



National Consumer Study Sentiment, Emotions and Advocacy NOW

Commissioned by: SFI International

Peter Gillson, the Director of SFI International recently commissioned an extensive research paper to find out more about today's consumer. Together with David Higginbottom of Competitive Edge Consulting, the results of a National study on Consumer Sentiment, Emotions and Advocacy NOW were presented at the 2009 SOCAP Symposium.

Researched and finalized in the two weeks prior to the Symposium, this leading edge research presented the first national consumer driven study for our industry since 1995. It drew on a sample of 15,000 households, and represented a 99% confidence level for the sample results returned. This National Research returned a demographic and gender representation consistent with the Australian Bureau Statistics and will form the basis of further studies designed to provide the practitioner with the necessary knowledge needed to make business decisions to better engage with consumer sentiments.

The results for the survey covered 52% of respondents who had complained in the last three (3) months throughout Australia. The other 48% also provided their opinions on their complaint behaviour and expectations, sentiments, emotions and advocacy role.

In conducting this study using Competitive Edge, a well-known market research and strategy consultancy, SFI demonstrated its commitment to the industry to reinforce the need for knowledge in our decision making process. SFI have always been at the leading edge of new changes and new events in customer relations management and consumer advocacy.

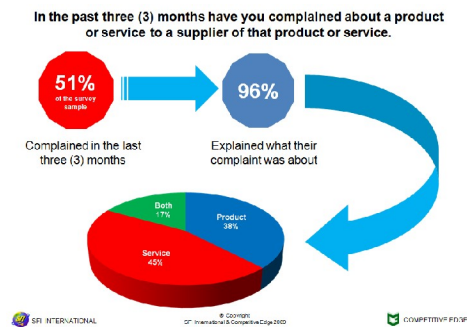
In 2006, they reported on what was a landmark study with Competitive Edge: the need for our companies to create profit-centred complaint handling centres and divisions. The research focused on the return on investment (ROI) to organisations when they satisfactorily handle customer complaints and return customers to profit generating status and loyalty.

This current research looked to address deficiencies through lack of currency in the market place. The major benchmarking study for many years has been the American Express study on consumer sentiments and emotions conducted by SOCAP Australia in 1995. This was a study of the proprietary client list of several co-operative organisations, well before the Internet, mobile phone and social network society of today.

SFI focused on Australian households with complete objectivity in this study. It captured the consumer behaviour of the past 12- 18 months and looked to harness consumer feelings given that they had lodged a complaint in the last 3 months. In recent months

there have been wholesale changes in consumer advocacy and in the psyche of the consumer.

Online activities have escalated, assisted greatly by mobile phone, Internet, online purchasing, and the social media explosion. This has created a mobile and “fast food” response society where the new generations, and even the older generations, expect and demand a different level of response.



Today’s customers are time poor and expect far different levels of interaction than they did some 3-5 years ago. They do not respond to policy and procedural processes dictated by practitioners. Recent financial outcomes in global markets have proved the major accelerant of this consumer responsiveness, the demand for service, the demand for recognition, and increased consumer advocacy.

Our industry is challenged by this process, and we lack the necessary benchmarking nationally and internationally to respond to these underlying consumer sentiments and emotions, meaning consumers have not really been serviced well against expectations. The research delivered the industry a strong message. Respondents rated the industry and the consultants poorly for:

- An Inability to listen
- Lack of understanding of the issue presented to it by consumers
- Not understanding the value of a complaint (it is a reflection of customer value)
- Not communicating in acceptable timeframes to the customer (overall responsiveness)
- Not empowering staff with authority and decision-making through training
- Misreading the value of gifts and apologies, and reward and resolution
- Not identifying with the consumer’s satisfaction requirements (in their shoes behaviour)

Service industries were compared with products because in the total society services are ranking highly for employment and wealth generation. Recently the NSW Government reported that 85% of its businesses were service based.

Services were rated poorly when compared to manufacturing (product related), especially in terms of response rates, consultant handling skills and training, understanding of actual underlying complaints, and complaint handling procedures.

