# Introducing The Institute of Customer Service

- Independent, not-for-profit membership body

- Our purpose is to help organisations improve their business performance through customer service

- c.400 organisational members, many individual members

- 80% from private, 20% from public and third sectors

- Pan sector representation to share learning

- Secretariat of All Party Parliamentary Group for Customer Service

Our Service Nation is built on four pillars

Customer Service as a…
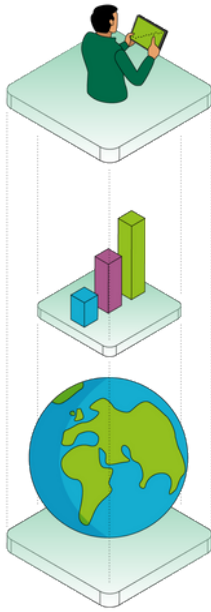
Business Asset
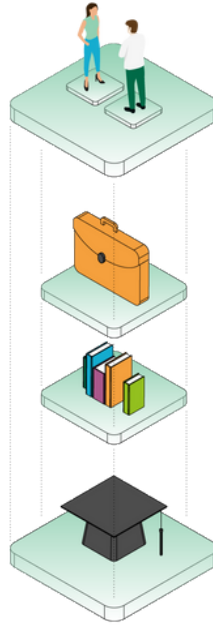
Respected Profession
