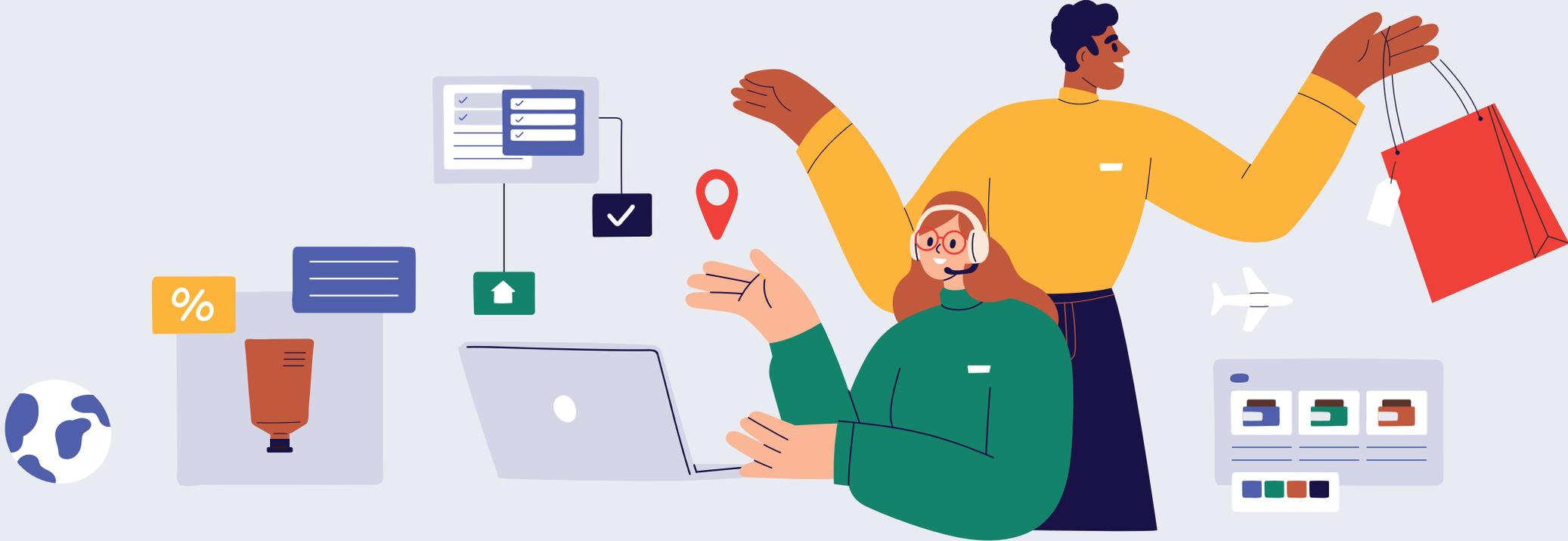


# THE STATE OF CUSTOMER EXPERIENCE IN AUSTRALIA

## UNLOCKING CONSUMER TRENDS FOR CX SUCCESS



# CUSTOMER EXPERIENCE

## TRACKING SURVEY

### INTRODUCTION

**CPM-Retail Safari's Annual Customer Experience Tracking Survey is designed to offer insights into how consumers feel about the state of customer experience in Australia. The survey has been conducted annually since 2016.**

This year's edition explores the ongoing evolution of customer experience, changing customer needs, and factors that are critical for success. We offer up insights into consumer perceptions of customer service, factors impacting customer service excellence, the cost of poor customer experience, and the importance of having real people on the customer service front line.

We hope our findings and insights provide inspiration for your customer experience strategy and can assist with unlocking its full potential.

### ABOUT THIS SURVEY

To undertake the research, this year we partnered with Swinburne University's CXI Research Group to conduct an online survey during 2-6 December 2022, with a sample size of 514 shoppers representing the Australian population.

#### RESIDENTIAL LOCATION

<b>NSW</b> 29%	<b>QLD</b> 20%	<b>WA</b> 6%	<b>ACT</b> 4%
<b>VIC</b> 30%	<b>SA</b> 7%	<b>TAS</b> 2%	<b>NT</b> 0.4%

#### GENDER AND AGE

<b>MALE</b> 47%	<b>18-34</b> 33%	<b>35-54</b> 35%	<b>55+</b> 32%
<b>FEMALE</b> 52%			

\*1% Other / Prefer not to answer

**Note:** The 2018 to 2022 State of Customer Experience surveys have been undertaken by the CXI Research Group, Swinburne University. 2016 and 2017 surveys were undertaken by the ACRS, Monash University.

