



The Economic Impact of the Customer Experience in Israel

The Cost of Poor Customer Service

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Snapshot of Key Findings by the Numbers:

NIS2.7 billion	Cost of poor customer service to the overall Israeli economy per year.
41%	Customers who ended their relationship with companies after experiencing bad customer service.
40%	Customers who were generating more than NIS1,086 in revenue per year and ended their relationship with a company after experiencing bad customer service.
30 minutes or more	The time it took 22% of consumers to speak to a human agent after they were trapped in a self-service, automated system that was not intelligently linked to an assisted service.
48%	The percentage of respondents who think that cable and telecom companies have the worst levels of service. Banks, healthcare services and credit card companies were selected as the industries providing the best customer service.

Poor customer service has a major impact on enterprises in Israel, directly resulting in lost revenue for most companies. More than 41% of consumers have ended relationships due to poor customer service in recent years.

Poor customer service also leads to bad publicity going viral: 68% of customers who experience bad customer service tell their friends about it and 22% publish their bad experience on social media.

Introduction

Although many companies are aware of the value of excellent customer service, only few can accurately quantify its direct impact on their bottom line. On the face of it, the problem is simple. Most businesses understand that turning the customer experience into an emotional engagement adds value to their brand and results in more satisfied, more loyal consumers.

However, most companies do not measure their effectiveness in converting each opportunity into revenue, nor do they measure the overall cost of poor customer service. For example, contact centers have consistently measured a wide variety of key indicators, such as the time spent on each call, the speed of answer, and customer-reported satisfaction rates. Yet research shows less than one-third of companies worldwide measure revenue per call.

Furthermore, the problem has become more complicated as customer interactions move beyond the contact center. According to numerous industry researchers, more than 90% of all transactions initiated over the Web are abandoned before any transaction is completed. And virtually no researchers have accurately measured the value of customer service across communication channels.

How can we best measure the impact of lost business opportunities in Israel from customer service each year, and identify the underlying causes?

To answer these questions, Genesys collaborated with leading industry analysts at 'Midgam' – a leading Israeli survey and analyst firm – to measure the cost of poor customer service in Israel.

The 31-question online survey included 502 Hebrew speakers aged 18 or more.

Based on a model used by Genesys in several countries worldwide, Midgam has produced the first large-scale attempt in Israel to place an economic value on the lost revenue from customer service across all channels, when businesses do not measure up to the consumer's expectations.

The result of that effort is "The Cost of Poor Customer Service: The Impact of Poor Customer Experience in Israel," an in-depth look at diverse customer service issues. Those results are included in this report.

At Genesys, we believe it is important to continually gain perspective on the changing nature of customer service, as well as consumer perceptions of it. We are extremely aware of the challenges enterprises face in today's dynamic environments as they strive to deliver on their vision of a great customer experience.

We hope this survey will be of use for customer service organizations, as well as others, to help them understand the opportunities and challenges ahead for all involved.

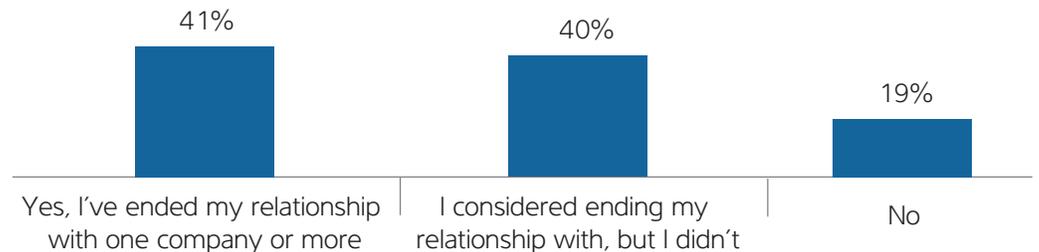
Key Findings

Value of customers lost due to bad customer service

An NIS2.7 billion per year problem

What is the value of excellent customer service? Whilst satisfaction is a critical measure of customer service, ultimately companies respond to metrics that translate into hard costs. And lost revenue is a very stark reminder of those costs. The cost of poor customer service is a significant problem. Enterprises in Israel lose an estimated NIS2.7 billion each year due to defections and abandoned purchases as a direct result of a poor experience. More than 41% of consumers said they had ended a relationship due to customer service alone and 41% considered ending the relationship.

Chart 1: In the past year, have you considered or decided to terminate your relationship with a company due to poor customer service?



Value of Customer Interactions

About 40% of Israelis who ended their relationship with a company were generating between NIS 101 and 400 in revenue per year, 20% were generating between NIS 401 and 1,000 and 26% were generating more than NIS 1,000.

Respondents who have abandoned a company due to poor customer service during the past year mentioned that they had low satisfaction with first-contact resolution rates or that they encountered poor customer service in the past year.

