Engine

What makes a good customer experience?

Engine Customer Experience Report 2018

Foreword

The role of technology in customer experience

Since Engine's 2017 *Customer Experience Report,* a lot of the discussion about improving customer experience (CX) has focused on artificial intelligence (AI), data protection, digital transformation and back-office automation. Use of AI-powered tools like voice assistants or chatbots to assist customers has increased steadily, with estimates from UBS saying AI will be a $12.5 billion industry by 2020.

Technology can help businesses handle large amounts of data and manage customer transactions at scale but when designed and integrated with care, it can also be used to serve customers in a way that connects emotionally beyond the need for speed and convenience.

From this year's survey data, although *'convenience'* remains a constant motivator for customers to recommend a service to a friend, the number of respondents citing 'Quality of Service' as a driver for recommendation has trended upwards while the number citing *'Price'* has trended down. We could interpret this as a post-financial crisis reaffirmation of the importance of service quality to build trust.

What's important to customers?

Customers see technology as an enabler – a means to an end. They want to complete their transaction smoothly and technology makes that possible.

When asked if companies should prioritise investing in developing services to use through voice assistants such as Amazon Alexa or Google Home, a mere fifteen percent said yes. Some businesses are still figuring out the best way to use these new technologies in a way that doesn't create barriers.

Just seventeen percent of customers wanted companies to use their data to make recommendations based on their personal preferences. Less than a quarter of respondents (22%) suggested brands invest in automating elements of the customer experience. For the last five years of the survey, respondents have told us that what *they do care about* are the human values of honesty, feeling valued and knowing they're getting value for money. These are essential human traits that shouldn't be overlooked and it's possible to design for these emotive values – even when customers are interacting with tech. In delivering great service, the human element remains where the real and enduring value lies.

The mix of companies in the top ten are those mastering the human/bot mix

When asked to name companies providing the best service and customer experience, Amazon, arguably one of the most automated tech companies, topped the list. Brands that do well master the technology and the ability to connect with customers emotionally; to excite and to genuinely care for their customers. It's not either/or.

Customers told us that they are looking for simpler and flexible customer service options, engaged and motivated customer-facing staff, greater availability of self-service alternatives and service improvements made in response to real-time feedback. Barclays (ranked joint 7th best) has developed a strong digital capability while investing in the skills that allow branch staff to better serve customers that walk in needing help. Amazon (1st) is a true master of automation and incredibly responsive when something goes wrong. John Lewis (joint 2nd) has a solid online offer but remains the master of high-street retail service, with trustworthiness a key commercial asset.

All these brands use the technology to build relationships not just for transactional exchange. An emotional connection can be established across the areas of *'Care'* (making the customer feel good about themselves), *'Rescue'* (being there when the customer needs a hero) and *'Recovery'* (being responsive when the service goes wrong). Delivering consistently in these critical areas leads to good feelings that linger long after the transaction has ended.

Master the mix requires applying a complete understanding of what people value and an approach to designing services that result in an experience that pushes positive emotional buttons.

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The qualities of great service

Now in its fifth year, Engine's annual *Customer Experience Report* offers insights into what UK consumers believe are the qualities of great service.

The results reveal:
- what's important to customers
- the areas that businesses should be focusing on
- the way services make customers feel
- the sectors that provide the best and worst customer service
- which brands are delivering great service.

Over 1,000 consumers* are asked:

01[†]

What's most important to you in the way a company provides or delivers its service and customer experience?

02[†]

When you interact with a brand/company, how would you like the experience to make you feel?

03[†]

Brands from which sectors provide the best service and customer experience overall?

04[†]

From the sectors you have ranked as providing the best service or customer experience, please list any specific brands that stand out as particularly good.

05[†]

Brands from which sectors provide the worst service and customer experience overall?

06[†]

In which sectors does the quality of service and customer experience you receive from companies matter most when choosing a provider?

07[†]

What would make you most likely to recommend a service to a friend – Price, Quality of Service or Convenience?

08[†]

In general, on a scale of 1-10 (where 1 is 'strongly disagree' and 10 is 'strongly agree'), do you think the service and customer experience you receive from companies is keeping pace with your needs and expectations?

09[†]

What do you think that businesses should prioritise in order to improve service or customer experience?

NB. * The total sample size was 1,004 UK adults. The survey was conducted online during April 2018. The figures have been weighted and are representative of all GB adults (aged 18+).

† The percentages reflect the answer being selected as one of the top three.
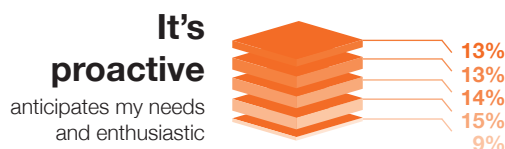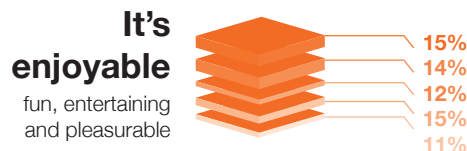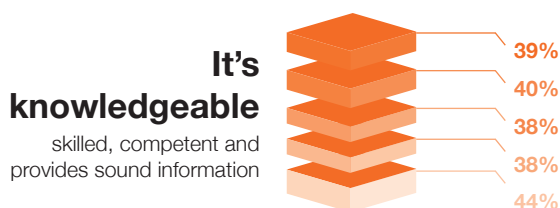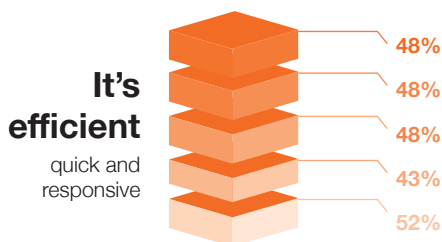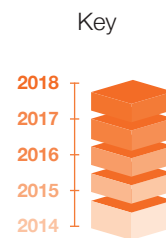
01 What's most important to you in the way a company provides or delivers its service and customer experience?

