

Community research into telecommunications customer service experiences and associated behaviours

JUNE 2011



Canberra

Purple Building
Benjamin Offices
Chan Street
Belconnen ACT

PO Box 78
Belconnen ACT 2616

T +61 2 6219 5555
F +61 2 6219 5353

Melbourne

Level 44
Melbourne Central Tower
360 Elizabeth Street
Melbourne VIC

PO Box 13112
Law Courts
Melbourne VIC 8010

T +61 3 9963 6800
F +61 3 9963 6899
TTY 03 9963 6948

Sydney

Level 15 Tower 1
Darling Park
201 Sussex Street
Sydney NSW

PO Box Q500
Queen Victoria Building
Sydney NSW 1230

T +61 2 9334 7700
1800 226 667
F +61 2 9334 7799

© Commonwealth of Australia 2011

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth. Requests and enquiries concerning reproduction and rights should be addressed to the Manager, Editorial Services, Australian Communications and Media Authority, PO Box 13112 Law Courts, Melbourne Vic 8010.

Published by the Australian Communications and Media Authority

Executive summary

This executive summary has been taken from the report *Community research into telecommunications customer service experiences and associated behaviours*.

A full reproduction of Chapter 3, *Key qualitative findings* follows this executive summary.

The full report is available at engage.acma.gov.au/reconnecting.

Research background

This report presents the findings of research conducted by Roy Morgan Research on behalf of the Australian Communications and Media Authority (the ACMA) into the customer service and complaints-handling experiences of customers within the Australian telecommunications industry.

In September 2010, the ACMA commissioned Roy Morgan Research to undertake this national study as part of the *Reconnecting the Customer* public inquiry¹ and to contribute insights from a broad customer perspective.

Objectives and methodology

The main objective of the research was to comprehensively examine customer service and complaints-handling experiences of telecommunications customers in Australia, and how these experiences impact their subsequent behaviour. An additional objective was to better inform the ACMA of best practice standards in customer service and complaints-handling.

There were two phases to the research:

- > a qualitative stage comprising ten group discussions
- > a quantitative stage surveying a national representative sample of 2,520 Australian adult telecommunications customers. A total of 1,420 respondents had contacted a Carriage Service Provider (CSP) in the last six months and were asked questions about their experience.

The time period within the report is static as no similar study has been undertaken previously. The study covered customers of telecommunication products for personal use only, excluding business customers.

Key findings

Customers who contacted a CSP in the last six months

- > In the last six months, 57 per cent of respondents had contacted a CSP, with 55 per cent of this number aged 35 to 64 years.
- > Living in a larger household (3 or more people) or having more telecommunication products increases the likelihood of contacting a CSP.
- > The most common telecommunication product to contact a CSP about was the internet (50 per cent), followed by mobile phones (41 per cent) and home phones (32 per cent).
- > Of those people who contacted a CSP about mobile phone issues, the majority were mobile users on a contract; specifically on a contract with a cap plan (69 per cent).

¹ www.acma.gov.au/WEB/STANDARD/pc=PC_312222.

- > The most common reasons for contacting a CSP were technical problems (36 per cent), billing problems (27 per cent), and new products or services (24 per cent).

Main reasons for choosing CSPs

- > People select a CSP because of price (46 per cent), network coverage (28 per cent), product range (20 per cent), customer service reputation (17 per cent) or bundling offers (17 per cent).
- > The importance of each choice factor varies for the different types of telecommunication products.
- > Price is the most important choice factor overall, especially for internet service (52 per cent).
- > Network coverage is of greater importance as a choice factor for mobile devices (34 per cent).

The customer service experience

- > The telephone was by far the most common mode used for making contact with a CSP (87 per cent), followed by in-person/in-store (11 per cent). The substantial majority (79 per cent) of those who contacted a CSP used only one mode of contact.
- > While only 11 per cent of first contacts occurred in person, this rose to 25 per cent among those whose query was about mobile devices (perhaps reflecting mobile-only households with no other means of telephone contact).
- > The average number of contacts needed to address the most recently experienced CSP issue was three, while for two-thirds of respondents their issue required one or two contacts.
- > The two reasons for contact that explicitly involved problems—technical and billing—were less likely than other reasons to be resolved on the first contact (38 per cent for technical and 35 per cent for billing). Technical and billing issues were more likely to see customers making more than five contacts (14 per cent for technical and 17 per cent for billing).

