

Keeping the focus on customers in the new world

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02.03.23



Introducing The Institute of Customer Service

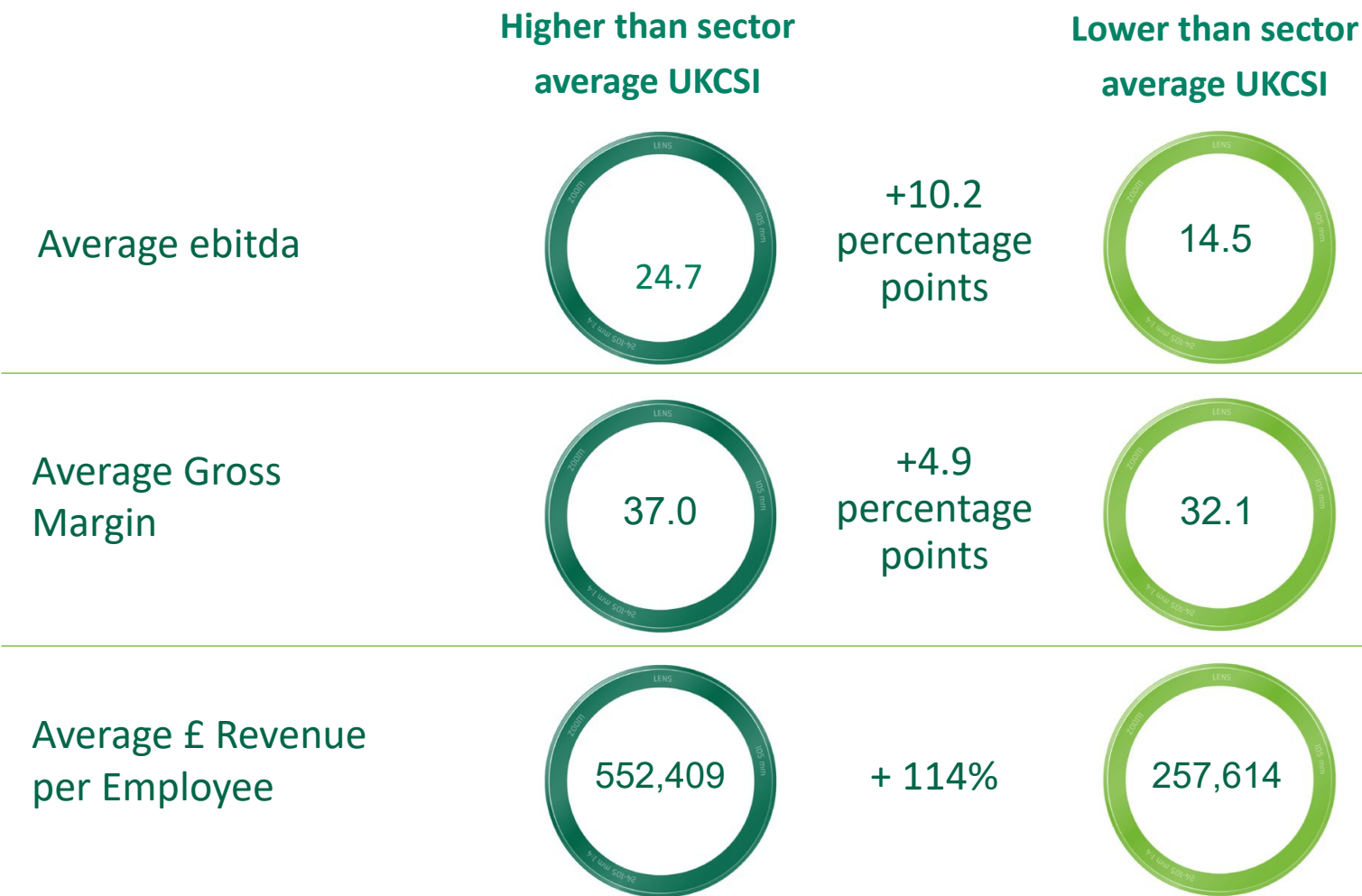


- Independent, not-for-profit membership body
- Our purpose is to help organisations improve their business performance through customer service
- c.400 organisational members, many individual members
- 80% from private, 20% from public and third sectors
- Pan sector representation to share learning
- Secretariat of All Party Parliamentary Group for Customer Service

Why customer service matters?



Why it matters: business performance



Based on performance of organisations in the UKCSI: 5 – 8 year average

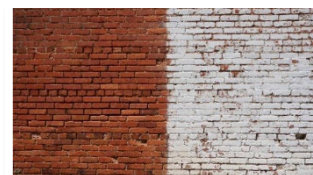
Inspiring a Service Nation: what we are seeing



Trust and Resilience



Growth in digital interactions



Greater polarisation



Well-being and vulnerability



Importance of customer service and good governance



Supply chain issues and industrial action



More problems and complaints



Service recovery



Retention, recruitment, skills shortages



Inflation, cost of living, financial security



Localness



Environmental sustainability

The external environment: 2023 trends some old some new!

Customer attitudes, needs and behaviours will become more polarised

Political instability will constrain long-term solutions

Customer service leaders will need to be prepared to make a robust case for maintaining investment

Delivering the right blend of technology and human-based experiences will be critical service differentiators

Concerns will grow about how to ensure acceptable minimum levels of service in essential sectors

Organisations will need to refocus on workforce planning and the whole of the employee experience

There will be a growing recognition of the profession of customer service

The voice of the customer will become more prominent in corporate governance

Rediscovering a long-term focus?