Consumer dissatisfaction is the lack of fulfilment of a product or service determined by consumer expectation and / or an organization brand promise. The extent of the shortfall together with the organizations recovery model will directly relate to the dissatisfaction level based on your resolution model and the ability to satisfy your customer to build loyalty and ultimate advocacy and a lifelong relationship. Build Customer loyalty and obtain greater knowledge of your customer, listen to your customer and enhance the overall customer experience and enjoy equal brand strength and equity.

We know that in many instances service complaints are a serious challenge, however the report rated seven (7) sectors of our economy for complaint handling, and the service industries again proved to be the major areas of brand switching, loss of loyalty and general client dissatisfaction when it came to complaint handling.

The Government sector at all three levels need some serious insights into complaint handling. They constantly rated poorly across a range of performance questions, and although many of the respondents were “hostages” and had to suffer poor response and service, it does affect trust, belief and loyalty in the long run.

When complaining to Government there is no expectation of a satisfactory resolution.

The Ombudsman service was well received by respondents. They are considered a last resort for escalating consumer complaints. By their nature they require written material, more time from the consumer’s end, and prior attempts to resolve issues. Ultimately, consumers rank them highly where they had used them for complaint handling.

In the case of the method of complaints, there is a wealth of information in the study which will assist many organisations to improve customer service, response, complaint handling techniques and overall efficiency and cost restraint.

In particular:

1. Face to Face and telephone communication is most important for today’s consumer. This reflects the growing trend that consumers want resolution at the place of purchase.

Future stores will have kiosks for consumer feedback and in store managers who are empowered to respond and resolve issues with immediacy.
2. Consumers believe that complaint handling is not understood by consultants 84% say No or Sometimes only 14% say Yes
3. The passage of Time impacts significantly on resolution/satisfaction levels
4. Overall Satisfaction levels are higher for product industry issues
5. All customers really want is Resolution not retribution. For your part you need to; Empower staff, provide training in resolution techniques not complaint handling, staff must be mediators, compassionate, friendly, and motivated by their job and above all a competent communicator and be able to project a

smile through all means of communication even if not seen

6. Staff attitude directly impacts on the lifecycle and outcome of complaints.

Train staff in emotional intelligence to impact the customer experience and organisations bottom line.

7. Consumers will not wait. In this fast paced, time poor, it's all about me world of today, our customers insist on a turnaround time that fits their lifestyle. They expect it and they demand it. As a result the consumer attention rate is much less tolerant. So if you want to be engaged and build a relationship with today's consumer your systems need to meet and exceed the expectation. Our research will help guide you in the direction you should be taking. Up to 85% of complaints can lead to loss of loyalty, telling others and brand switching. Brand switching was prevalent because they did not want to waste their time and they had no expectation of resolution. It was a "double whammy" because even if you did solve their problem, if there was attitude or communication problems involved, they switched brand anyway.

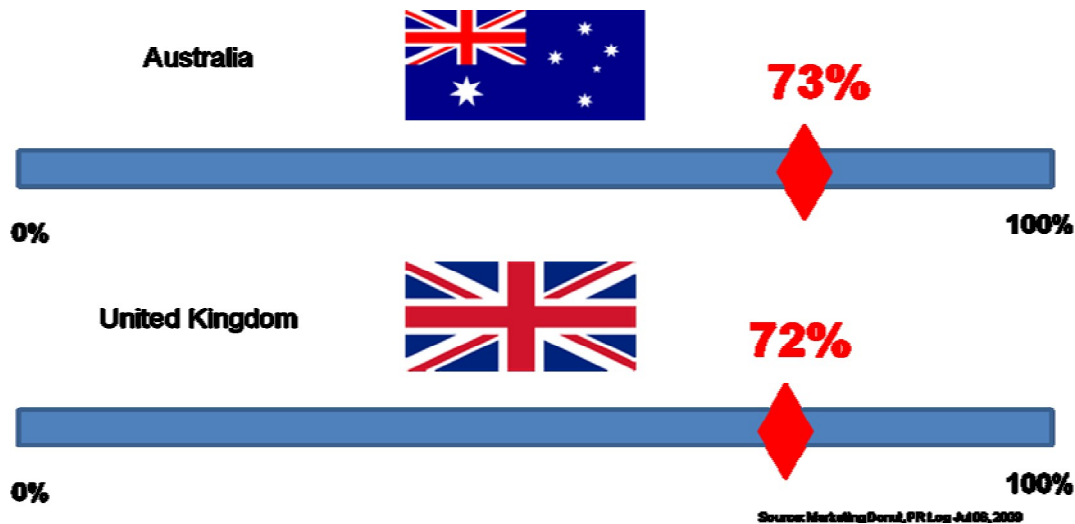
8. Social media, as a way of extending word of mouth to word of mouse, was used by 18% of those who complained in the last three (3) months. This has greater impact than the majority of consumers who told 5-8 other colleagues and friends. Our primary means of communication may move from face-to-face to the technologically intoxicated in the blink of an eye.

