

## Customer Tipping Point Survey Results

# How much is poor customer service costing your business?

### Executive Summary

As consumers, we have high expectations of companies we choose to give our business to. But when they fall short of delivering the expected customer experience, how do we react?

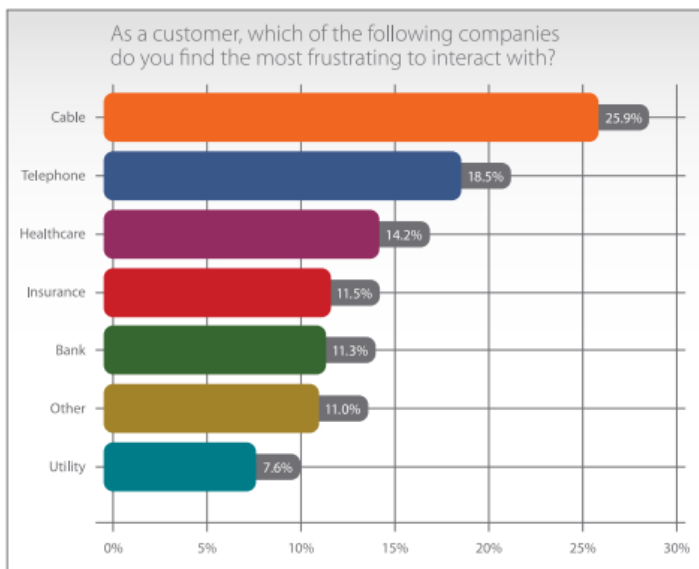
With the proliferation of social media tools it is easy to share bad experiences with friends and family. A company who's caught in the crossfire can get badly hurt by an avalanche of negative opinions.

We recently conducted an online survey to understand what customer service issues frustrate consumers the most, and how they respond to negative experiences. The online survey delivered valuable insight into consumer tipping points and the true impact of poor service on satisfaction, loyalty and brand reputation.

Overall, the findings point to the powerful relationship between customer experience and revenue and highlight a critical need for companies to stop looking at service operations as cost centers, and instead view every interaction as an opportunity to increase satisfaction, build loyalty, and grow revenue. The following report details the findings and analysis of the survey results, and highlights what this valuable customer insight means for today's enterprise.

