
QUANTIFYING THE BUSINESS IMPACT OF CUSTOMER SERVICE IN AUSTRALIA

April 2019



Introduction

Customers regularly experience issues. In every industry a customer will inevitably contact customer service to voice a problem. “I’ve bought your product but it doesn’t do what it’s supposed to do.” “I ordered the item last week and still have not received it.” “I am unable to access my account.” “I keep getting transferred from one customer service rep to the next.” “Nobody is letting me know the status of my issue.” While customer service issues are common, it is how and when your company resolves these customer service problems that will profoundly impact future purchases.

To successfully meet customer demands for more immediate, personalised attention, companies are leveraging new technologies that go beyond traditional voice and email. By implementing such channels as live chat, social media, mobile apps, text messages, self-help solutions, and more, companies can now be ready wherever and however the customer wants.

But just how meaningful are these experiences on consumer buying behaviour? How long does the effect last? Do new technologies and recent cultural shifts significantly change the way experiences are evaluated? What expectations do customers have for the channels they use to contact support? And, do good interactions have the same long-term impact of negative interactions?

The following report, sponsored by Zendesk, is based on an online survey of 511 consumers in Australia who have received online or phone customer service. The research goal was to better understand the Australian customer expectations and to quantify the impact of customer service on business results. Questions were asked about past experiences with customer service, as well as preferences and opinions.

Key Findings

- **Customer service directly impacts long-term revenue**
 - 87% say a quick response to an initial inquiry is important when deciding which company to buy from
 - 91% say bad customer service changes buying behaviour, and 75% say good customer service changes buying behaviour
 - 35% continue to change their buying behaviour two years or more after a bad customer service experience
- **Excellent customer service requires a wide range of channels**
 - Customer preferences include a broad mix of communication channels to contact customer service
 - For simple service requests, 65% prefer email, 48% prefer live chat, 44% prefer phone, 25% prefer text, and 15% prefer social media
 - For complicated service requests, 73% prefer phone, 48% prefer email, 38% prefer live chat, 13% prefer text, and 9% prefer social media
 - 25% say multiple communication options are part of a good experience
 - 31% say not being able to contact customer service with their preferred channel contributed to a bad experience

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- **Channels other than email and phone are gaining popularity for customer service**
 - 68% have used live chat, social media, or text for customer service in the past year
 - 21% of Millennials prefer social media for simple inquiries, although only 6% of Baby Boomers say the same
 - 96% have used an FAQ, help centre, or other self-serve online resources
- **Service channels must be coordinated to be effective**
 - 84% will use a different method if they don't receive a response from their initial inquiry
 - 39% wait less than an hour before trying another contact method if they haven't heard back
- **Expectations for good customer service are changing**
 - 60% expect customer service to be faster now than it was five years ago
 - 46% expect less complicated interactions
 - 36% use more self-serve customer service options

This research project used the following age ranges for analysis of generational differences:

Baby Boomers:	Over 55 years old
Generation X:	39 - 55 years old
Millennials:	24 - 38 years old
Generation Z:	Younger than 24 years old

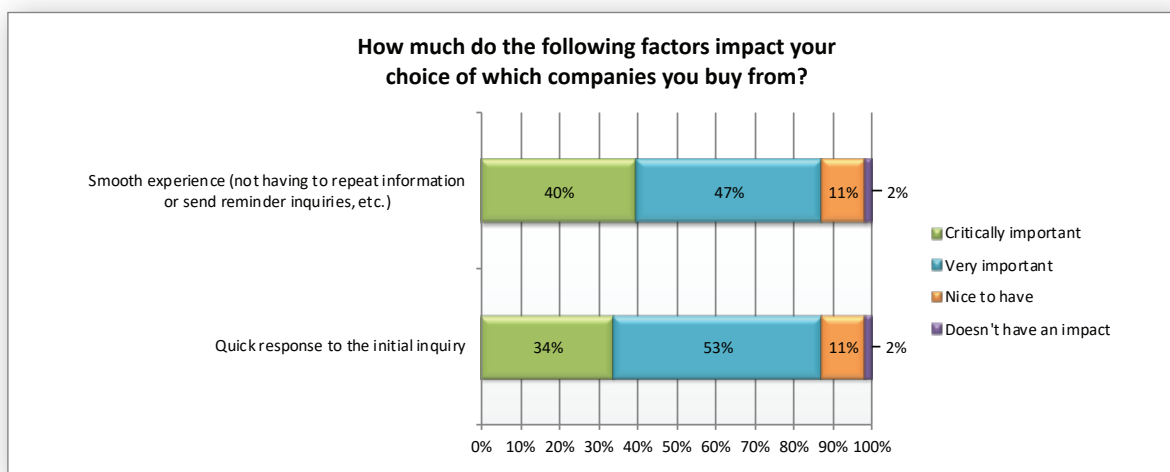


Detailed Findings: Customer service directly impacts long-term revenue

Good customer service impacts vendor choices

People engage with companies on a regular basis and sometimes things don't turn out as expected. But what exactly is considered a negative customer service experience from the human perspective? Our participants described bad experiences as anything from waiting too long to be helped to dealing with an unpleasant representative to facing challenges with the chosen contact method—or never getting the issue resolved at all. On the other side, their good customer service experiences included interacting with pleasant people, receiving fast, effective responses to inquiries, not having to explain the situation multiple times, and simply solving problems.

