



# 2009 State of Customer Service

What customers think about customer service today and how you can make it better.

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## About this Report

The State of Customer Service is an annual report done by the Stirtz Group LLC. It's purpose is to help people understand how they can deliver better service to their customers.

Perhaps the most useful component of this report is what our respondents told us when we asked them what defines good or bad service. Their responses give us live feedback about what they want and what they don't want when they do business with an organization.

The information in this report is from visitors to our website (<http://amazingserviceguy.com>) who have chosen to submit responses to our survey. We do not claim statistical validity of these results for any defined demographic group. Please take this data for what it is: the opinions of people who have visited a website that focuses on helping companies improve customer service.

This information is best viewed along with data from other sources. Does it agree or disagree with other data from you've seen? Does it seem to correlate with other trends you see in this space or not? Does it affirm or conflict with your present observations and conclusions?

Take this information, read it, share it and use it to keep improving the quality of service you deliver to your customers. That's why we have produced it.

Thanks for reading!

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## Executive Summary

### How People Feel About Customer Service

The majority of people in this survey feel customer service is average or better than average. Very few consider it great. Only 12.5% feel it's below average. Yet only 11.4% feel customer service is better than it was 12 months ago and 46.7% feel it's worse.

So, customer service is not bad, but it's not great and it's not getting much better. Companies still need to improve the service they deliver if they want to keep customers coming back.

### The Best and the Worst

What's not surprising are the two front runners in the best and worst ratings. The top rated sectors all rely heavily on serving their customers face to face. So, they better be good at it. Of the top four, Lodging was second which could be a eye-brow raiser because many lower end brands don't consistently provide great service. But those at the higher end tend to be consistent about delivering good service so this survey likely reflects that experience. Also, many banks have improved in recent years, as noted in these results.

The worst rated sector was Wireless and Phone Companies which is no surprise. However, T-Mobile has recently broken from the pack to offer a much better experience to customers. And, accordingly, they tied for third in our top company ranking.

The rest of the worst should shock no one. Government and healthcare are historically famous for offering less than average customer service. But, many organizations and agencies within these sectors do a great job. Travel got stuck here due mainly to the major airlines horrible track record with customer service. Insurance is also on the top 5 worst list. This is likely because so many have gone to big call centers rather than local agents to handle customers service and claims. However, not all do this poorly. For example, Progressive has made customer service their strength. Their claims handling is the best I've ever experienced.

## Executive Summary – Page 2

### **What the Best do Well**

I believe this survey shows that great customer service is all about caring. Organizations that consistently deliver good service to their customers have cracked the code in finding, keeping and engaging employees who care about others.

The respondents to this survey tell us that people skills dominate when it comes to great customer service. They want to work with people who listen, who pay attention to them, who understand their needs, who are friendly, who want to help and who are able and willing to help.

They want people who care because people who care treat others well consistently.

### **What the Worst do Badly**

Just like day has night, good service its alter-ego, bad service. And if good service flows from caring, bad customer service is driven just as strongly by a “me-first” attitude. Employees who put themselves and their needs first are almost guaranteed to turn customers off and drive them away.

From ignoring customers, to being impatient and inattentive (even surly), characteristics of bad service all revolve around treating customers poorly and focusing on the employee or company over the customer. When employees and companies consistently put their needs ahead of their customers, they’ll deliver a lower quality of service. Customers notice this. And they have told us so.

## Conclusion

Some companies seem to always do well at delivering good customer service. And the larger an organization is, the harder it is to maintain service quality and consistency. The sheer number of moving parts makes it a Herculean task. Organizations that do customer service well (especially large ones), are to be admired. And they should be studied to learn how they do it.

I believe they do well because largely they have a culture in which the values of caring and service flourish. The respondents in this survey make it clear, treating people well is the key to delivering great customer service. And I don't believe you can consistently treat people well if you don't care. You can't train it and you can't force it. (The good news is, you don't need to.)

What you need to do is create a place where caring and serving are encourage, expected and rewarded. These values must be the norm. They need to be part of the culture of the organization. When you do this you attract and keep employees who treat customers well. They do it naturally and easily. They don't need to be told how to treat people.

Of course there is a lot more that goes into building an organization that consistently delivers great customer service. You need to connect with your customers to find out what experience they really want. You need to focus on what you do best. You need to have open lines of communication between employees, management and customers. (Just to name a few things.)