(For instance, through a member of staff, a call centre, a website, a retail store etc.)

Once again, *'honesty', 'efficiency'* and *'reliability'* rank as the top three most important elements of great service. This rank has remained unchanged for the last five years of the survey although the gap between *'honesty'* and *'efficiency'* has closed due to a slight decline to the former in the last year (-2%).

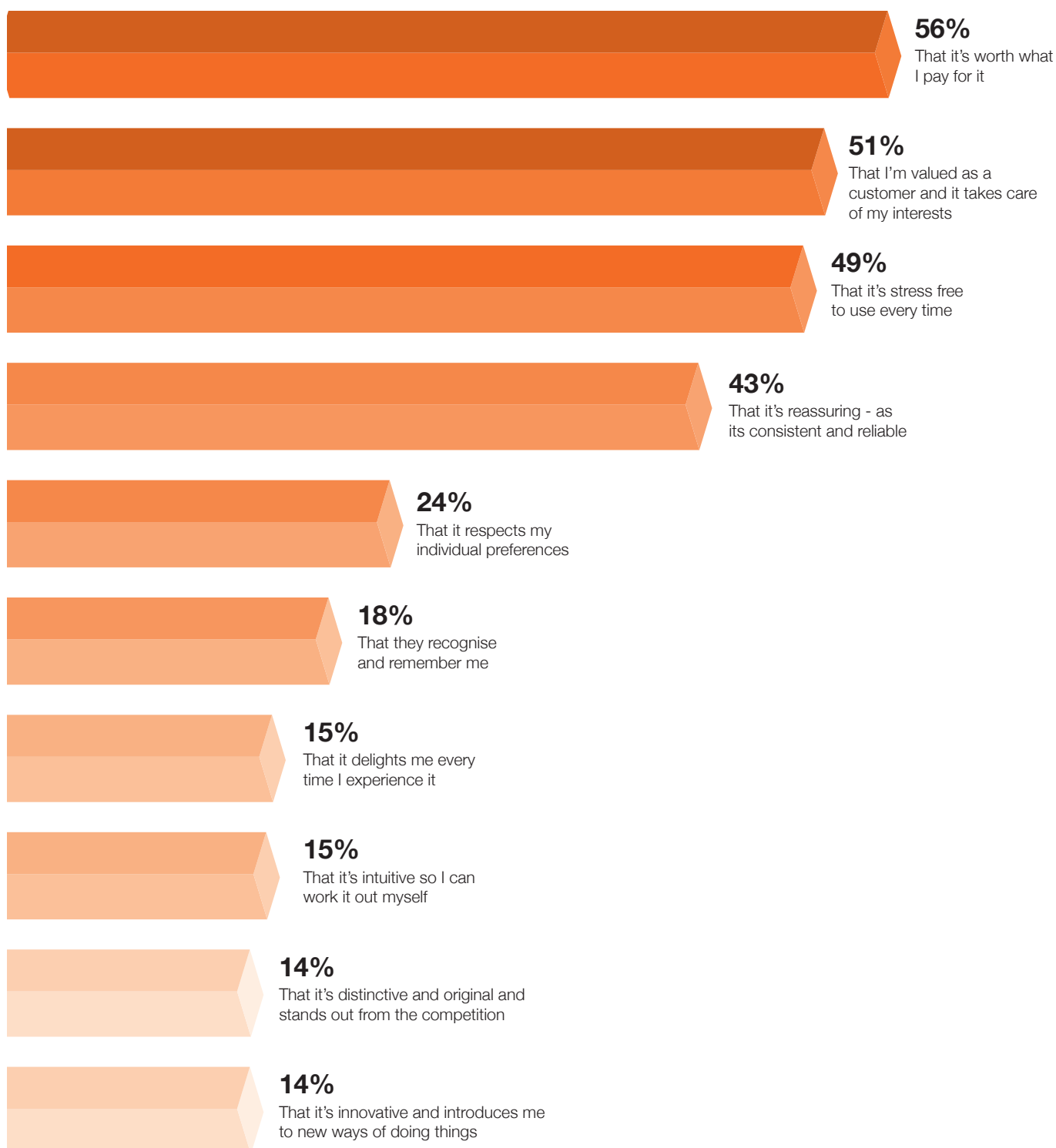The biggest climber in the last twelve months is *'flexibility'* (up 3%).

Since our first annual survey in 2014, *'engaging'* (up 6%), *'enjoyable'* (up 5%) and *'proactive'* (up 4%) have been the biggest risers.

Key

	2018
	2017
	2016
	2015
	2014

It's open / honest
clear, trustworthy and nothing is hidden

50%
53%
50%
50%
56%

It's flexible / adaptable
has choices and options to suit me

26%
24%
28%
31%
24%

It's efficient
quick and responsive

48%
48%
48%
43%
52%

It's engaging
not just a transaction, it builds a relationship

17%
18%
14%
14%
11%

It's reliable
predictable, dependable and consistent

43%
42%
44%
41%
44%

It's personalised
tailored to my circumstances and accommodates my preferences

15%
17%
19%
19%
15%

It's knowledgeable
skilled, competent and provides sound information

39%
40%
38%
38%
44%

It's enjoyable
fun, entertaining and pleasurable

15%
14%
12%
15%
11%

It's effortless
simple, easy and intuitive

33%
31%
34%
34%
35%

It's proactive
anticipates my needs and enthusiastic

13%
13%
14%
15%
9%

02 When you interact with a brand/company, how would you like the experience to make you feel?

Respondents state that more than anything a service should be *'worth what I pay for it'* (56%), closely followed by *'valued as a customer'* (51%) and *'stress-free'* (49%). These have consistently been the top 3 responses over the last five years.