### Detailed Survey Results

**Q1: As a customer, which of the following companies do you find the most frustrating to interact with?**

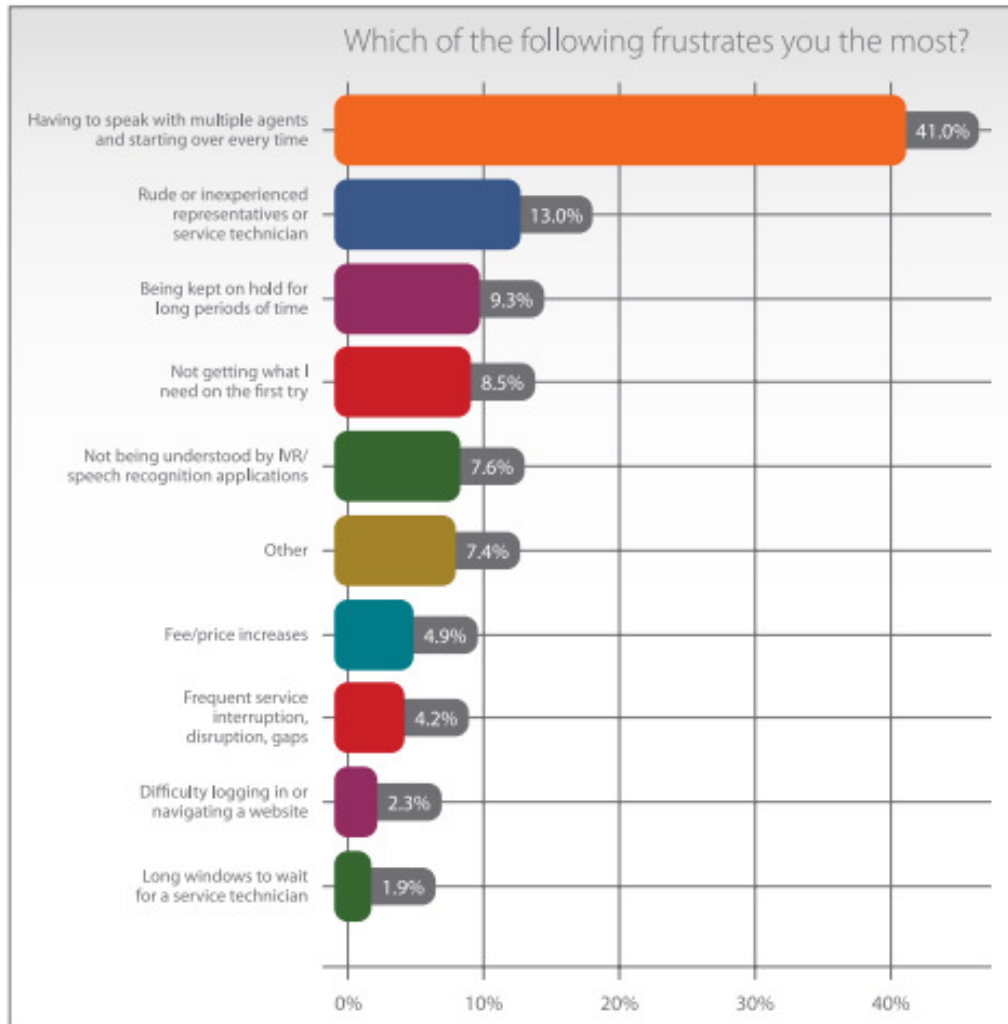


26% of respondents indicated that they find cable companies the most frustrating to interact with, and another 18.5% chose phone companies.

Fewer respondents chose banks, healthcare and insurance companies, which consumers don't interact with as often, whereas they would use phone and cable services on a daily basis. Some of the 'other' answers included airlines, credit card, computer hardware and software, government, internet service providers, mortgage, and retail.

## Q2: Which of the following frustrates you the most?

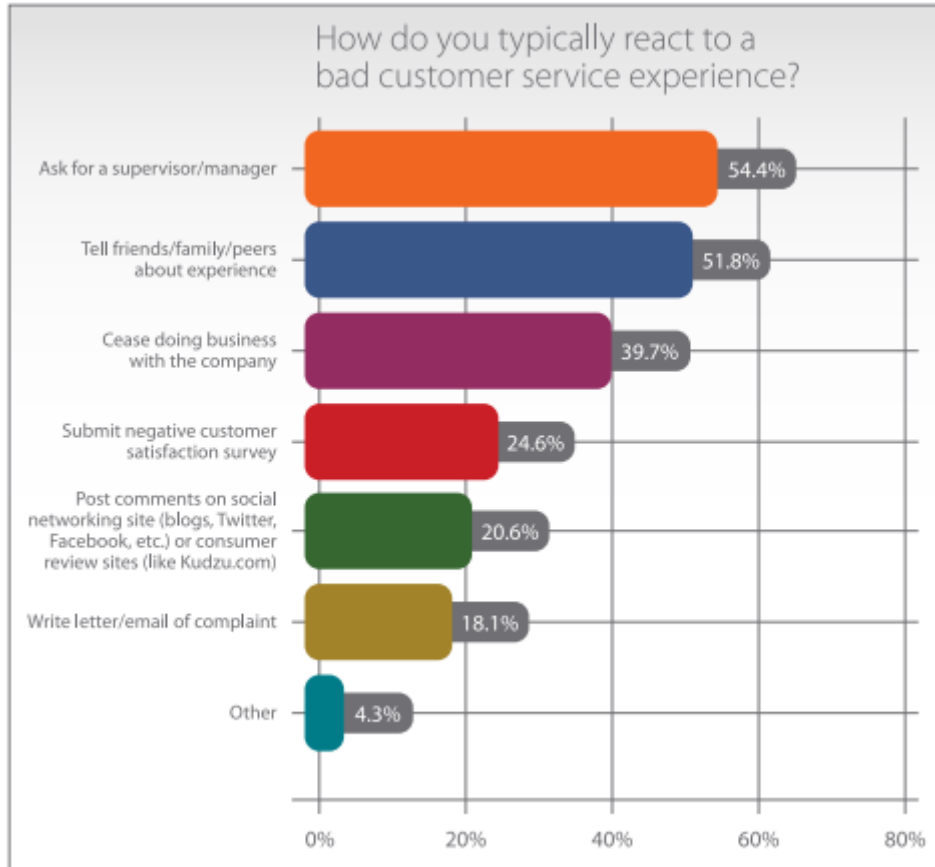
When asked about their most frustrating experiences, an overwhelming 41% of respondents chose 'having to speak with multiple agents, and starting over every time' as the top issue, with 13% of consumers citing 'rude and inexperienced representatives' as most frustrating, and another 9% choosing 'being kept on hold for long periods of time.'



The abundance of consumers choosing repeat contacts as most frustrating further underscores the importance of first contact resolution as a performance metric to measure both customer effort and operational efficiency. The more “effort” expended by the customer to complete an interaction, the higher the cost to the business and the lower the loyalty to the brand. Companies who are able to effectively address first contact resolution can almost immediately drive increased customer satisfaction and more efficient service operations.