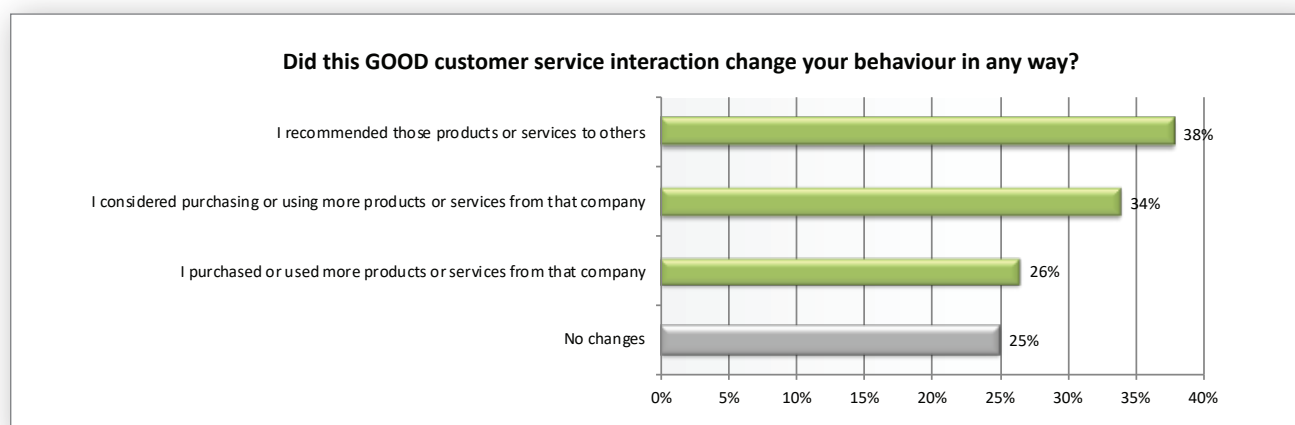
These factors are more than a nice to have; they directly impact purchasing decisions. An overall smooth experience is important (87%) when deciding which companies to buy from as is a quick response (87%).



Customer service changes buying behaviours

There is a universal truth that good customer service will propel a company forward while bad service will set you back a few, or even many, steps from your desired goal. Customers will remember their experiences—good or bad—when it's time to make their next purchases.

But how do good customer service interactions really change consumer behaviour? Among survey participants reporting a good customer service experience, 75% reveal that their experience actually changed future buying behaviour, from recommending products or services to other people (38%) to purchasing or using more products and services from that company (34%) to considering purchasing or using more from that company (26%).