Since 2014, *'innovative'* (up 4%) and *'reassuring'* (up 3%) are the two biggest risers.

56%
That it's worth what I pay for it

51%
That I'm valued as a customer and it takes care of my interests

49%
That it's stress free to use every time

43%
That it's reassuring - as its consistent and reliable

24%
That it respects my individual preferences

18%
That they recognise and remember me

15%
That it delights me every time I experience it

15%
That it's intuitive so I can work it out myself

14%
That it's distinctive and original and stands out from the competition

14%
That it's innovative and introduces me to new ways of doing things

03 Brands from which sectors provide the best service and customer experience overall?

The Hotels and Hospitality industry overtook Food Service to be named as the best sector for customer service, reclaiming its spot at the top after losing ground last year.

Air Travel saw the biggest improvement in customer service in the last year.
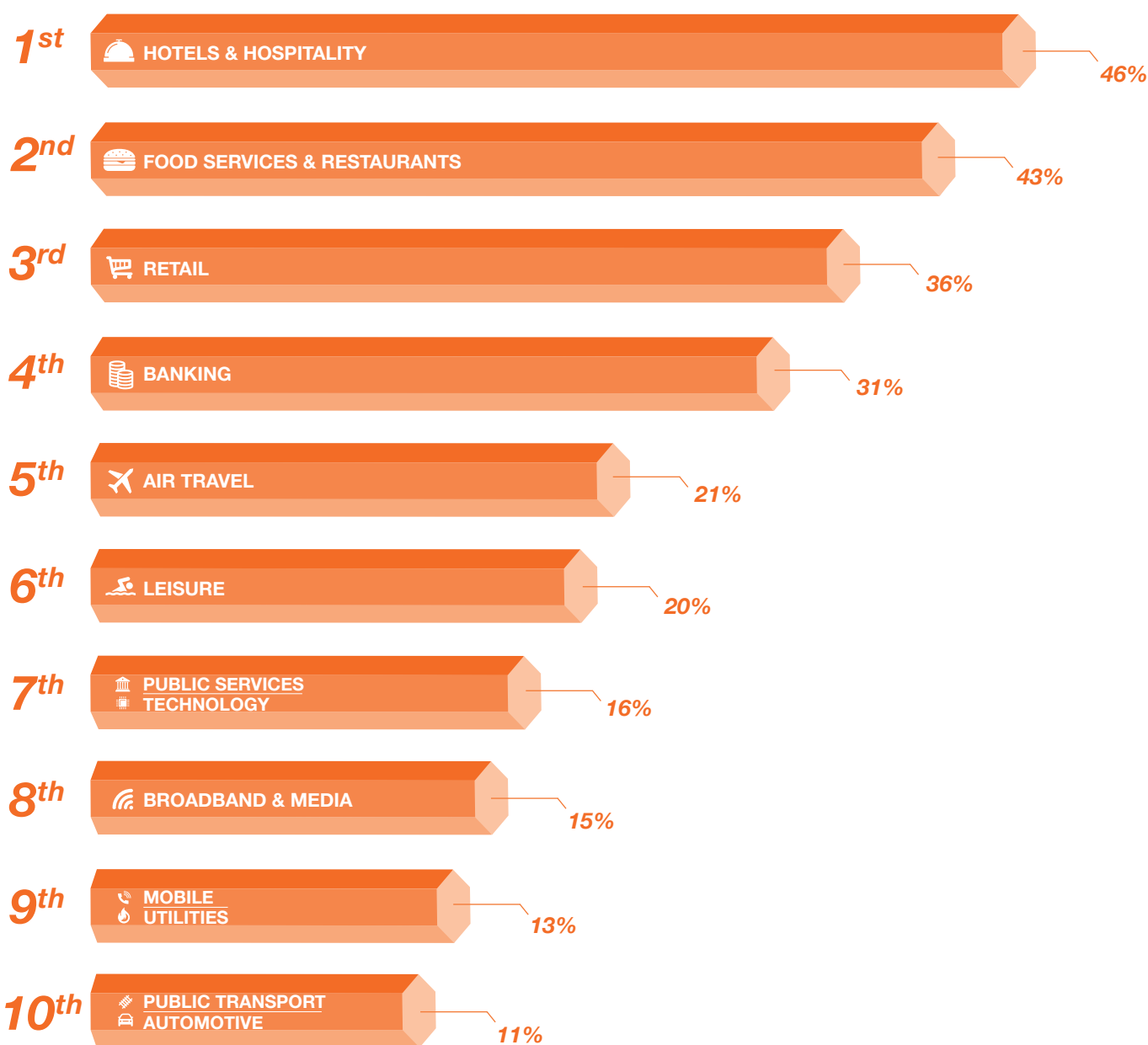
The Air Travel sector's commitment to improving experience over cost-cutting is paying off. This is particularly true for British Airways who have made great strides forward in developing a better customer experience. It's gone from being criticised in the media last year for a high-profile tech failure, to being cited by the public as one of the nation's top ten brands for service and experience (see Question 4).