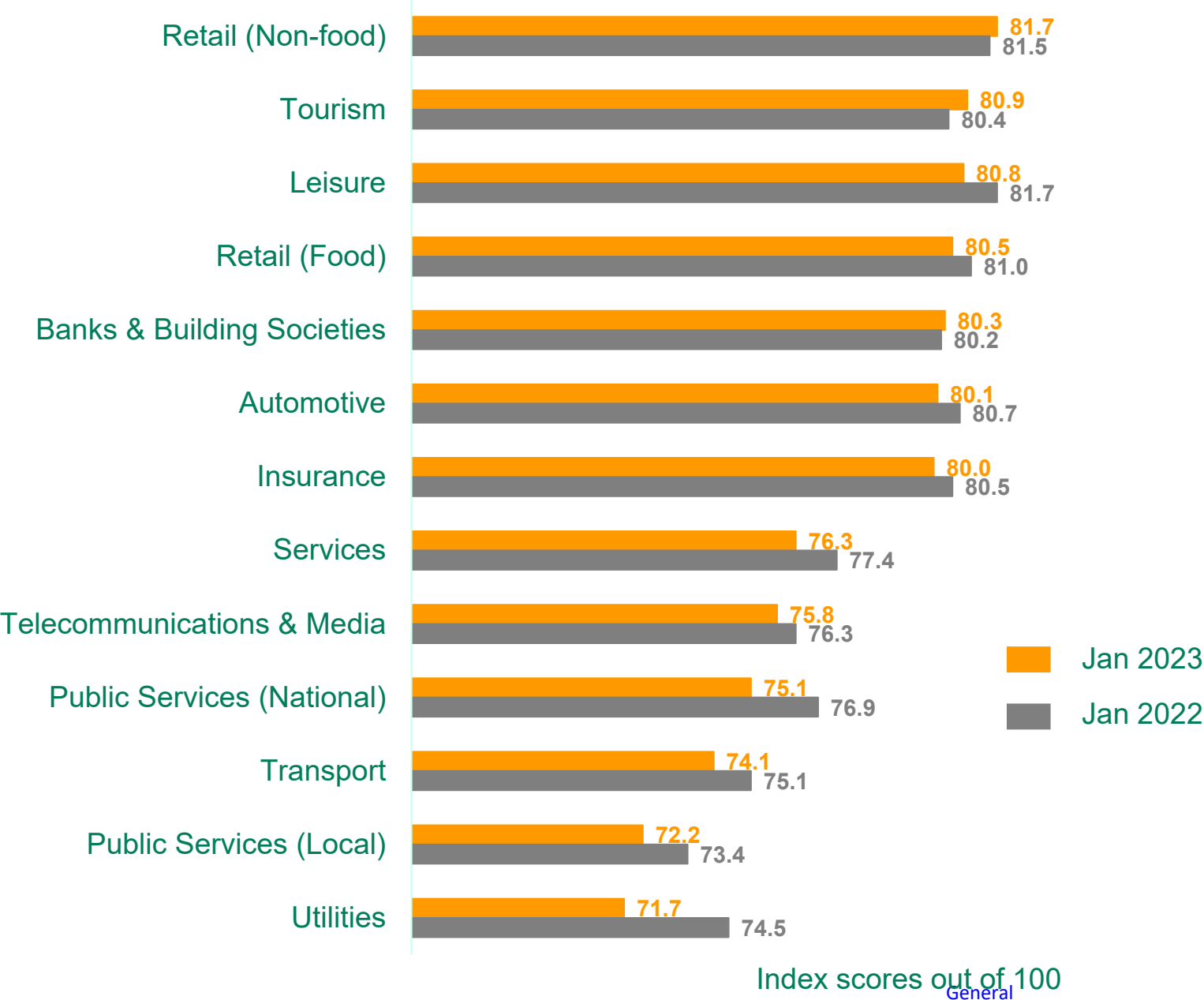
The January 2023 UK Customer Satisfaction Index (UKCSI is 77.7 (out of 100), a decline of 0.7 points compared to both the July 2022 and January 2022 surveys



