

# The customer is king

*In a world spoiled for choice, customer service sorts the good from the great and has become the differentiator that matters most, and, these days, there's no hiding behind the fob off...*

BY JESS MEYER

1.8 million New Zealanders are now active Facebook users and they are spreading the word about their experiences with your business faster than ever before. In recent research of over 1,000 kiwis, respondents said they were twice as likely to tell others about a bad experience over a positive one. With stories being told online, rather than person-to-person, they are accessible to a much wider audience and live on long after the initial compromising incident occurred.

The success of your business, therefore, may depend on how well you meet the needs of your customers and how you respond in the event that things don't go as well as planned.

The survey on customer service called Distinctive Customer Experiences in New Zealand\*, conducted by Colmar Brunton, revealed strong evidence that a 'customer-driven approach is better for a company's bottom line than a purely profit driven one.' The world's leading companies, in terms of brand reputation, exhibit a 'relentless commitment' to their customers, explains Dick Brunton, joint founder and current chairman of Colmar Brunton.





“Still, New Zealanders are reasonably forgiving of a problem with customer service, but what really matters to them is how it’s handled and resolved,” says Brunton. “In fact, pulling out all the stops to remedy a situation is the biggest driver for great customer experiences.”

While New Zealand’s banks accounted for just 24 percent of particularly good experiences cited by survey respondents five years ago, today they represent 37 percent, mainly as a result of significant efforts and investment in building brand value for their customers and making enhancements to their customer availability and responses to complaints. A significant one-third of respondents cited a particularly good experience with their bank in the last year.

On the other side of the coin, however, lie the telcos. In the same 12-month period, one in five respondents recall a negative experience with their telecommunications provider, with one-third of all negative customer service experiences coming from interactions with respondents’ voice and/or data providers. Even more distressing is that particularly bad telco experiences outnumber particularly good ones by four to one.

Why are banks managing to be successful where our nation’s telcos are floundering? “Telcos are kind of where banks were in this country a few years back,” speculates Wayne Anderson, Operations Manager for Slingshot. “They [banks] didn’t staff call centres to respond rapidly to calls. Telcos are now in the same place.”

“Banks and airlines have done a great job of ‘onlining’ and automating the service experience in a way that feels both personal and customised,” offers Brunton. “But businesses should be wary of going down the automation track without considering how it feels to the consumer. Telcos are widely criticised for automating their phone systems in a way that is cold, impersonal and actually makes it harder for consumers to interact with them.”

A former telco employee who worked in the organisation’s call centre for two years, and spoke to iStart on the condition of anonymity, confirmed this, remarking that: “Customers were normally pretty angry from the start, because of the bad reputation of the ISP, poor products and service and long waits”. He further admitted, “If we couldn’t fix an issue people [call centre staff] would just send out a new modem to get off a call, even though it was unlikely to fix the issue. We would put people on hold to run fake tests, while actually grabbing a coffee or asking for help, and people would sim-

ply transfer customers to other departments or back into the queue just to get off calls.”

### **The good, the bad and the fugly**

It’s inevitable that some of your customers will approach you with issues and concerns. Whether these issues escalate to actual complaints or turn into frenzied media disasters often comes down to how the original issue is handled.

In December, a power failure at an IBM data centre knocked out both Air New Zealand’s reservations and check-in system and Bank of New Zealand’s (BNZ) online banking services for up to two hours. Air New Zealand’s systems had been crippled just two months before by a similar incident. Both BNZ and Air New Zealand worked readily to quell the damage and offer other means of assistance to customers, but IBM suffered reputation damage as a result, with Air NZ’s CEO Rob Fyfe publicly calling the response by the data centre provider “amateur”.

“Technical difficulties” left thousands of Virgin Blue customers stranded back in September when a systems failure caused the airline’s booking and check-in systems to crash. The airline urged passengers to delay non-urgent travel and provided beds to those left stranded, also offering refunds to anyone whose delay lasted more than four hours, but the use of the word “inconvenience” by Virgin Blue executives left a bad taste in the mouth of many travellers who felt significantly more disrupted than the word signified.

Incidents like these garner great attention for a while, but peter out quickly when handled well. One of the first things a company can and should do is front up and respond quickly. Don’t wait for an issue to disappear or allow the press to publicise something before you do – you miss a vital opportunity to empathise with and reinforce your commitment to your customers by ignoring the problem.

A call centre is first port of call for many customers, and if your staff do not have clear cut processes to follow and do not take individual ownership of their customer interactions, you will have break down, again and again.