But the necessary foundation, in my opinion, is having a culture that values caring and service. Do this well and you'll be much more likely to deliver service that keeps your customers loyal and happy.

## Conclusion – Page 2

Clearly, there is room for improving customer service. Simply being average is no longer good enough. And in a challenging economy, it could put you out of business. Today it's even more important to deliver great service because every customer counts more than ever. And, improving your customer service can improve the financial health of your organization.

Intuitively, we know this makes sense.

Treat people well and help them get what they want and, all else being equal, they'll do more business with you and probably send their friends your way. And, repeat customers typically have a lower marketing cost and can often be served more efficiently. So, revenue should go up, expenses should go down and profits should improve as customer loyalty increases.

But even better, there is research that suggests improving customer service can increase revenue, decrease expenses and improve profits. Here a few statistics supporting this.

- A study done by the American Society for Quality Control found 68% of customers leave because of how they are treated.
- Bain and Company found a 5% increase in customer loyalty can increase profits by 25% to 95%.
- The Brookside Group's research discovered a 1% increase in customer loyalty could reduce operating costs by as much as 10%.
- Arthur Middleton Hughes, of the Database Marketing Institute. Ltd., cites a study where a company increased revenue from existing customers by 57% as a result of delivering better service.

## Recommendations – Part 1

There is much room for improvement in how many organizations serve their customers. And there are substantial benefits for those that do. So, one of the goals of this report is to provide information you can use to your customer service. Here are some specific suggestions to get you started.

### **Improve People Skills**

The respondents to this survey made it clear that people skills count. So a fast and high return way to improve customer service is to find ways to improve your team's people skills.

This might include bringing in a speaker or trainer. It could mean focusing on people skills topics at staff meetings. It could involved providing useful training content to employees in a variety of formats like audio CDs, online material, videos, books, blogs, articles and even newsletters and ezines that cover people skills topics.

### **Make Service a Priority**

The biggest reason employees tell us they sometimes fail to deliver great service is they feel they don't have the time. They feel they are faced with competing priorities and they lean toward those perceived to be most important to management.

If you want your people to make service a priority, you have to show them you consider it a priority. You need to back up your words with actions and do it consistently.

## Recommendations – Part 2

### **Talk to Your Customers**

The only way you can consistently give your customers what they want is if you know what they want. This survey suggests many companies do not. So find ways to engage your customers in direct and open conversations. Make this a regular part of your business, not an annual survey. Make it personal and real. You'll find your customers will tell you all you need to know to make them happy and loyal.

### **Get Everyone Involved**

The most successful companies use every resource they have to find solutions and address opportunities. Your employees and customers are your best resources. And they know best what customers want and what you can do for them. So get them involved in every aspect of planning and operating your company. The more engaged they are the more loyal they will be. Do this on an ongoing basis, not just once in awhile.

### **Make it Easy & Convenient for Customers and Employees to Offer Feedback**

The best management information comes from the point of experience, where your customers and employees do their thing. This is where your company lives yet it's something too many managers never see or hear or feel. Capture this priceless information by creating easy and quick ways for your staff and customers to give you feedback. Then acknowledge the feedback you receive, appreciate it and do something with it or they'll stop sending it your way. Feedback is priceless!

## Survey Questions

This survey asked seven questions of respondents. Some have quantifiable answers and some are text based.