Key themes in this UKCSI

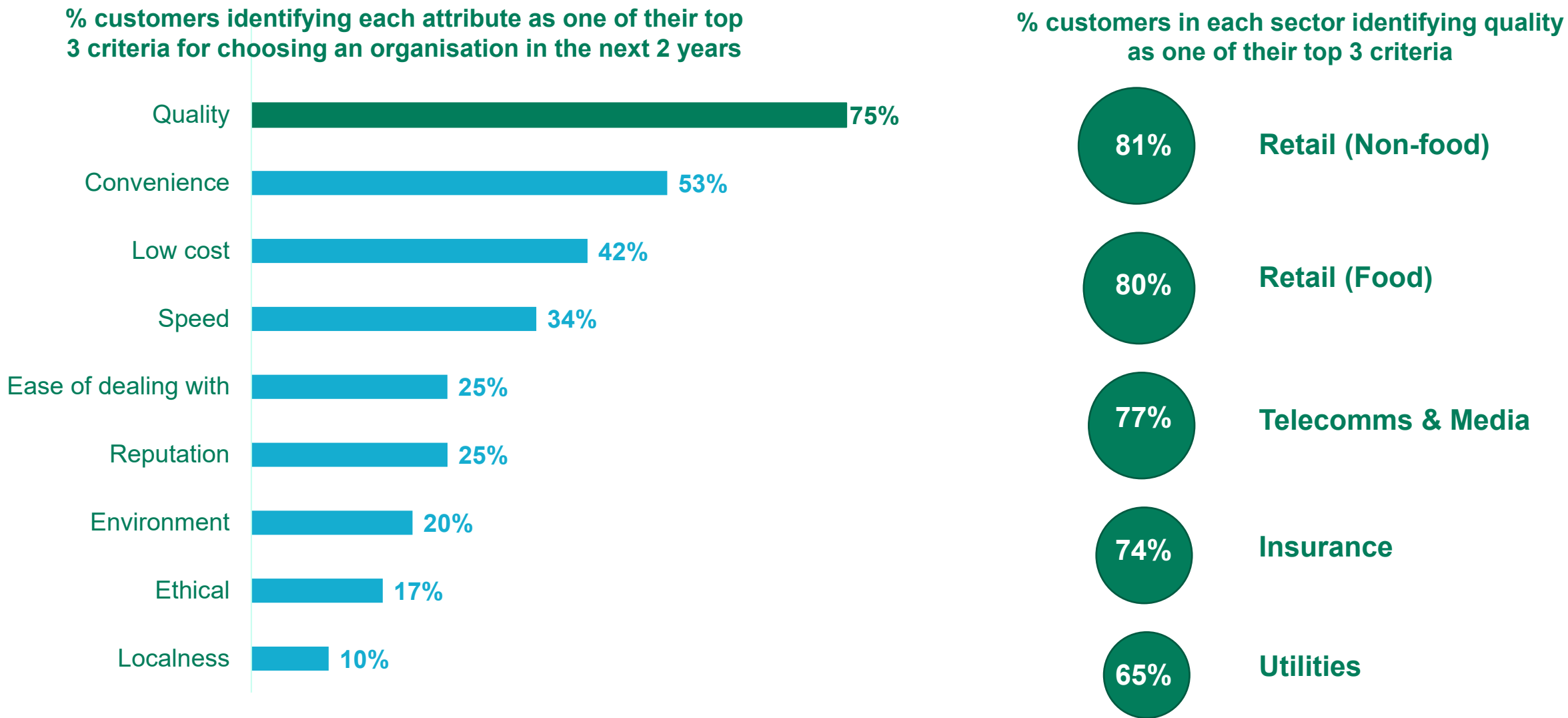
- The January 2023 UK Customer Satisfaction Index (UKCSI) is 77.7 (out of 100), a decline of 0.7 points compared to both the July 2022 and January 2022 surveys
- More organisations companies have declined (63) than improved (37) by at least 2 points
- 16.5% of customers experienced a problem with an organisation, around the same level as a year ago but 2.9 percentage points more than in January 2020
- The improvement in satisfaction with complaint handling has stalled
- Dimensions of experience, customer ethos, emotional connection and ethics have fallen slightly
- As the cost of living rises, financial well-being is complex and polarised
- All aspects of customer experience – transactional efficiency, problem-solving, innovation, ethical standards, genuinely focusing on customers' personal needs – are interlinked and require focus
- Organisations need to develop the capabilities for sustainable, long-term performance as well as addressing immediate challenges of operational performance and resourcing

5 of the 13 sectors have dropped by at least 1 point compared to Jan 2022



Sector	Change to Jan 2022	Change to July 2022
Retail (Non-food)	0.2	- 0.2
Tourism	0.5	0.2
Leisure	- 0.9	- 1.0
Retail (Food)	- 0.5	- 1.2
Banks & Building Socs	0.1	0.0
Automotive	- 0.6	- 0.9
Insurance	- 0.5	- 0.8
Services	- 1.1	- 0.4
Telecomms & Media	- 0.5	- 0.8
Public Services (National)	- 1.8	- 0.2
Transport	- 1.0	- 1.7
Public Services (Local)	- 1.2	- 0.1
Utilities	- 2.8	- 2.4

In 5 sectors that provide essential services – Utilities, Retail (Food), Retail (non-food), Insurance and Telecommunications – customers ranked quality as the leading attribute that will influence their choice of organisation, products and services



Source: Customer Behaviours: Evolution or Watershed, Institute of Customer Service (2022)

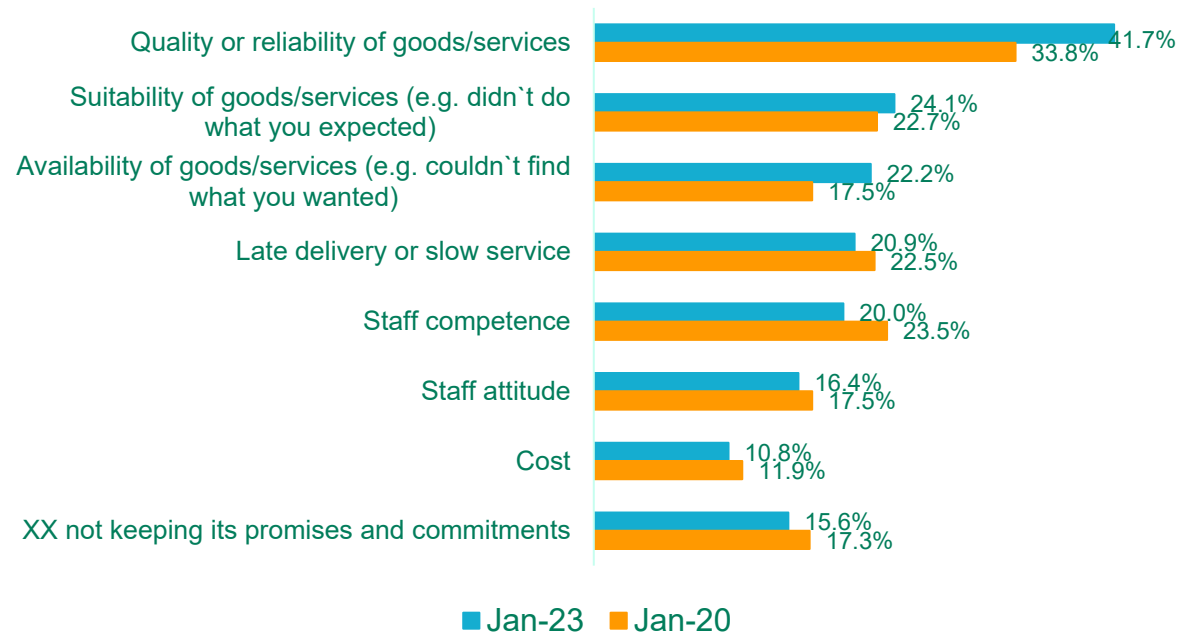
The improvement in complaint handling has stalled and the number of problems remains high