Customer satisfaction and causes of dissatisfaction with CSP customer service

- > Using a zero to 10 scale ('very dissatisfied' to 'very satisfied'), 27 per cent of customers were dissatisfied (gave a rating less than five) with recent customer service from a CSP. Academic sources recommend using a scale value of 7 as neutral rather than 5; this increases the dissatisfaction rate to 45 per cent.²
- > Satisfaction with a CSP decreases as the number of contacts required on the issue increases.
- > In terms of reasons for contacts, satisfaction with the CSPs was significantly lower among people making contact to resolve a billing problem.
- > In terms of the particular telecommunication product, the lowest satisfaction and the most contacts were associated with bundled services.
- > Among consumers who were not satisfied with the CSP's customer service (gave a rating of 5 or less):
 - > In 76 percent of occasions, no further action—such as initiating a complaint process or switching CSPs—was taken because consumers viewed taking action as long, difficult and time-consuming. People were 'too busy', while the longevity of a relationship with a CSP was another possible impediment.
 - > While half of the respondents considered switching to another CSP, only six per cent actually did so. There was a perceived inability to switch CSPs, either due to a contract (21 per cent) or the CSP having the only reliable coverage in the local area (16 per cent).

² See Edwardson, M., 'Measuring Consumer Emotions in Service Encounters: An Exploratory Analysis', *Australasian Journal of Market Research*, vol. 6, no. 2, pp. 34-48. The scale mid-point of five was labelled 'neutral' on the survey but the article argues for a higher standard.

- > CSP satisfaction ratings rarely exceeded 7 on a zero to 10 scale ('very dissatisfied' to 'very satisfied'). Overall satisfaction with customer service by phone, in-person visits or via a website was between 6 and 6.5.
- > For telephone contacts—the most commonly used mode—satisfaction was highest for staff friendliness. Lowest ratings were given for staff availability and waiting time on a telephone queue.
- > Call drop-outs (unanticipated disconnects) were experienced by 14 per cent of those who made contact via telephone. They were reported as more likely when contact was about a billing issue.

Drivers of satisfaction with customer service

- > Multiple regression analyses³ were conducted to identify attributes that drive satisfaction with the level of customer service experienced by consumers in relation to their most recent issue. Separate analysis was conducted for each primary mode of CSP contact. The key drivers of customer service satisfaction are:
 - > Telephone contact:
 1. *Being able to resolve the issue in a reasonable time (accounts for 21 per cent of satisfaction)*
 2. *The extent to which staff did what they said they would do (21 per cent).*
 - > In-person contact:
 3. *Being able to resolve the issue in a reasonable time (31 per cent).*
 - > Website contact:
 4. *The extent staff followed through on further actions to resolve the query (29 per cent)*
 5. *Receiving a detailed reply that answered the issues in my message (24 per cent).*
 - > Mail/SMS/email contact:
 6. *Being able to identify the correct address/number to send message/email (32 per cent)*
 7. *Receiving a quick reply to the message I sent (30 per cent)*
 8. *Receiving a detailed reply that answered the issues in my message (21 per cent).*
- > Across all modes of contact, 'being able to resolve issues in a reasonable time', 'follow-through' and 'targeted personalised attention' were important areas in which CSPs underperform. Analyses indicate that improvements in these areas will result in greater satisfaction with customer service.

Drivers of customer loyalty to CSPs

- > Customers were also asked to rate their overall impressions of their CSP on four key dimensions, which are seen as the drivers of customer loyalty:
 1. customer service quality
 2. product range
 3. value for money
 4. brand image.
- > Multiple regression analyses were conducted to identify which of these four dimensions are the key drivers of customer behaviour and attitudes to CSPs. Perceived 'value for money' (accounting for 40 per cent of loyalty) and 'customer service quality' (37 per cent) are the two most important drivers of higher order attitudes and behaviours such as repeat purchase, advocacy and overall satisfaction with CSPs.

³ See page 99 for more about regression analysis.