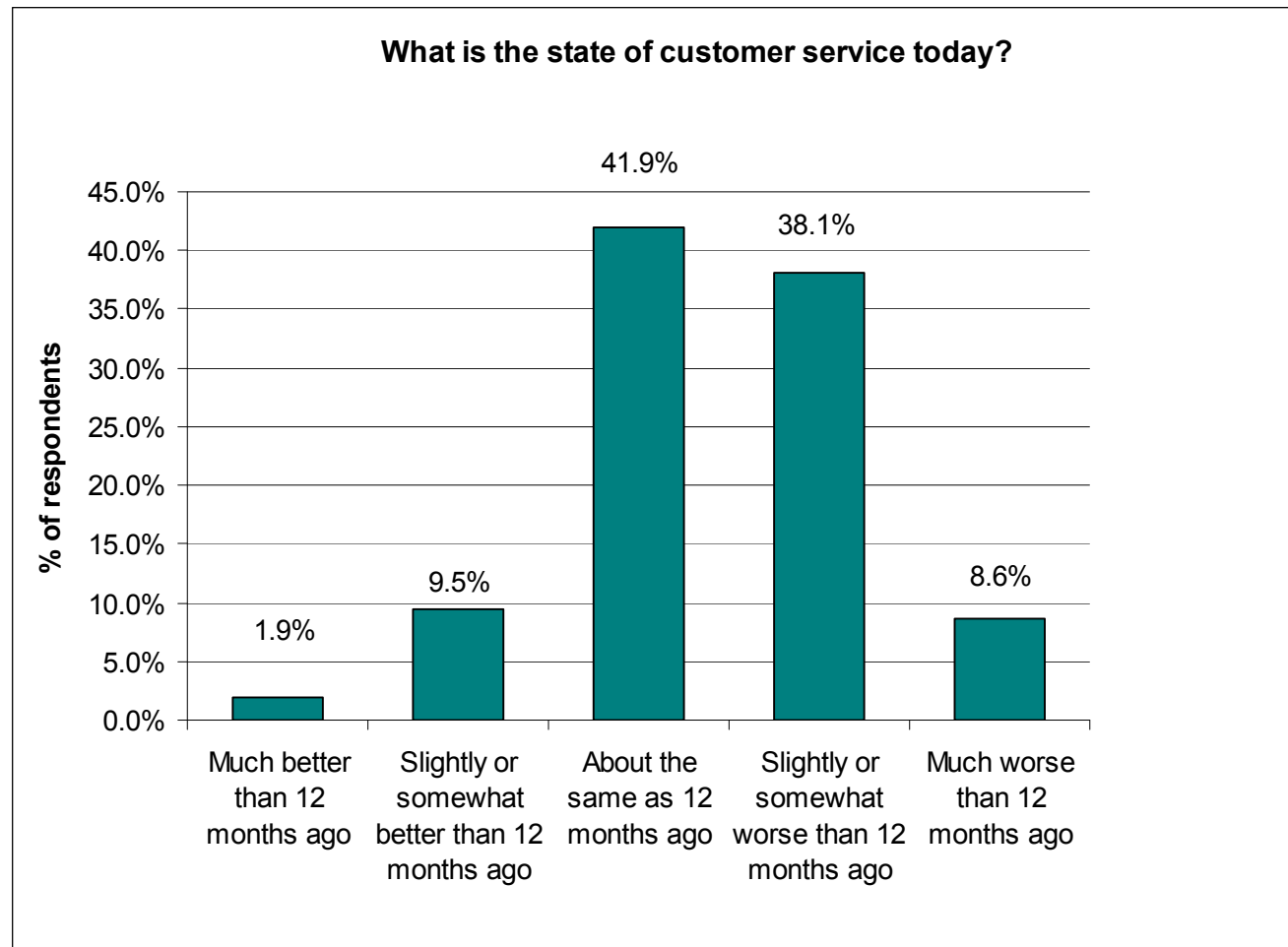
The questions are:

1. How would you rate customer service today compared to 12 months ago?
2. Overall, how would you rate the quality of customer service today?
3. In your opinion, what business sector consistently provides the BEST customer service?
4. In your opinion, what business sector consistently provides the WORST customer service?
5. Think about companies that offer great customer service on a regular basis. What do they do best?
6. Think about companies that offer bad customer service on a regular basis. What do they do worst?
7. Which one most deserves an award for delivering great customer service?

These questions were asked using a web-based online form. Respondents were self-selected and were not offered any incentive to take the survey.