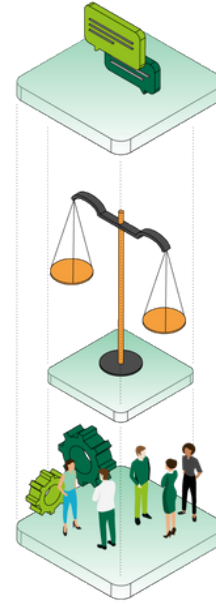
Catalyst for a Fairer Society
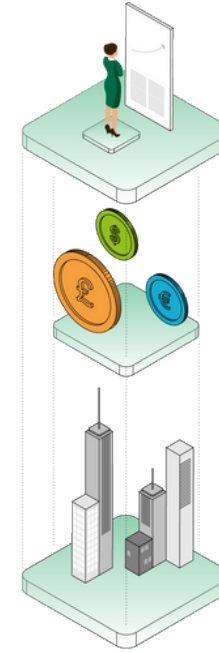
Driver for Sustainable Growth

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Why it matters: business performance

	Higher than sector average UKCSI		**Lower than sector average UKCSI**
% Ebitda	20.3	+9.8 percentage points	10.5
% Compound revenue growth	7.4	+7.3 percentage points	0.1
£ Revenue per Employee	717,739	+ 420,154	297,025
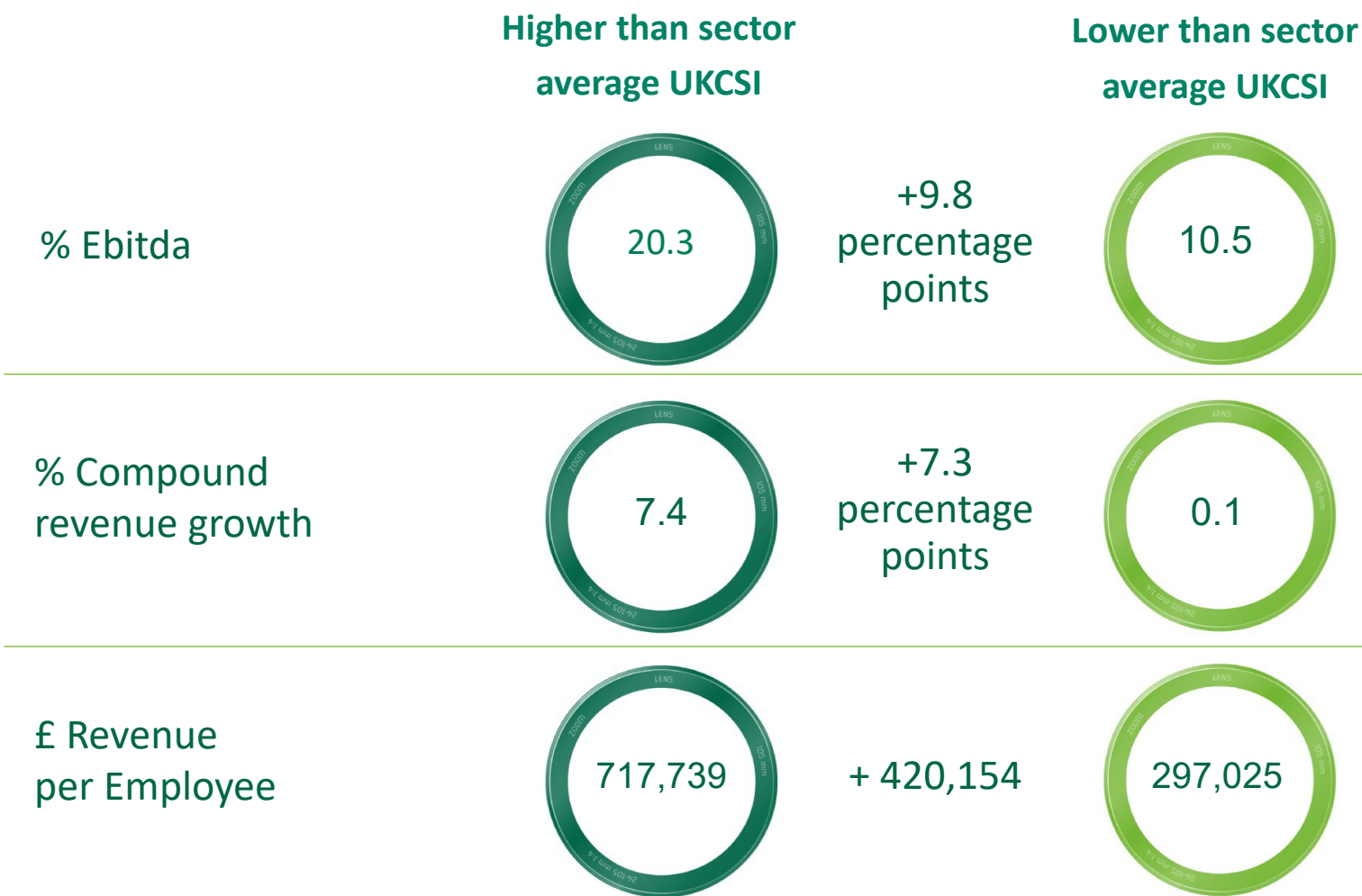
Based on performance of organisations in the UKCSI in the last 5 years
Source: The Customer Service Dividend Revisited 2023

