Why Customer ‘Satisfaction’ is No Longer Good Enough
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EXECUTIVE SUMMARY

In June 2012, Oracle commissioned independent research to gain a detailed understanding of how European shoppers currently feel about their interactions with businesses. The survey explores consumer preferences in terms of communicating with brands, issue resolution, the impact of poor customer service and what constitutes the ideal customer experience (CX).

What the findings offer are detailed insights into the current state of consumer expectations – an essential observation because poor experiences begin when these expectations are not met. In addition, without a clear understanding of what these expectations are, it can be extremely difficult for organisations to deliver the kinds of experiences that actually meet customer needs.

Key findings include:

• 70% of shoppers have stopped buying goods or services from a company after experiencing poor customer service
• 64% have, after experiencing poor customer service, gone straight to a competing brand to make a purchase
• 81% are willing to pay more for a better customer experience

Clearly the subject of CX is front of mind for many executives. In the recent Forrester report *The State of Customer Experience 2012*, 93% of respondents said customer experience is on their company’s list of strategic priorities, with 28% stating it is their top priority. This is an inevitable reaction to the forces of globalisation, which has made it a difficult and risky proposition for organisations to compete on price or product alone.

The findings in this survey offer guidance on how to differentiate a brand through CX. Of course, it is not a simple undertaking, as an increasing number of companies are pursuing the same business goal. However, the fact that CX and customer loyalty mean different things to different brands also suggests that no two strategies will be the same. The conclusion for truly innovative companies is that the opportunity to stand out in the market still exists, and the summary offers five principal guidelines for creating a compelling CX:

• Focus on the contact centre – optimise resources for dealing with ‘critical enquiries’
• Focus on speed and simplicity – with an emphasis on first contact resolution
• Monitor and respond to social media complaints – and provide effective resolution
• Integrate different customer touchpoints – to deliver a truly consistent CX
• Justify customer loyalty through excellence – innovate audience interactions

Despite the lack of any uniform approach being adopted, and as the results from this survey support, one constant remains – those companies that get ahead of customer expectations will continue to flourish. Those who react slowly, or devise service offerings that fail to take into account the particular demands of their audience, will face increasing marginalisation. Most organisations recognise this growing demand to move beyond ‘satisfactory’ experiences – with market share, loyalty and increased revenue awaiting those who deliver stand out customer service.

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1 For more information, see *The State of the Customer Experience, 2012*, Megan Burns with Jennifer Peterson, Forrester, April 2012
WHO WE SPOKE TO

The survey focused on 1400 online shoppers (50% female, 50% male) who had made a complaint or enquiry to a customer services department in the last 12 months.

Country breakdown of respondents

<table>
<thead>
<tr>
<th>Country</th>
<th>Flag</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>🇬🇧</td>
<td>200</td>
</tr>
<tr>
<td>Germany</td>
<td>🇩🇪</td>
<td>200</td>
</tr>
<tr>
<td>France</td>
<td>🇫🇷</td>
<td>200</td>
</tr>
<tr>
<td>Sweden</td>
<td>🇸🇪</td>
<td>200</td>
</tr>
<tr>
<td>Netherlands</td>
<td>🇳🇱</td>
<td>200</td>
</tr>
<tr>
<td>Italy</td>
<td>🇮🇹</td>
<td>200</td>
</tr>
<tr>
<td>Spain</td>
<td>🇪🇸</td>
<td>200</td>
</tr>
</tbody>
</table>

Industry segmentation

- Retailers: 40%
- Telecommunications: 36%
- Electronic goods: 31%
- Financial services and banking: 20%
- Travel and leisure: 20%
- Utilities: 17%
- Logistic services: 12%
- Non-profit organisations: 3%
- Other: 10%

Question: In which of the following areas have you made any enquiries or complaints to customer services in the last 12 months?