	Jan 2020	Jan 2022	Jan 2023
% customers experienced a problem with an organisation	13.6%	16.4%	16.5%
Satisfaction with complaint handling (out of 10)	5.8	6.5	6.5

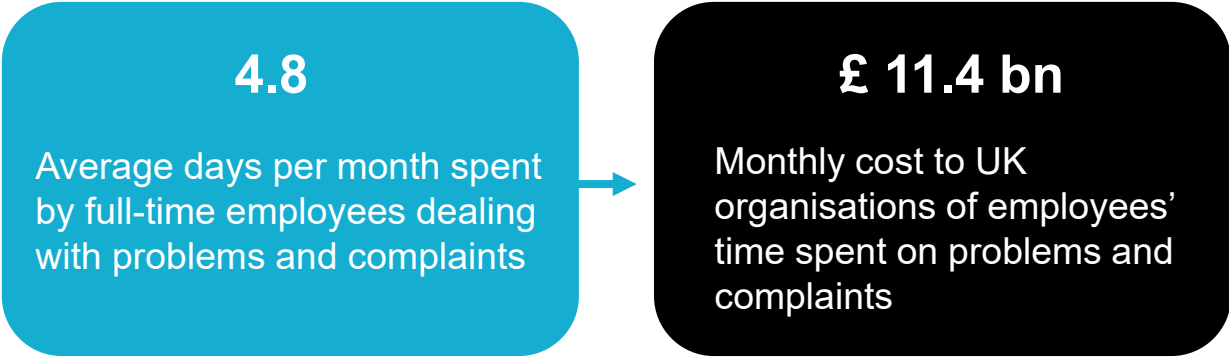
Impact of complaints on customer satisfaction



Types of complaints: Jan 2022 and Jan 2020 compared



Impact of complaints on costs and productivity



A new lens on customer behaviours?

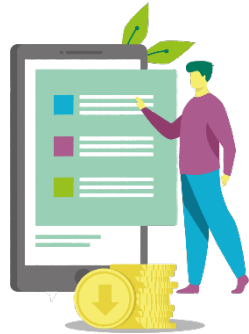
Customer segments

The Connected Customer



- Convenience and speed
- Getting things right first time
- Show empathy, personal connection, reassurance
- Personalised recommendations
- Support for personal well-being
- Flexibility and understanding of changes in personal circumstances
- Demonstrate robust measures to combat fraud and cyber risks
- Transparency about pricing, terms and conditions, availability of services

The Transactional Efficiency Customer



- Provide low-cost options for products and services
- Enable easy and convenient experiences across channels
- Use clear and straightforward language
- Reduce complexity
- Make it easy to evaluate different products and services
- Provide advice and tips to help support financial well-being

The ESG (Environmental, Social and Governance) Customer



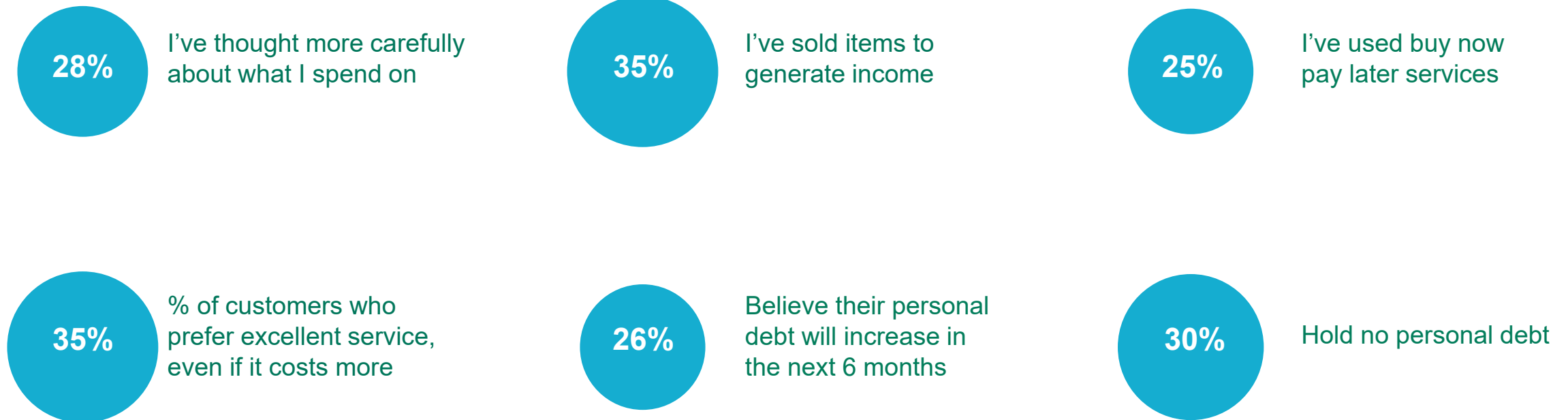
- Demonstrate environmental sustainability in business practices
- Enable customers to make environmentally sustainable buying decisions
- Maintain high standards of ethical, transparent, sustainable business practice and governance
- Provide credible information about the organisation's business practices, governance, contribution to environmental sustainability
- Practise high standards of competence in managing personal data
- Be responsive and respectful in dealing with problems and complaints
- Grow understanding and engagement in local communities in which the organisation operates
- Demonstrate a positive impact on society

As the cost of living rises, financial well-being is complex and polarised

How would you describe your financial well-being ?



