

July 15th 2010 – Customer Satisfaction is just as important as it ever was!

Findings were released today by the American Express Global Customer Service Barometer, a survey conducted in the U.S. and eleven other countries exploring attitudes and preferences toward customer service.

“Customers want and expect superior service,” said Jim Bush, Executive Vice President, World Service. “Especially in this tight economic environment, consumers are focused on getting good value for their money. Many consumers say companies haven’t done enough to improve their approach to service in this economy, and yet it’s clear they’re willing to spend more with those that deliver excellent service — suggesting substantial growth opportunities for businesses that get customer service right. It’s important to see customer service as an investment, not a cost.”

Almost all agree service is important, but one in five feel they’re taken for granted

Not surprisingly, nine in ten Americans (91%) consider the level of customer service important when deciding to do business with a company. But only one-quarter (24%) believe companies value their business and will go the extra mile to keep it. Most feel businesses can do more to retain their loyalty:

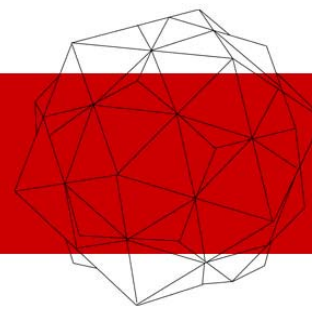
- 48% feel companies are helpful but don’t do anything extra to keep their business.
- Worse, 21% believe that companies take their business for granted.

Good news travels fast — until you go online

Importantly, customers are spreading the word willingly and widely when they experience good service. In fact, contrary to conventional wisdom, customers are more inclined to talk about a positive experience than complain about a negative one. Although Australians are doing more complaining than in the last five years. In 2005, according to the Australian Customer Service Institute, Australians would complain 42% of the time; in 2010 this figure is now 64%.

Three-quarters (75%) of those surveyed across the 12 countries are very likely to speak positively about a company after a good service experience in contrast with 59% who are very likely to speak negatively about a company after poor service.

Good service experiences also carry more weight than bad ones when Americans make future spending decisions. Consumers are far more likely to give a company repeat business after a good service experience (81%) than they are to never do business with a company again after a poor experience (52%).



In fact, consumers say the three most influential factors when deciding which companies they do business with include:

- personal experience (98%),
- a company's reputation or brand (92%), and
- recommendations from friends and family (88%).

Nearly half (48%) of consumers report always or often using an online posting or blog to get others' opinions about a company's customer service reputation. But when consumers go online they're looking for "watch outs," saying they put greater credence in negative reviews on blogs and social networking sites than on positive ones (57% and 48%, respectively).

"The Internet has made service quality more transparent than ever before," Mr. Bush said. "In the online space, positive recommendations are important, but people often give more weight to the negative. Because consumers can broadcast their views so widely online, each and every service interaction a company has with its customers becomes even more crucial. Developing relationships with customers, listening to them, anticipating their needs, and resolving any issues quickly and courteously can help make the difference."

Two strikes and you're out. Or is it one?

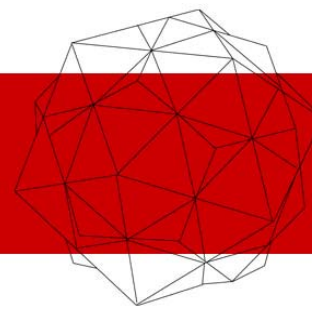
A negative service experience is an important factor for most Americans: 81% have decided never to do business with a company again because of poor customer service in the past. When asked how many poor experiences they allow, half of all Americans (50%) reported it takes two poor service experiences before they stop doing business with a company.

Importantly, consumers are far more forgiving if a company has earned their trust over time. Almost nine-in-ten consumers (86%) report they're willing to give a company a second chance after a bad experience if they've historically experienced great customer service with that company.

But companies who get it wrong should realize it's at a cost.

— Half of consumers (52%) expect something in return after a poor customer service experience, beyond resolving the problem.

— Most consumers (70%) want an apology or some form of reimbursement.



Service leaders recognise the value

Companies with reputations for great customer service take different approaches, however they share the common understanding that investing in service truly pays off.

“While customers appreciate the plush surroundings of our five-star hotels, we know that luxurious touches don’t matter to guests unless the service surpasses the setting,” said Simon Cooper, president, The Ritz-Carlton Hotel Company LLC. “Trends may change, but a focus on service excellence is timeless.”

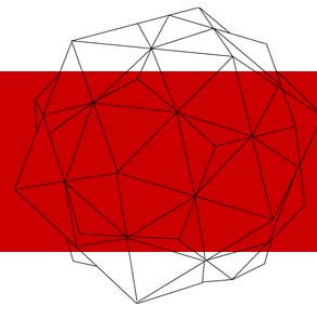
“What many people refer to as “great service”, we call hospitality,” says Susan Reilly Salgado, managing director of Danny Meyer’s learning business, Hospitality Quotient. “Service is all about the technical delivery of the product, while hospitality is about how guests feel during that transaction. Hospitality happens when guests believe you are on their side. For people to rave about their experience and become loyal customers, you need to have both - but what surprises customers and makes them feel genuinely cared for is the hospitality. And that’s the reason people love to talk about those fantastic experiences — because they surpass expectations.”

“By focusing on our company culture, we’ve been fortunate to hire great people where providing great service is in their DNA. We always have been and continue to grow through word of mouth. If you treat the customer how they should be treated and form personal connections with them, they’ll want to tell others about it,” said Aaron Magness, senior director, brand marketing and business development, Zappos.com.

Service is valued everywhere, but views vary globally

Similar to their U.S. counterparts, a majority of consumers in all but one country surveyed feel that customer service has become more important in the current economy:

India 82%	Canada 58%
Germany 68%	U.K. 58%
Japan 65%	Italy 55%
Mexico 65%	Australia 53%
U.S. 61%	Spain 52%
France 59%	Netherlands 47%



In most countries where the highest percentage of consumers feel that service is more important today, there is a corresponding belief that companies have increased their focus on providing good customer service.

— 65% of Indian, 49% of Japanese and 47% of Mexican consumers agree with this statement.

However, some consumers are not feeling the love. In **Australia (71%)**, Germany (66%), and Canada and Italy (65% each), consumers say they feel companies haven't increased their focus on service or are paying less attention to it.

This can spell trouble and lost opportunity for companies, given that consumers around the world consistently express a willingness to spend more with companies that provide excellent service.

Average Percentage More That Consumers Are Willing to Spend

India 11%	France 8%
Japan 10%	Australia 8%
U.S. 9%	Canada 7%
Italy 9%	U.K. 7%
Mexico 8%	Germany 7%
Spain 8%	Netherlands 7%

About the American Express Global Customer Service Barometer

The American Express Global Customer Service Barometer research was completed online among a random sample of 1,000 U.S. consumers aged 18+. Interviewing was conducted by Echo Research between April 13 and April 20, 2010. Overall, the results have a margin of error of +/- 3.1% at the 95 percent level of confidence. The same survey methodology was used in Canada, Mexico, France, Germany, Italy, the U.K., Spain, the Netherlands, Australia, India and Japan.

This article was referred to in Australia in: The Sydney Morning Herald, NBN News, The 7PM Project – 15th July 2010.