# KEY FINDINGS

## CUSTOMER EXPERIENCE IMPACTS FUTURE PURCHASING DECISIONS

### CUSTOMER SERVICE DELIVERY – THERE IS ROOM FOR IMPROVEMENT

**More than two-thirds** of consumers believe companies are placing **no, low or only moderate importance** on delivering excellent customer service – with no changes over the past seven years.

### WHAT MAKES FOR GREAT SERVICE?

For three-in-four Australians, great customer service means **accessing correct information, consistent information across both digital & human interactions,** and accessing **knowledgeable staff.**

### DELIVERING CONSISTENTLY POSITIVE EXPERIENCES IS IMPERATIVE

**Six-in-ten Australian consumers had mixed experiences** purchasing products and services in-store and online in the past year. The **beauty and personal care** industry stood out as having the highest ratio of **positive experience responses.**

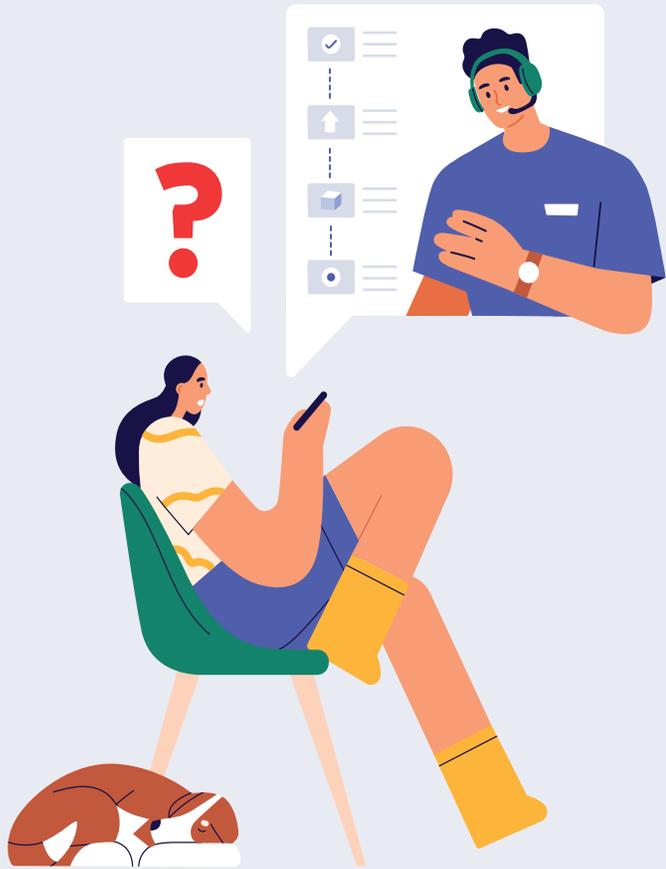
### THE COST OF POOR CUSTOMER EXPERIENCE

**One-third of consumers** have stopped purchasing from a company after a bad customer experience. Why? **Lack of knowledgeable staff** and **no resolution of queries on first contact.**



# KEY FINDINGS

## CUSTOMER EXPERIENCE IMPACTS FUTURE PURCHASING DECISIONS



### SHARING EXPERIENCES

A majority of customers share their customer experiences in person and tell **between one-to-five people**. **Negative experiences are shared more widely** than positive experiences.

### AUTOMATED VOICE RESPONSES AND CHATBOTS REMAIN UNPOPULAR FOR SOLVING PROBLEMS OR QUERIES

Over 70% of consumers surveyed said that speaking to a **real person instead of a chatbot** is highly important.

