



May 2012

2011 Customer Experience Index Report:  
**The Era of Impatience – Clock Ticking on  
Paying Lip Service to Customer  
Experience**



## EXECUTIVE SUMMARY

In September 2011, RightNow Technologies commissioned independent research\* to examine how UK consumers are feeling about their interactions with UK businesses. The study took the temperature of 2,023 adults aged 16+ within Great Britain to gauge the current state of customer experiences and the consequences to brands of poor customer experiences.

The study also looked at the rise in consumer use of social media platforms such as Facebook and Twitter to express their frustration with brands and the extent to which brands are listening and responding.

Overwhelmingly the study showed that today's consumers are increasingly impatient when it comes to poor customer experiences. 91 percent of people who stop doing business with an organisation due to a poor customer experience go on to buy from a competitive company – and 37 percent state that they give a company less than one week to resolve their issues before taking their business elsewhere.

Despite evidence that good consumer experiences appear to be patchy, the overwhelming majority of consumers (84 percent) said that they would actually be willing to pay more for better customer experiences. This indicates the importance consumers place on good experiences and that they are not willing to sacrifice good service for cost.

Finally, the report examines how British business can better engage with consumers to spend more and provides key recommendations for excellent customer experiences.

## Consumer Expectations



### Fast Fact 1

#### UK businesses are failing to meet customer expectations

- *Only 2 percent of UK consumers feel their expectations are always met while almost half (49 percent) feel companies sometimes meet them*

There's little doubt that consumers have become a hard to please, technologically-erudite audience. They want more knowledge and greater convenience; they want companies to actively engage with them on a personal level, on their terms, 24x7.

While few brands would argue that delivering good customer experiences is not a key business imperative, recent studies show that most businesses have not made any significant customer service improvements in the current economy.

According to the 2011 Global Customer Service Barometer from American Express<sup>1</sup>, 45 percent of UK consumers feel businesses have not changed their attitudes towards customer service with 28 percent stating companies now pay less attention to customer service.

Consistently good customer experiences appear to remain elusive. The RightNow Customer Experience Index, 2011 showed only two percent of UK consumers feel their expectations for a good customer experience are always met while almost half (49 percent) feel companies sometimes meet them.

With poor customer experiences quickly resulting in frustrated customers, lost business and ultimately damage to brands, organisations need to increase their focus on delivering consistently good experiences across multiple channels.

In terms of preference, speaking directly to a live customer service agent remains the channel of choice for the majority of respondents (69 percent). For the 55+ group the preference for speaking directly increases to 83 percent. Least favourite remains voice automated systems at 3 percent:

- 69 percent prefer to speak to a live customer service agent
- 66 percent prefer email
- 14 percent prefer webchat
- 12 percent prefer online customer forums or communities
- 9 percent prefer by smartphone/mobile web
- 5 percent prefer to interact via social networking sites like Facebook, Twitter, Youtube
- 3 percent prefer voice automated systems

<sup>1</sup> 2011 Global Customer Service Barometer, conducted for American Express by Echo research.



## Fast Fact 2

Consumers are increasingly impatient when it comes to poor customer experiences

- 91 percent go on to buy from a competitive company
- 37 percent of those give a company less than one week to resolve customer service issues before taking their business elsewhere

## Fast Fact 3

Social channels are becoming a consumer venting ground

- More than a quarter of consumers (29 percent) post a negative comments on social networking sites
- Almost half (49 percent) of 16-24 year olds have posted a negative comment on a social networking site following a poor customer experience

## The Consequences of Poor Customer Experience

When faced with a poor customer experience, the RightNow study showed that most consumers do not hesitate to take their business somewhere else.

In fact, 91 percent of people who stop doing business with an organisation due to a poor customer experience went on to buy from a competitive company.

37 percent of those who bought from a competitor stated they give a company **less than one week** to resolve customer service issues before taking their business elsewhere.

59 percent however are willing to wait at least one week for their issues to be resolved with almost half (48 percent) willing to wait between one week and one month for their issues to be resolved.

While many businesses will have Service Level Agreements (SLAs) in place across their different communications channels, it appears consumers aren't feeling not being met within organisations or that there is a lack of communication to consumers in terms of setting expectations. More likely however is that despite investing in multi-channel contact centres, many companies are still maintaining silo'd environments with little cross integration between channels. This quickly leads to disparate customer experiences and easily ups consumer frustration levels.

## The Rise of Social Media as a Communications Channel

Online forums are also rapidly becoming a venting ground for consumers – more than a quarter of consumers (29 percent) go on to post a negative comment on a social networking site like Facebook or Twitter following a poor experience.

Males are more likely to post a negative comment (34 percent) than females (25 percent) and perhaps unsurprisingly it's the younger generation (16 – 24 year olds) that is most active when it comes to using social channels to express their frustration with brands. Almost half (49 percent) have posted a negative comment on a social networking site following a poor customer experience.