Social Networking sites represent a significant shift in the social habits of an entire generation. Aided by technologies and advancements in telecommunications, communication is moving in line with the increasingly demanding schedule of today's consumer and fast pace culture that now exists. Whether it is the latest mobile phone, on line blogs or You Tube or a Tweet about your relationship with a company, the important thing to note is that it doesn't matter how the message finds its way to a customer, just that it does and it is much quicker and more devastating than ever before.

9. On the brighter side, word of mouth can be a positive brand loyalty and business creator. Many colleagues and friends who heard about complaints also heard about good brands and good outcomes. This was particularly good for the retail and consumer goods segment.

Overall, we can do better to accommodate today's consumer and keep them as loyal customers. Loyalty strategies have a bottom line payment. Customers are loyal. The study found (73%) were loyal when **satisfied through resolution, then reward**. This reinforces a study done in the UK in March 2009 which gave a 72% loyalty result.

Customers who feel more loyal to organizations if their complaint is handled to their satisfaction

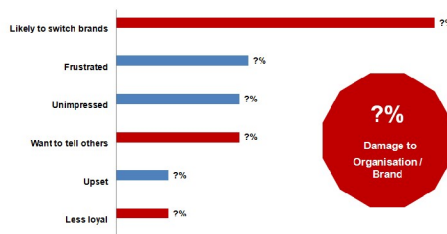


What we have to do better is:

1. Prepare positive strategies for a more complaint driven society demanding responsiveness with empathy & customer value
2. Have a **customer relations culture** to replace **customer complaints** which can be a negative to begin with
3. Understand what customer satisfaction is. This has been defined in the study.
4. See reward as a function of complaint handling, not resolution.
5. Develop better strategies for resolution. This involves improved attitude & customer value/empathy, greater responsiveness, acknowledgement processes, authority to resolve & resolution skill improvement
6. Improve training in resolution techniques, not our traditional complaint driven approach. Continuous training & improvement translates to the bottom line.
7. Be aware that consumers on average, will switch brands, tell others, or become less loyal if they are not satisfied
8. Understand that services require better and different training to products, with more flexibility & efficiency with complaints solutions & CRM systems
9. Adapt to the consumers' preferred methods of complaining; telephone, face to face & email/Internet – NOW factor

The study's extensive and open-ended questions and other responses provide a rich database for our industry to benchmark and go forward with confidence and greater contributions to the bottom line and cost efficiencies.

Feeling if complaint not handled to consumers satisfaction



The full findings from this comprehensive report including all cross tabulation analysis will be available for purchase by contacting SFI International research@sfi.com.au

Author: Peter Gillson is a Past President of SOCAP Australia the pre eminent body for consumer affairs and Director of Global Relationships for SFI International who provide complaint handling systems for many of today's premium brand, blue chip companies. Established in 1992 SFI International has a whole of organisation approach to customers and consults regularly with business about current and future trends in customer relations and customer value. They understand key performance drivers to develop flexible CRM solutions that deliver meaningful bottom line results, and survey the industry for customer satisfaction and process improvement. Should you wish to understand this research in greater detail and how it impacts your industry sector, Peter can be contacted directly at peter.gillson@sfi.com.au