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)

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

1 to 6 — 6%

7 to 8 — 25%

9 to 10 — 84%

Source: Who do you trust?

A view of the customer experience landscape

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The external landscape: what we are seeing?

Trust and Reputation

AI and emerging technologies

Regulatory scrutiny

Changing customer behaviours

Importance of customer service and good governance

Supply chain issues and industrial action

Falling customer satisfaction

Long-term productivity challenges

Retention, recruitment and skills shortages

Rising inflation and cost of living

Localness

ESG

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The July 2024 UKCSI is 75.8 (out of 100), a slight drop, of 0.8 points, compared to July 2023 but 2.6 points lower than in July 2022

Index scores out of 100

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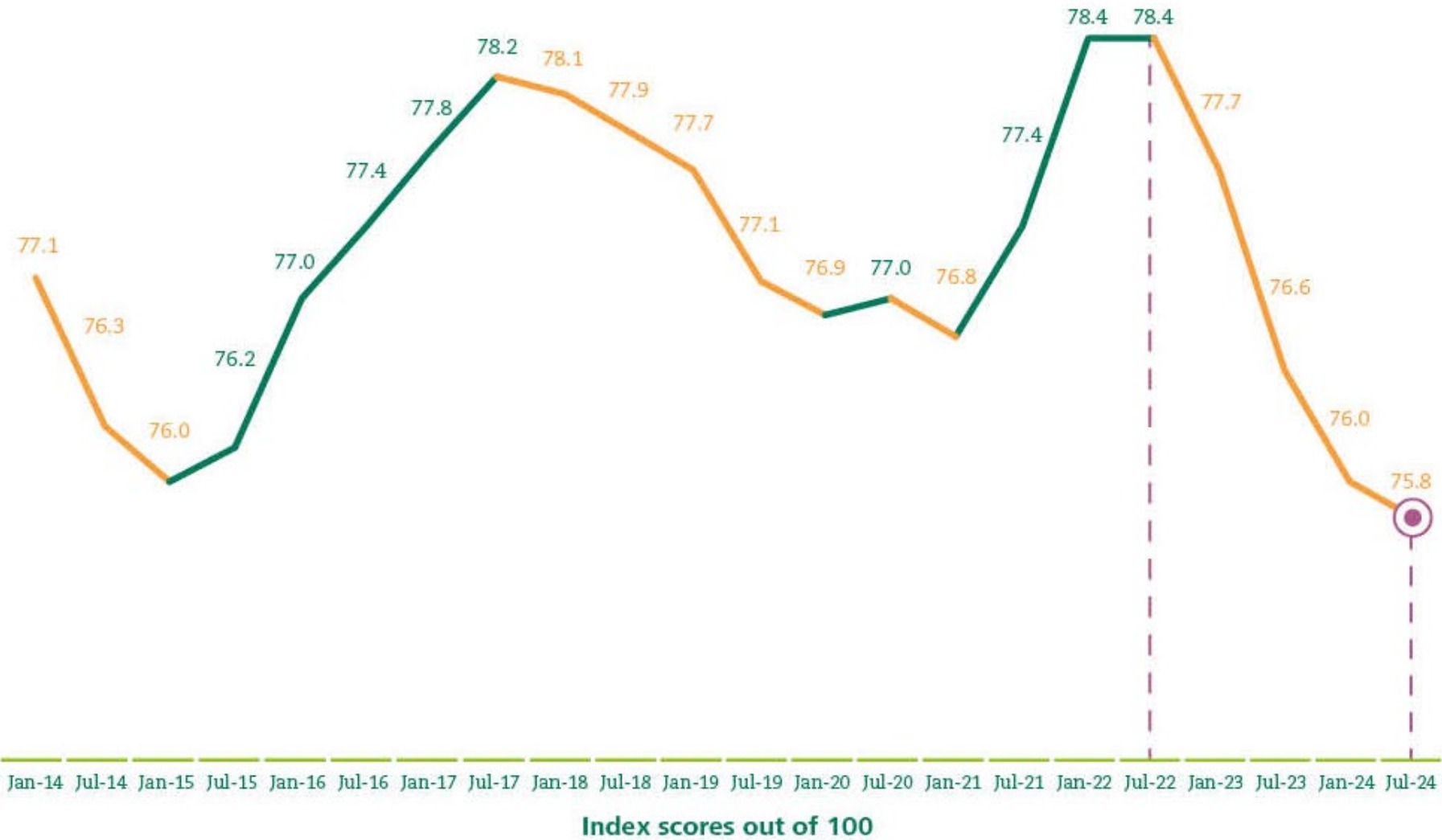
6 sectors have fallen by at least 1 point compared to a year ago

Sector	July 2024	July 2023
Retail (Non-food)	80.4	80.8
Retail (Food)	79.4	79.5
Banks & Building Societies	79.3	80.0
Tourism	79.3	80.4
Leisure	79.0	80.0
Automotive	78.5	79.4
Insurance	77.5	78.7
Services	73.5	74.4
Public Services (National)	73.3	74.3
Telecommunications & Media	73.3	75.4
Transport	71.5	71.9
Public Services (Local)	70.3	71.3
Utilities	69.8	69.5

Index scores out of 100

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10 highest rated organisations in the July 2024 UKCSI

Jul-24 Rank	Organisation	Sector	Jul-24 Score	Jul-23 Score	Jul-23 Rank	Change in score Jul-23 to Jul-24
1	Timpson	Services	86.0	83.6	13	2.4
2	Nationwide	Banks & Building Societies	85.2	84.3	10	0.9
3	John Lewis	Retail (Non-food)	85.0	84.7	4	0.3
4	Jet2holidays.com	Tourism	84.4	84.5	7	-0.1
4	Waitrose	Retail (Food)	84.4	80.0	71	4.4
6	Starling Bank	Banks & Building Societies	83.9	86.1	2	-2.2
7	M & S	Retail (Non-food)	83.6	82.0	27	1.6
7	M & S (food)	Retail (Food)	83.6	84.8	3	-1.2
7	Monzo Bank	Banks & Building Societies	83.6	82.9	19	0.7
10	Greggs	Leisure	83.4	83.5	15	-0.1
10	Yorkshire Building Society	Banks & Building Societies	83.4	NO DATA	NO DATA	NO DATA