Changing behaviours

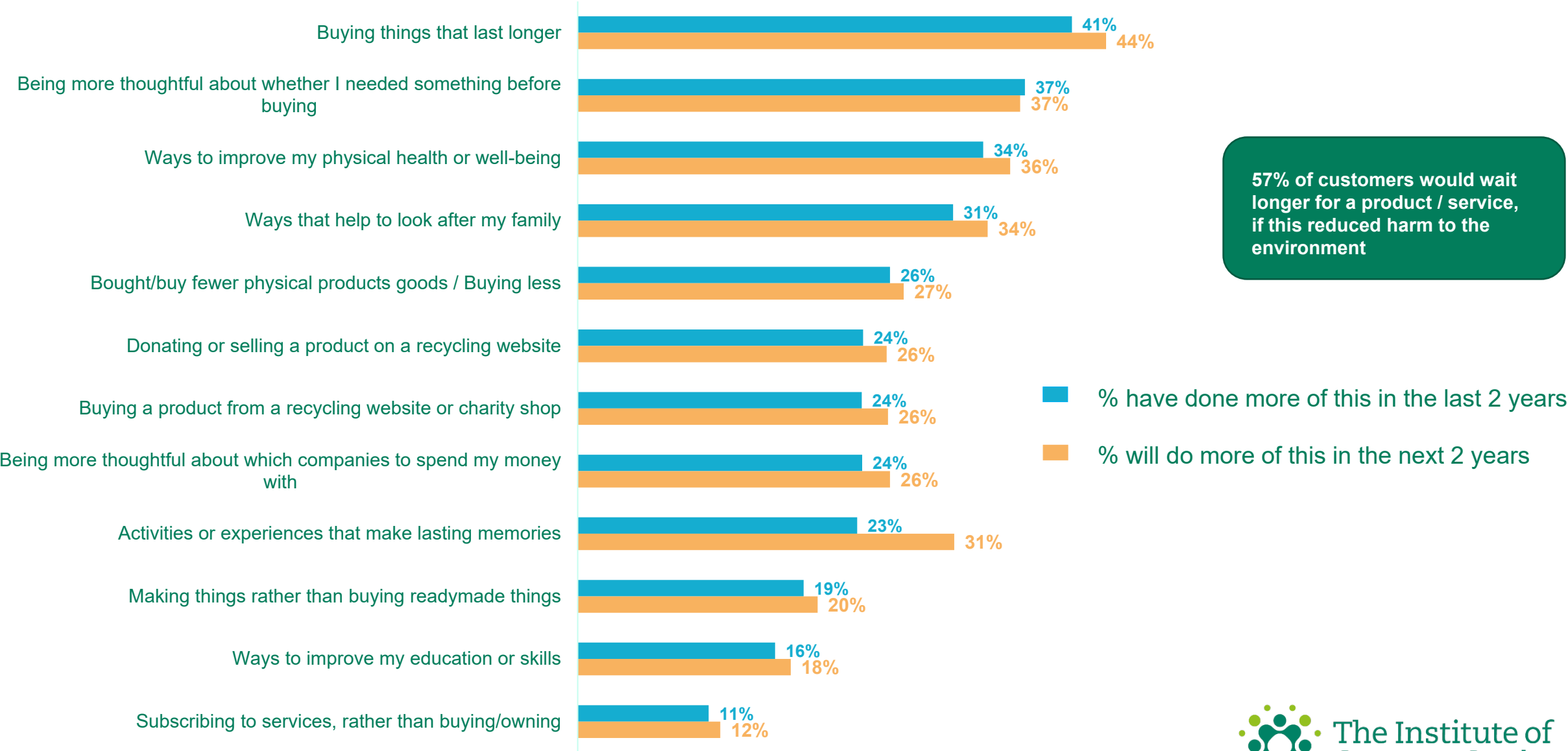


Shifts in customer behaviors and expectations: highlights for consideration

- Growth in digital interactions ecommerce but needs to be balanced
- Desire for simplicity, speed, connected experience
- Changing patterns in consumption of products and services
- Holding organisations to account
- Increased levels of anxiety, isolation, vulnerability
- Focus on ethics and sustainability
- Increasing hostility and abuse towards employees
- Increasingly vigilant, careful with money
- More knowledgeable customers
- Need for greater reassurance
- Conscious of health and safety, especially for home visits
- Importance of local relevance



Evolution of buying and consumption behaviours



Source: Customer Behaviours: Evolution or Watershed, Institute of Customer Service (2022)

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 ?