Contacts with CSP complaints-handling departments and external organisations

- > Of those customers who contacted a CSP in the last six months, eight per cent had dealt with the internal complaints department.
- > A majority of respondents (47 per cent) did not know whether or not the CSP had a complaints-handling policy. Of those who were aware of and had read a provider's complaints-handling policy, contact with an internal complaints area was slightly higher at 12 per cent. The incidence of contact with the complaints department was higher among customers with billing issues (12 per cent) and even more so among those who were very dissatisfied (gave a rating of zero on the satisfaction scale) with the customer service they received during the contact (24 per cent).
- > Those who contacted an internal complaints department were slightly more likely to have initiated the referral than to have been referred by the provider (52 per cent versus 43 per cent).
- > Four in 10 people (41 per cent) who had dealings with the complaints department felt that their issue should have been referred to that department sooner.
- > Generally, respondents reported positive outcomes (e.g., problem solved or received compensation) following contact with the complaints department. However, overall satisfaction with the outcome yielded a mean just below the scale mid-point (4.8).
- > Of customers who contacted CSPs in the last six months, three per cent lodged a complaint with an external body. This incidence increased to 21 per cent of people who had contact with a CSP's complaint department.
- > The majority of complaints lodged externally were with the Telecommunications Industry Ombudsman (TIO).
- > The TIO facilitated a resolution in about half the cases that were lodged.

3. Key qualitative findings

Chapter overview

- > People readily name and agree on the characteristics of good customer service. Ability to contact, follow-up, attentiveness, knowledge and politeness are important.
 - > There was consistent dissatisfaction with telecommunications customer service as currently experienced.
 - > Switching CSPs was rare. Reasons for not switching CSPs included inertia, resignation, lack of alternatives and an 'it's too hard' attitude.
-

Introduction

Chapter 3 summarises the focus group results before proceeding to the quantitative survey findings.⁴ Quotes from participants can be found in later chapters to illustrate points of commonality between the quantitative survey and the qualitative sessions.

Key components of good customer service

At the beginning of each focus group, respondents were asked to spontaneously compile a list of what they saw as the key components or 'building-blocks' of good customer service. There was a remarkable consistency in this respondent-generated list across the 10 focus groups, regardless of location, gender, age or respondent type. The key components that emerged can be classified as follows:

Ability to contact

- > Easy to contact, no time on hold/no queue.
- > Out-of-hours/24–7 access to customer service.
- > Being able to speak to a person, not a computer.
- > Quick access to someone who can handle their issue.

Repeat contact/follow-up

- > Not having to repeat the whole process of explaining the problem.
- > Being given a reference number to quote.

CSP customer service representatives' attitude and ability

CSP customer service representatives:

- > are friendly and polite
- > should know respondent's personal details/history
- > can speak and understand English well
- > should be experienced/well-trained/mature
- > are knowledgeable on products/services
- > are knowledgeable on bundles/plans/caps
- > are willing to listen and take time to understand the respondent's issue
- > show willingness to 'take ownership' of the issue
- > are honest/give correct and consistent information
- > do not take a 'hard sell' attitude

⁴ The preliminary report of the qualitative findings was provided to the ACMA in October 2010.

- > are proactive and offer solutions/guidance.

Technical help-desk

- > Staff at technical help-desk (especially for internet service) should explain solutions in easy-to-understand language (no computer jargon).

Billing

- > Bills should be accurate.
- > Bills should provide detailed usage information.
- > Bills should be easy to understand.

Complaints-handling

- > Complaints should be handled with respect.
- > Complaints should be given priority.
- > CSPs should have a specialised complaints department.

Issue resolution and follow-up

- > Issue should be resolved on first contact.
- > If this is not possible, CSP should give a detailed timeline for resolution and should honour it.
- > CSP should independently follow-up to ensure issue has been resolved satisfactorily.

Perception of CSP customer service

When asked to judge how well their current CSPs were performing against this list of key customer service components, the immediate and unanimous response from all groups was 'not at all'. Responses to each of the key factors were as follows:

Ability to contact

- > Respondents complained about excessive waiting time on-hold when making contact by telephone.
- > Many quoted instances of being on hold for 2–3 hours.
- > Several respondents said they had to 'psych' themselves up to make the initial contact, knowing it would be a lengthy and tedious process.
- > Major complaint was the inability to speak to a person. Being forced to use a computerised menu or a voice recognition system was extremely frustrating and time-consuming.
- > Computerised menus often did not give a relevant option.
- > Voice recognition systems were often inaccurate and required the respondent to continually repeat their request.
- > Being passed from one person to another was very common, with no CSP staff willing to take ownership of the issue.
- > Visiting a Telstra shop in person (rather than using the phone) was fairly common in the regional towns (Tamworth and Alice Springs) but equally frustrating. Staff members were more interested in making a sale than resolving a problem.

