

THE STATE OF CUSTOMER SERVICE IN 2025/26

**Jo Causon, CEO
Institute of Customer
Service**



A challenging & disruptive external environment



**TRUST &
REPUTATION**



**AI & HUMAN -
FUSION?**



**SOCIETAL
POLARISATION &
GLOBALISATION**



**REGULATORY
SCRUTINY**



**CUSTOMER
SATISFACTION UNDER
PRESSURE**



**LONG-TERM
PRODUCTIVITY**



SKILLS SHORTAGES



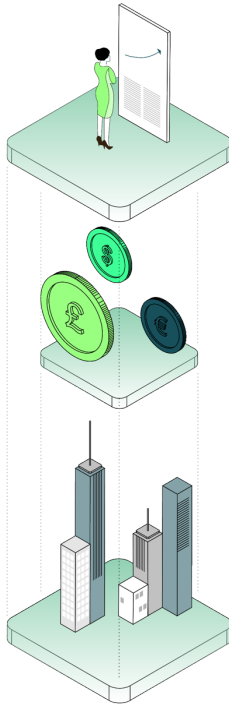
**FRAGILE ECONOMIC
GROWTH &
NI INCREASES**



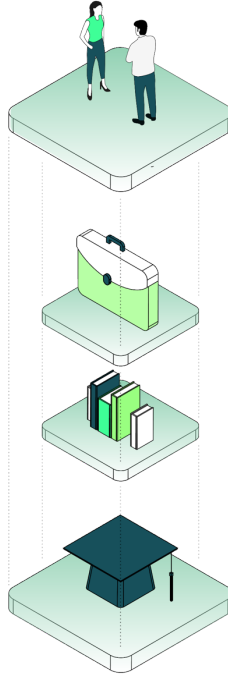
**IMPACT OF CLIMATE
CHANGE**

Our Service Nation is built on four pillars

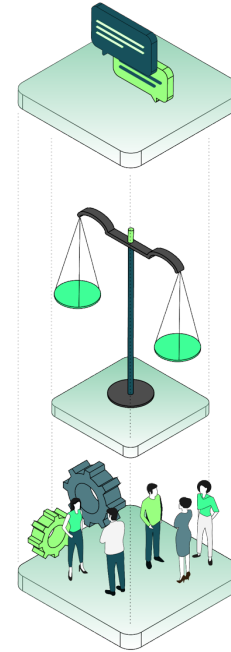
Customer Service as a...



**Business
Asset**



**Respected
Profession**



**Catalyst for a
Fairer Society**



**Driver for
Sustainable
Growth**

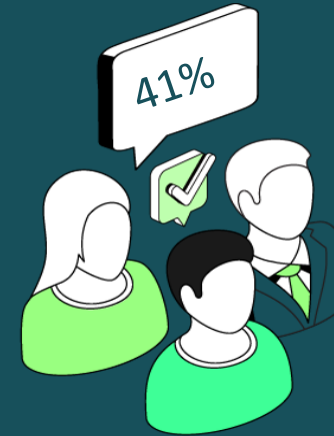
Why this matters...



0.41 increase in customer satisfaction for every **1 pt** of employee engagement



33.5% of people are willing to pay more for excellent service



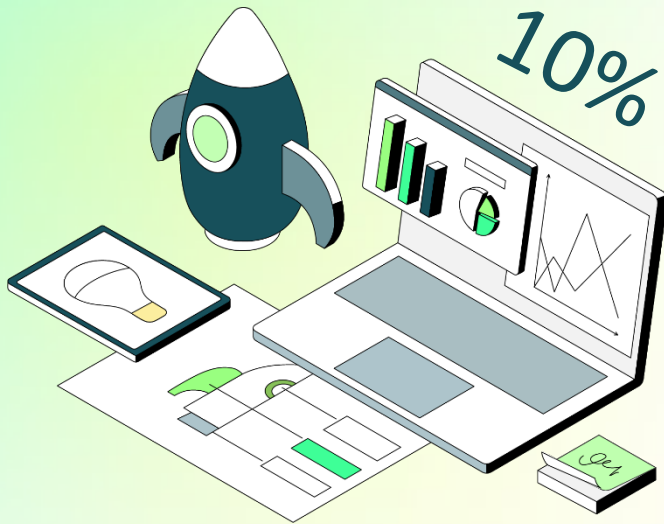
41% agree that service strongly influences their trust in an organisation



1 in 3 place more importance on ethical practice, local relevance & treatment of employees

The ROI of Customer Service

Organisations with higher-than-average satisfaction in their sector outperform those below the average:



**10 percentage points
higher profitability**

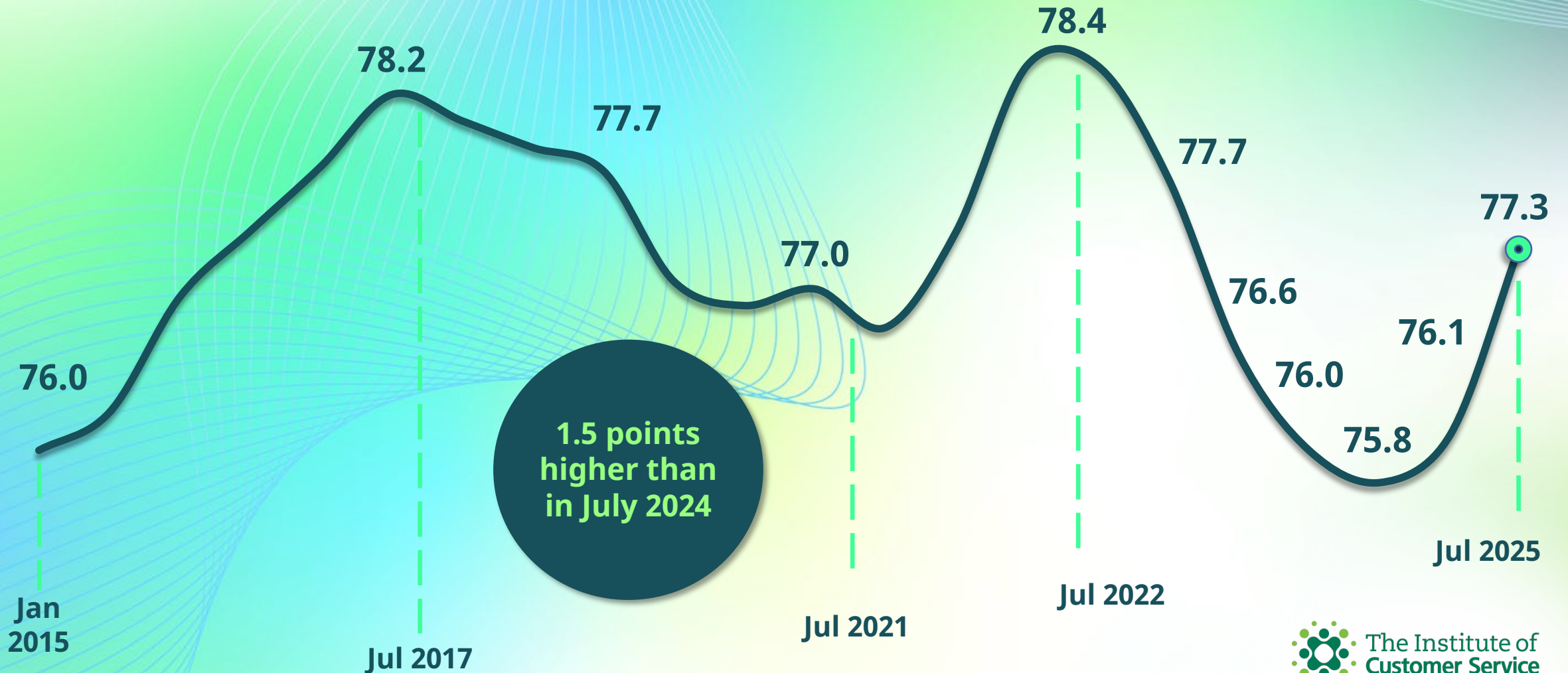


**7% higher
revenue**



**Double the
productivity**

UKCSI July 2025



UKCSI July 2025 Headlines

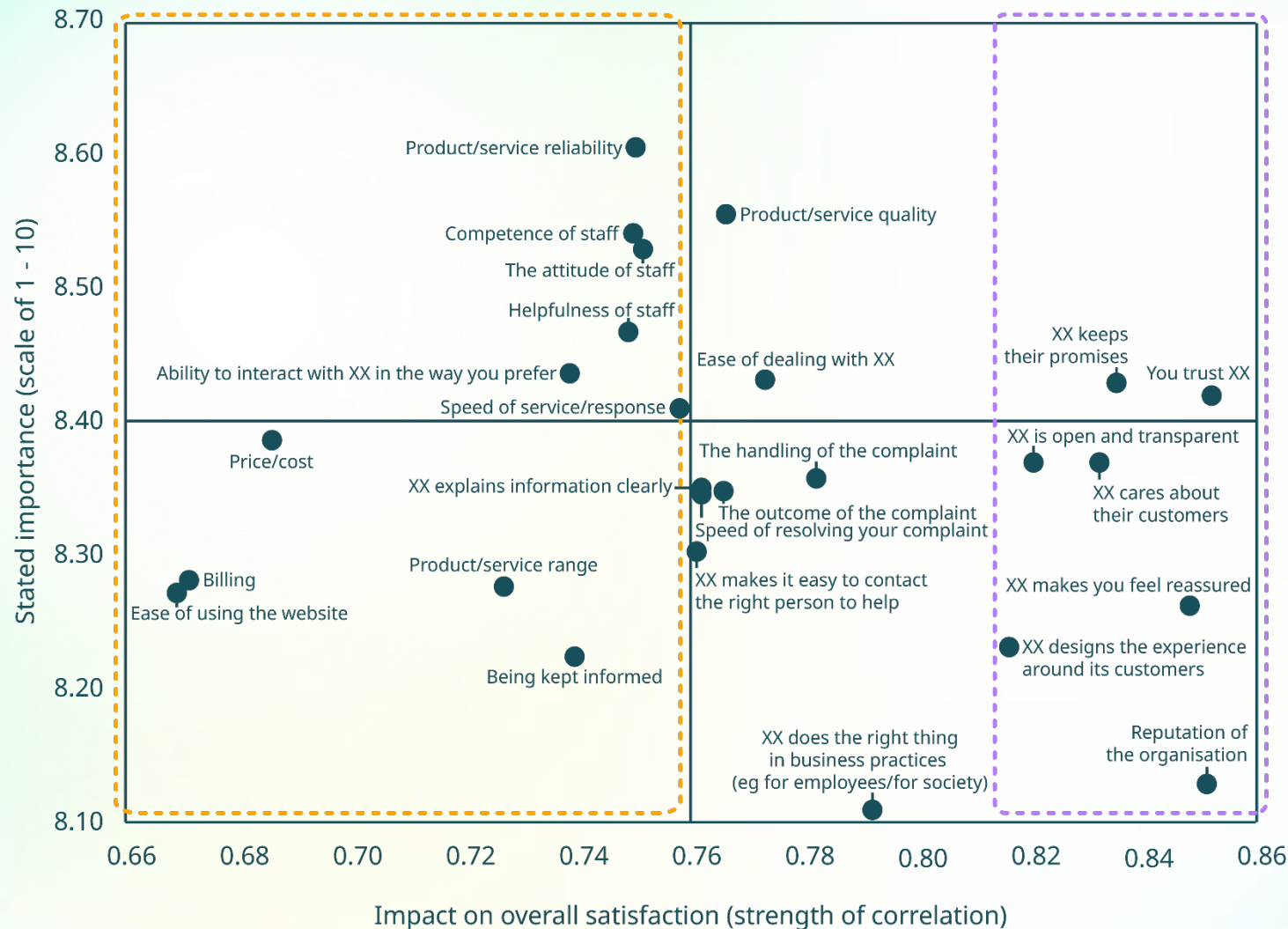
- The July 2025 UKCSI is 77.3 (out of 100), up by 1.5 points compared to July 2024
- All 13 sectors have higher customer satisfaction than a year ago
- Public Services (Local), Services and Transport have improved by more than 2 points
- 267 organisations and organisation types have received a UKCSI score
- 96 organisations have a UKCSI score at least 2 points higher than July 2024 but 18 organisations have dropped by at least 2 points
- The average gap between the highest and lowest rated organisation in each sector is 14.4 points

		July 2025	vs July 2024	vs July 2022
	Experience Measures the quality of customers' experiences and interactions with organisations	78.4	1.5	-1.0
	Complaint Handling How organisations respond and deal with problems and complaints	59.8	1.5	-6.6
	Customer Ethos Extent to which customers perceive that organisations genuinely care about customers and build the experience around their customers' needs	76.6	1.8	-1.1
	Emotional Connection The extent to which an organisation engenders feelings of trust and reassurance	76.3	1.5	-1.3
	Ethics Reputation, openness and transparency and the extent to which an organisation is deemed to "do the right thing"	75.4	1.5	-1.2

Dimensions of customer satisfaction

- The UKCSI score is based on how customers rate organisations across 26 measures which are summarised in 5 dimensions
- Each dimension is at least 1.5 points higher than July 2024 but more than 1 point lower than July 2022

UKCSI measures: stated importance and strength of correlation to overall satisfaction



Operational efficiency alone will not be sufficient to deliver consistently high customer satisfaction: organisations also need to demonstrate ethical standards and genuine care

