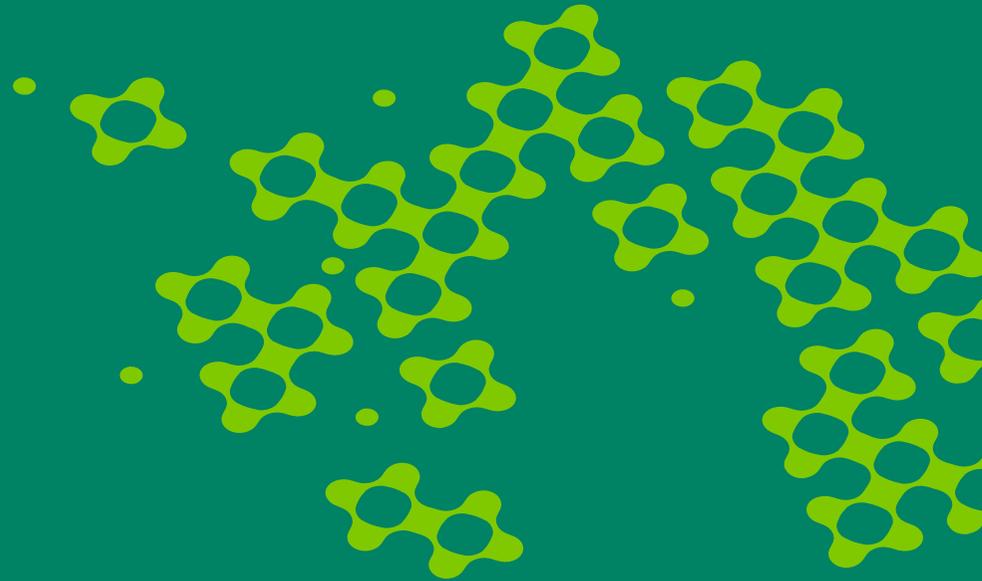# Characteristics of high performing organisations
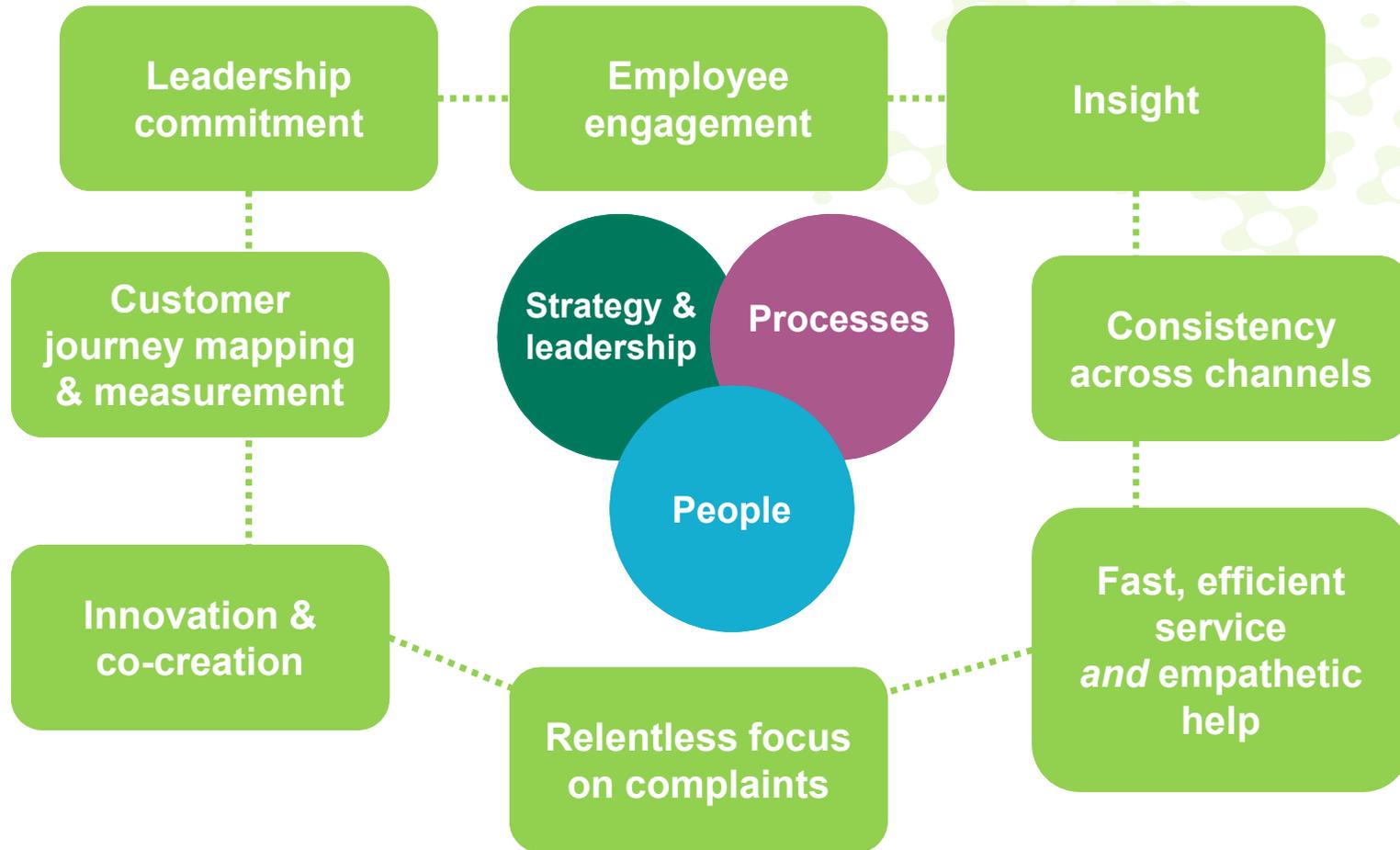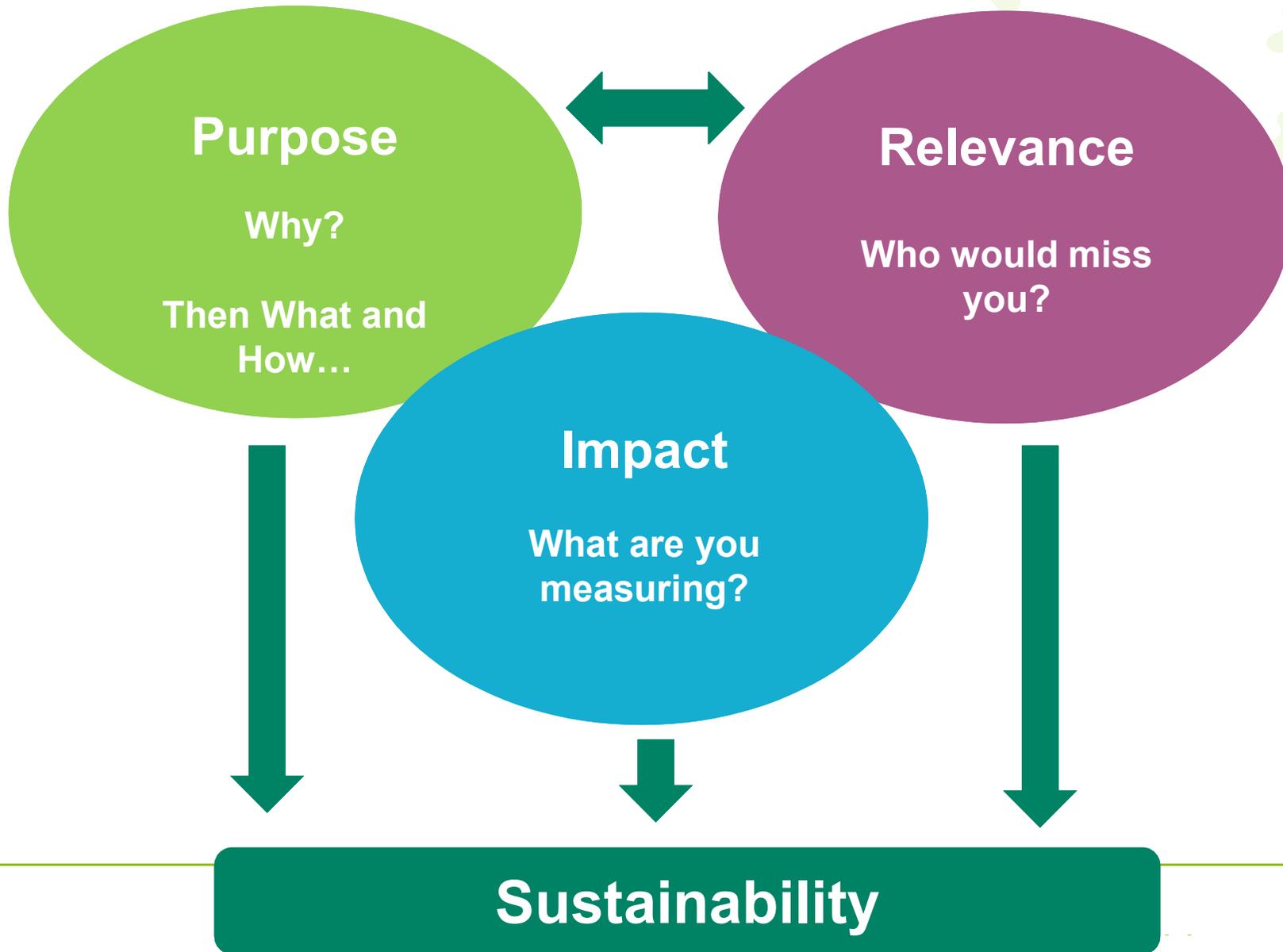
Thank you

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Questions ?

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