

How consumers are feeling now – a national study of sentiment, emotions and advocacy

At this year's SOCAP Australia Symposium in Sydney, Peter Gillson, director of SFI International, and David Higginbottom, of Competitive Edge Consulting, presented the results of a national study on 'Consumer Sentiment, Emotions and Advocacy NOW', commissioned by SFI International and conducted by Competitive Edge. Here, Peter summarises some of the key findings.

Conducted in the lead-up to the Symposium, this leading edge research represents the first national consumer-driven study for our industry. The survey was distributed to 15,000 Australian households, with 650 respondents. This sample offered a 99 per cent confidence level for research validity, according to the National Statistical Service's parameters.

The results for the survey covered 52 per cent of respondents who had complained in the last three months. The other 48 per cent also provided their opinions on their complaint behaviour and expectations, sentiment, and emotions.

This study seeks to address deficiencies in current information around consumer emotions. The major benchmarking study for many years has been the American Express study on consumer sentiment and emotions conducted by SOCAP Australia in 1995. This was a study of the proprietary client list of several cooperative organisations, and well before the internet and mobile phones began to play such an enormous role.

This new study examines consumer behaviour over the past 12-18 months, during which time there have been wholesale changes in consumer advocacy and in the psyche of the consumer. Online activities have escalated, assisted greatly by the mobile phone and internet, online purchasing, and the social media explosion. This has created a mobile society where consumers expect and demand a higher level of response.

Today's customers are time-poor and expect very different levels of interaction than they did some three

to five years ago. They do not respond to policy and processes dictated by practitioners. The recent financial crisis in global markets have proved to be a major accelerant of this consumer responsiveness, the demand for service, the demand for recognition, and increased consumer advocacy.

Our industry is challenged by these changes, and we lack the necessary benchmarking nationally and internationally to respond appropriately to underlying consumer sentiment and emotions. This results in consumers not having their service expectations met.

The findings have delivered a strong message for the industry. Respondents rated the industry and the consultants poorly for:

- An inability to listen;
- A lack of understanding of the issues presented by consumers;
- Not understanding the value of a complaint (as 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, apologies, reward and resolution, and,
- Not identifying with the consumer's satisfaction requirements ('in their shoes' behaviour).

In this study, service industries were compared with products because in our economy, services are playing an increasing role for employment and wealth generation. Recently the NSW Government reported that 85 per cent of its businesses were service-based.

Respondents rated the services segment poorly compared with products, especially in terms of response rates, consultant handling skills and training, understanding of actual underlying complaints, and complaint handling procedures.

We know that in many instances service complaints are a serious challenge, however the report rated seven 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 needs some serious improvements in complaint handling. This sector consistently rated poorly across a range of performance questions, and although many of the respondents had no choice but to accept poor response and service, it does affect trust, belief and loyalty in the long run. When complaining to government, our respondents indicated they had no expectations of reaching a satisfactory resolution.

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

The study also investigated consumer sentiment around method of complaint. These findings yielded a wealth of information on how to improve customer service, response, complaint handling techniques and overall efficiency and cost restraint.

Some of the findings included:

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.
2. 84 per cent of consumers believe that complaint handling is not or only sometimes understood by consultants.
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 companies handling complaints, in order to achieve this, staff should be empowered to resolve complaints,

provided with training in resolution techniques, and they should be compassionate, friendly, motivated by their job, and competent communicators.

6. Staff attitude impacts directly on the lifecycle and outcome of complaints. Staff should be trained in emotional intelligence to impact the customer experience and the organisation's bottom line.
7. Up to 85 per cent of complaints can lead to loss of loyalty, telling others and brand switching. Brand switching is prevalent because consumers said they did not want to waste their time and they had no expectation of resolution. Even if the problem was solved, if there were 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 per cent of those who complained in the last three months. The majority of consumers told 5-8 other colleagues and friends about their complaint issue.
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 outcomes. This was particularly true for the retail and consumer goods segment.

Overall, we can do better to accommodate today's consumer and keep them as loyal customers. Customers are loyal (73 per cent) when satisfied through resolution, then reward. This finding echoes the results of a study conducted in the UK in March 2009, which showed 72 per cent of customers remained loyal when their complaint was handled satisfactorily.

This research has showed that as an industry, some key areas where we need to do better are:

1. Preparing positive strategies to respond to a more complaint-driven society, with increased consumer expectations on responsiveness, empathy and value.

2. Replacing a 'customer complaints' culture with 'customer relations'.
3. Understanding what constitutes customer satisfaction – according to customers themselves.
4. Seeing reward as a function of complaint handling, but understanding this is separate from resolution.
5. Developing better strategies for resolution. This should involve improved attitude and empathy, greater responsiveness, comprehensive acknowledgement processes, and providing customer relations staff with authority to resolve.
6. Improving training in resolution techniques. Continuous training and improvement translates to the bottom line.
7. Being aware that 56 per cent of consumers, on average, will switch brands, tell others, or become less loyal if they are not satisfied.
8. Understanding that customer relations in the services sector requires better and different training to the product sector, with more flexibility and efficiency required.
9. Adapting to consumers' preferred methods of complaining – telephone, face to face and email/internet.

This extensive study provides a rich source of information for our industry to benchmark against and move forward with confidence about our contribution to customer service and loyalty.

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

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INTERESTED IN LEARNING MORE ABOUT CONSUMER EMOTIONS?

SOCAP Australia is planning a forum on Consumer Emotion, with a focus on the emerging issue of Consumer Rage, on 17 November 2009 in Sydney. To express your interest in participating in or attending the forum, please email socap@socap.org.au