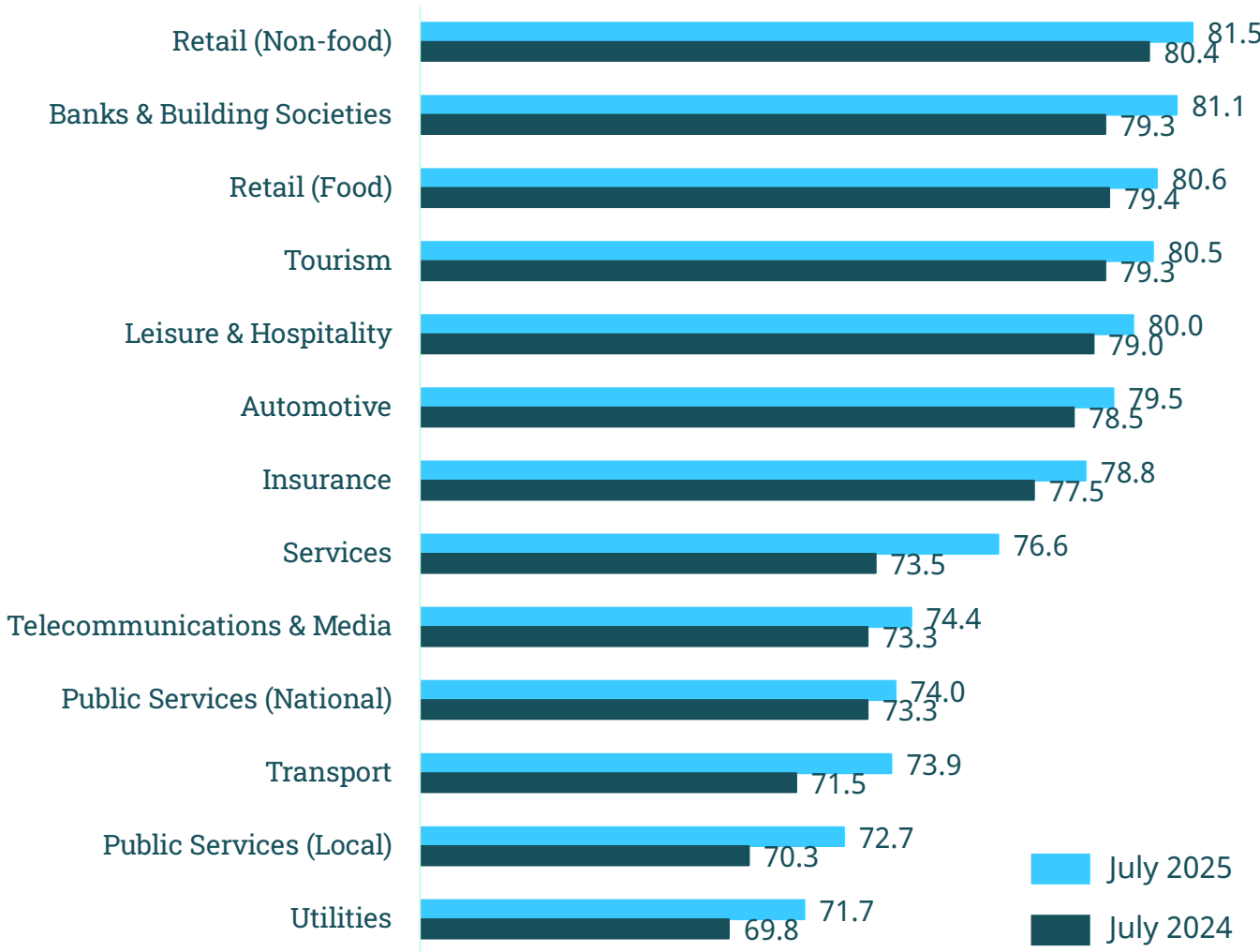
Drivers of satisfaction

Key to improving engagement and loyalty

Hygiene factors

Strong performance in these areas may be taken for granted. Poor performance will lead to lower satisfaction, possibly complaints

Customer satisfaction by sector July 2024 – July 2025



- 3 sectors have improved by more than 2 points
- 9 sectors have improved by more than 1 point
- 1 sector (Public Services National) has increased by 0.7 points