▲ Increase in UKCSI of one point or more   ▼ Fall in UKCSI score

The cost of service failures and problems

Employees who spend some of their time dealing service failures and problems

% customers experienced a problem with an organisation in the previous 3 months as recorded in the UKCSI
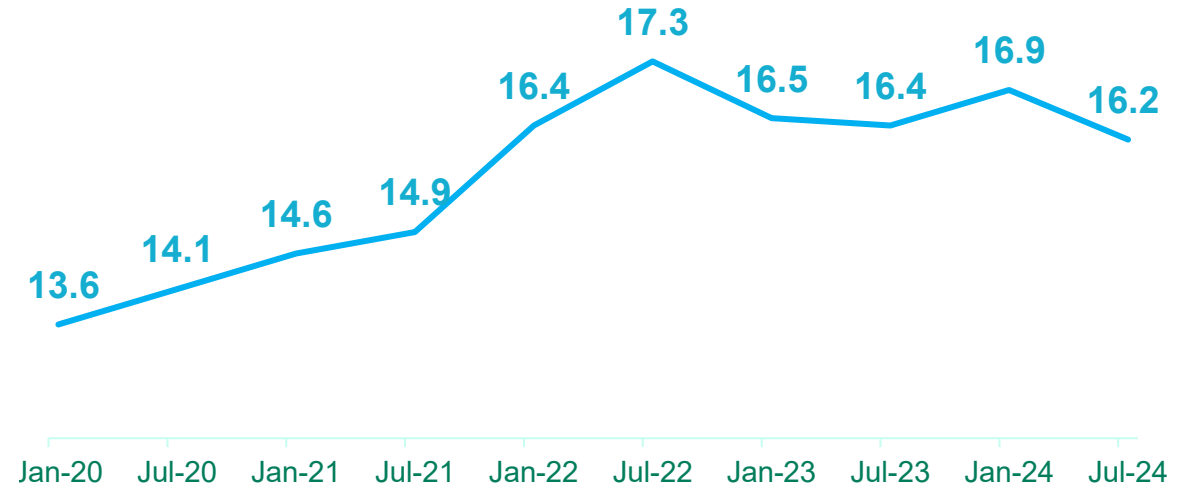
65%

3.3

Average days per month spent by full-time employees dealing with problems and complaints

£ 6.8 bn

Monthly cost to UK organisations of employees' time spent on problems and complaints

Line chart data:
- Jan-20: 13.6
- Jul-20: 14.1
- Jan-21: 14.6
- Jul-21: 14.9
- Jan-22: 16.4
- Jul-22: 17.3
- Jan-23: 16.5
- Jul-23: 16.4
- Jan-24: 16.9
- Jul-24: 16.2

UKCSI July 2024

Evolution of buying and consumption behaviours

Behaviour	% have done more of this in the last 2 years	% will do more of this in the next 2 years
Buying things that last longer	41%	44%
Being more thoughtful about whether I needed something before buying	37%	37%
Ways to improve my physical health or well-being	34%	36%
Ways that help to look after my family	31%	34%
Bought/buy fewer physical products goods / Buying less	26%	27%
Donating or selling a product on a recycling website	24%	26%
Buying a product from a recycling website or charity shop	24%	26%
Being more thoughtful about which companies to spend my money with	24%	26%
Activities or experiences that make lasting memories	23%	31%
Making things rather than buying readymade things	19%	20%
Ways to improve my education or skills	16%	18%
Subscribing to services, rather than buying/owning	11%	12%

57% of customers would wait longer for a product / service, if this reduced harm to the environment

■ % have done more of this in the last 2 years

■ % will do more of this in the next 2 years

35% of customers have resold items in the last 6 months.

| Source: Customer Behaviours Research

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In the next 2 years, low prices and trustworthiness are leading factors that will influence customers' choices about organisations, products and services

Low prices
| 58% | 37% | 5% |

Choosing a company you trust
| 50% | 47% | 3% |

Easy and simple
| 43% | 53% | 4% |

Quality and receiving the best level of service possible
| 42% | 54% | 4% |

Being able to interact with a company in a way that's convenient to me at the time I want
| 42% | 53% | 5% |

Choosing to use a company that is environmentally friendly
| 41% | 50% | 9% |

Speedy response and/or delivery
| 41% | 54% | 5% |

Choosing to use a company that has good ethical practices
| 40% | 52% | 8% |

Choosing a local company
| 38% | 56% | 8% |

Choosing a company that treats its employees well
| 37% | 58% | 5% |

Choosing a company that is well-managed
| 36% | 60% | 4% |

Choosing a well-known brand
| 24% | 62% | 14% |

- 🟢 More important
- ⚫ No change
- 🔴 Less important

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Environmental sustainability, the ability to speak to a person and an effective online experience should be integral to customer service standards

% customers who agree that these factors should be part of standard customer service by 2025

Factor	%
Recycle and take away unwanted products	76%
Minimum waste and to have good environmental practices	74%
Allow me to speak to a customer service person when I need to	72%
Think more about the environment and give me more options	71%
Allow me to do most of what I want online	69%
Use of local suppliers where possible	66%
Give me options as to how to pay for things	64%
Companies to be using electric delivery vehicles	60%
Fast delivery option (within hours)	57%
Be clear about what issues in society they are supporting…	55%
Will inform me about their working practices as a business	49%
Make better relevant recommendations of what I'd like or need	45%
Offer additional support for my wellbeing	42%
The company will collect more data about me so they can tailor…	39%
Allow me to use my smart speaker (Alexa, Siri) to contact them	37%