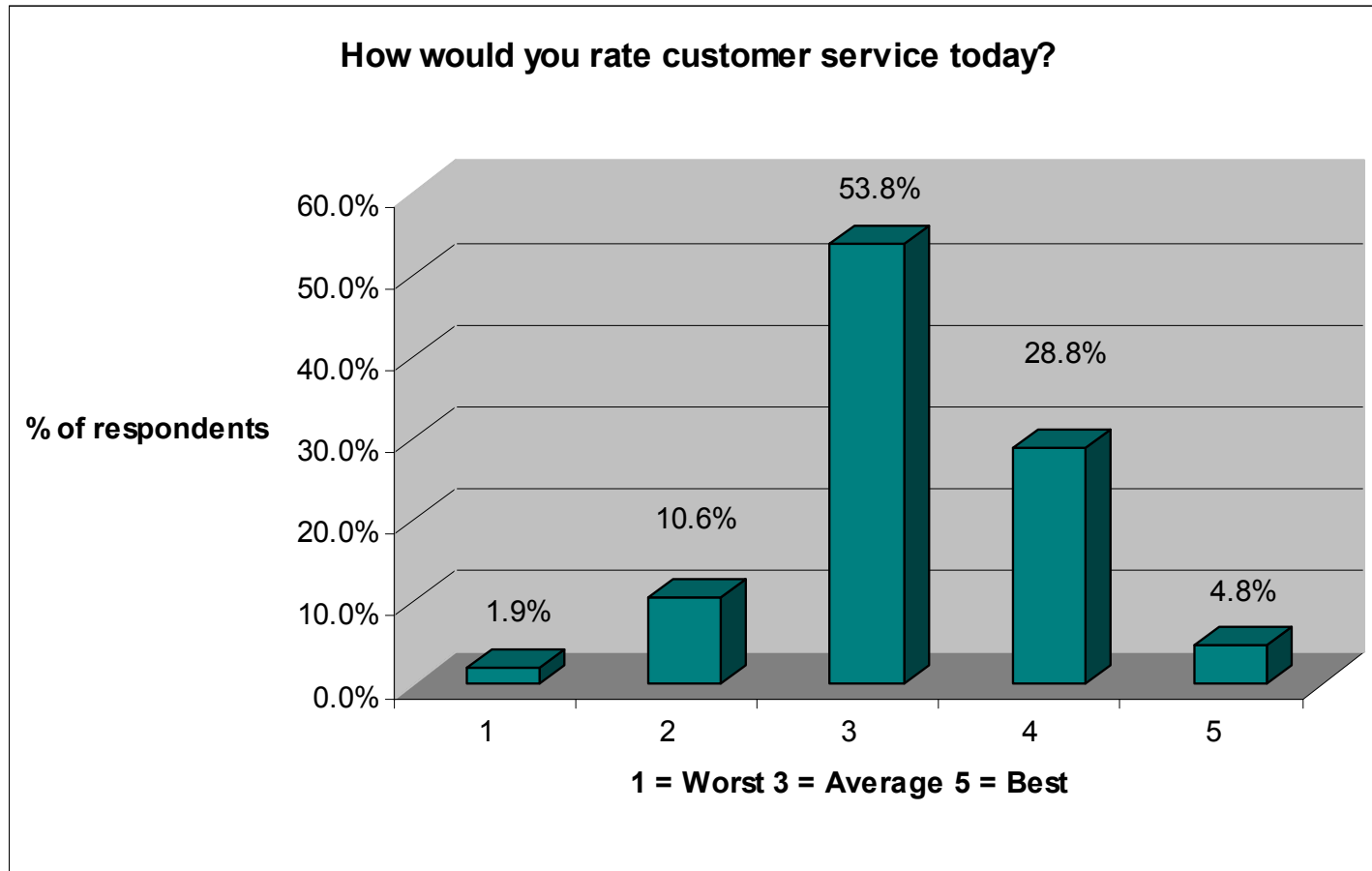
## Question Number 1:

*"How would you rate customer service today compared to 12 months ago?"*



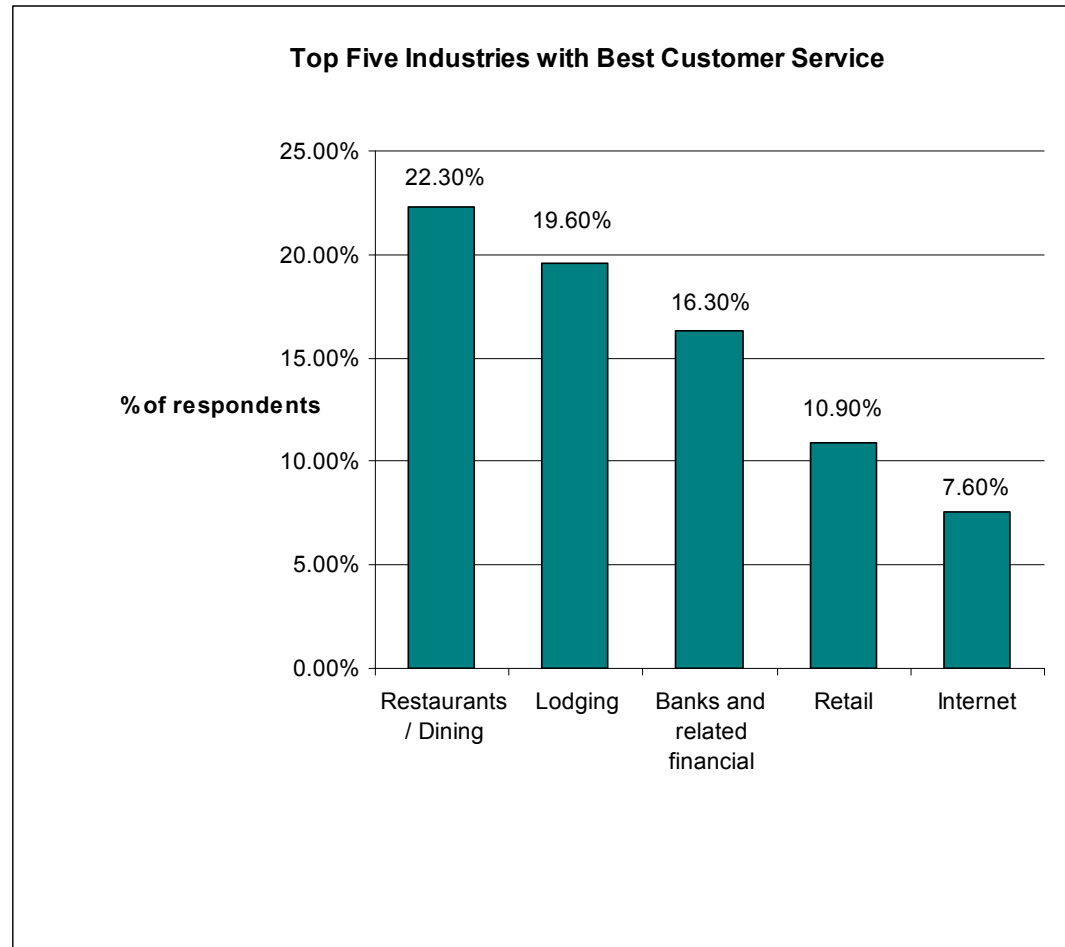
## Question Number 2:

*"Overall, how would you rate the quality of customer service today? (On a scale of 1 to 5 with 1 being the lowest and 5 being the highest score.)"*