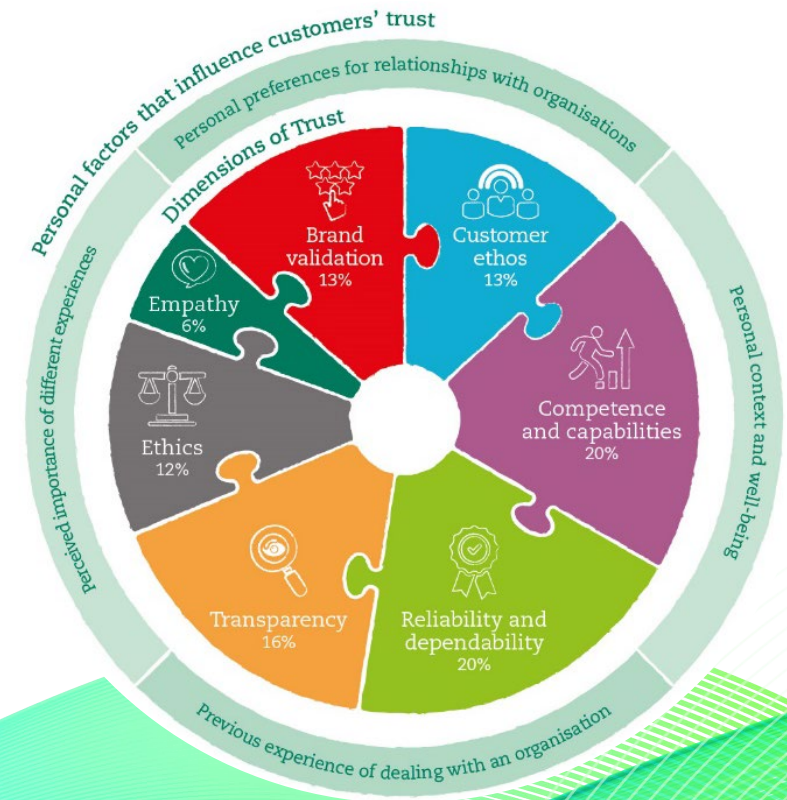
10 highest rated organisations

Jul-25 Rank	Organisation	Sector	July-25 Score	July-24 Score	July-24 Rank	Change in score July-24 to July-25
1	first direct	Banks & Building Societies	87.7	82.9	14	4.8
2	Starling Bank	Banks & Building Societies	87.0	83.9	6	3.1
3	John Lewis	Retail (Non-food)	86.7	85.0	3	1.7
4	Nationwide	Banks & Building Societies	86.3	85.2	2	1.1
5	M & S (food)	Retail (Food)	85.6	83.6	7	2.0
6	Holland & Barrett	Retail (Non-food)	85.4	83.1	12	2.3
6	M & S	Retail (Non-food)	85.4	83.6	7	1.8
8	PayPal	Services	85.1	NO DATA	NO DATA	NO DATA
9	Tesco Mobile	Telecommunications & Media	85.0	81.7	20	3.3
10	Klarna	Services	84.8	NO DATA	NO DATA	NO DATA

Who do you Trust? At a glance...

- 41% of customers strongly agree that customer service significantly influences their trust in an organisation
- Reputation for customer satisfaction, well-trained staff and quality of products/services are the biggest drivers of trust identified by customers
- An organisation doing the right thing in its business practice is the UKCSI measure that makes the strongest contribution to trust
- The biggest trust-breakers are hidden costs or fees, product defects which could harm/injure, manipulation of online reviews, charging different prices for the same product/service
- 3 things that have become more important to trust: transparency; addressing the needs of vulnerable customers; integrating digital and human customer experiences

The 7 dimensions of customer trust



Customer perceptions about reputation and business practices

45%

Whether or not an organisation does the right thing has influenced my satisfaction with them

62%

Bad company behaviour will damage an organisation's reputation long term

62%

A whole sector's reputation can be damaged by one company's negative behaviour

38%

In the last 5 years, customers' level of influence over companies has increased

31%

In the last 5 years, more companies seem to be "doing the right thing" in business practices

41%

Have chosen to **buy from or use** an organisation because of their reputation for positive practices or behaviours

43%

Have chosen to **avoid** an organisation because of their reputation for bad company behaviours

High levels of trust are closely linked to customer satisfaction, recommendation and retention

- Trust has the strongest correlation with customer satisfaction of all 26 measures that make up the UK Customer Satisfaction Index (UKCSI)
- 94% of customers say it is very important or important that they trust the customer service of an organisation they are dealing with
- 41% of customers strongly agree that customer service strongly influences their trust in an organisation
- Customers with high levels of trust in an organisation (a 9 or 10 out of 10) are much more likely than average to stay as a customer, recommend the organisation or pay more for excellent service

Trust score
(out of 10)

1 to 6

7 to 8

9 to 10

% customers giving a 9 or 10
For likelihood to recommend
the organisation

6%

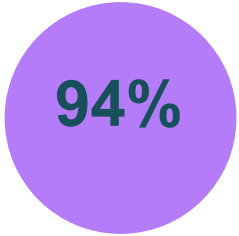
25%

84%

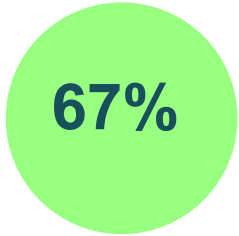
Source: Who do you trust?

