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Absence of service drives customers away from companies

It's a common perception amongst German peoples that it's part of their innate psyche that makes them grouchy users of customer service. A study by unified desktop provider Jacada now paints a slightly more prosaic picture: Germans would be more enthusiastic users, if they could be confident that the time they spend on the phone or online would actually achieve the desired results. Yet, the research shows that the majority of study participants are dissatisfied with the level of customer service currently offered by the companies they buy their products and services from. For German companies the consequences are serious as more and more consumers are voting with their wallet.

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A disconnect between companies' strategy and consumers' needs

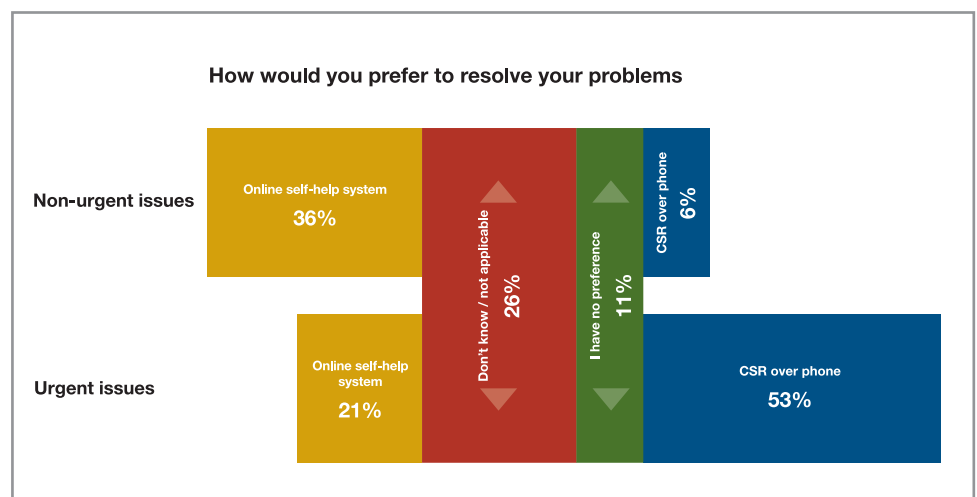
Online customer service is letting German consumers down the most (70% of customers being dissatisfied with the online service provision), a worrying finding given the increased push by organisations towards online self-service in the hope of reducing costs. Perhaps of more significance to the companies blindly pursuing online service provision is that 41% of Germans actually give up when they try to get assistance via self-service web sites - without getting their issues resolved. Even the supposedly more web-focused 18-24 year olds are having problems, with 32% having given up. And that of those who use the facilities a quarter ended their online experience frustrated or annoyed, with nearly one fifth of those surveyed having to pick up the phone in the end.

The survey suggests significant improvements need to be made to the online facilities to ensure they meet customers' needs.

However, companies need to reconsider their customer service strategies, given that German consumers are not always happy to be pushed to the internet. Especially when they perceive their need for customer service interaction as

being serious or urgent. Having a real person to help them find the most appropriate solution for their specific needs and circumstances – navigating the often confusing array of choices available – is much more important to German consumers than any potential savings or the latest online gadgets and tools available. And it's certainly more important to them than the potential for increased profits the companies can make by forcing customers down this route!

Given the disconnect that exists between the customer service channel strategy and the customers' needs, it's not surprising that just 6% of study participants felt valued as customers after using web-based customer service.



Providing the customer with their first choice channel

That's not to say that the online facilities aren't important as part of the overall strategy – consumers do want to be able to deal with simple, everyday issues by themselves, without having to spend time calling the contact centre. It's when the problems aren't so simple that help from a real person is demanded (and 82% of respondents stated that they were dealing with urgent issues).

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	38%
Insurance company	33%
Mobile phone company	31%
Internet provider	30%
Home phone company	29%
Credit card company	29%
Local government services/ governmental department	28%
Utility provider (i.e. electricity gas or water)	26%
Retailer	18%
Cable or satellite TV company	18%

This desire to speak to someone personally crosses all age groups. Even the supposedly "Generation Internet" 25-34 year olds are more of a "Generation Phone Call" when their issues are urgent.

The type of company being contacted has an impact on channel preferences, too. With customers valuing phone contact more when dealing with their banks than when they are dealing with their cable or satellite TV company. Perhaps not surprising given the relative complexity of the types of calls each of these organisations receive.

However, providing a route to talk to a real person doesn't mean that companies are all ears... Almost a quarter of study participants were frustrated or annoyed with the experience they had when talking to an agent, with 17% actually having lost their temper during the call.

For business this should be a loud wake-up call. It's no good spending money on expensive marketing and branding programmes if, when the customer tries to reach out to the company, they find that the values espoused do not reach the customer service department, leaving them feeling undervalued and looking for an excuse to change suppliers.