### Q3: How do you typically react to a bad customer service experience?

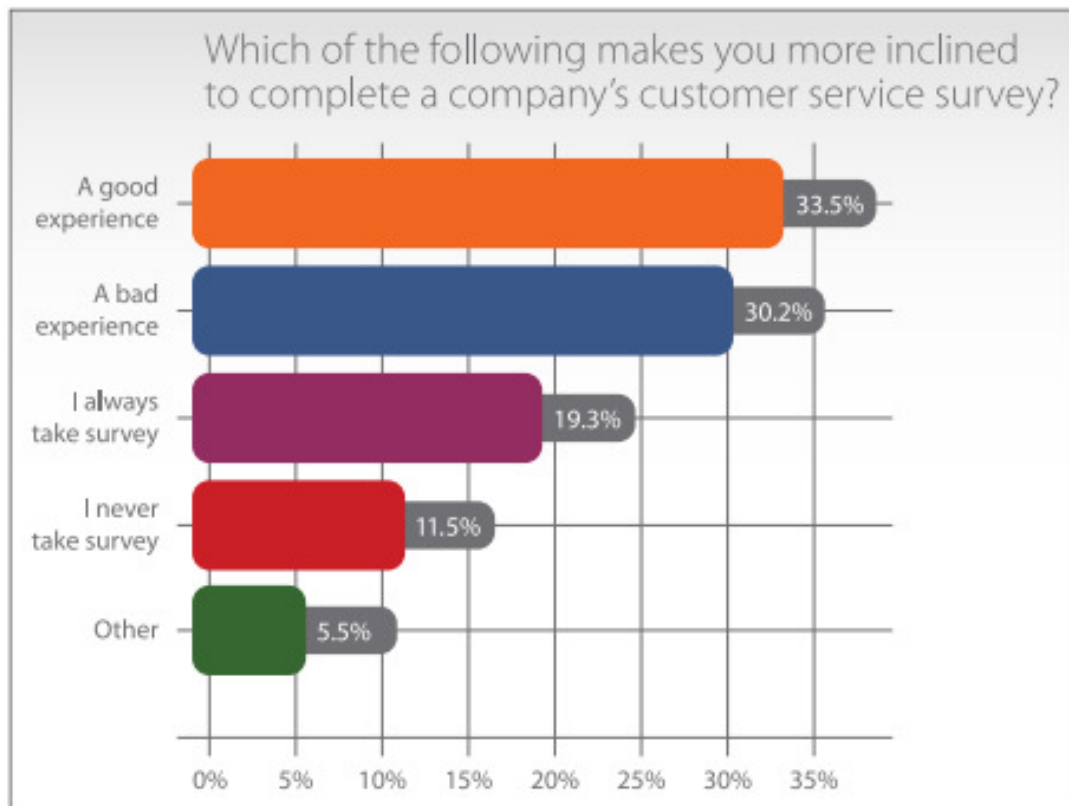
The survey also asked consumers about their typical response to poor customer service, with the top choices being: escalating to a supervisor or manager (54%); telling family and friends about the experience (52%); and ceasing doing business with the company (40%).



All of these reactions result in increased operations costs, lost revenue and severe brand damage, highlighting the critical role of service operations in maintaining and driving bottom-line growth for organizations. Interestingly, 20% of consumers said they would post their stories on social media sites like Facebook or Twitter, which are sure to grow in popularity as an avenue for frustrated consumers to rant about customer service experiences publicly.

**Q4: Which of the following makes you more inclined to complete a company's customer service survey?**

Next, we asked customers about their tendency to respond and complete a company's customer satisfaction survey. Surprisingly, customers are almost just as likely to complete a survey if they had a good experience vs. a bad one.



Only 19% of customers said they 'always take surveys', suggesting that organizations need to analyze customer behavior as well, a more powerful and complete indicator of customer needs and preferences. These findings are interesting given that surveys have traditionally been viewed as biased because organizations expect unhappy customers to be more inclined to share their experiences.

**Q5: Describe an interaction with a company whose service was so poor that it pushed you to your “breaking point.” What action did this prompt you to take?**

The survey also gave consumers an opportunity to enter open-ended comments about customer experiences that drove them to their ‘tipping point’, and how they handled them. Nearly 2/3 of respondents took the opportunity to share their stories, illustrating the longstanding and often irreparable damage to the customer relationship. Below are a few excerpts:

*“I wrote a letter to the President of that branch, to their boss, and to the President of the entire organization. I reported them to the Better Business Bureau, I wrote about it on Facebook and Twitter; I told everyone I knew about it.”*

*“We had a very bad experience with a DSL service in our area. My wife works from home and the service was so bad that it interfered with her productivity (losing hours of work due to poor connectivity). Coincidentally, a competing service called while the DSL was down and she changed over not only the internet service, but took a bundled deal which included phone.”*

*“I left while my contract was still in effect and paid the fee to move to a different carrier.”*