There is a strong correlation between customer satisfaction and trust

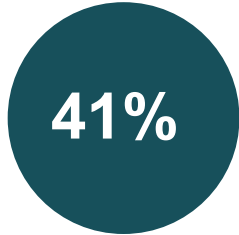
Strength of correlation between customer satisfaction individual measures



Customers say it is very important or important that they trust the customer service of an organisation they are dealing with

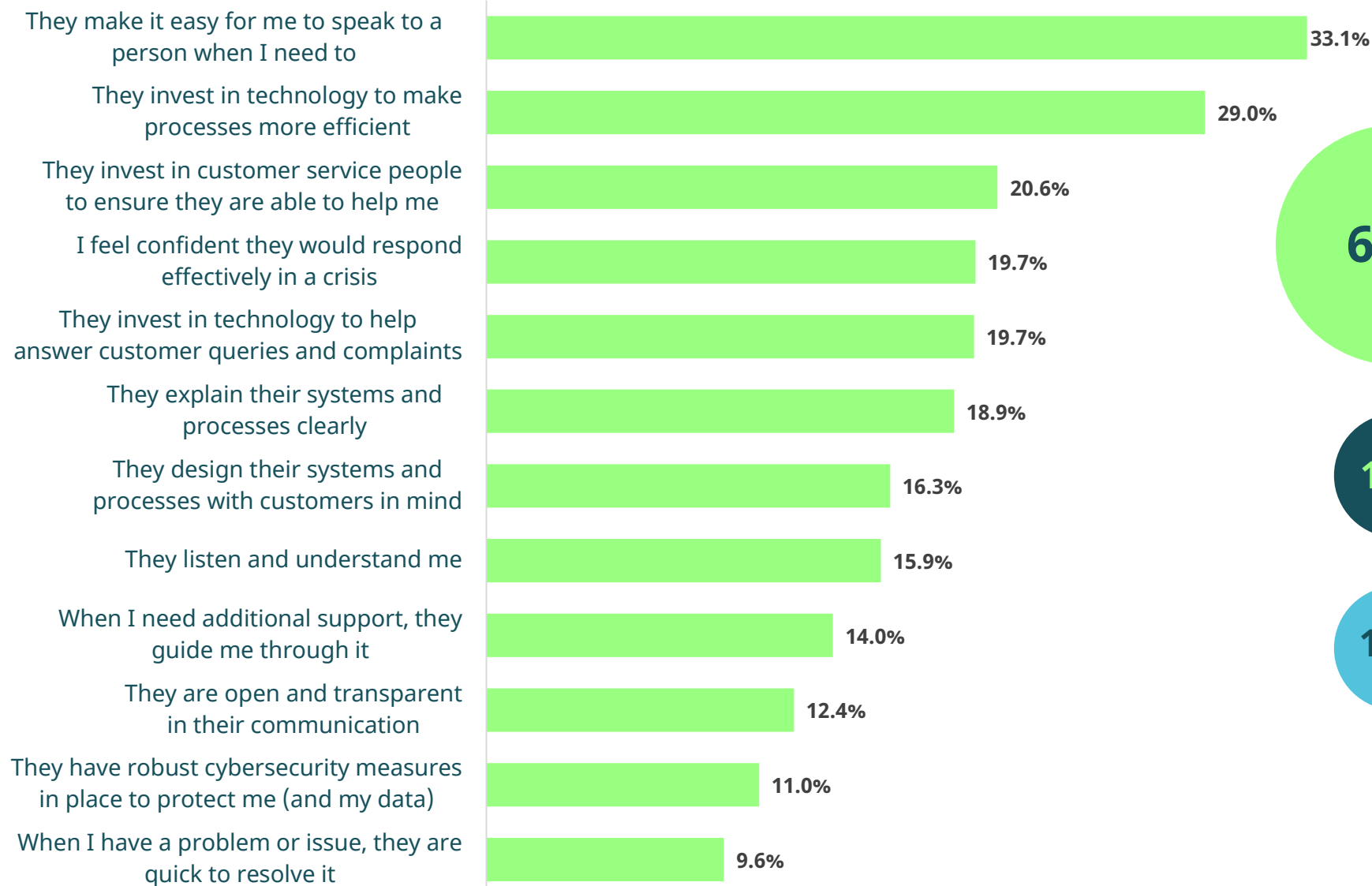


Customers agree that a high level of trust makes their experience of dealing with an organisation better

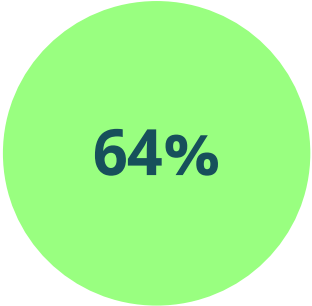


Customers strongly agree that customer service significantly influences their trust in an organisation

How did the organisation you dealt with show they cared about you?