The proportion of customers saying Air Travel was among the best sectors for service rose from 17.22% to 20.5%. This 3.35% rise was the biggest among the fourteen sectors covered in the study, narrowly ahead of Banking, Broadband & Media (Pay-TV) and Public Transport which each increased by 2%.

The Banking sector is enjoying continued success. Ongoing advances like Open Banking, alongside regulatory reform and long-term investment in digital capabilities, see it consistently rank as one of the top five sectors for customer experience. It secured its spot as the fourth best sector for customer service for the second year in a row and continues to be one of the biggest rising sectors for service over the last four years of the report.

The Broadband and Media sector ranks eighth best for customer service and experience. Historically, this sector has suffered from a lack of consumer trust and a reputation for complexity. However, with regulators stamping down on misleading marketing of broadband speeds and companies working hard to ensure that standards are raised, there are clear signs of improvement.

At the opposite end of the scale, the biggest declines in the last year went to Retail (-4%) and Food Service/Restaurants (-4%), albeit they both still retain positions in the top-three

Rank	Sector	%
1st	HOTELS & HOSPITALITY	46%
2nd	FOOD SERVICES & RESTAURANTS	43%
3rd	RETAIL	36%
4th	BANKING	31%
5th	AIR TRAVEL	21%
6th	LEISURE	20%
7th	PUBLIC SERVICES / TECHNOLOGY	16%
8th	BROADBAND & MEDIA	15%
9th	MOBILE / UTILITIES	13%
10th	PUBLIC TRANSPORT / AUTOMOTIVE	11%

Percentage of customers that think brands in the sector provide the best service experience

04 From the sectors that you have ranked as providing the best service or customer experience, please list any specific brands that stand out as particularly good.

Amazon retained its number one spot to be named the best brand for customer service for a second year in a row.

Retail dominated the top 10 with department store John Lewis in joint second place. Supermarkets Tesco (3rd), Marks and Spencer (4th), Sainsbury's (6th) and Asda (=10th) completed the list.

In the last year, Hilton, EE and Next all dropped out of the top 10 to be replaced by new entrants Lloyds Bank (=2nd), British Airways (5th), Santander (=7th) Halifax, Vodafone and Asda (=10th).

This year's biggest climbers are Lloyds Bank (+11 places), British Airways (+11) and Vodafone (+6). Interestingly all three of these companies are amid widely reported digital transformation projects. Lloyds Bank appointed a Transformation Director in 2012 to spearhead a £3bn strategic drive to *'transform the group for success in the digital world'*.

Lloyds has also made a substantial investment into front-line staff, having recruited 21,000 *'digital champions'* to help communities across the country get more from its offering, simplify digital services and demonstrate the flexibility available. These developments reflect the areas that customers tell us they really want companies to invest in (see Question 9). Training to empower front-line staff as a key brand differentiator is also a headline trend Engine identified for 2018 in our *'Big 6' Trends Report* published at the start of the year.

Although retail dominates the list of best brands, as a sector it ranks third (cited by 36% of respondents), behind Hotels & Hospitality (46%) and Food Service/Restaurants (43%). Interestingly, no Food Service brands feature in the best top 10. Premier Inn remains the only hotel brand mentioned by respondents (=8th).

1st

amazon.com

JOINT 2nd John Lewis / LLOYDS BANK

3rd TESCO

4th M&S EST. 1884

5th BRITISH AIRWAYS

6th Sainsbury's

JOINT 7th BARCLAYS / Santander / Nationwide

JOINT 8th Premier Inn / Apple

9th sky

JOINT 10th ASDA / HALIFAX / Vodafone / Virgin media

05 Brands from which sectors provide the worst service and customer experience overall?

For another year, nearly 4 in 10 respondents (39%) selected Public Transport/Trains as providing the worst customer experience. This sector has topped the list for 4 out of 5 years of the survey.

This is perhaps unsurprising given the amount of high profile service failures from multiple operators being reported in the press. However, the appointment of a new Dispute Resolution Ombudsman this year, will hopefully establish better processes for resolving disputes.

Utilities received just over a third of the responses (35%). Broadband/Pay-TV on 32% had Public Services just behind it with 31% to cap off the list of the top three worst offenders. The biggest rise in the last year belongs to Public Services (+3.5%). These sectors have consistently featured as the worst performers in need of reform, albeit with continued government investment into major transformation projects. Only utilities has seen its number of citations decline over the years.

Although it has seen some improvement in the last year, the biggest rise in citations as the worst offender over the last five years still belongs to Broadband/Pay-TV with 6%. Public Transport has risen by 5% and Air travel 4%.

But who's seen an improvement?

The proportion of customers saying Banking is among the worst sectors for service continues to decline and has fallen from 29% to 21% over the last five years. This eight-percentage-point drop is the biggest among the sectors covered by quite some margin. The next largest descent belongs to Utilities. This sector has fallen five-percentage-points from 40% to 35% of mentions.

Despite some branch closures and tech issues, significant improvements in digital banking services (sparked by the threat posed by innovative market entrants such as Monzo and Starling Bank) is helping to shape a new era of quality service for the Banking sector. Technology – when used to connect emotionally with customers – is paying dividends in satisfaction scores.