Online shopper frequency

Question: How often, if at all, have you bought any goods or services online within the last 12 months?
Age

Question: How old are you…?
CUSTOMER EXPERIENCE – INSIGHTS 2012

GENERAL SATISFACTION LEVELS

Customers are generally satisfied with enquiry resolution

Question: When interacting with customer services, how often would you say you receive a satisfactory solution to your issue?

What would it mean to your brand if 24% of customers were rarely or never satisfied with their enquiry resolution? This is a key figure representing the most fertile group for enacting churn, and the focal point for dissatisfaction. In fact the situation becomes even worse when the 54% of respondents who selected ‘often’ are factored into the equation. ‘Nearly always’ is the only segment that matters, and at 22% there is obvious room for improvement.

Satisfaction by industry sectors

Question: In your opinion, which of the following areas require the most effort to get a service enquiry resolved when interacting with customer services?

When reviewing industry statistics, key factors for consideration are post purchase complexity (of service requests) and frequency of use. For example, a smartphone or laptop computer will be used more frequently and require more extensive support than an item of clothing or rail ticket. This complexity obviously expands the potential for service dissatisfaction, and demands more immediate and intelligent support – for example online chat – to remove the perception of excessive effort prior to resolution.
FACTORS INFLUENCING SATISFACTION

82% describe their experience as requiring too much effort

Question: How would you describe the customer service process in dealing with your issue?

Enquiries are unlikely to be resolved at the first attempt

Question: Regardless of how you make contact with customer services, how quickly do you usually feel your enquiry is resolved satisfactorily?

Another area of acute interest is the link between satisfaction and the perceived effort in any customer service process – with 82% of respondents describing their experiences as requiring too much effort. The regional variations also offer interesting reading. With the establishment of globalised service offerings, the expectation would be of duplicated approaches to managing CX. Whilst few companies can claim to have a universal procedure in place inside every territory, the findings do suggest other factors are at work, ranging from cultural differences to behavioural traits, and highlight the importance of designing strategies at a national level.
THE BEHAVIOURAL IMPACT

Patience to search

![Pie chart showing patience to search](image)

Typically, when looking for information on a company’s website, how many pages are you prepared to search through before giving up?

Enquiry resolution, as is generally agreed, can be a misleading metric. It does however provide a high level overview of progress to date, and is intimately connected to churn. Another contributing factor is ‘patience to search’, with 57% of respondents prepared to navigate up to four web pages before giving up, rising to 73% for searches up to six pages. Interestingly, the 17% ‘prepared to take as long as it takes’ remain a sizeable group and the section most under transformation, as expectations continue to evolve in line with other experiences and competitive offerings.

Telephone is the preferred method of contact

![Bar chart showing preferred contact methods](image)

Which of the following is your first line of action when dealing with a product/service query?

These findings support the emphasis on greater simplicity, and also help explain why the telephone remains king – it is still perceived to offer the most likely channel for immediate resolution. This is an obvious analysis, as is the underlying cause – other channels have still to be ‘fixed’ in the eyes of consumers before any measurable transfer of confidence. The pressure to perform these fixes will of course only grow, as Generation Y continues to influence other generations in the mass adoption of interactive technologies, ranging from smartphones to social channels – as the basis for multi-channel engagement.
SECTION ANALYSIS

The essence of these findings certainly supports a renewed focus on the fundamentals of CX, of consistently delivering a satisfactory resolution to service issues at the expense of today’s fixation on delighting customers\(^{2}\). Enquiries are not initiated by customers so they can do all the work; instead they come for solutions which in turn create an abiding memory. This factor alone should drive any CX strategy – what memory do you want them to take away? What does your organisation want to be famous for?

Companies who are getting CX right are directing their resources and energies toward ensuring customers can solve their issues quickly and easily. The survey findings support this approach as the platform for fundamentally changing the emphasis of customer service interactions.