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For customers who suffer from poor financial, mental or physical well-being, the impact of an organisation failing to respond to personal needs and context is stark

Yes, they responded to my personal situation and needs

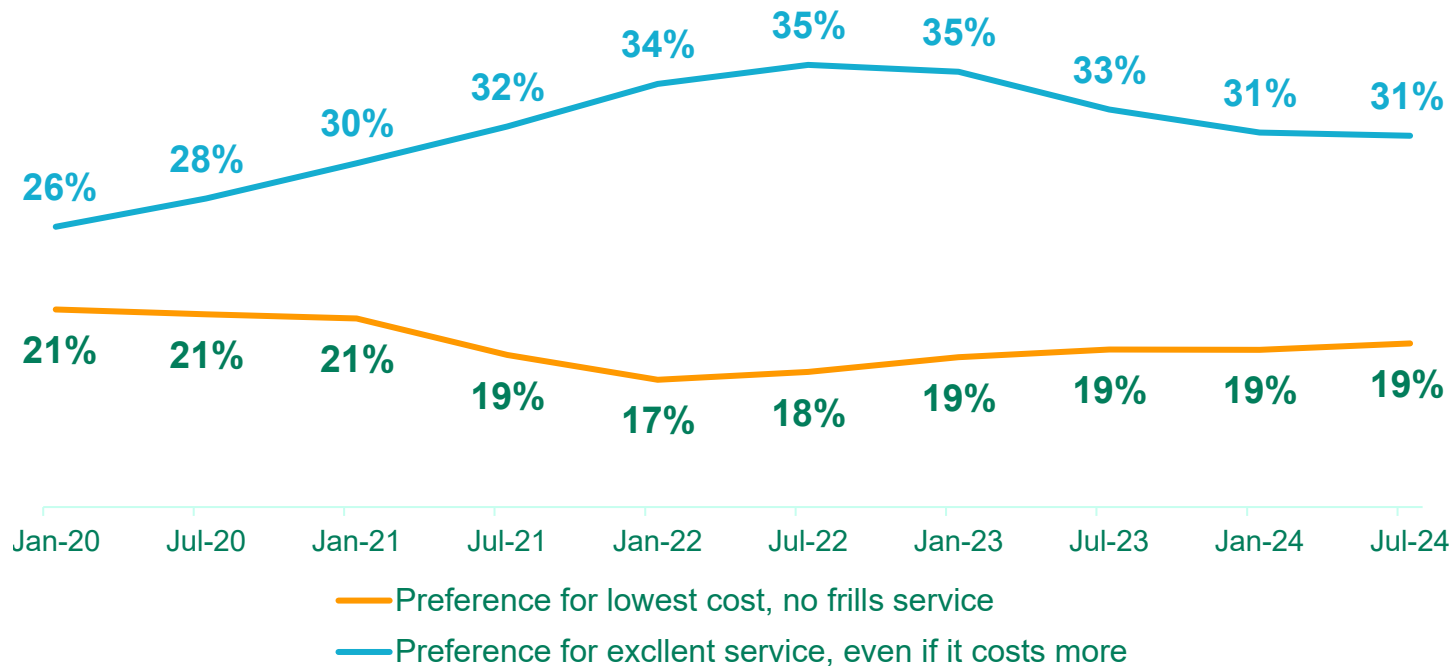**No, they did not respond to my personal situation and needs**

Very good / good well-being

84.9

58.8

Very poor / poor well-being

82.8

45.4

Index scores out of 100

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31% of customers prefer excellent service, even if it costs more

Preference for excellent service, even if it costs more (blue line):
26% (Jan-20), 28% (Jul-20), 30% (Jan-21), 32% (Jul-21), 34% (Jan-22), 35% (Jul-22), 35% (Jan-23), 33% (Jul-23), 31% (Jan-24), 31% (Jul-24)

Preference for lowest cost, no frills service (orange line):
21% (Jan-20), 21% (Jul-20), 21% (Jan-21), 19% (Jul-21), 17% (Jan-22), 18% (Jul-22), 19% (Jan-23), 19% (Jul-23), 19% (Jan-24), 19% (Jul-24)

— Preference for lowest cost, no frills service
— Preference for excllent service, even if it costs more

Why are you willing to pay more for excellent service ?