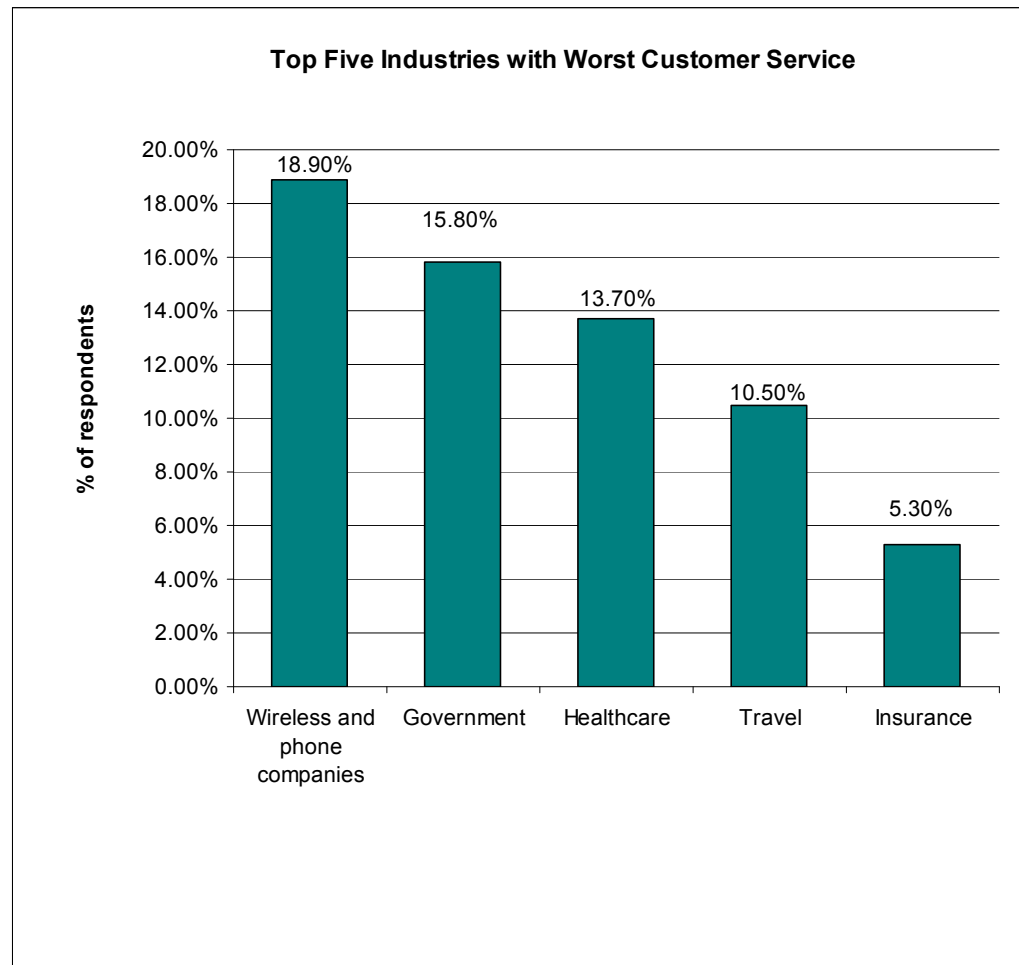
### Question Number 3:

*"In your opinion, what business sector consistently provides the BEST customer service? "*



## Question Number 4:

*"In your opinion, what business sector consistently provides the WORST customer service?"*



## Question Number 5:

*"Think about companies that offer great customer service on a regular basis. What do they do best?"*

### Summary list of responses

They are (or have employees who are)...

- Friendly
- Responsive
- Polite
- Courteous
- Attentive
- Knowledgeable
- Positive
- Caring
- Consistent
- Helpful
- Problem solvers
- Focused on me not on themselves or their policies

## Question Number 5:

### *Part 2: Responses Summarized and Paraphrased*

#### **Extra Effort**

They go the extra mile. They treat customers like people not like numbers. They offer their name and they refer to their customers by name. They work quickly and they respect customer's time. They do what their customers ask and they seem happy to do it. They communicate often and well.

#### **Reliable**

They are reliable. They do what they say they will. They follow up during and after the sale. They deliver on their promise and even provide more than they promise. Customers feel they can trust them. They solve problems rather than just quote policy or rules.

#### **Fun**

They always seem to be positive and upbeat. It's fun being around them. They make their customer feel special and important, like they are the only person in the world at that moment. They smile and are glad to see their customers. They seem to care and they show it. They appreciate your business and they tell you in person or in writing.

## Question Number 5:

### *Part 2: Responses Summarized and Paraphrased*

#### **Focus on Customers**

Employees in the best customer service companies focus on their customers. They put them first. They really seem to enjoy helping others. When faced with a challenging situation, they seek to understand their customers so they can find a solution. They offer alternatives rather than saying “no”. They don’t seem driven by profits or policies but rather by service.

#### **Good Listeners**

They listen well and with the intent to serve. They respect what their customers say. They take time to understand their customers. They are skilled at anticipating problems and needs. They are proactive and forward-thinking in the context of helping their customers get what they want.

#### **Attentive to Details and Consistency**

They pay attention to details. They take the time to explain things to their customers which means they understand their company and its products and services. They are consistent.

#### **Helpful**

They provide prompt answers to customers questions. They build relationships with customers. They seem willing to help however they can. They try to give customers the best experience possible. They treat customers like people, not like numbers.

## Question Number 6:

*"Think about companies that offer bad customer service on a regular basis. What do they do worst?"*

### Summary list of responses

Much of what poor customer service companies do badly is the opposite of what good customer service companies do well. For example, their employees:

- Appear disinterested
- Are impolite, not friendly
- Forget their "manners"
- Are unresponsive or not readily available
- Don't listen well
- Fail to understand customers
- Disrespect and waste customer's time
- Offer slow or no follow-up
- Focus on money or policies rather than customer's needs
- Do not use common sense
- Are too policy or script driven
- Do not respect customer's knowledge or opinions
- Don't seem to care

## Question Number 6:

### *Part 2: Responses Summarized and Paraphrased*

#### **Don't Seem to Care**

Employees in the worst customer service companies don't seem to care about customers. They focus on themselves or their company first, not the customer. They ignore the customer. No personality.