**QUICK FACTS**

- **82%** describe the customer service process as being a lot of effort
- **41%** of customers say that their issue was resolved at the first attempt

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\(^{2}\) For more information, see ‘Stop Trying to Delight Your Customers’, Dixon, Freeman and Toman, Harvard Business Review, July 2010
THE FACTORS DRIVING CUSTOMER FRUSTRATION

THE DESIRE FOR CONVENIENCE

Using a number of different channels acts as a ‘tipping point’ for customers

![Pie chart showing customer frustration]

Question: Which of the following best describes the point where dealing with customer services becomes ‘too much effort’?

The survey results clearly identify that for customers the need to interact with different channels is the ‘tipping point’ between an effective CX and excessive effort – with 50% of respondents in agreement. Speed to resolution also remains an important metric, with frustration levels increasing from 12% for first time resolution to 56% for interactions exceeding three attempts.

Dealing with a number of channels leads to excessive effort

![Bar chart showing level of dissatisfaction]

Question: How many channels (e.g. phone, email, face-to-face etc.) are usually used in resolving your enquiry?

It is also important to keep in mind that the desire for convenience spans the process of finding, evaluating, buying, taking receipt of and using the product or service. As the findings support, this determining factor requires an approach to CX encompassing more than just product or service – with equal attention also paid to interaction and distribution channels. This makes both commercial and financial sense, as any increase in customer effort is usually matched by the rising cost to an organisation for dealing with the enquiry.
Lack of speed in resolving enquiries creates aggravation

Question: Regardless of how you make contact with customer services, how quickly do you feel your enquiry is usually resolved to your satisfaction?

The majority of respondents judged a service enquiry inconvenient if it took more than three attempts to gain a satisfactory resolution. This again demonstrates the importance of optimising CX from a convenience perspective, because customers will quickly abandon any process deemed too aggravating in terms of effort required, or too slow in delivering resolution.
SERVING THE SOCIAL CUSTOMER

Reporting poor customer service through social media

<table>
<thead>
<tr>
<th>Channel</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>26%</td>
</tr>
<tr>
<td>Forums/messageboards</td>
<td>16%</td>
</tr>
<tr>
<td>Blogs</td>
<td>9%</td>
</tr>
<tr>
<td>Twitter</td>
<td>6%</td>
</tr>
<tr>
<td>YouTube</td>
<td>3%</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
</tbody>
</table>

I have never posted negative comments on any of the above online channels: 50%

Question: If you have experienced poor customer service, have you ever posted negative comments about the company on any of the following online channels?

In addition to the financial implications are brand implications, with disaffected individuals utilising their social influence to amplify feedback online. Our latest figures for shoppers who have posted a negative comment online is 44%, with a distinct split between age groups (18-34: 54%, 35-54: 48%, 55 and over: 28%).

The importance of responding to social media enquiries

<table>
<thead>
<tr>
<th>Reaction</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I was angry because their response didn’t resolve my issue</td>
<td>29%</td>
</tr>
<tr>
<td>I was pleased</td>
<td>27%</td>
</tr>
<tr>
<td>I posted a positive comment about the organisation</td>
<td>9%</td>
</tr>
<tr>
<td>I became a loyal customer and purchased more products/services</td>
<td>6%</td>
</tr>
<tr>
<td>I deleted my original negative comment/post</td>
<td>6%</td>
</tr>
<tr>
<td>I started recommending the company to others</td>
<td>6%</td>
</tr>
<tr>
<td>I posted another negative comment about the organisation</td>
<td>4%</td>
</tr>
<tr>
<td>I threatened to never do business with the organisation again</td>
<td>3%</td>
</tr>
<tr>
<td>It was an unpleasant surprise</td>
<td>2%</td>
</tr>
<tr>
<td>I was uncomfortable that the organisation was reading my post(s)</td>
<td>1%</td>
</tr>
</tbody>
</table>

Question: Thinking about the LAST time a company responded to your comments, which of the following best describes your reaction?