Repeat contact/follow-up

- > Respondents complained that they needed to start from the beginning when making a second contact or when following up their issue.
- > Very few received a reference number to quote that would expedite their subsequent contacts.

CSP customer service representatives' attitude and ability

- > The major concern was the inconsistency—some representatives were excellent and met all of the requirements, while others failed to meet any of the criteria.
- > Biggest complaints were:
 - > poor English language skills
 - > poor product knowledge
 - > receiving different advice from different CSP customer service representatives
 - > not being treated as a 'valued' customer.

Technical help-desk

- > Older respondents and those with limited computer skills were often unable to understand the technical help-desk staff's language or directions (primarily for internet service issues), leading to frustration.

Billing

- > Several respondents complained that bills were often inaccurate and the time taken to resolve billing queries was excessive.
- > Many admitted that they did not understand the billing details and complained that itemised billing was no longer provided (only a few were aware that this could be accessed online).
- > The amount of plans, caps and bundles was very confusing and made it almost impossible to verify the accuracy of bills.

Complaints-handling

- > Respondents who tried to make a formal complaint were often left on hold for an excessive time or passed from person to person, with no-one willing to handle the complaint. It was not uncommon for a line to drop out while on hold; this was seen as a deliberate ploy by CSPs to avoid registering complaints.
- > Some respondents were told the CSP did not have a complaints desk to which they could be transferred and to put their complaint in writing instead.
- > Most commented that they received almost a 'second-class citizen' treatment once it was apparent they wished to lodge a complaint.

Issue resolution and follow-up

- > It was rare for an issue to be resolved on first contact.
- > Two to three contacts was the norm.
- > It was left to the customer to initiate these repeat contacts, rather than the CSP adopting a proactive approach.
- > When timelines for issue resolution were given (for example, a service technician to visit on a certain day and time), these were often not adhered to by the CSP.
- > It was rare for customers to receive a follow-up call from the CSP to check if they were satisfied and that the issue had been resolved.

Customer behaviour

Other than in the two focus groups of respondents who switched CSPs in the past 12 months, it was quite rare for respondents to have taken any decisive actions in response to what they saw as poor customer service. The primary reasons given for this lack of action were:

- > Poor customer service is now seen as the norm, especially by younger respondents who claimed they had never experienced anything else.
- > Poor customer service is common across many sectors—not just telecommunications. Banks and energy suppliers are viewed as equally guilty.

- > Respondents were ultimately left with a feeling of 'impotence'; there was nothing they could do to change the situation.
- > The prevalence of contracts, caps and bundles makes it almost impossible for customers to switch providers—they are locked into their current provider whether they like it or not.
- > They saw little benefit in lodging a complaint with their CSP. They are 'small individuals' unable to take on the power of the 'corporate giants'.
- > Respondents in regional towns have no real alternative to Telstra for network coverage, so their ability to switch CSPs is severely limited.
- > While most respondents were aware of the TIO (usually after prompting), they perceived its role and ability to achieve a positive outcome for the individual to be extremely limited. They believe that major CSPs receiving a 'small fine' would have no impact on their corporate strategy—they are too powerful.
- > The notion of introducing a universally accepted 'customer service rating' scheme, allowing customers to choose suppliers on this basis, was welcomed by some but was not unanimously accepted as an improvement on the current scenario.
- > This was primarily due to the customers themselves admitting that customer service is less important than product/service, network coverage and price. Customer service issues arise when customers have to contact their CSP, normally once or twice a year, while product (for example, phone, internet speed, coverage) and price (bundles, plans, caps) affect them on an almost daily basis.
- > Respondents spontaneously commented that an honest, independent and trustworthy comparison of the various bundles, plans and caps on offer from the different CSPs would be a more valuable service for customers.

Canberra

Purple Building
Benjamin Offices
Chan Street
Belconnen ACT

PO Box 78
Belconnen ACT 2616

T +61 2 6219 5555
F +61 2 6219 5353

Melbourne

Level 44
Melbourne Central Tower
360 Elizabeth Street
Melbourne VIC

PO Box 13112
Law Courts
Melbourne VIC 8010

T +61 3 9963 6800
F +61 3 9963 6899
TTY 03 9963 6948

Sydney

Level 15 Tower 1
Darling Park
201 Sussex Street
Sydney NSW

PO Box Q500
Queen Victoria Building
Sydney NSW 1230

T +61 2 9334 7700
1800 226 667
F +61 2 9334 7799

acma research