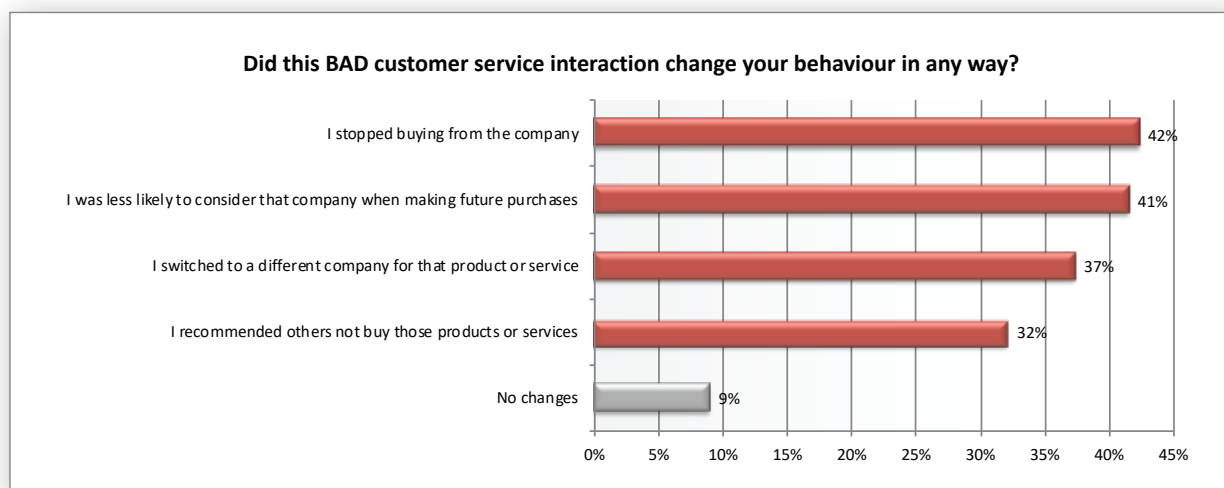


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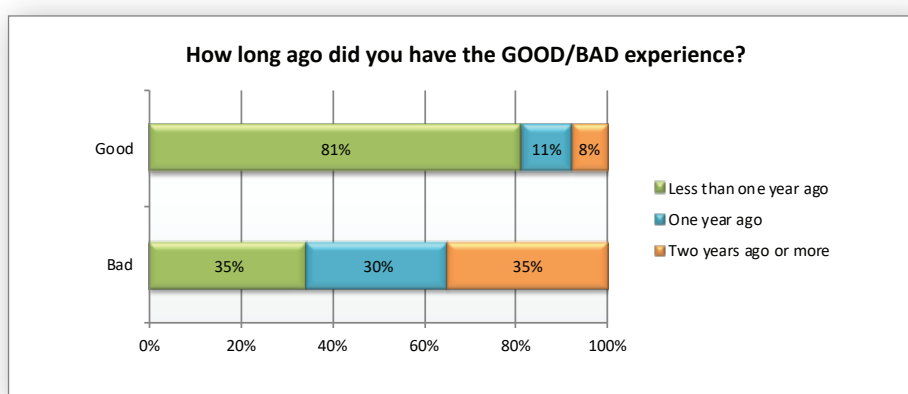
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Yet what is most unsettling are the consumer behaviour changes after a poor interaction with customer service. Of those reporting a bad customer experience, most (91%) changed their future buying decisions. More specifically, 42% stopped buying from the company, 41% were unlikely to consider that company when making a future purchase, 37% switched to a different company for that product or service, and 32% told others not to buy that product or service.



Customers remember bad experiences longer than good ones

Even though the human mind recalls both the good and the bad, unfavourable interactions with customer service are longer lasting. People will often stop buying from a company altogether due to a poor experience. When consumers were asked about customer service experiences that happened a long time ago but still impact them today, 35% remember bad experiences from two or more years ago. In contrast, only 8% remember good experiences from a similar time period.



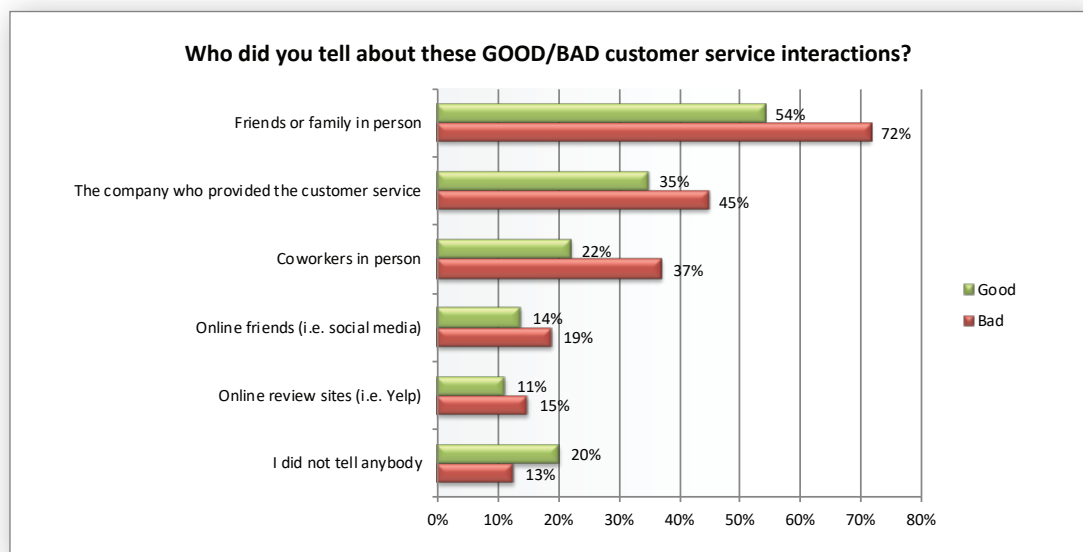
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In addition to changing their buying behaviours, people will often share their experiences—good or bad—with others, which can significantly amplify the effects on a company’s long-term business.

And, boy do they talk. The vast majority (87%) told someone about their bad customer service experiences and most (80%) shared their good ones. Stories were most frequently told in person to friends and family (72% for bad experiences and 54% for good ones).