How organisations respond to these social comments is another principal area of frustration. Only 46% of shoppers claimed to have received a reply after posting a comment – and 29% of these became angry when the response failed to resolve their issue. This again raises the question of who owns CX. Certain organisations are happy to place it within the remit of the marketing director. The trouble here is that marketing frequently lack both the core skills associated with customer service, and a detailed understanding of social media as an effective service channel. A growing trend, particularly in the US, is to promote the role of Chief Customer Officer (CCO), or Chief Experience Officer (CXO). Evidence suggests this is a positive development, as long as the individual is afforded the power to transform processes across departments in a bid to deliver greater customer centricity.

1 For more information, see What is the Value of a Chief Customer Officer, Curtis Bingham, CMO.com
Customer reviews are an influential factor

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of product/service</td>
<td>56%</td>
</tr>
<tr>
<td>Customer reviews</td>
<td>47%</td>
</tr>
<tr>
<td>Word-of-mouth</td>
<td>37%</td>
</tr>
<tr>
<td>Reputation for stellar customer experience</td>
<td>34%</td>
</tr>
<tr>
<td>Independent industry reviews</td>
<td>25%</td>
</tr>
<tr>
<td>Advertising and magazine articles</td>
<td>15%</td>
</tr>
<tr>
<td>Presence on social networks like Twitter, Facebook, YouTube, etc.</td>
<td>9%</td>
</tr>
</tbody>
</table>

Question: Which of the following, if any, most influences your online purchasing decisions?

The importance of responding to social media enquiries is also intrinsically connected to customer reviews – which represent the second most influential factor behind a purchase decision. The results are clear for those who get this interaction wrong, with 70% of shoppers no longer buying from an organisation after experiencing poor customer service – a figure rising to 78% for the heavy shopper segment (light: 64%, medium: 67%). Worse still, these lost consumers are taking their wallets elsewhere, with 64% confirming purchases from competitors. This is the ultimate impact of the empowered consumer, and once again demonstrates the shift of power in the consumer-company relationship. This will only increase in line with technology adoption, as shoppers become increasingly aware and educated on the choices they have, and the channels with which to engage.

SECTION ANALYSIS

So, how to deal with the empowered consumer? The flaw in the response many companies have created to social media is in the thinking that somehow this new medium for interaction changes customer behaviour. Yet shoppers were socially networked before the rise of Twitter and Facebook, and have always sought to compare and research products before purchase. The major change has come in how they network with each other, organisations and brands. This challenges companies to interactively build stronger relationships, and to reinforce their customers’ need to stand out as individuals. The down side is expectation, because they know these capabilities exist, and will increasingly demand you deploy them.

QUICK FACTS

70% of shoppers have stopped buying goods or services from a company after experiencing poor customer service
64% have made future purchases from a company’s competitors after experiencing poor customer service
QUANTIFYING THE VALUE OF IMPROVING
THE CUSTOMER EXPERIENCE

PROFITING FROM EXCELLENCE

81% are willing to pay more for a better customer experience

<table>
<thead>
<tr>
<th>Country</th>
<th>Always/Often</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>64%</td>
</tr>
<tr>
<td></td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>58%</td>
</tr>
<tr>
<td></td>
<td>52%</td>
</tr>
<tr>
<td></td>
<td>47%</td>
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<tr>
<td></td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>20%</td>
</tr>
</tbody>
</table>

Question: How often would you say that you are willing to pay more for a better customer experience?

Willingness to pay for better customer experience

Question: What percentage over the standard price would you be willing to pay in order to ensure that you receive a superior customer experience when doing business with an organisation/company?

The fact that 81% of respondents were prepared to pay more for a better CX is a key take away from the survey. Better still, for the majority of regions questioned, over 50% would do this on a significantly frequent basis. This is a long established truism, but the percentage over standard price is a good indication of the financial value on offer, with 44% willing to pay over 5% more for a superior experience.