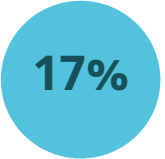
General



Agreed that the organisation they dealt with genuinely cares about them



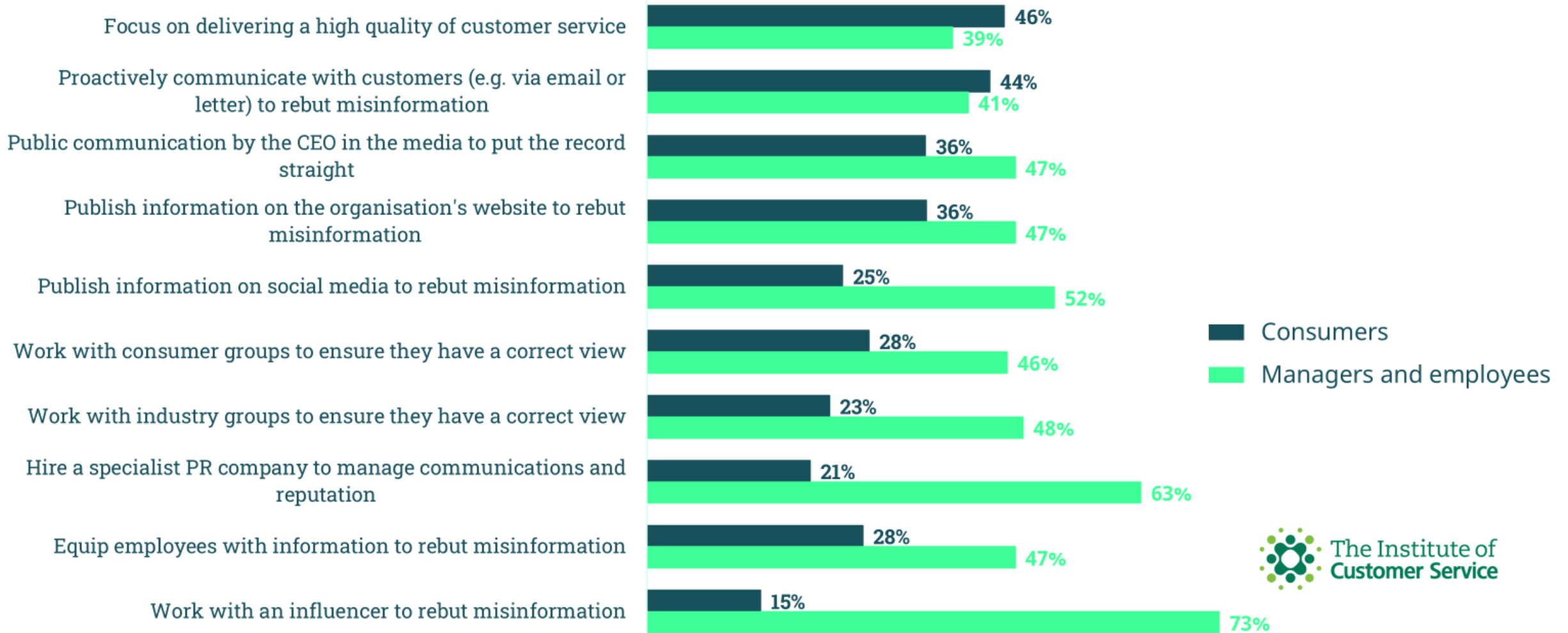
Disagreed that the organisation they dealt with genuinely cares about them



Unsure

From the perspective of consumers, the most important ways to counteract misinformation are to focus on delivering a high quality of customer service and communicate proactively with customers

What should organisations do to address misinformation in mainstream media or online?
% rating each as one of the top 3 things organisations should do



The evolution of technology, customer needs and behaviours means that many customer service roles will require a more complex set of capabilities