### HUMAN ENGAGEMENT REMAINS CENTRAL TO RESOLVING COMPLEX QUERIES

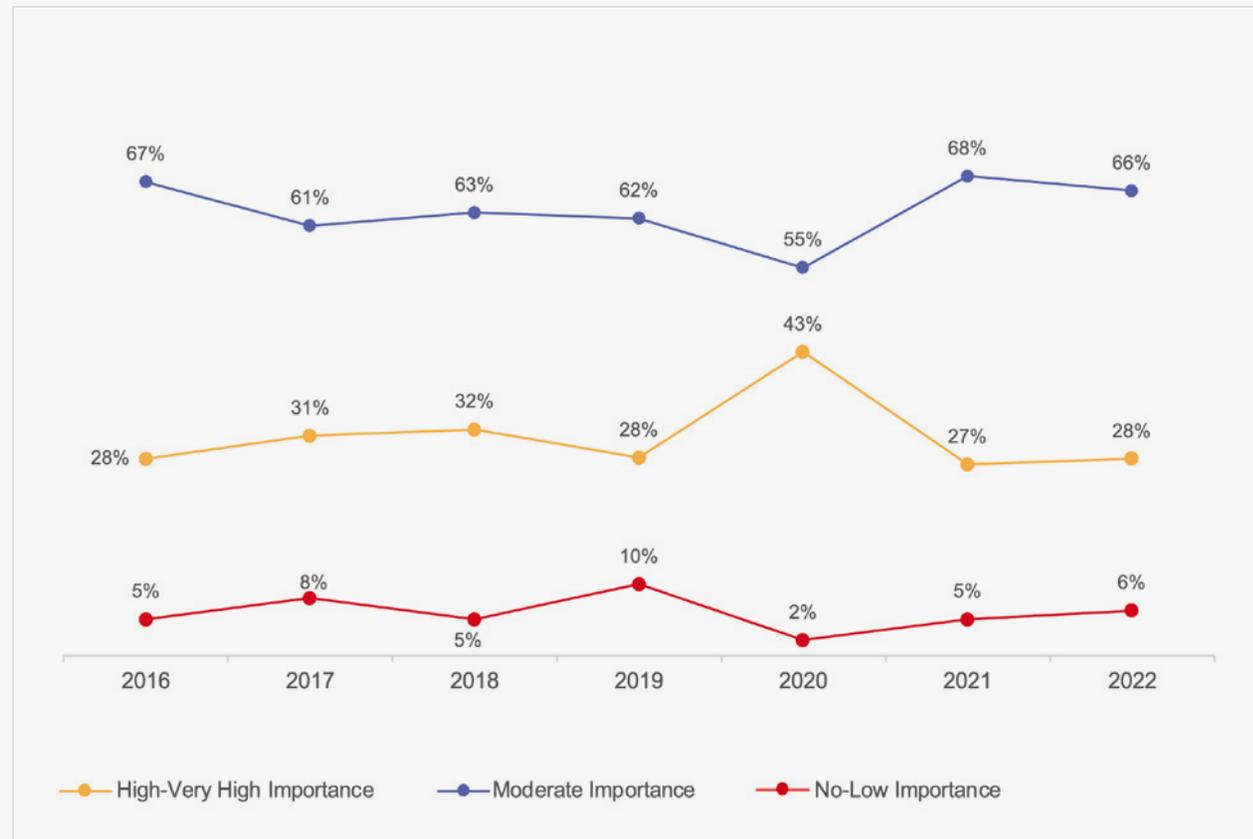
**Self-serve contact channels remain unpopular**. More consumers than ever are preferring to speak to a real person on the phone (80%) or via live chat (50%).

### AUSTRALIANS HAVE INCREASED THEIR PREFERENCE FOR A BROADER RANGE OF DIGITAL SERVICE CHANNELS FOR SIMPLE ENQUIRIES

**Company websites/FAQs** and **live chats** have become the top preferred channels for simple queries.

# CUSTOMER SERVICE PERCEPTIONS

**Q:** How much importance do you think Australian companies are placing on delivering customer service excellence?



**Note:** Sample size = 514; Items measured on scale from 1 = Not important at all to 7 = Very high importance

## KEY INSIGHTS

**Australian companies are perceived to be placing moderate importance on delivering customer service excellence – with no changes over the past seven years.**

Improving the customer service experience is a **top priority for businesses. Though, there is still room for improvement.**