39%
PUBLIC TRANSPORT

35%
UTILITIES

32%
BROADBAND & MEDIA

31%
PUBLIC SERVICES

26%
INSURANCE

21%
BANKING

21%
MOBILE

17%
RETAIL

17%
AIR TRAVEL

15%
AUTOMOTIVE

14%
FOOD SERVICES & RESTAURANTS

11%
TECHNOLOGY

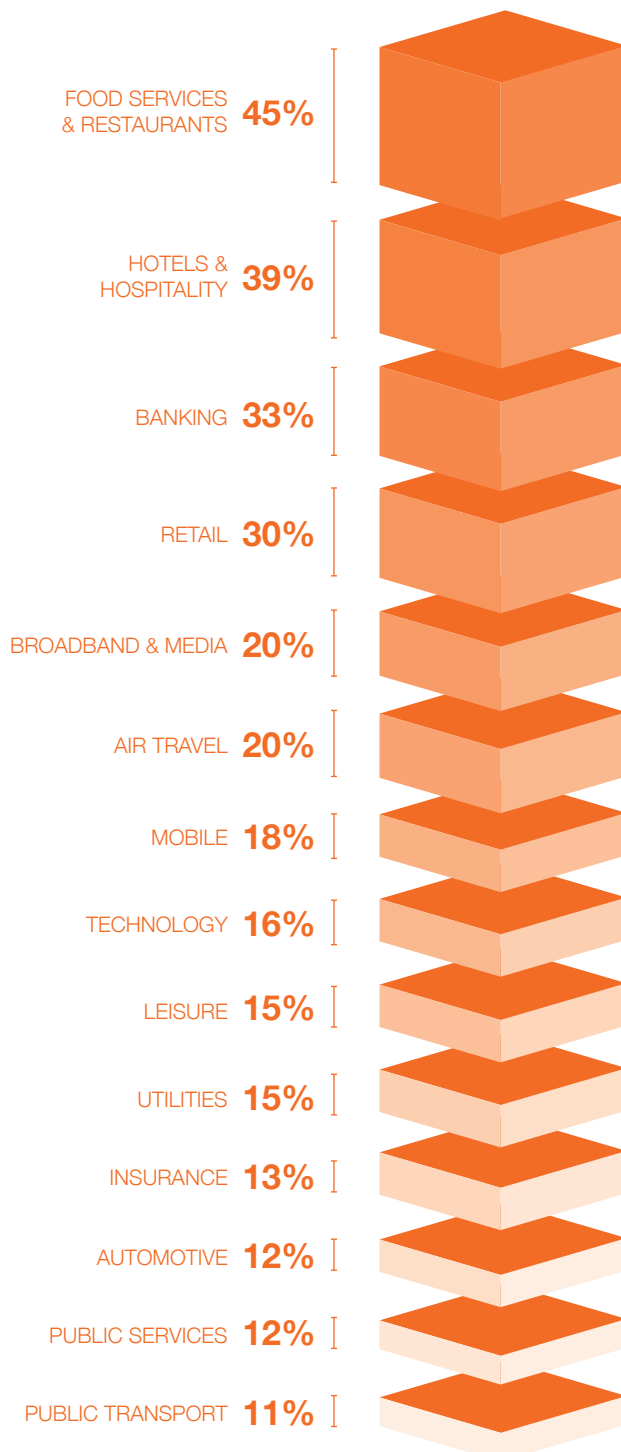**11%**
LEISURE

9%
HOTELS & HOSPITALITY
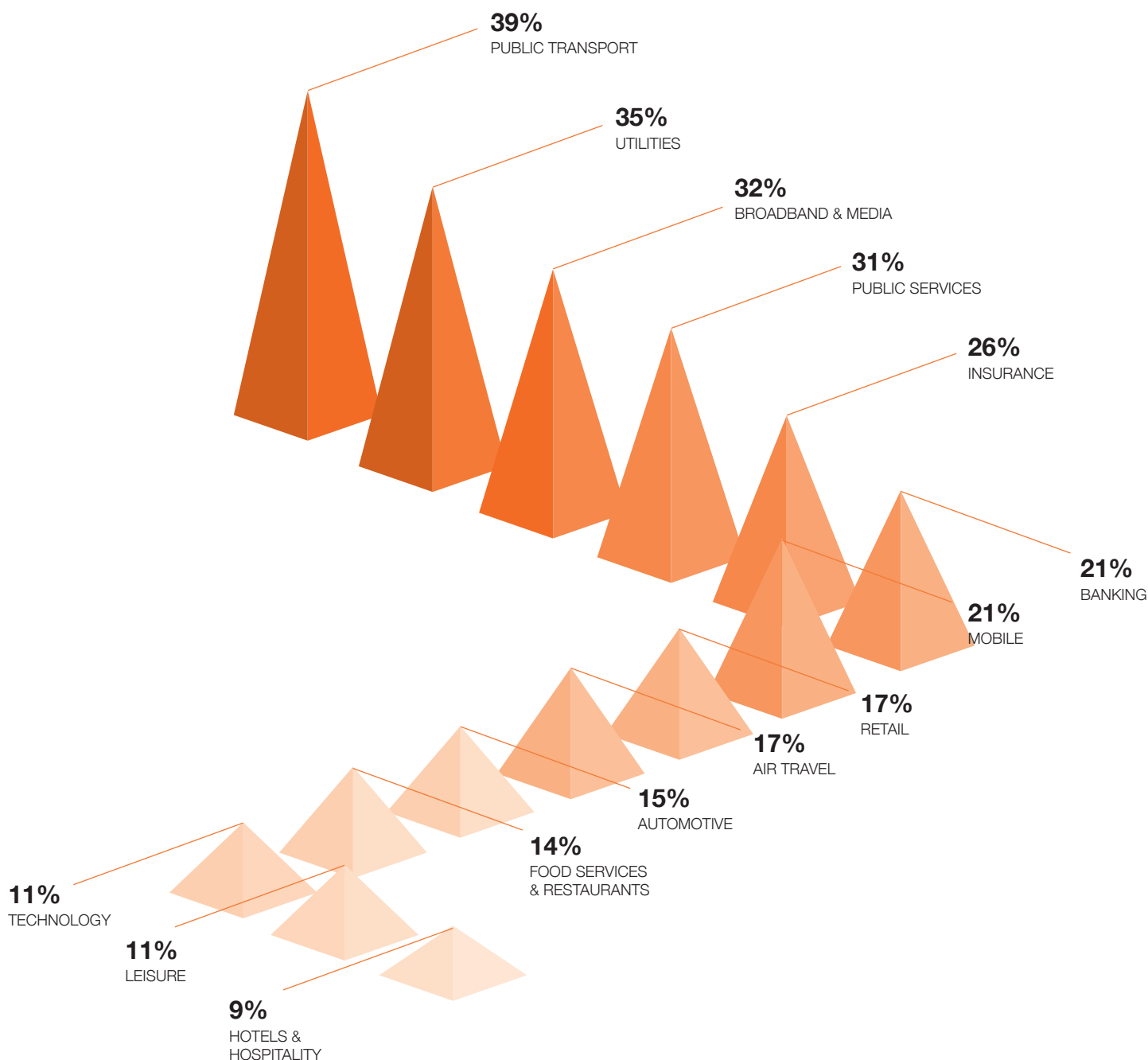
06 In which of these sectors does the quality of service and customer experience you receive from companies matter most when choosing a provider?