For example, the independent benchmarking programme ‘Top 50 Call Centres for Customer Service’ (International Customer Management Institute), states that 85% of customers are willing to pay more for a superior customer experience.
Key drivers that increase propensity to pay

- Improve the overall customer experience: 40%
- Ensure I can easily ask questions and access information before making a purchase: 35%
- Adopt an easy return policy: 32%
- Improve overall website usability and search functionality: 21%
- Deliver tailored information to me via mobile technology: 12%
- Provide me with a more tailored/personalised shopping experience: 21%
- Access forums/communities to see what product users are recommending and discussing: 10%
- Seeing more information about them on social networking sites like Twitter, Facebook, etc.: 10%
- Other: 1%
- None of the above: 20%

Question: Thinking about buying goods and services, which of the following improvements to the customer experience would make it worth you spending more with that company?

What drives this propensity to pay? The ability to easily ask questions, access information and make returns stand out as key drivers – while seeing more information on social media and accessing tailored information via mobile feature less prominently. These findings support the earlier argument that getting the basics right far outweigh the value of service extras as the basis for driving an improved overall experience.

A QUESTION OF LOYALTY

Barriers to loyalty

- Being transferred between agents: 55%
- No response to an email: 50%
- Length of time on hold: 49%
- Being unable to reach a human agent: 45%
- Unknowledgeable agents: 43%
- Having to chase up your enquiry: 41%
- Having to repeat yourself: 39%
- Inconsistent responses from different agents: 38%
- The online help is too hard to find: 27%
- Agent trying to sell me other things before resolving my issue: 24%
- Having to use more than one method of contact: 22%
- Having to send multiple emails: 20%
- Being unable to find the customer service phone number: 19%
- Inconsistent responses from different service channels: 13%
- Being unable to instant message a customer service agent: 13%
- Not being able to search for essential information on my smartphone/hand-held device: 6%
- Other: 1%
- None of the above: 2%

Question: Thinking about experiences with customer service and loyalty, which FIVE of the following would you say most decrease your loyalty?
Results that highlight how good customer service equates to increased loyalty (93%) and bad experiences contribute to decreased loyalty (92%) are not unexpected. Nor is the flux this generates in a customer’s average transaction size, lifetime value and likelihood to churn. The findings relating to loyalty barriers also offer no surprise entrants, although they do provide value by cataloguing the most undesirable activities consumers have to face. What we learn, or at least have confirmed, is the unequivocal link between an efficient contact centre operation and customer loyalty, the continuing problems with email and online channels, and an infuriating lack of consistency across the full range of touchpoints.

MEETING CONSUMER EXPECTATIONS

A good level of customer service should always remain, irrespective of product value

Question: Do you think that the customer service effort should differ when you buy an expensive or cheap product?

Improving the customer service experience

- Ability to resolve my issue within one conversation: 84%
- All emails successfully answered within 24 hours: 58%
- Customers never have to repeat themselves or re-explain their issue: 58%
- Agent has instant access to my purchase history/information: 57%
- Easy to understand phone agents: 51%
- Customers never have to be transferred on the phone: 44%
- Customers not having to wait on hold: 40%
- Customers never have to switch from one service channel to another: 33%
- Phone agents rewarded for great customer feedback: 20%
- Enquiries conducted via website’s online chat tool: 19%
- Agents who help customers who leave negative comments online: 18%
- Enquires resolved through social media (e.g Facebook or Twitter): 10%
- Other: 1%
- None of the above: 2%

Question: If you were to create your ideal customer service experience, which FIVE things from the following list would you make a priority?
Finally, the question relating to defining the ideal customer service experience provides a tick list of core services organisations should be looking to address. The stand out priority was issue resolution through traditional methods – ideally within one conversation (84%). Again, aspects of CX that fall into the social category sit lower down, but on closer inspection it is evident that Generation Y customers are already demanding the drive for convenience and consistency be extended to more mobile channels. 16% want effective issue resolution through social media, 24% are looking to solve enquiries via online chat, and one in four expect a response after posting negative comments online.