Dealing with complex issues

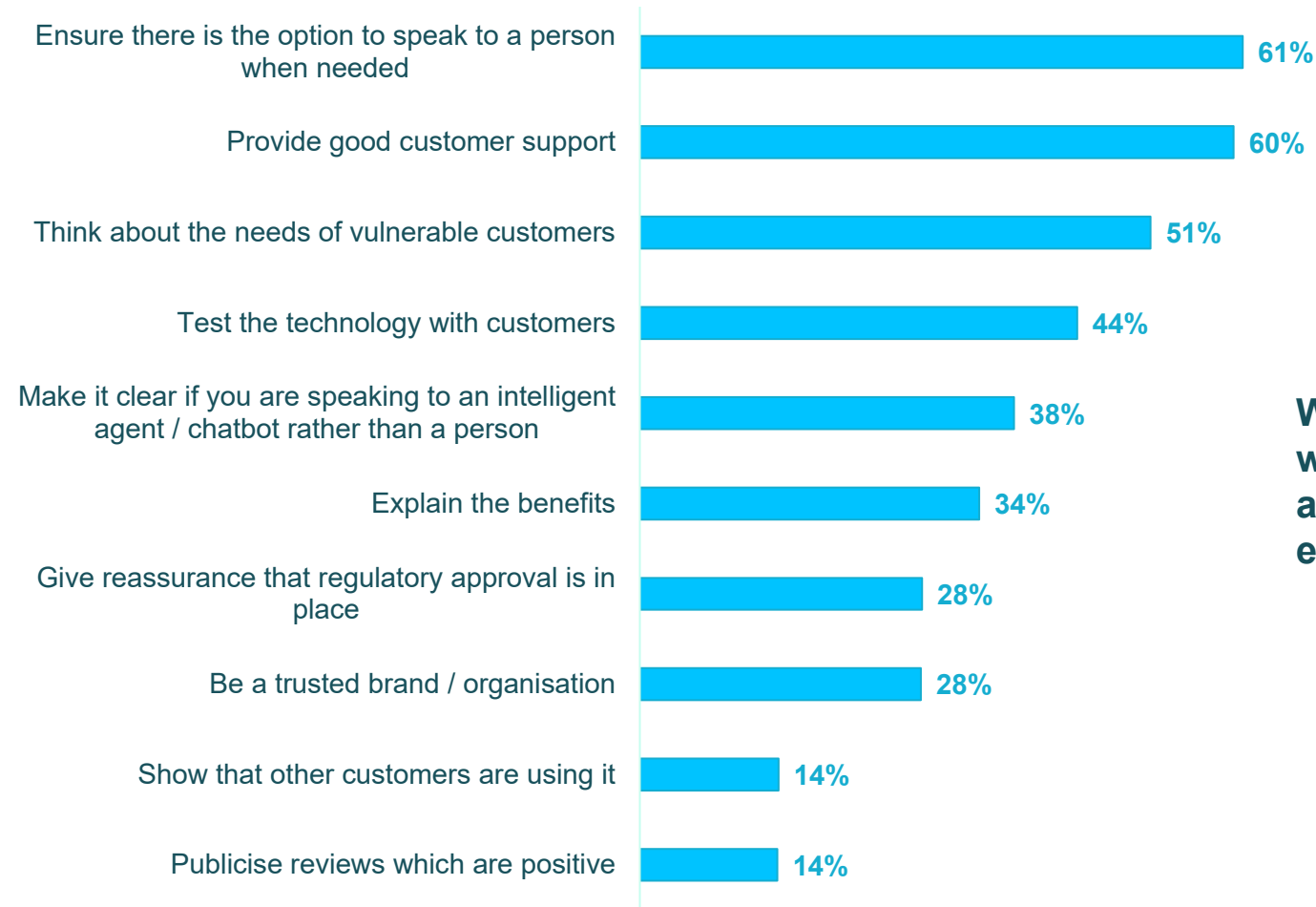
Establishing a personal connection

Resilience

Confidence in using digital applications
and data

Curiosity to improve customer service and
business performance

When organisations launch new technologies, the most important factors they should consider from a customer service context are the option to speak to a person, the availability of customer support and the needs of vulnerable customers



What should large organisations do when they introduce new technologies and applications to ensure they are easy for customers to use ?

In the next 3 – 5 years, consumers believe that customer service performance, cybersecurity breaches and quality of communication are leading factors that will affect an organisation's reputation



General

What customers really want?

68%

said they were
willing to wait
longer for better
service

50%

said service had
become overly
automated, found it
difficult to speak to
someone & felt it was
going in the wrong
direction

21%

are unlikely to
complain about
bad service, 41%
of whom feel it
would make no
difference

#1

Chatbots and trying to
resolve an issue through
a contact centre are now
the tasks customers
dread the most



Characteristics of high performing organisations

- Clear purpose and long-term strategy
- A board that prioritises customer service as a business asset and source of long-term value
- Investment in people and technology to improve capacity, agility and capabilities
- A focus on culture and values
- Agility and boldness in investment and decision-making in response to a challenging environment
- Proactive engagement with customers, employees, stakeholders
- Financial discipline and resilience
- A sustained and consistent service strategy

The world is changing: who are you serving?



***“ We won’t be distracted by comparison
if we are captivated by our purpose”***

THANK YOU
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