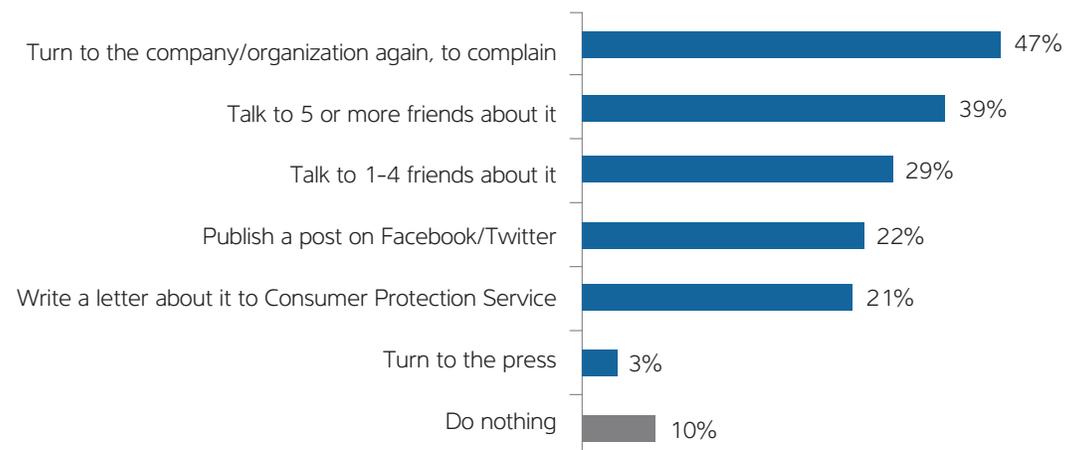
They were mainly assisted by unqualified representatives and representatives who weren't aware of their customer service history and their value to the company, i.e. VIP status, reflecting their purchases.

What do customers do after a bad customer experience?

Those customers who face bad customer experience act in several ways that cause damage to the company: 47% turn to the company again to complain, 39% tell about their bad experience to 5 people or more, 29% tell 1 to 4 people and 22% publish the story on Facebook or Twitter.

Customers who are willing to pay more for better customer service (47%) ended their relationship with companies more so than customers who are not willing to pay more for better customer service (35%).

Chart 2: How do you react after experiencing poor customer service? Choose from the following options:



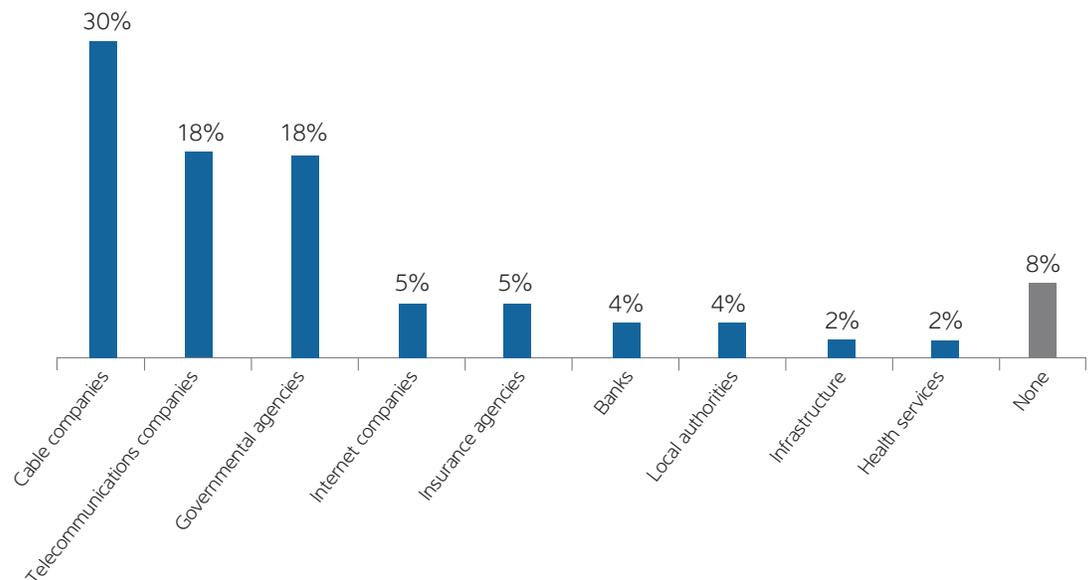
The tendency to call back the company to complain about customer service is rising with age: from 37% among those aged 18-34 to 57% between the age of 55 and up. The tendency to address consumer protection factors is also rising with age (14% of those aged 18-34 and 28% aged 55 and up).

Who provides the worst customer service?