I trust the company I use	32%
I feel happier knowing I have support and advice	31%
I worry about getting the right product or service for me	19%
I find this organisation easy to deal with	10%

We asked customers to prioritise the relative importance of service and price on a scale of 1 to 10, where **1 – 4 is a preference for lowest price, no frills service** and **8 – 10 is a preference for excellent service, even if it means paying more**

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Consumers' perspectives about organisations' business practices, governance and reputation

37%

Have stopped using an organisation because of its reputation or business practices

42%

Believe that UK organisations do not focus sufficiently on long-term success and performance

76%

Agree that organisations need to balance the interests of shareholders, employees and customers

75%

Agree that regulation should make companies responsible for the consequences of their actions

73%

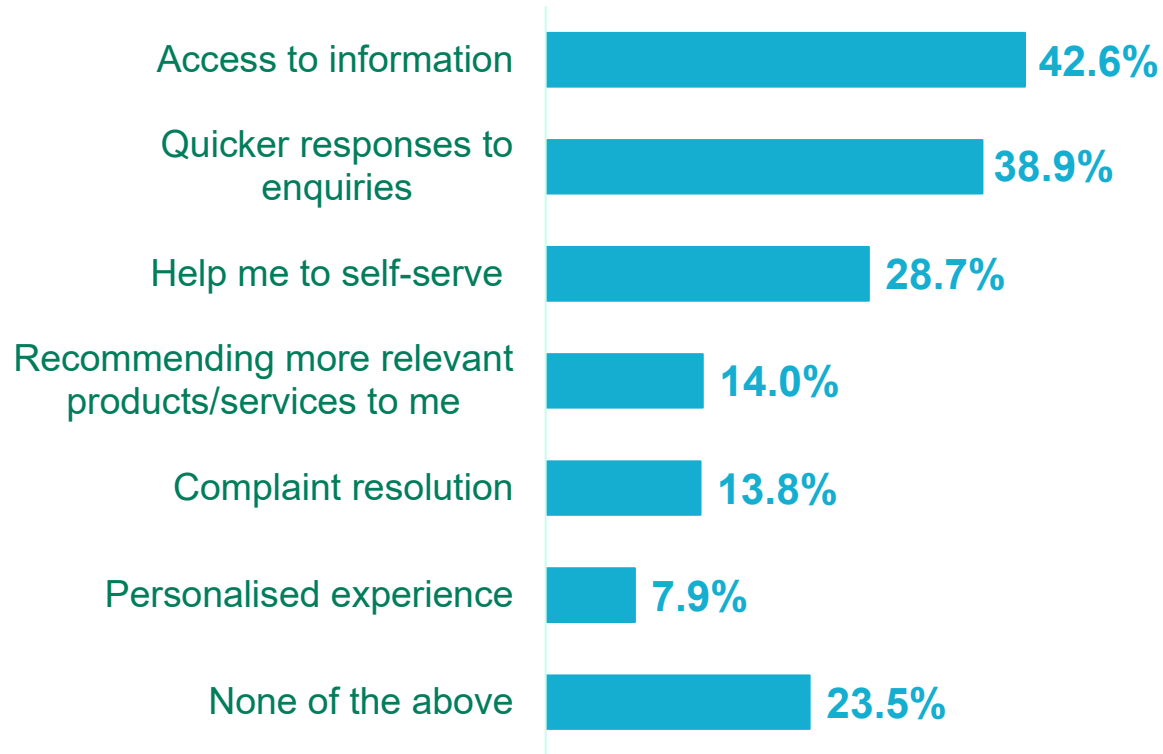Would support a mandatory code of conduct to raise standards of customer service

38%

Support a change in company law so that there is a greater responsibility for organisations to consider equally the interests of shareholders, customers, employees and the community

Governance and the Role of the Customer: Balancing the Needs of Stakeholders (2023)