Food Services/Restaurants (45%), Hotels & Hospitality (39%) and Banking (33%) are the sectors where consumers' choice of provider is most strongly influenced by the quality of service and customer experience.

Retail took the 4th spot with 30% of the votes. Food Service/ Restaurants has consistently topped this list with Hotels and Hospitality remaining in a steady second place. Banking, a sector recognised for making significant long-term customer experience improvement, is this year's biggest riser. It's overtaken Retail here for the first time as Retail experienced the biggest decline in the last year (down five-percentage-points).

Conversely, the sectors in which people's choice of provider is least influenced by customer experience are Public Transport/ Trains (11%) Public Services (12%), Automotive (12%) and Insurance (13%).

Over the last three years, Food Service/Restaurants, Hotels & Hospitality and Banking are the biggest risers.

FOOD SERVICES & RESTAURANTS **45%**

HOTELS & HOSPITALITY **39%**

BANKING **33%**

RETAIL **30%**

BROADBAND & MEDIA **20%**

AIR TRAVEL **20%**

MOBILE **18%**

TECHNOLOGY **16%**

LEISURE **15%**

UTILITIES **15%**

INSURANCE **13%**

AUTOMOTIVE **12%**

PUBLIC SERVICES **12%**

PUBLIC TRANSPORT **11%**

07

What would make you most likely to recommend a service to a friend – Price, Quality of Service or Convenience?

By a considerable majority, 68.4% of respondents cited *'Quality of Service'* as the key factor of recommending a service followed by *'Price'* at 28.4%. This priority placing by participants has remained unchanged each year of the survey.

Although *'Convenience'* has remained a constant motivator for customers at around 3% over the years, the number of respondents citing *'Quality of Service'* as a driver for recommendation has trended upwards, with the number citing *'Price'* trending down. We could interpret this as a post-financial crisis reaffirmation of the importance of service quality to build trust. Competing on price alone isn't enough.

4%
CONVENIENCE

28%
PRICE

68%
QUALITY OF SERVICE
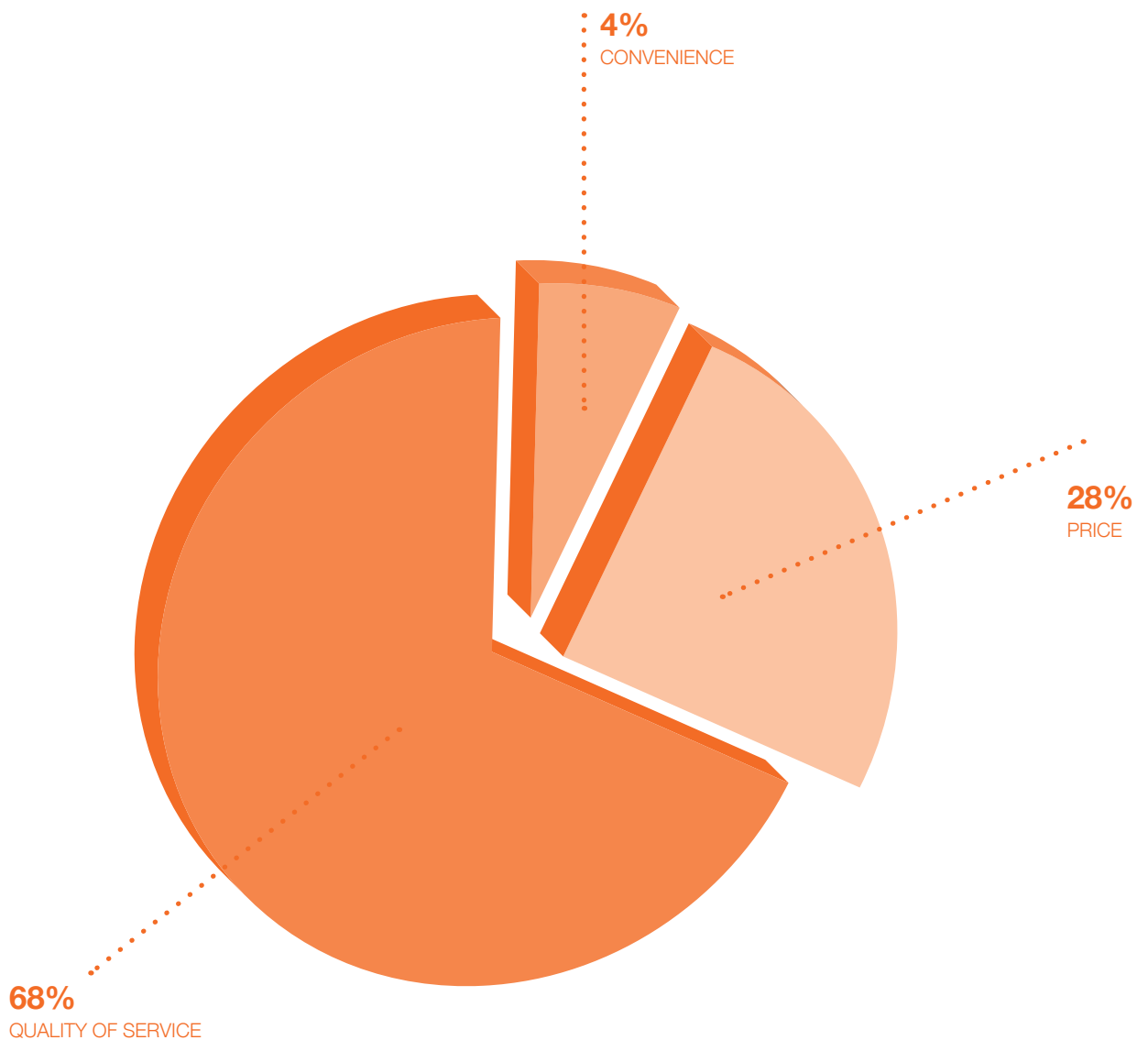
08 In general, on a scale of 1-10, do you think the service and customer experience you receive from companies is keeping pace with your needs and expectations?