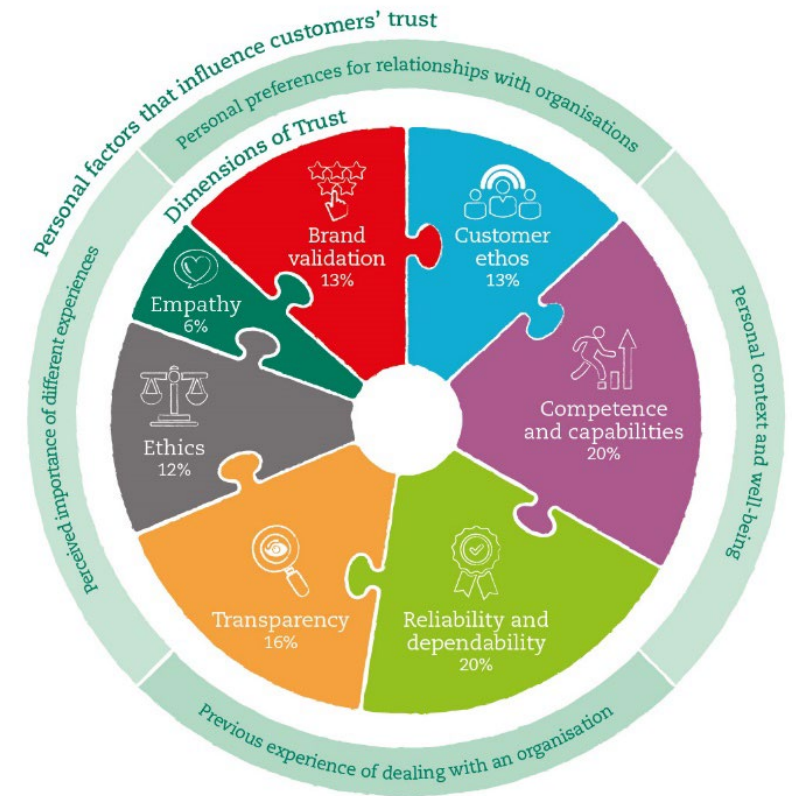
Based on a sample of 1,003 UK consumers



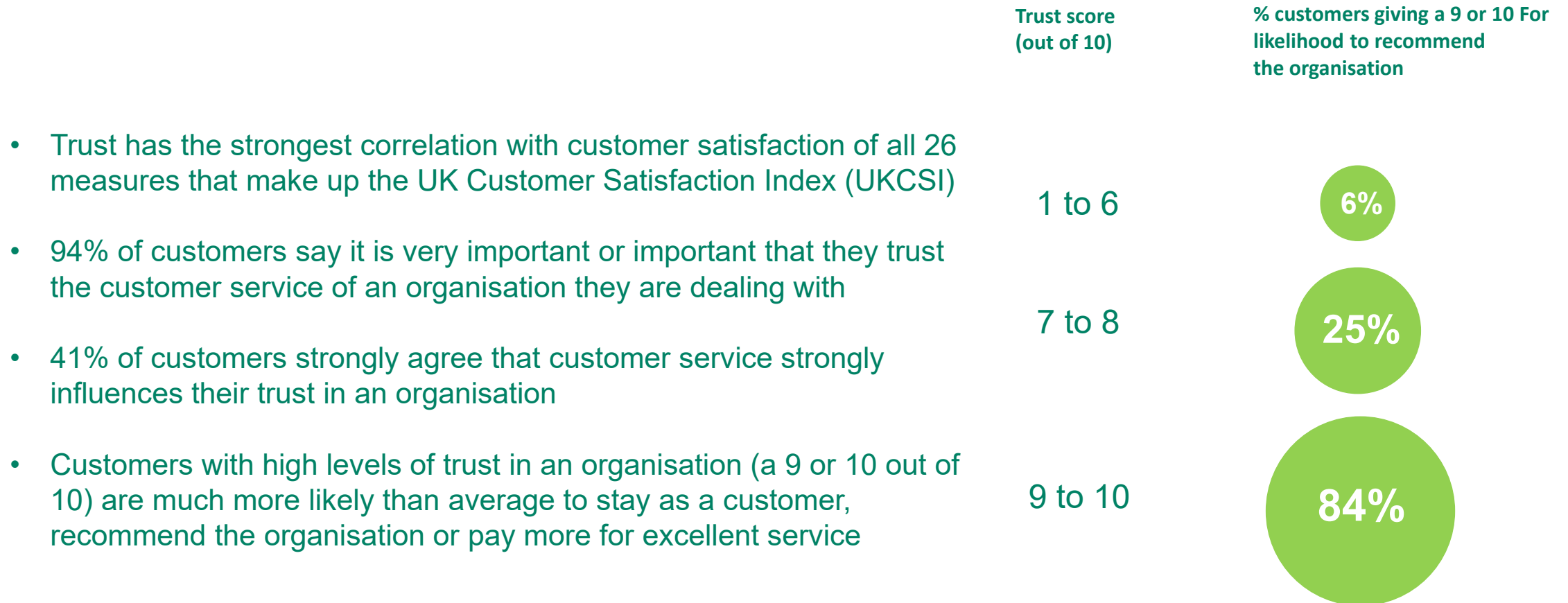
Who do you Trust? At a glance...