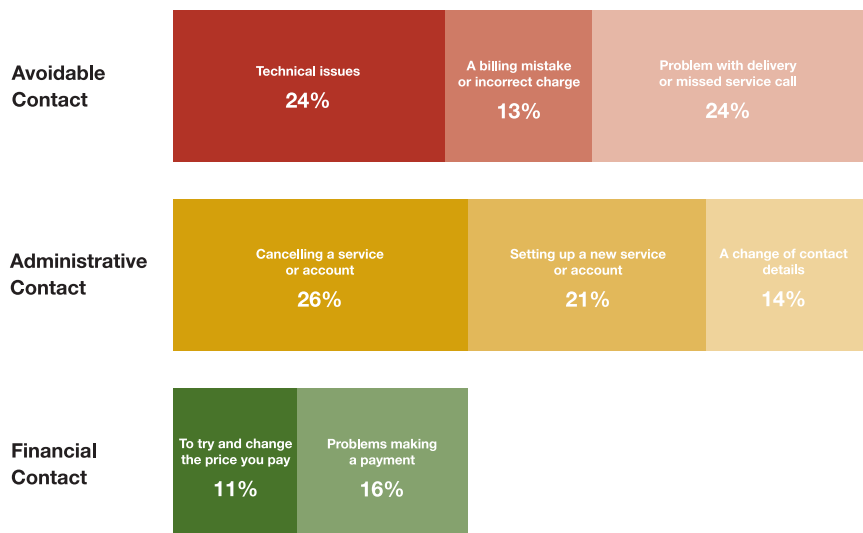
What's driving customer contact

22% of Germans don't expect good customer service from the companies they are buying their products and service from. Almost certainly one of the main reasons why a quarter of consumers admit to having postponed dealing with a problem because they couldn't face dealing the company.

Significantly, 61% of German consumers are contacting their service providers because of an error made by the company, such as billing errors, technical issues or problems with a 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, even before they pick up their receiver or head to the web site.

In the last 12 months... For which reasons have you contacted customer service for help?



It is now accepted wisdom that if a customer has a problem, and that problem is dealt with successfully, the customer will become more loyal than if there had been no problem with the purchase at all. What German companies must be mindful of, however, is that if the problem isn't dealt with to the satisfaction of the customer, the originally slightly unhappy or irritated customer becomes very unhappy. Unfortunately these people are much more likely to look for another supplier, as well as tell many more people about their experience. And blog about it. Put it on Facebook...

The impact

More than a quarter (27%) of Germans have stopped using a company's products and services as a direct result of a bad experience with their customer service. What should worry German companies who are failing their customers is that the same number say that they are now even less willing to put up with poor customer service. This lack of patience with poor service was particularly significant amongst the older generations, with 36% of 45-54 year olds having voted with their wallets and the same number stating that they have become even less tolerant of bad service.

Most likely to lose customers due to bad service are internet service providers, insurance companies and retailers.

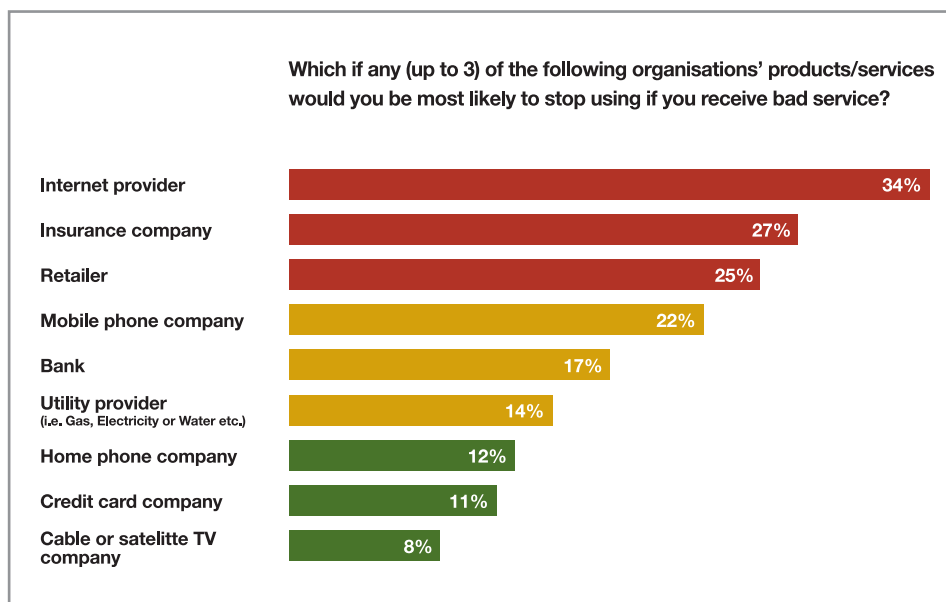
Providers of cable and satellite television and credit

cards seem to be relatively safe. Not surprising given Germans' affinity to pay-TV programs, and the often poor supply of terrestrial television; and the relatively low use of credit cards.