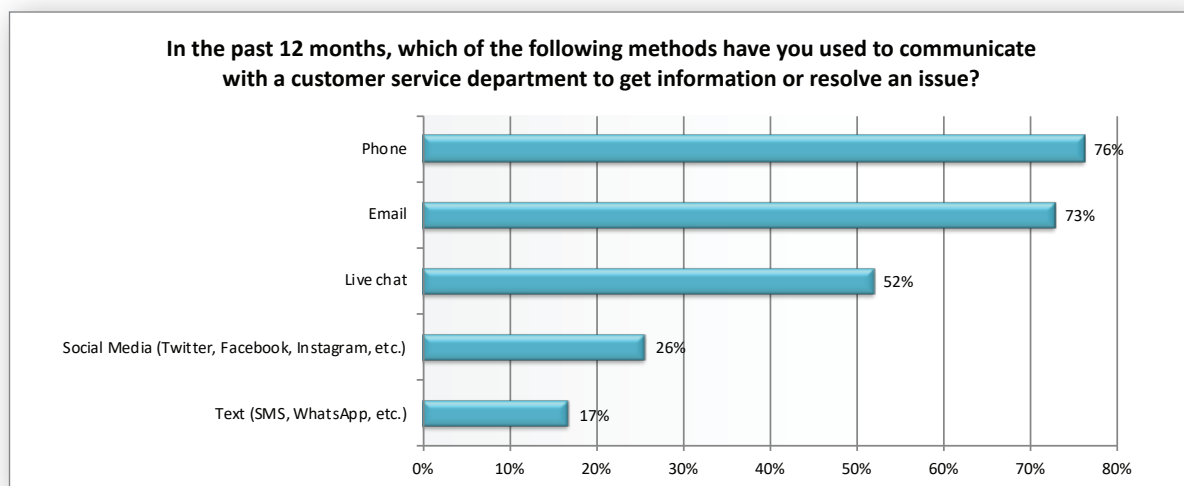


Detailed Findings: Excellent customer service requires a wide range of channels

Customers use a broad mix of channels to contact customer service

Today an omnichannel approach, one that incorporates a full range of voice and digital channels, is becoming the standard for meeting customer service expectations. Companies that excel in customer service are committed to the motto—give customers what they want in the way they want it.

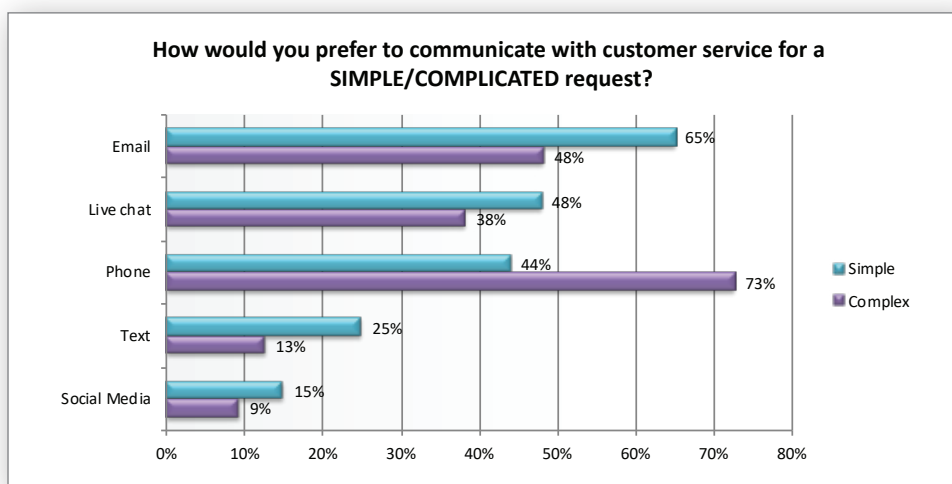
Today’s consumers use a wide range of channels for customer service. Over the past 12 months, the most frequently used method for communicating with customer service was phone (76%) followed by email (73%), live chat (52%), social media (26%), and text (17%).





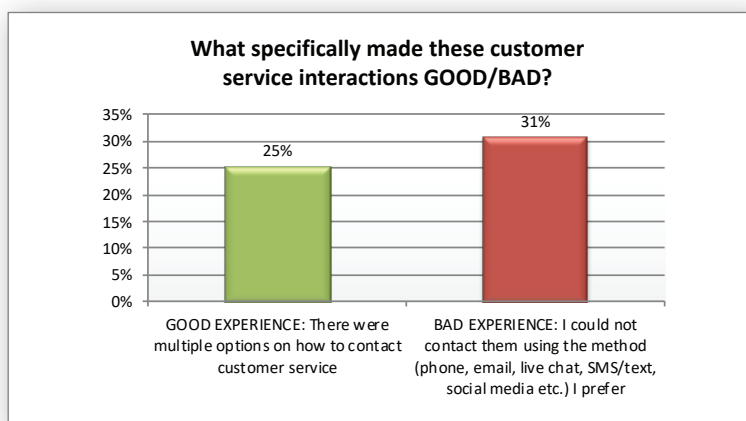
Preferences for service channels range greatly

Perhaps, one of the most important findings from this research is that consumers prefer different communication channels depending on the urgency and complexity of the issue. For simple information requests, such as getting shipping updates, information changes, and the like, consumers are more likely to report a preference for digital channels including email, live chat, text, and social media. Conversely, for more complicated requests like troubleshooting a product malfunction or requesting a rebate, consumers have a clear preference for customer service by phone.



Availability of preferred channels influences customer service experiences

Today's consumers demand near-instant solutions and expect a flawless experience from their channels of choice when contacting customer service. In fact, 25% report having multiple options for contacting customer service made it a good experience, while 31% report not being able to contact customer support using their preferred method made it a bad experience. Simply by making life easier for customers, customer support can transform the overall experience.