New Zealand’s telcos are notorious for having terrible call centre service. The former call centre employee, who it should be noted has not worked for the telco since 2008, told iStart that “the quicker we took calls the better, and it [speed] was all tied into our bonuses. The quicker you fob off a customer, the better for your stats.

Following up with customers who'd had previous issues also negatively impacted our stats. The rationale was to reduce customer wait times, but normally just led to poor customer service".

With regard to the telcos, there has been much demand for the Government to implement a regulation scheme designed to protect customer rights. The Telecommunications Users Association of New Zealand (TUANZ) has stepped forward to demand that membership in the Telecommunications Dispute Resolution Scheme be made mandatory.

If New Zealand's telcos, on the whole, are handling customer service poorly, while the nation's banks are meeting expectations, how can we account for the difference?

Catherine McGrath, ASB's Chief Executive Customers, Markets and Product, reveals that the bank measures customer engagement, rather than customer satisfaction, looking at how engaged the customers are with the bank and how many of them would recommend the bank to family or friends. "This is an intrinsic part of our culture and all staff are measured on this," she says.

Vodafone uses a similar approach – the Net Promoter Score – that asks whether a customer would be willing to recommend the telco. The whole company and its key partners are measured on this, says Director of Service Kelly Moore, right down to frontline staff in the call centres and retail stores.

High quality, individual, interested service is represented from the top down at ASB. "Our people absolutely put serving others at the top of their priority list. It makes it easier to get the service right. It's still hard, but the right intent definitely makes it easier," McGrath explains.

Banks are now competing heavily on service, which may explain their rise in popularity among their customers.

"It costs money to provide excellent customer service," comments Slingshot's Anderson. "If the competition isn't doing it, there isn't a lot of incentive. It will take a telco provider stepping outside of the pack to do what the banks have done. With the operational separation, as there becomes more choice and better access, the playing field will be levelled in terms of products and price. Eventually, customer service will have to be the point of difference."

### Measuring customer service

Four years ago, regular customer surveys were "pretty rare", says Slingshot's Anderson. Today, just about every major company uses them to gauge customer satisfac-



## KEEP CUSTOMER COMPLAINTS FROM ESCALATING TO DISASTER LEVEL

Dan Ormond, Partner at Ideas Shop, provides his top 10 tips on how to handle customer complaints and mishaps:

You may remember when consumer affairs program Fair Go ran an exposé on a badly handled customer complaint involving a mouse being found in a bag of frozen vegetables a few years ago. It demonstrated, very clearly, the cost to reputation when complaints are poorly handled. When a complaint is made, it is an opportunity to prove to your customers just how seriously you live your brand promise.

1

### COLLECT THE FACTS

Speak to the customer yourself. Find out what went wrong, how, to whom, and where. Don't accept facts secondhand. Sometimes, despite best intentions, they can be lost in translation.

2

### ENSURE YOUR STAFF KNOW WHO TO ESCALATE COMPLAINTS TO AND WHEN

Your people will have the best of intentions when responding to complaints – but that doesn't mean they will respond in an appropriate manner. Train senior staff to deal with complaints and ensure your team know to refer complaints to them. You should also have an agreed process for escalating serious complaints (ideally these would be part of your communications risk management plan).

3

### THE RESPONSE SHOULD BE GREATER THAN THE COMPLAINT

Many complaints that make their way to the media do so because the customer felt the organisation's response didn't reflect the seriousness of his or her complaint. When it comes to customer complaints, over-respond. Show your commitment to your product, and your customers, by being seen to take the issue seriously.

4

### BE ACCOUNTABLE

Sometimes, the gravity of the complaint will demand that a very senior person – in some instances, the Chief Executive – contact the customer to apologise, offer recompense and work through solutions.







When asked to name the one New Zealand business most dedicated to providing the best possible customer service, respondents to the Colmar Brunton survey gave this top 10 list (#1 is best):

1. ASB
2. Air New Zealand
3. Kiwibank
4. Westpac
5. BNZ
6. National Bank
7. New World
8. ANZ
9. TSB
10. Vodafone

tion levels and how well service goals are being met.

Third parties are typically engaged to run surveys, though automatic email-based surveys can be handled internally between the IT and customer service teams. Formal and informal communication channels are equally important, says ASB's McGrath. The digital space allows the bank to have an active presence in each of the areas where customers choose to give feedback.

Vodafone operates on visibility internally, with customer feedback stories and survey results – both positive and negative – shared and published. This allows employees to engage with the needs of the customers and stay on top of important issues.