Customer Service and AI

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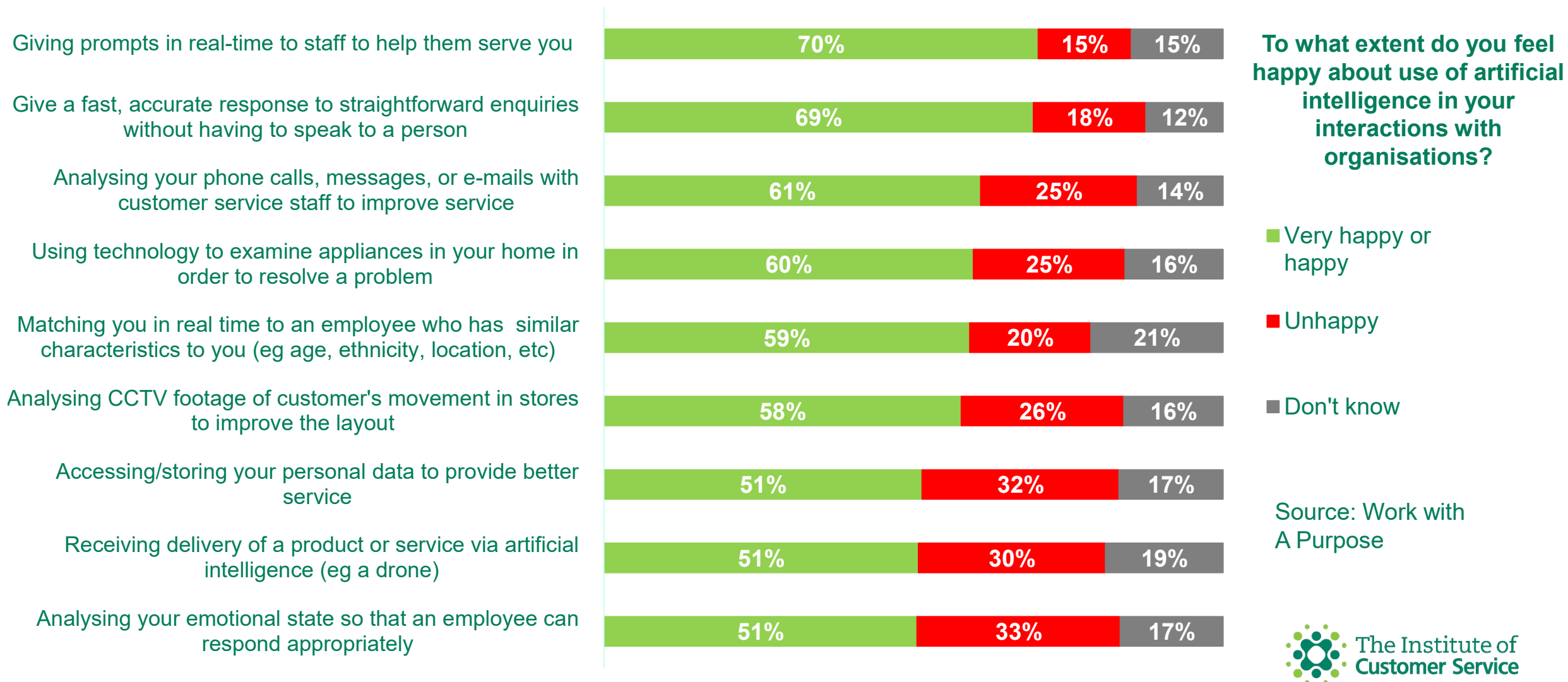# Customers' hopes and concerns about use of AI and emerging technologies in customer service

Where do you think AI / emerging technologies can help the most with customer service ?

Access to information	42.6%
Quicker responses to enquiries	38.9%
Help me to self-serve	28.7%
Recommending more relevant products/services to me	14.0%
Complaint resolution	13.8%
Personalised experience	7.9%
None of the above	23.5%

What concerns do you have about future use of AI / emerging technologies in customer service ?

Less human interaction	38.4%
AI will replace customer service professionals	28.1%
Knowing what's genuine and what could be cyber fraud	27.7%
A less personalised service	26.8%
AI has led will lead to worse customer service	26.6%
Every interaction being the same/robotic	26.1%
Protecting my data and information	24.8%

UK Customer Satisfaction Index Jan 2024

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Many customers are receptive to use of artificial intelligence to improve speed and convenience but wary about its broader application in their relationships with organisations

Category	Very happy or happy	Unhappy	Don't know
Giving prompts in real-time to staff to help them serve you	70%	15%	15%
Give a fast, accurate response to straightforward enquiries without having to speak to a person	69%	18%	12%
Analysing your phone calls, messages, or e-mails with customer service staff to improve service	61%	25%	14%
Using technology to examine appliances in your home in order to resolve a problem	60%	25%	16%
Matching you in real time to an employee who has similar characteristics to you (eg age, ethnicity, location, etc)	59%	20%	21%
Analysing CCTV footage of customer's movement in stores to improve the layout	58%	26%	16%
Accessing/storing your personal data to provide better service	51%	32%	17%
Receiving delivery of a product or service via artificial intelligence (eg a drone)	51%	30%	19%
Analysing your emotional state so that an employee can respond appropriately	51%	33%	17%

To what extent do you feel happy about use of artificial intelligence in your interactions with organisations?

■ Very happy or happy

■ Unhappy

■ Don't know

Source: Work with A Purpose

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Building the Service Nation:
Driving the right service culture and building the Service Profession

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The UK Customer Satisfaction Index: Dimensions of Customer Satisfaction

Experience

Measures the quality of customers' experiences and interactions with organisations.

Complaint Handling

How organisations respond and deal with problems and complaints.

Customer Ethos

Extent to which customers perceive that organisations genuinely care about customers and build the experience around their customers' needs.