The problem is even clearer when we look at the data from a business segment perspective. The biggest losers are cable and the telecommunications companies, along with governmental agencies.

In general, about 69% of Israelis experienced poor customer service at least half the times they contacted a customer service organization.

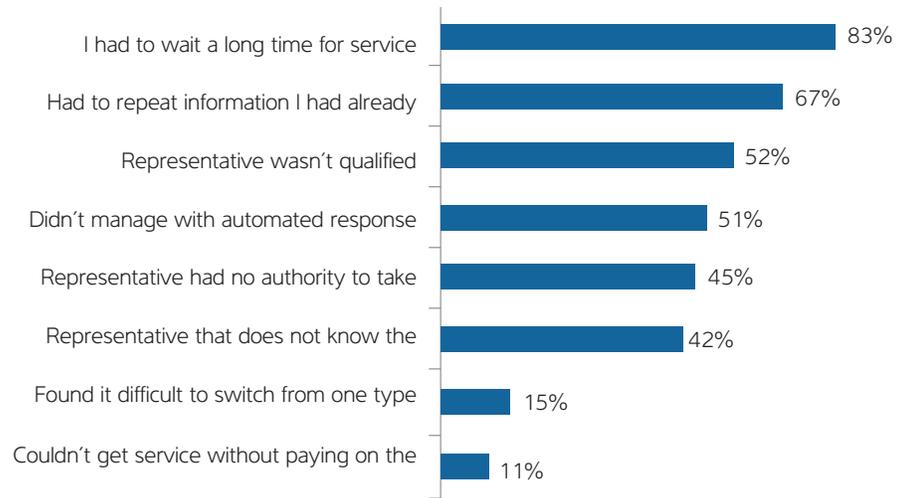
Chart 3: Which of the following industries provide the worst customer service? (First choice)



About one-third of respondents perceive cable companies as the worst customer service providers, followed by telco operators (18%) and governmental agencies (18%).

Frustration factors in customer service

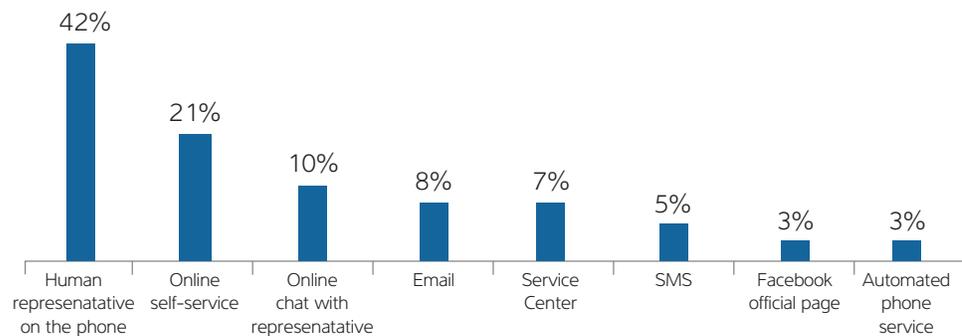
Why do customers leave? Long waiting times for service is a significant factor for Israeli customers. Most of the respondents had to wait a long time for service (83%), about two-thirds (67%) had to repeat information they had already given, about half (52%) were assisted by an unqualified representative and another half (51%) had trouble with automated response and found it hard to switch to human assistance.



Preferred communication channels

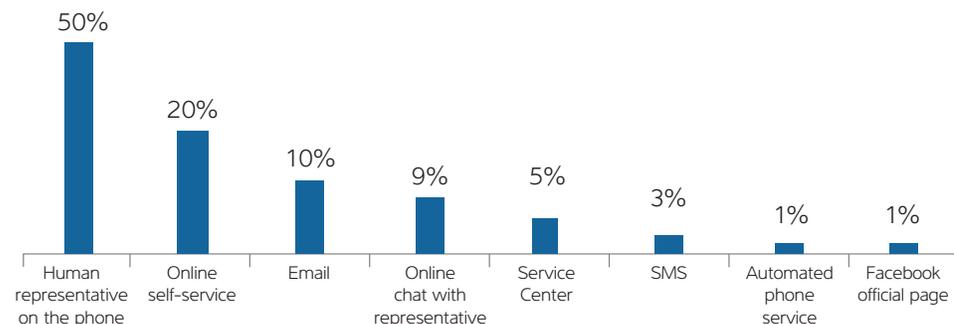
Consumers were also asked to select the most satisfying areas of customer service in Israel. When asked to cite the areas where companies are most effective, consumers selected their preferred channels of interactions (first or second choice).

Chart 4: From your experience as a customer, what is the quickest, most efficient method for receiving customer service (First choice)



It is apparent that customer service provided over the phone by a human representative is perceived as the most efficient and fastest service for customers (42%), far ahead of online self-service (21%).