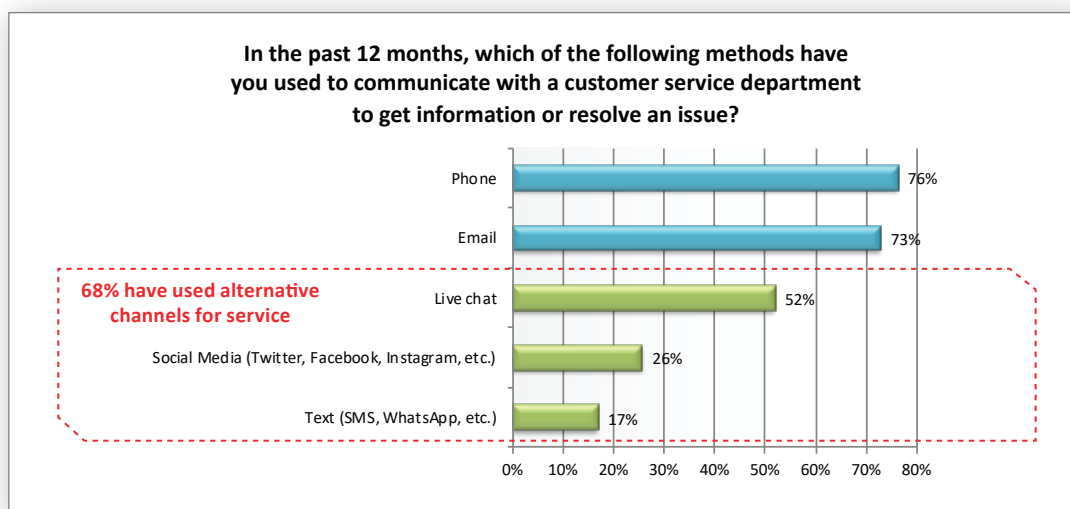




Detailed Findings: Channels other than email and phone are gaining popularity for customer service

Phone and email are still top channels, but alternative channels are used significantly

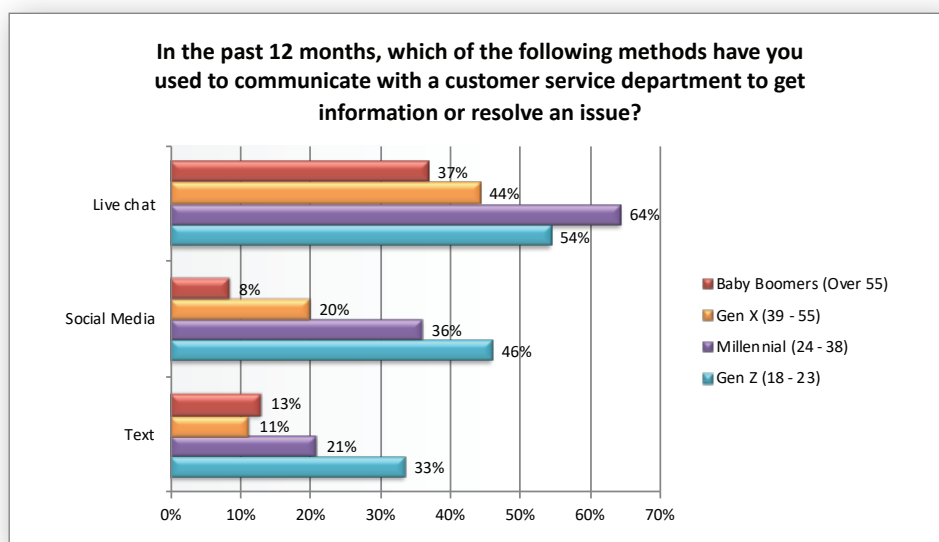
Even though consumers report phone (76%) and email (73%) are the most used channels to communicate with customer service, newer “alternative” channels—live chat, social media, texting, etc.—are used widely, with 68% reporting use of at least one of these channels for customer service in the past 12 months.



Generation Z is most likely to use alternative channels

When we drill down to see who is most likely to use these non-traditional customer service channels, it is not surprising that the youngest generation is more likely to take advantage of alternative options for support, although other generations also do use them.

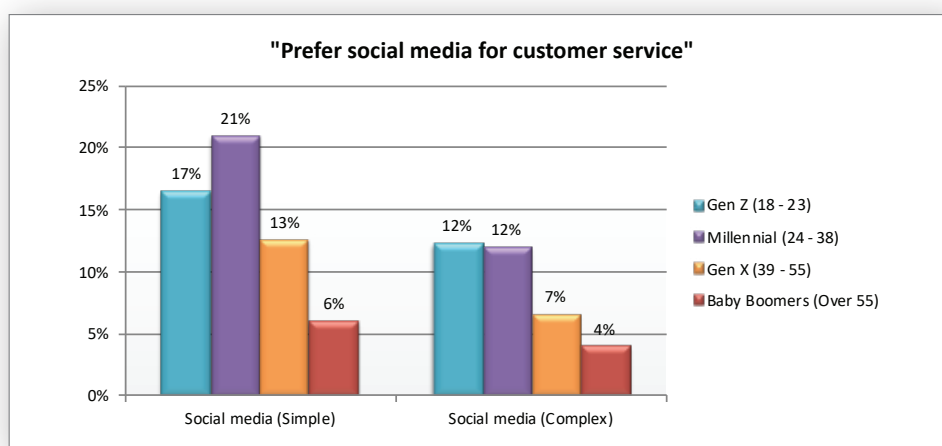
For example, among Gen Z, 46% have used social media to communicate with customer service in the past year, compared to only 8% of Baby Boomers. Similarly, text is used by 33% of Gen Z and 13% of Baby Boomers.