Emotional Connection

The extent to which an organisation engenders feelings of trust and reassurance.

Ethics

Reputation, openness and transparency and the extent to which an organisation is deemed to "do the right thing".

Customer priorities that reflect transactional and relationship needs

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Why Employee Engagement Matters

Employee behaviours

- Discretionary effort
- Empathy and personal connection
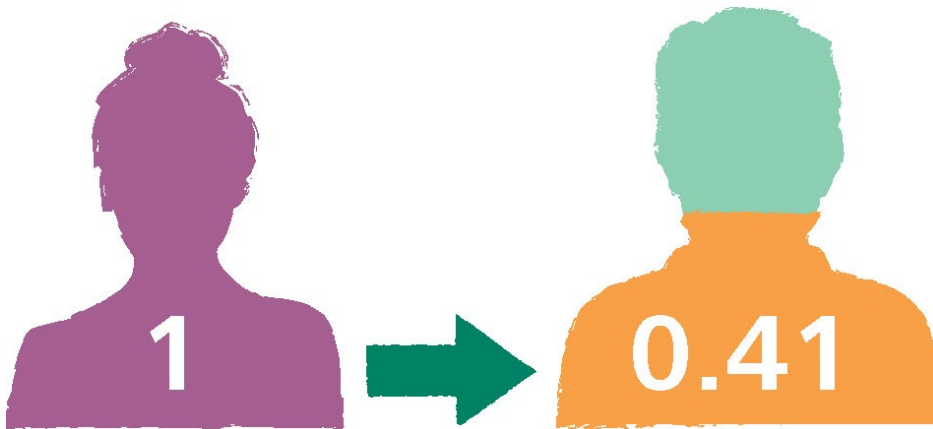- Generating new ideas and solving problems

Better customer experiences

- Emotionally satisfying
- Act "in the moment"
- Care and attention
- Knowledgeable about customer needs

1

0.41

1 point increase
in employee engagement

0.41 increase
in customer satisfaction

Innovation, business improvement, productivity

Consistent performance

**Employee loyalty and advocacy:
a "well of goodwill"**

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Research with employees indicates a mixed picture across UK organisations in terms of measuring competence and performance, professional development and career pathways

% strongly agree

- Employees who deal directly with customers
- Employees who do not deal with customers
- Senior roles

There are good training opportunities in my career/type of work
- 53%
- 48%
- 69%

There are good career prospects in my career/type of work
- 48%
- 53%
- 70%

Customer service is a well-respected role/career in my organisation
- 48%
- 39%
- 72%

I know someone in my organisation who has progressed from an entry level to a senior role
- 45%
- 32%
- 66%

Around half of employees surveyed who deal directly with customers:

- feel that customer service is respected in their organisation
- agree there are good career opportunities
- know someone who has progressed from an entry-level position to a senior role

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Key areas of focus for organisations

The critical capabilities for the service leaders of the future

1) Stakeholder management and collaboration

Critical to service performance, responses to unexpected disruption and key strategic challenges

2) Engaging employees with greater skill, mindfulness, personal commitment

Employee engagement has become more complex and central to business performance

3) Coaching and mentoring
Organisations will need to source most of the skills they need by developing the capabilities of current employees

4) Data insight and critical thinking
Data and insight have become more important to understand and respond to changes in customer needs and behavious and the operating environment

5) Demonstrating the commercial value of customer experience

Investment in service is under pressure: it has become more important to show how customer satisfaction influences financial performance

6) The business discipline of customer experience

Understanding drivers of satisfaction; customer experience vision, standards and design; measurement; business improvement

7) Understanding the impact of AI, emerging technologies and cybersecurity

Achieving the right blend of technology and human intervention in customer experience will be a defining leadership capability

8) Building the capacity for agility
Responding to disruptive change and emerging opportunities will require enhanced skills, collaboration, openness to new ideas

Customer service roles will require a more complex set of capabilities and more interesting roles

Dealing with complex issues

Establishing a personal connection

Resilience

Confidence in using digital applications and data

Curiosity to improve customer service and business performance

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Professionalising customer service

Demonstrate the ROI of service

Qualifications in customer service

Customer service presence in the boardroom

Demonstrate career pathways

Appropriate pay benchmarking

Build awareness amongst young people and potential employees of customer service careers

Professionalism in a customer service context is both developing skills and capabilities in a range of specific roles and embedding customer service standards and culture across the organisation

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The world is changing: who are you serving?

Purpose .... **Relevance** .... **Impact**

Who do you serve,
and what drives you?

Who would
miss you?

What is the legacy
you will leave?

" We won't be distracted by comparison if we are captivated by our purpose"

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