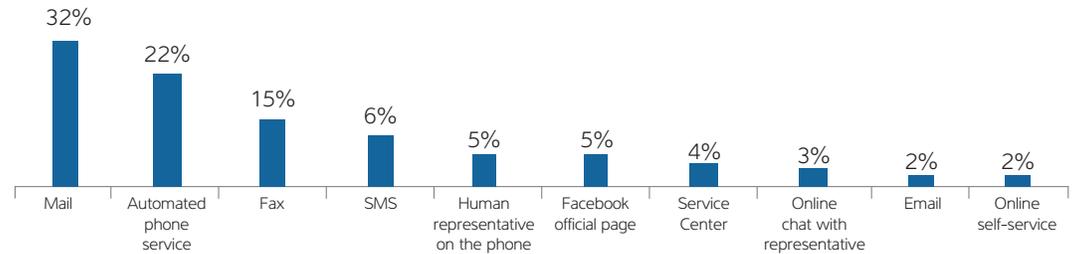
Chart 5: What is your preferred method of receiving customer service? (First choice)



The worst customer service channels

Consumer satisfaction with each channel varies dramatically. The chart below shows the main channels Israeli customers perceive as the worst channels to communicate with a company.

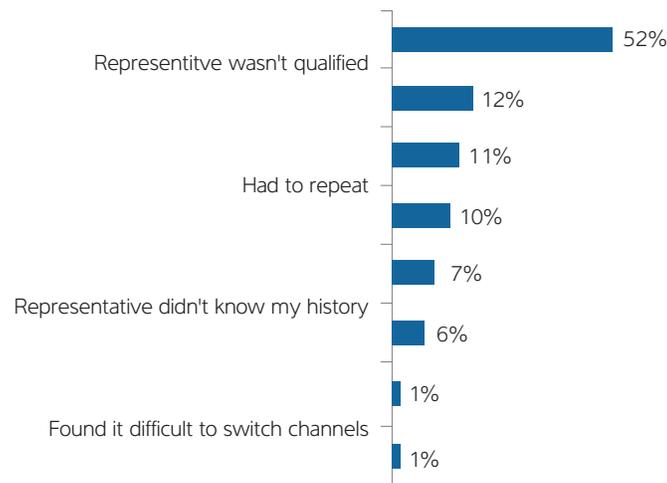
Chart 6: What is, in your opinion, the least efficient method for receiving customer service (First choice)?



Customer service via mail is perceived as the least efficient service method (32%). automated phone service (IVR) is the second least efficient service method (22%), followed by fax (15%).

Scenarios that lead to customer frustration

Those who were exposed to at least one bad customer experience were asked what the main reason was for their frustration in the past year. See their answers in the chart below:



The highest frustration factor is long waiting times for service (52%), far ahead of unqualified representatives (12%), troubles with the IVR system (11%), repeating information already given (10%), unauthorized representatives unable to provide the requested service (7%) and representatives who didn't know customer history (6%).

Customers who are willing to pay more for products provided the company offers better customer service, are more frustrated with automated response (14%) compared to those who do not want to pay more for better customer service (8%).

Conclusion

Poor customer service has a clear and immediate impact on business performance. These responses suggest the steps companies can take to make improvements. The first step should be to understand and measure the direct business impact of customer service, and identify the gaps between the customer experience and expectations.

To do so, companies need to assess their existing communication channels, and make interactions more convenient across multiple channels. It is imperative that an enterprise engage customers on their terms or risk losing them.

While younger consumers are more likely to embrace new channels, they are not alone, and consumers from all age groups are starting to engage with customer service organizations across more than one channel.

Consumers will welcome companies who are more proactive, such as offering to move a customer out of automated systems like the Web or voice-activated self-service.

To provide the best customer experience, enterprises need technology to retain the context of a customer transaction as it moves across channels. For example, this context includes the identity and intent of the customer, so that a customer who escalates from self-service to an agent will not have to repeat information such as an account number or a query which they already provided in the other channel.

And finally, companies need to become more personalized in their overall treatment of consumers by integrating customer data, and developing processes that recognize the value and history of each customer.

This initial regional survey is part of a series conducted by Genesys in partnership with key industry thought leaders. We will share more insights as they become available.

For more information, please visit: www.genesys.com.

About Genesys

Genesys is the market leader in multi-channel customer experience (CX) and contact center solutions in the cloud and on-premises. We help brands of all sizes make great CX great business. The Genesys Customer Experience Platform powers optimal customer journeys consistently across all touchpoints, channels and interactions to turn customers into brand advocates. Genesys is trusted by over 4,500 customers in 80 countries to orchestrate more than 100 million digital and voice interactions each day. Visit us at www.genesys.com or call us at +1.888.436.3797



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