With an average score of 5.72 out of 10 (up from 5.67 last year), respondents remain largely neutral in their own assessment of whether companies are delivering the service and experience that they expect and require.

Almost half (46%) recorded a score of between five and seven, with just under a third (30%) awarding a low score between one and four. It appears that there is still a lot more that companies can do to delight customers, as only 24% *'strongly agree'* the service they receive matches their needs and expectations.

5.7 / 10

Strongly disagree										Strongly agree
0	1	2	3	4	5	6	7	8	9	10
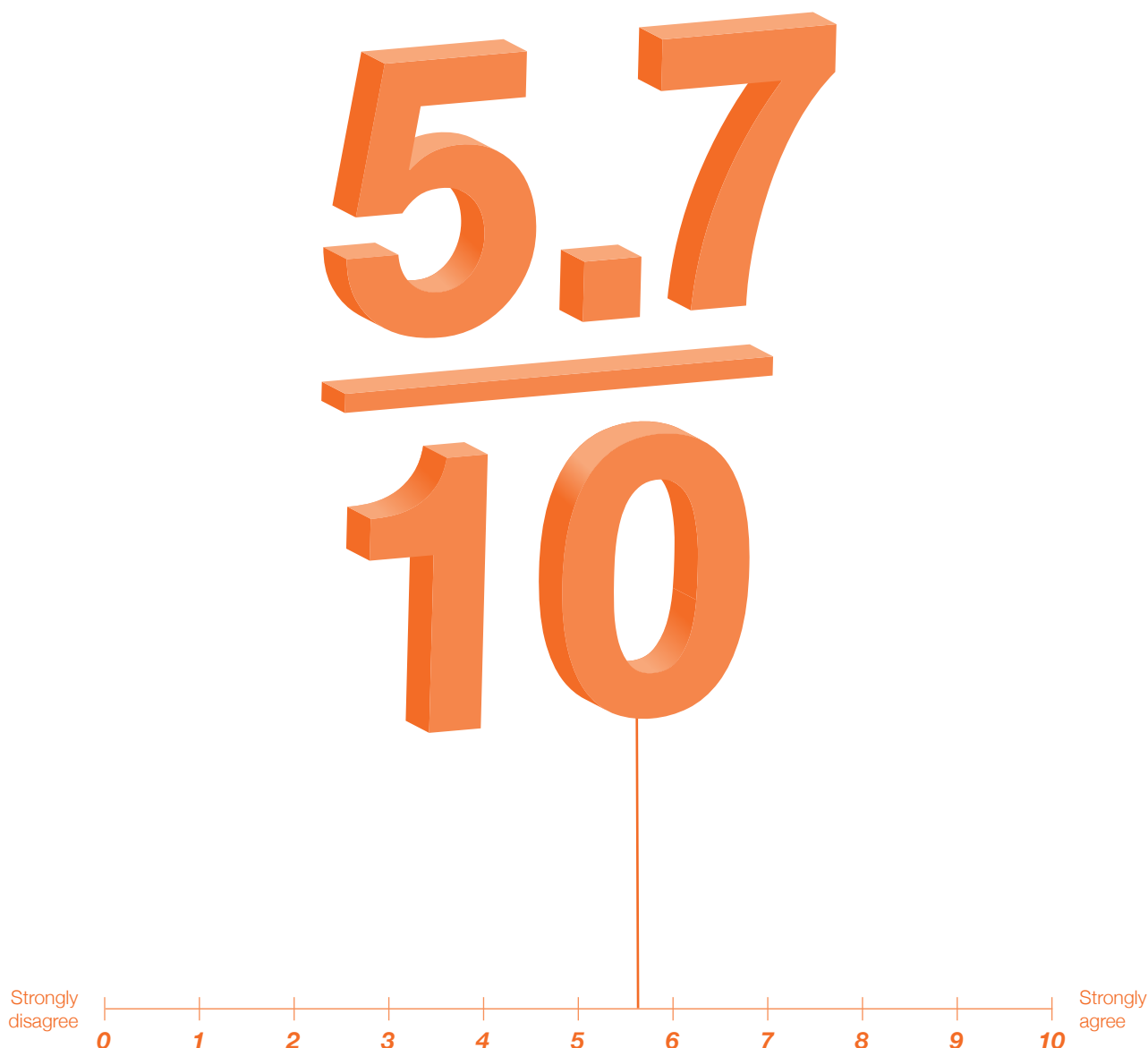
09 Which of the following do you think that businesses should prioritise in order to improve service or customer experience?