Agents aren't always blamed

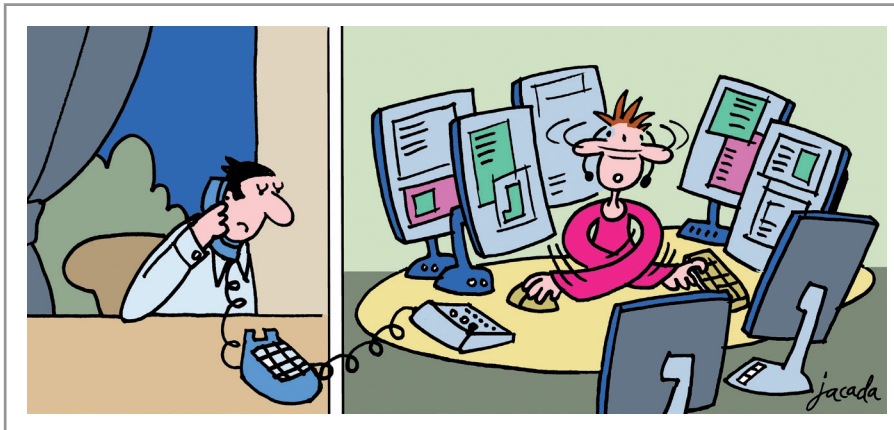
Less than half (45%) of customers are satisfied with the service received over the phone. Interestingly, many (34%) respondents did not blame the agents if the service provided did not meet their expectations, believing that the agent was hindered in their ability to help by the company's technology or processes.

Whilst it is important to encourage and train agents to use their interpersonal skills, customers want more substance than that – they want the agent to have the ability to deal with the problem about which they are calling, not just be polite. But that means companies must equip their staff with all the appropriate skills, together with easy access to the necessary tools and information, to enable them to help the customer fully. In addition, many organisations' processes don't fit with the needs of the organisation, the agent or the customer. All in all customers see the results as a failure to deal with their issues fully, and agents are unhappy because they cannot do their jobs effectively. Both types of dissatisfaction then get sucked into a vicious circle, where poor service leads to even worse service. Not good for anyone, least of all the shareholders of the organisations involved.



IT infrastructure hinders success

If we look at IT infrastructure as it is commonly found in businesses, the oft-used expression "grown" is usually just a euphemism for "chaotic". Many companies have more than 20 different applications that are used to answer and deal with customers' calls, ensure that promised actions are actually undertaken, track and report the results and



Conclusion

The findings suggest that many German companies are making customer service strategy decisions without consideration for their customers' wishes. If they did prioritise their customers' wishes, it is much more likely that the German consumer would appreciate the service being offered and would be more likely to use it.

As German consumers mainly contact a company if their concerns are pressing, if a company was able to meet their customers' expectations it would be a powerful differentiator.

communicate back to the customer when necessary. And these systems are usually information silos, with the disparate systems interacting only in the sense of copy and paste! This lack of linkage makes it very complicated to deal with customers' calls and causes unnecessary additional costs. And it's not an easy problem to solve as most of the systems are business critical, and so difficult, expensive and risky to replace.

What the agents need is to have all the systems integrated into a single screen, with all the relevant information being available to the agent at the right time in the call flow for that particular customer and his or her needs. Ultimately forming a powerful tool to help agents to provide a perfect service, helping to retain customers and even creating cross and up-selling opportunities.

Many companies are now starting to recognise that there is a problem: according to the latest figures from market research company Lünendonk, about one quarter of companies agree that there is a need for action to improve their basic IT systems for customer service and support.

Companies wishing to deliver excellent customer experience should check the usability of the IT infrastructure their agents have to work with. In addition, they must improve the usability of their web-based self service option and look if the information offered really corresponds to what customers are looking for and want.

Customers are the life-blood of any company. By focusing on success from the customer's point of view rather than the company's, customer loyalty will improve, revenue per customer will increase as cross and up-sell opportunities are maximised, and improved efficiencies will reduce the cost to serve – all impacting companies' bottom lines.

Study Background

Together with market research firm Technomar, Jacada interviewed a representative sample of the German population in August and September 2009. A total of 1012 persons aged 18 and over from throughout the federal territory answered.

The study participants provided information to 15 questions. All responses were recorded in an online form and then analysed in multi-dimensional statistics. The results can be requested at Jacada.



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