- 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



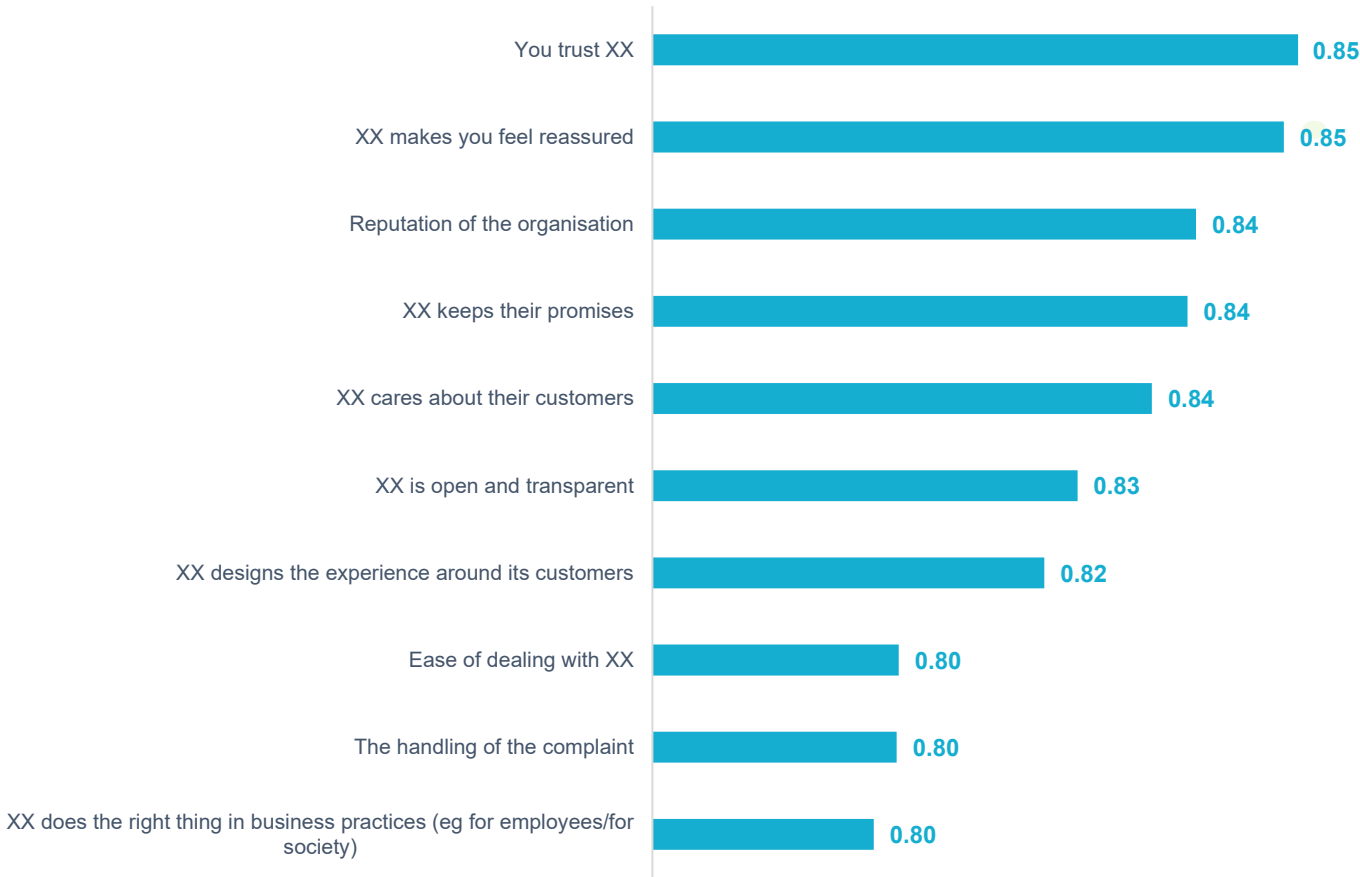
High levels of trust are closely linked to customer satisfaction, recommendation and retention



Source: Who do you trust? Breakthrough Research

There is a strong correlation between customer satisfaction and trust

Strength of correlation between customer satisfaction individual measures



94%

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

67%

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

41%

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

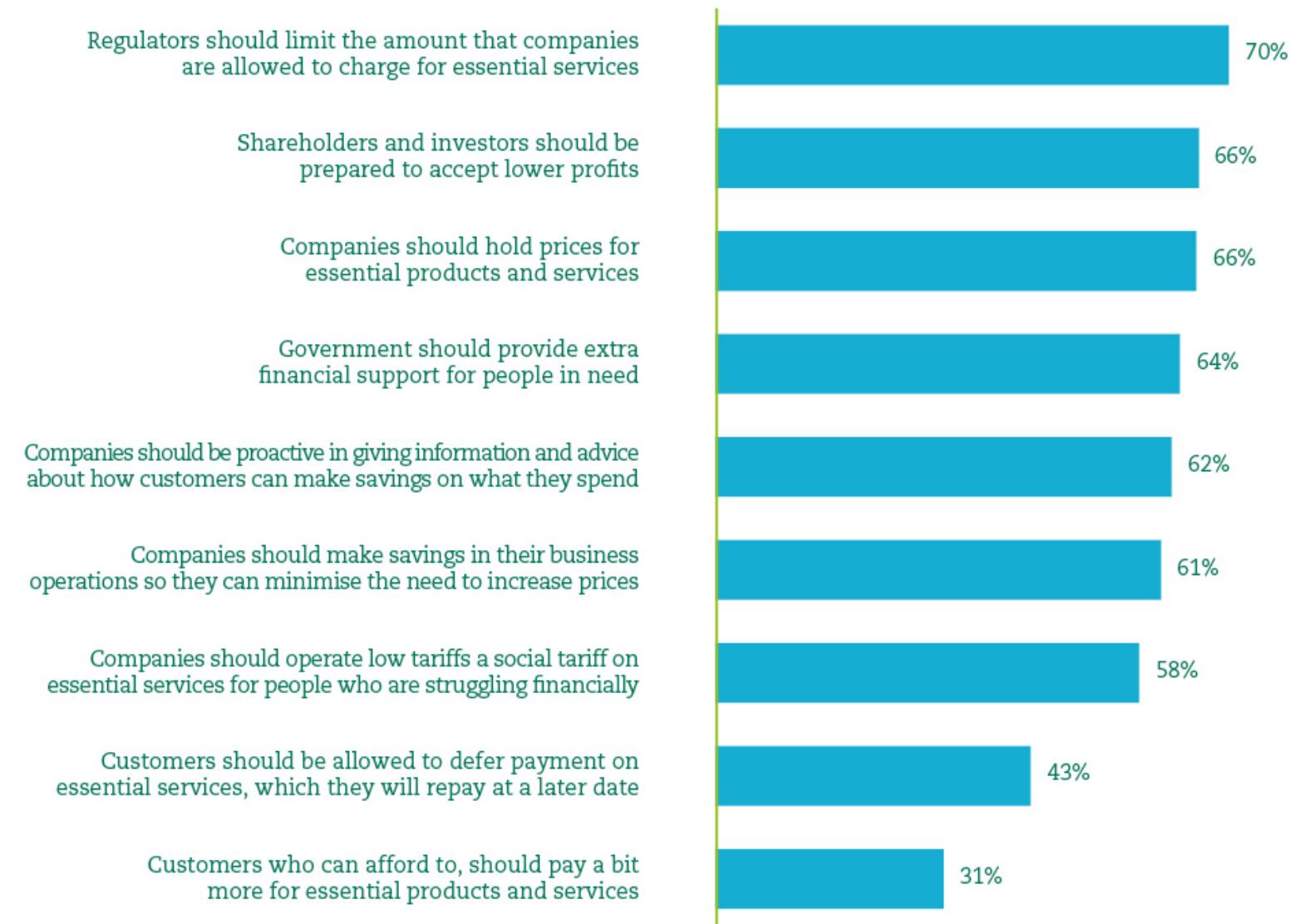
Customers' biggest fears are that organisations will be harder to contact and seek to maximise profit at the expense of customer service