We asked respondents to take a view on what businesses should invest in this year in order to improve the service they deliver to customers.

'Launching simpler, flexible and more affordable customer service options' came out top with a massive 62% of the vote. More than half of respondents (58%) suggested, *'Providing training and performance incentives for customer-facing staff'* and just over a third (35%) opted for *'Using real-time feedback to improve service'* or *'Increasing the availability of self-service options'* (34%).

Interestingly, less than a fifth want new technology.

Counter to the current trend and investment in voice search, customers were not keen for businesses to invest in *'Developing services to use through voice assistants such as Amazon Alexa or Google Home'*, leaving it bottom of the pile with a mere 15%. Also, *'Using my data to make recommendations based on personal preferences'* was out of favour, receiving only 17% of votes. Still less than a quarter of respondents (22%) suggest brands invest in *'Automating elements of the customer experience'*.

However, as we know, the most highly rated brands (Amazon, Lloyds Bank and John Lewis), have all invested heavily into the creation of seamless, best-in-class human+digital experiences that deliver in the emotional/transactional areas that customers want.

In Amazon's case, a drive towards simplicity with features like *'1-click ordering'*, flexible next day delivery with Amazon Prime, and human intervention when things go wrong, are helping the company to be indispensable to customers in many markets and industries.
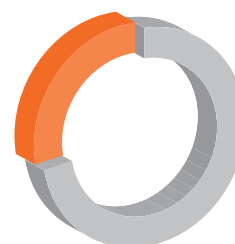
62%
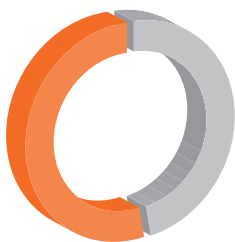Launching simpler, flexible and more affordable customer service options

26%
Enhancing my in-store/real-world experience with online technology (e.g. an app that contains a shopping list and directions to where in the store the items are)
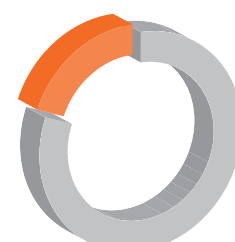
58%
Providing training and performance incentives for customer-facing staff

22%
Automating elements of the customer experience

35%
Using real-time feedback to improve service (e.g. monitoring live Tweets to solve customer's problems wherever they are)

17%
Using my data to make recommendations based on personal preferences (e.g. Netflix recommends films/shows based on other ones you've watched)
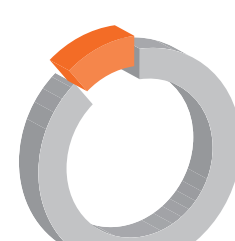
34%
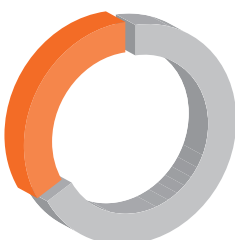Increasing the availability of self-service options

15%
Developing services to use through voice assistants such as Amazon Alexa/Google Home (e.g. ordering tickets/food etc. by speaking to the device)

31%
Partnering with relevant brands to improve convenience (e.g. eBay deliveries to Argos stores)

So,

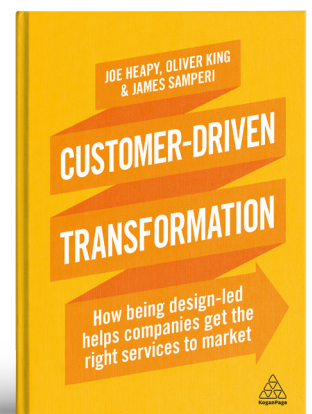## why is customer experience so important?

Today's businesses need to be set up to provide more personal, intuitive and responsive services that dynamically respond to customer preferences and better predict their needs. Technology, used as a means to do this, sits at the heart of almost every service we use day-to-day, yet technology alone does not make a great service. It has to be deployed to serve the people who use it. Truly great services are those that join up all the touchpoints people have with your business, whether online or instore, in person or assisted by AI, to make the transaction seamless. The experience that your customers have of your business is your brand so investing in it has an impact on business performance that can be measured more accurately. It leads to increased revenues, greater likelihood of recommendations, process efficiencies and increased visits.

Engine clients like Dubai Airports, PegasusLife, Virgin Media, E.ON Energy and Hyundai Motor Company have publicly cited improvements in this key metric due to the use of service design principles to bring greater customer focus throughout their organisations.

Leaders from within these businesses, and others, have graciously shared their transformation stories and contributed to a book Engine has published through Kogan Page called, **Customer-Driven Transformation:** How being design-led helps companies get the right services to market. The book provides practical strategies through a step-by-step guide to designing great customer experience. Visit **customerdrivenbook.com** to find out more.

To discuss this report or to get in touch with a member of the team at Engine, email **hello@enginegroup.co.uk**

Customer-Driven Transformation shows you how to use design thinking as a driver for organisational change, translating your vision into services that will delight customers.

Engine