SECTION ANALYSIS

Businesses continue to trade in an environment defined by two fundamental standards – excellence and mediocrity, and customers are increasingly refusing to settle for the latter. Even with the prolonged economic downturn, this preference for a premium experience, or in many cases simply a less complex experience, can also be quantified by a preparedness to pay for it. In addition, and as this survey again highlights, delivering an outstanding CX also offers self-sustaining value – consumers will continue to gravitate toward brands with stellar reputations for customer service, and in turn influence their social networks to do likewise.

QUICK FACTS

81% of consumers are prepared to pay more for a better customer experience
92% of customers feel a poor service experience decreases their loyalty
IN SUMMARY

It is now generally accepted that CX isn’t driven solely by sales teams or a contact centre. It’s connected much more to any of the touchpoints the customer has with a business, as well as the supporting functions that enable any particular interface. This makes the back-end processes that link together frontline services and operational excellence key areas for enhancement.

While progress toward delivering a premium CX remains, for many organisations, a work in progress, this survey does highlight the need for momentum, demonstrating as it does the sustained intolerance for poor customer service – as well as the need for companies to get back to basics when it comes to issue resolution. Offering social channels and integrating these into existing customer service touchpoints are certainly worthwhile objectives, but there remains an urgent need to focus more on the fundamentals of experience, if companies wish to turn satisfied customers into loyal customers.

CX is so important to consumers that the vast majority (81%) are even prepared to pay more for a better customer experience. Typically, the majority of consumers (56%) are willing to pay up to 5% over the standard price in order to ensure they receive a superior CX. But customers have also become conditioned to want ease and convenience. This is seemingly so important that once a shopper finds it they stop looking for other suppliers. This is the secret to loyalty, and more important than trying to continually exceed expectations during service interactions (offering upgrades, discounts or free products etc.), which is increasingly found to have limited impact.

The survey again provided clear evidence of the shift in control from companies to consumers. This major trend brings with it a renewed focus on customer service, and through necessity organisations need to embrace social and mobile technologies while also recognising that the basics of good customer service remain unchanged. Satisfaction does not equate to ‘satisfactory’, and brands that truly understand CX are focusing their time and energies on optimising the core elements of the customer service process.

FIVE GUIDELINES FOR DELIVERING A COMPELLING CX:

Focus on the contact centre: The telephone still represents the main channel for customer enquiries. By getting back to basics with staff training and technology, organisations can look to move commonly asked questions to the lower cost online channel, and deploy more resources to dealing with ‘critical enquiries’.

Focus on speed and simplicity: Customers want their issues resolved quickly and easily regardless of the channel. Satisfaction and loyalty erode with every additional attempt at problem resolution, so focus on first contact resolution wherever possible.

Monitor, and more importantly, respond to complaints via social media: Customers still want resolution, so it is critical to give them closure on their issue rather than just acknowledging the complaint. The process for devising an effective social offering needs to be happening today.

Look to integrate different customer touchpoints where possible: Ensure the approach to customer service is consistent whether via telephone, email or social media, with the sharing of customer information optimised between these channels to augment service delivery.

Produce excellence that justifies the consumer’s loyalty: Meeting customer expectations demands innovation, to re-imagine how brands interact with their audiences, and to translate this into a functioning strategy. Beyond this, the challenge is to subject the service experience to an ongoing re-evaluation process that incorporates changing behaviours and technology developments.
ABOUT ORACLE

Oracle CX Cloud Service combines web, social and contact centre experiences for a unified, cross-channel service solution in the Cloud, enabling organisations to increase sales and adoption, build trust and strengthen relationships, and reduce costs and effort. Oracle’s service enterprise platform provides transparent reliability, unmatched security, and total Cloud freedom for mission-critical CX delivery. Oracle is the customer experience fabric for nearly 2000 organisations around the globe.

To learn more about Oracle, go to: oracle.com/us/products/applications/rightnow/overview
Why customer ‘satisfaction’ is no longer good enough

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Oracle Corporation World Headquarters
500 Oracle Parkway Redwood Shores,
CA 94065 U.S.A.

Worldwide Inquiries:
Phone: +1.650.506.7000
Fax: +1.650.506.7200
oracle.com