However it is done, regular surveys of customer experience, down to a granular level, are of vital importance to a business, as is monitoring of other channels – calls through the call centre, social networking sites like Twitter and Facebook, online forums and chat groups, other media, etc.

### **The web effect**

“Social networking has changed the way custom-

ers communicate with each other, so naturally this changes how they want to communicate with us,” says Vodafone's Moore. “Three years ago we launched the Vodafone Forum, a place where customers could ask questions and chat with staff. The forum now has over 8,000 members who together have posted almost 60,000 times. The real advantage of the forum is it becomes a knowledge base which people can search and solve problems they are having themselves. Off the back of this we also created a Twitter account and launched our Facebook page. We get very useful feedback via Facebook, which we take onboard and often act upon. This variety of online media is an important part of us connecting with our customers in a way that suits them.”

Air New Zealand uses the AirPointsFairy to hand out rewards to customers via Twitter, and offers rewards via Foursquare.com, the location-based networking site, as well. ASB recently rolled out what may be the world's first Facebook-based virtual branch, which allows customers to securely and confidentially interact with the bank online.

## B2B steps up too


In the B2B world, where personal relationships are more direct, service perceptions are still driven by the wider engagement with a business, and the level of customer-centric services a business provides its clients.

Placemakers has upped its service to trade customers with the launch of Trade Data Exchange (TDE) – a web-based service that helps its trade customers outbid their competition by providing multiple, fast ways to save time and money on their building quotes. When a house or building is completed, the relationship moves from B2B to B2C, with the home owner having access to the entire building history, down the paint colour on each wall, warranty details, reminders to clean filters, etc.

“The whole idea around the platform is that it supports both types of business – trade (B2B) and DIY (B2C),” says Mark Baker, GM Supply Chain and Technology at Placemakers. The technology behind the TDE is fascinating and has been in development since 2002. Its official launch has now happened because “technological capabilities have finally caught up with the idea”. But it’s not the technology Baker highlights.

“The TDE is designed to better facilitate building processes so that our trade customers achieve higher conversion rates. The additional services mean they’re able to be more efficient. We understand that they are in business to do business. And with our DIY customers, in most cases their home will be their single biggest asset. They may get their car checked out twice a year, but not do the same with their house. We offer a tool that helps them manage their asset more effectively.”

Baker touches on what is perhaps the most important aspect of excellent customer service – putting yourself in the customer’s shoes and truly understanding their needs and their concerns. If you are able to do that – and can ensure that every member of your team knows how and has the incentive to do the same – your customers will remain loyal.

Placemakers Mt Wellington store manager Chris Fairbairn says TDE is a fantastic tool at the coal face for staff to allow them to be both more productive, and save time and money for their customers. “Tools like these change the way we operate day to day, and are a huge benefit to our customers,” Fairbairn says. 

*\*Colmar Brunton's Distinctive Customer Experiences in New Zealand study surveyed a nationally representative sample of 1,020 New Zealanders aged 15 years and over.*

5

### BE TIMELY AND KEEP THEM INFORMED

Respond quickly. While you will need to take some time to get your facts together and consult experts, keep your customer informed throughout.

6

### RECTIFY THE SITUATION

R.R.N. – Refund, Replace or Negotiate. If it is clear you are at fault, don’t beat around the bush. Be prepared to offer compensation to your customer for your mistake.

7

### THINK BEYOND THE COMPLAINANT

Many customers complain because they’re concerned about the impacts for other customers. So, offering recompense to them should be only part of your approach. You also need to reassure them of what you’re doing to protect other customers – and that may include a recall. You’re better to announce your own recall than being forced to do so by a bad news story.

8

### DON’T HIDE OR SPIN IT

Customers are prepared to forgive mistakes in most instances. But they do not easily forgive organisations that make a mistake and then try to hide or spin it. The BP Gulf of Mexico disaster is a good example. Front up and take it seriously. Short-term pain, well handled, is far better than dragging it out.

9

### PRACTICE MAKES PERFECT

In some cases, a complaint is a crisis, such as a mouse in a bag of frozen vegetables. All companies, infrastructure and food companies in particular, should have crisis management plans in place and they should be practiced frequently. While the exact nature of the issue will always change, knowing the process to follow and what stakeholders to engage with will ensure the situation is handled well.

10

### LEARN FROM IT – EVEN IF IT WASN’T YOURS

High profile issues arise when the same mistakes are repeated. Learn from your own mistakes – and just as importantly, learn from your competitors’ mistakes also.