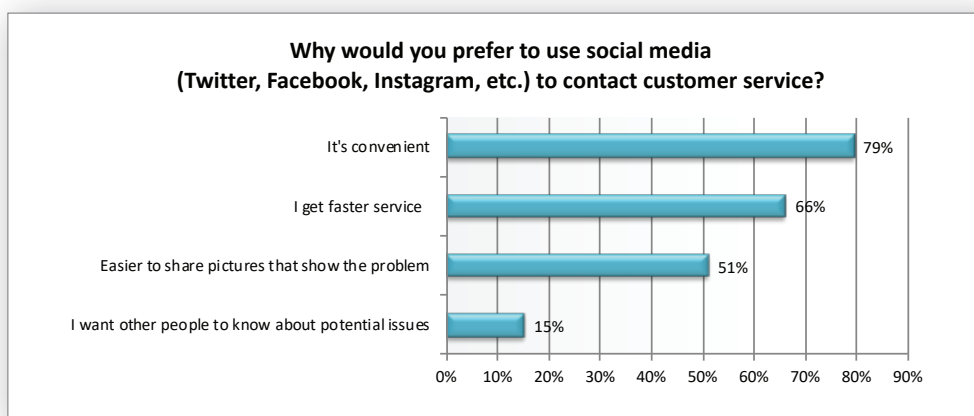


Younger people prefer using social media for customer service

Younger people, both Gen Z and Millennials, do prefer alternative channels when we examine both simple and complex customer service requests. When we asked consumers about their preference for one customer service communication method over another, more Gen Z (17%) and Millennials (21%) choose social media for simple requests in contrast to only 6% of Baby Boomers. The same held with complex requests where 12% of both Gen Z and Millennials choose social media compared to only 4% of Baby Boomers.



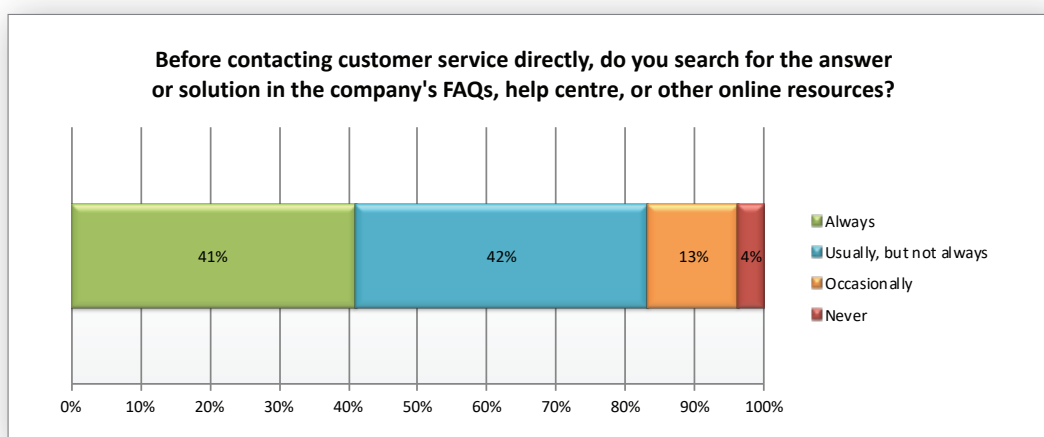
To better understand why customers prefer using social media over other service channels, we asked participants about their rationale. The majority (79%) say social media is a convenient channel to contact customer service. Additionally, 66% prefer using social media because they get faster service via that channel, and 51% report they use social media because it's easier to share pictures that show the problem.





Consumers are willing to search for answers on their own

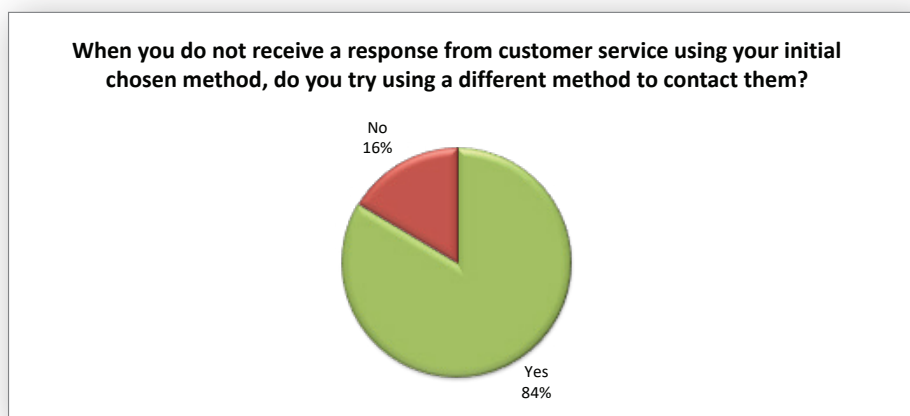
Of course, if people can quickly solve problems on their own without contacting customer service that is good for both the customer that gets a quick answer and the service team that deflects ticket creation. Clearly, this is something customer service organisations should take seriously because 96% of consumers say they have tried a self-service solution, including searching a company's FAQs, help centre, or other online resources. And well over a third (41%) report that they always do it. By investing in more efficient self-service options, companies can decrease the number of help tickets submitted, reduce handling times, and increase customer satisfaction.