*“I called them and told them to pick up the machine and I never went back to the store again. I let a friend know who also purchased an appliance at the same time as me and she cancelled her order”.*

*“The customer service was so bad and the charges were so outrageous that I cancelled my contract and from this day still tell people about it. This happened 7 years ago. That is how much I can’t stand them.”*

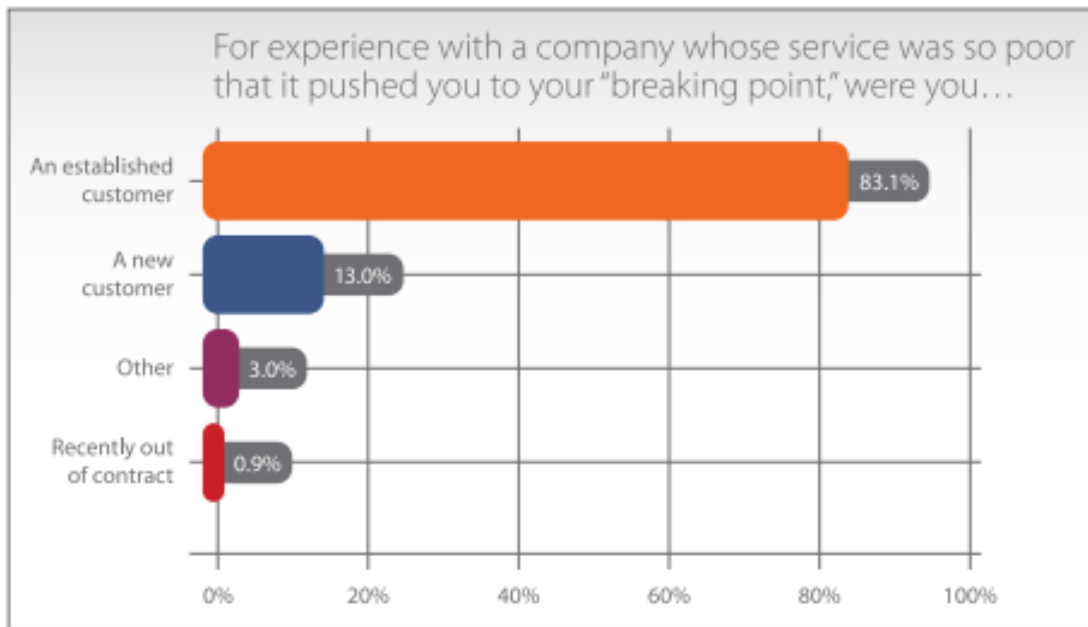
*“I once spent 5, yes 5, hours on the telephone because I was being billed \$200.00 for a service i didn’t receive... I badmouth them at every chance—including an expose on facebook.”*

An interesting theme from the open-ended comments emerged: depending on the severity of the experience, customers were often willing to use their time, resources and in many cases, money, to express their frustration. Granted, a customer’s propensity to leave a company may vary on the complexity and effort involved to switch to competitors, however, this can be very telling in industries like telecom and banking, where the process for leaving requires cancellation fees or penalties.

**Q6: For the experience listed above, were you a new or established customer?**

Most of the frustration understandably comes from established customers. However, the fact that 13% of respondents were new customers is important to note as discussed previously in question 3. Companies spend tremendous amounts of resources to acquire new customers but usually have a harder time handling new customer frustration.

This behavioral difference between new and established customers is important and impacts customer acquisition and new customer churn rates. Many companies recognize the importance of the critical period when new customers come on board, and have moved to segmenting their databases and applying rules so that new customers receive highly personalized service as they get acclimated to the company and new products and/or services. This strategy helps ensure that they come in with a positive view of the company, feel valued as customers and are more likely to spend more or refer friends and family.



Case in Point: a large financial services organization was only getting new customer information 15 days after the customers' join date with a previous analytics solution. During those 15 days new customers were 84% more likely to contact the company, sometimes multiple times, to resolve an issue. These new customers have a high propensity to churn (the survey shows a 52% rate) when their issue was not resolved in a timely manner. But because of this reporting gap, companies are not aware that customers were at risk until it was too late.

## Final Conclusions and Comments

Because there is a high correlation between customer service and customer loyalty as well as revenue, understanding customer frustration and knowing their tipping points is crucial to the enterprise:

- Social media is growing in popularity as an avenue for frustrated consumers to rant about customer service experiences publicly, thereby allowing bad experience to easily be shared with the masses.
- Only 19% customers said they 'always take surveys', so organizations need to analyze behavior as well, a more powerful and complete indicator of customer needs and preferences .
- By delving into customer behavior patterns and trends, companies get a clear understanding of how channels and business processes impact the customer experience.
- Organizations need to be able to tie customer experiences to indicators like satisfaction and churn to see the impact of interactions on customer loyalty and value.

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