General

Source: Customer Behaviours:
Evolution or Watershed,
Institute of Customer Service (2022)

Most customers believe regulators, government and companies need to do more to help alleviate the impact of the rising cost of living



General

Customers' perspectives on how organisations should support their customers during the cost of living crisis

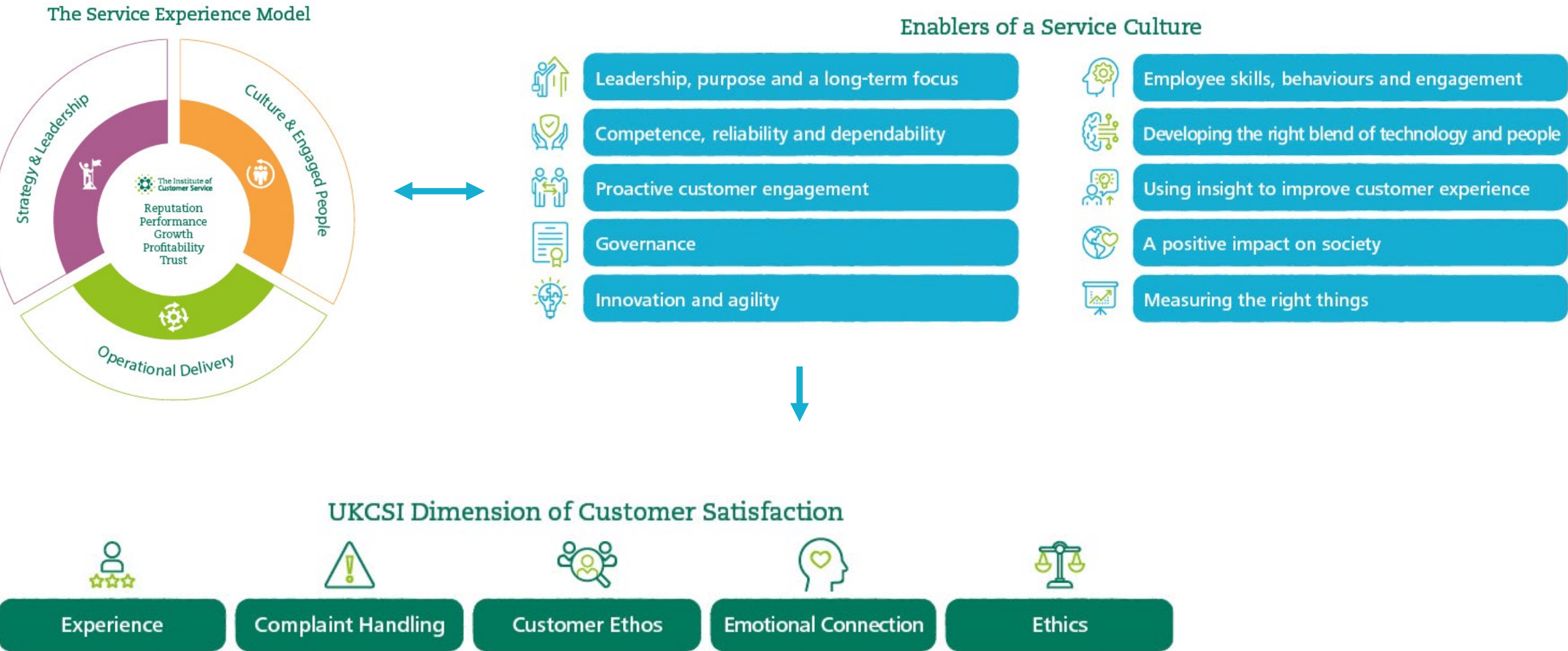
Source: UKCSI Jan 2023

The world is changing: who are you serving?



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

Customer satisfaction is falling: how will we respond ?



Jo Causon – Chief Executive

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Thank You Questions?

www.instituteofcustomerservice.com

General