Detailed Findings: Service channels must be coordinated to be effective

Majority will try a different channel if they don't get a response from their first method

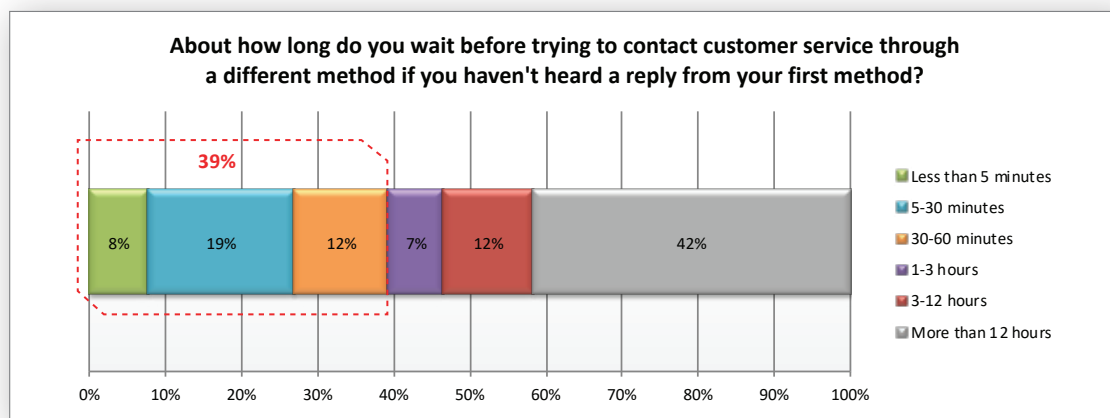
According to our research, customers are impatient and 84% will jump from one service channel to another if they don't get a response from their initial inquiries. This is a significant concern for customer service teams who need to not only deliver a great experience but must also keep operations efficient. Duplicate tickets caused by inquiries via multiple channels can negatively impact both of these.





Nearly half will wait less than an hour before trying another contact method

So just how long will customers wait before trying a different communication channel? Not long! Over a third (39%) indicate they will wait less than an hour before trying a second contact method if they haven't heard back. And 8% report they will try another contact method after less than five minutes. When customers turn to another communications channel to get help, it can create confusion for the support organisations since multiple inquiries are not connected to the same issue and multiple reps work on the same issue.



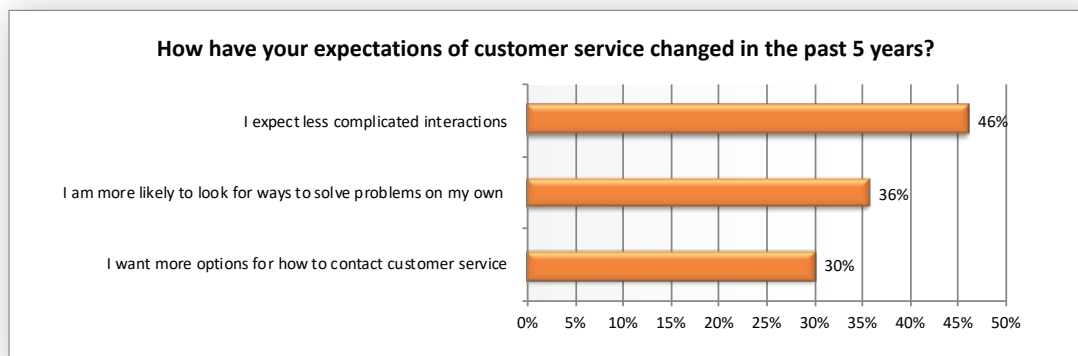
Whatever the reasons behind these service delays, customers should never have to try again with their requests using a second (or third) communication method. Companies should be actively available wherever their customers need them and should strive to offer consistent customer service across all their channels.

Detailed Findings: Expectations for good customer service are changing

Customer needs are shifting

What's next for customer service? Customers are reporting that their needs are changing, and good customer service organisations should respond. This means providing current and future customers with all the right self-service tools and communication channels, on their terms, not yours. This research suggests several practical ways to meet and exceed your customers' changing customer service expectations.