#### **Hard to Reach**

They are not responsive. They don't greet customers quickly (or sometimes at all). They don't answer the phone promptly, often letting it go to voice mail. They are hard to reach, forcing customers to go through a maze of auto attendant choices before connecting with a real person. These companies usually offer no single point of contact. You get whomever answers the phone when you call. There is no consistency of staff for any customer.

#### **Unfriendly**

They don't smile or offer other basic courtesies like identifying themselves. They often seem disinterested and inattentive, sometimes focusing more on other employees than their customer. They often have poor listening skills and therefore they fail to get to know customers. This prevents them from developing a trusting relationship and reduces their ability to offer solutions to help customers accomplish what they want. They argue with or even scold the customers.

## Question Number 6:

### *Part 2: Responses Summarized and Paraphrased*

#### **Fail Provide Useful Information**

A big complaint customers have with poor service companies is their staff are often not very knowledgeable about their products, services and other aspects of their business. They often offer incorrect or inappropriate information. Or they simply don't know what to do. This might be caused by the employee not listening or not understanding the customer's situation. Or it could be caused by simple lack of training and knowledge.

#### **Don't Recognize or Leverage Loyal Customers**

The poor service companies do not use customer history well. They ignore the preferences their customers have shown from past purchases. They fail to acknowledge a customer's loyalty. In fact, they often act as if they are completely oblivious to the fact that a customer has been doing business with them for years.

#### **Bad Overall Experience**

Too much red tape. No follow-up. They don't thank the customer. Attitude seems to be they just want to make a sale rather than help the customer. They provide less than they promise. Employees behave as if what they want is more important than what the customer wants.

## Question Number 7:

*"Of all the companies you have dealt with (or heard about) in the last 12 months. Which one most deserves an award for delivering great customer service?"*

Many companies were mentioned in response to this question. But only a few showed a pattern. To keep the results of this question most relevant, we list the top two, the next four (who were close enough to group together) and an "honorable mention" selected by the author.

First Place:                   **Starbucks**  
Second Place:               **Nordstrom's**

Third Place:

(These four companies were close enough that we consider them all tied.)

- **Lexus**
- **T-Mobile**
- **Zappos**
- **Hilton**

Honorable Mention:       **Internal Revenue Service**

## Top Five Categories

Although this was not a specific part of the question, we note here the top categories of the companies nominated for best customer service company

1. Automotive (mostly dealers)
2. Banks and Financial
3. Restaurants & Dining
4. Retail Stores
5. Internet Related

## Author Information

This report was written by Kevin Stirtz and published by the Stirtz Group LLC.

Kevin Stirtz is known as the "Amazing Service Guy". He helps organizations of all kinds increase revenue and profits by delivering Amazing Service to their customers. Kevin has taught thousands of people in the USA, Europe and Asia how to deliver Amazing Service to their customers. He has published two books, both available at Amazon.com and he writes a weekly column for AllBusiness.com.

Kevin has developed a model that helps organizations increase customer loyalty by improving the customer service they deliver. It helps companies improve tactical, strategic and cultural aspects of their business so they can deliver better service to their customers than anyone else in their market.

### **How to Deliver Amazing Service to Your Customers Every Time!**

Since you've taken the time to read this, I assume you have some interest in delivering good service to your customers. If this is true, I have some suggestions for you.

First, subscribe to my weekly Amazing Service Tips email newsletter. No fluff, no hype and no ads. Just useful information every week to help you deliver Amazing Service.

Second, subscribe to the Daily Dose of Amazing Service. It's a new concept in helping people learn and use best practices to improve the service they deliver to their customers.

Third, take a look at my recent book: "More Loyal Customers: 21 Real World Lessons to Keep Your Customers Coming Back". It's full of ideas and tips you can use to keep your customers happy and loyal.

You can find these and more at: <http://AmazingServiceGuy.com>.



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