And, with more than half of respondents (51 percent) stating that, aside from price, it's customer reviews that most influence their purchasing decisions and for 46 percent it's word of mouth, it becomes clear that brand reputations can easily be damaged by negative comments made online or off.

While the potential damage to brands of complaints over social channels appears to be on the rise, the vast majority of businesses are failing to respond - 71 percent of consumers who have shared complaints about poor customer experience online have had their complaints ignored.

The good news is that brands stand to gain by providing a simple response. Of the 29 percent who did get responses to their complaints, more than half of them (51 percent) indicated that they had a positive reaction to the same company they were previously complaining about.

By merely responding to complaints, organisations stand to win frustrated customers back.

## The Online Opportunity

According to the research, British businesses also have the opportunity to gain customer favour by incorporating social networking channels into their customer response strategies.

17 percent of those surveyed stated that despite making a negative comment after a poor customer experience they went on to post a positive comment following an appropriate response from the company, and 13 percent said they deleted their original post.

Females were less likely to go on to post a positive comment (13 percent) and 16-24 year olds were most likely to go on to post a positive comment (20 percent).

The survey also showed that if issues are resolved appropriately 10 percent go on to become loyal customers. For the 25-30 year age group this goes up to 18 percent.

## Customers are Willing to Pay More for Better Customer Experiences

Even better news for businesses is that 84 percent of consumers said they are actually willing to pay more for a better customer experience:

- 88 percent of those stated they were willing to pay 5 percent or more
- 56 percent were willing to pay 10 percent or more
- 24 percent were willing to pay 15 percent or more
- 20 percent were willing to pay 20 percent or more
- 31 percent of 16-34 years olds were willing to pay 20 percent or more

The older the consumer however, the less likely they are to pay as much as 20 percent or more. 16 percent of 35-44 year olds would pay 20 percent more, 12 percent of 45-54 years olds would and only 6 percent of those 55+ would pay 20 percent or more.

## Meeting Customer Expectations for Great Customer Experiences

While the survey shows that customer expectations and complaints frequently go unmet or unacknowledged, it also shows that when brands do offer good experiences they stand to generate more revenue.

When asked specifically how companies can better engage with consumers to spend more, respondents said:

- Improve the overall customer experience (53 percent)

### Fast Fact 4

#### Businesses fail to address online complaints

- *71 percent of consumers have had their complaints on social network sites ignored*

### Fast Fact 5

#### Online presents an opportunity for businesses

- *17 percent of consumers who made a negative comment on a social networking site went on to post a positive comment after receiving an appropriate response from an organisation*

- Ensure I can easily ask questions and access information before making a purchase (57 percent)
- Improve search functionality and overall web site usability (37 percent)

When it comes to consumer demands for great experiences, what makes a great experience that causes consumers to fall in love with a company they frequently do business with?

- 25 percent seek stellar reputation (ie professional reviews, word-of-mouth)
- 67 percent look for friendly employees/customer service representatives
- 52 percent want to easily find the information/help needed
- 37 percent would like personalised experiences (ie know the products I've bought, service issues I've had, continually send me helpful information)

## Six Key Recommendations for Excellent Customer Experiences



### Fast Fact 6

Consumers will pay more for better customer experiences

- 84 percent of UK consumers are willing to pay extra for a better customer experience
- 20 percent are willing to pay 20 percent or more

While the British consumer may be increasingly savvy and demanding when it comes to customer experiences, there is ample opportunity for brands to foster stronger customer relationships and generate increased loyalty by putting customers at the centre of their organisation.

The ability to deliver consistently outstanding experiences across all consumer interactions will pay dividends to British businesses:

#### 1. **Ensure service representatives are available and ready to respond.**

More than half (55 percent) of consumers surveyed noted that their expectations were not met because the company was unavailable; they didn't pick up the phone or answer email.

#### 2. **Improve service level times.**

55 percent said the company was slow to resolve their issues.

#### 3. **Arm employees with the right information**

55 percent said the company was clueless, it sometimes felt like the consumer knew more about the company than the agent.

#### 4. **Focus on the personal touch**

45 percent surveyed said the company was impersonal; sometimes the agent couldn't even get their customer's name right.

#### 5. **Know your customer's interaction history**

27 percent said the company was forgetful, they didn't remember the consumer even if they had recently talked to an agent.

#### 6. **Include social channels in customer response strategies**

9% said the company was anti-social; they were nowhere to be found on social networking sites.

## Methodology

This study was conducted online by Harris Interactive via its Global Omnibus on behalf of RightNow among a total of 2,023 adults aged 16+ within Great Britain from September 20th to 28th, 2011. Figures for age by gender, education, region and Internet usage were weighted where necessary to bring them into line with their actual proportions in the population within each country. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.



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Service to Customer Experience  
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Oracle RightNow  
Oracle Parkway, Thames Valley Park  
Reading, Berkshire  
RG6 1RA

Telephone: 0118 924 0000  
Fax: 0118 924 3000  
oracle.com



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