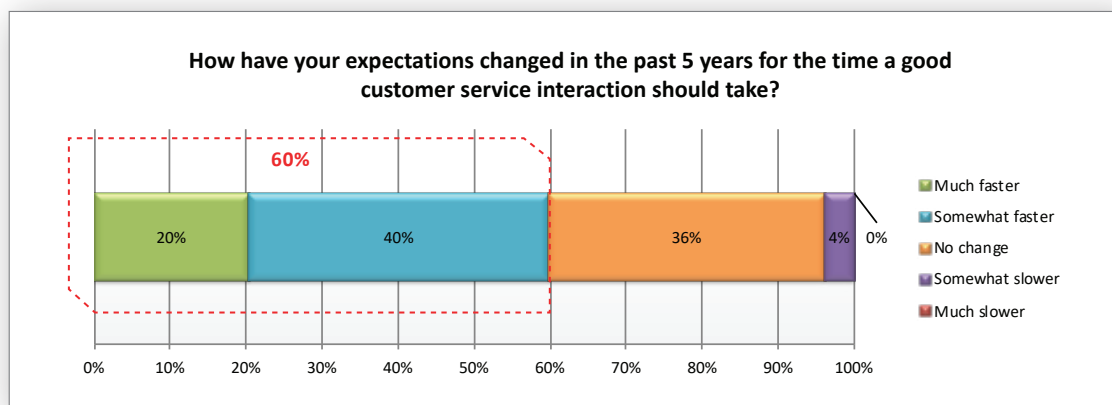
First, look for opportunities to streamline your internal processes so it's easier for people to communicate with customer service. More than a third (46%) expect interactions to be less complicated than in the past. They are clear that they have no tolerance for repeating information or sending reminders. Second, offer more self-service options. Over a third (36%) are increasingly trying to solve problems on their own by searching for answers online communities, FAQs, and the like. Third, provide additional channels, such as live chat, text, social media, and more, for consumers to contact customer service, as desired by many (30%) customers.



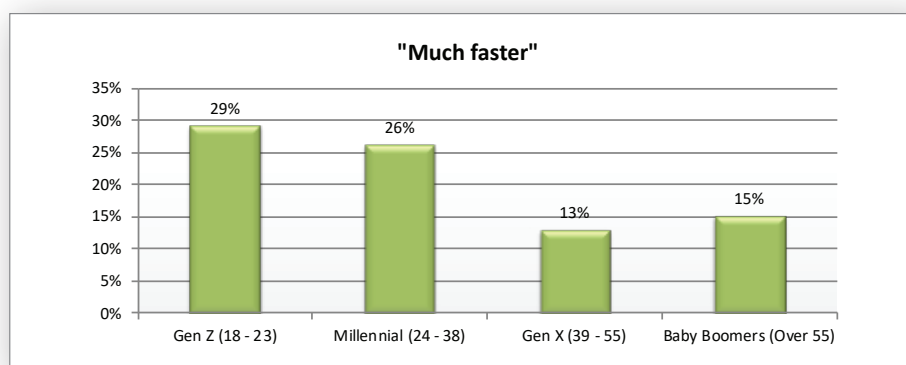


Consumers expect customer service to be faster than five years ago

Because the stakes are so high, companies must also lead in their response time across all service channels. We found that almost two-thirds (60%) of participants count on customer service to be faster than it was five years ago.



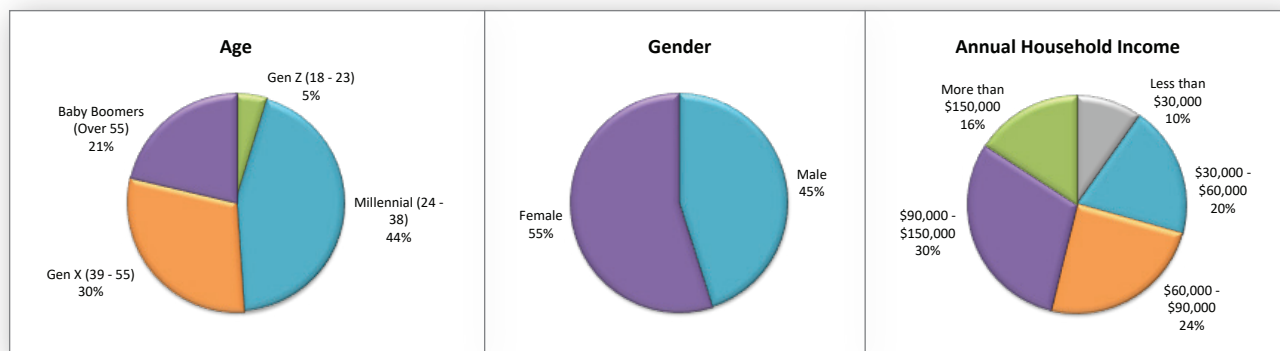
As the most digital savvy generations, Gen Z and Millennials want their experiences short, sweet, and convenient—and they are not willing to wait. As such, this younger generation is changing the rules of customer service with 29% of Gen Z and 26% of Millennials demanding much faster customer service. In contrast, only 13% of Gen X and 15% of Baby Boomers expect speedier customer service. Because these younger generations are beginning to hold more of your purse strings, it's important that your customer service be ready to serve these customers in the way they want to be served.





Survey Methodology and Participant Demographics

In March 2019, 511 individuals completed an online survey about their recent experiences with online or phone customer service. All participants lived in Australia and represented a wide range of ages, annual household incomes, and genders.



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