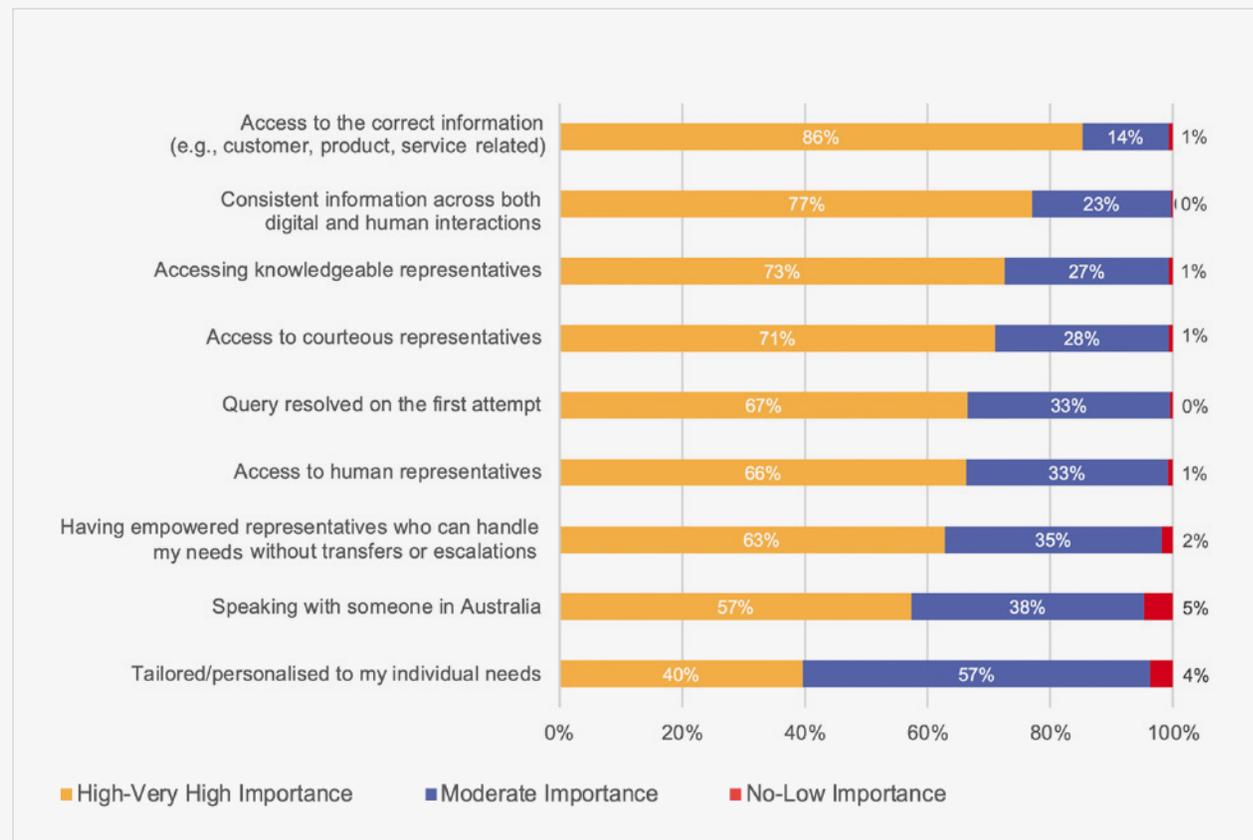
In 2022, **more than two-thirds** of Australians believe companies are placing **no, low or moderate importance** on delivering excellent customer service. A perception that has not changed over the past seven years.

Similarly, since 2016 there has not been a change in the proportion of consumers who think companies are placing **high or very high importance** on delivering great customer service; however, there was a pandemic-induced spike in 2020.

This might be a result of Australian companies not being able to sustain the good level of service perceived earlier in the pandemic.

# WHAT MAKES FOR GREAT SERVICE?

**Q:** How important are the following factors when it comes to delivering excellent customer service?



**Note:** Sample size = 514; Items measured on scale from 1 = Not important at all to 7 = Very high importance

## KEY INSIGHTS

**For Australian consumers, great customer service is about getting the right information, consistency and knowledgeable help.**

In 2022, all factors rated of significant importance to consumers, indicating each factor has some importance in contributing to excellent customer service.

Across all age groups, the top two most important factors are: **accessing correct information** (86% high-very high importance) and **consistent information across both digital and human interactions** (77%).

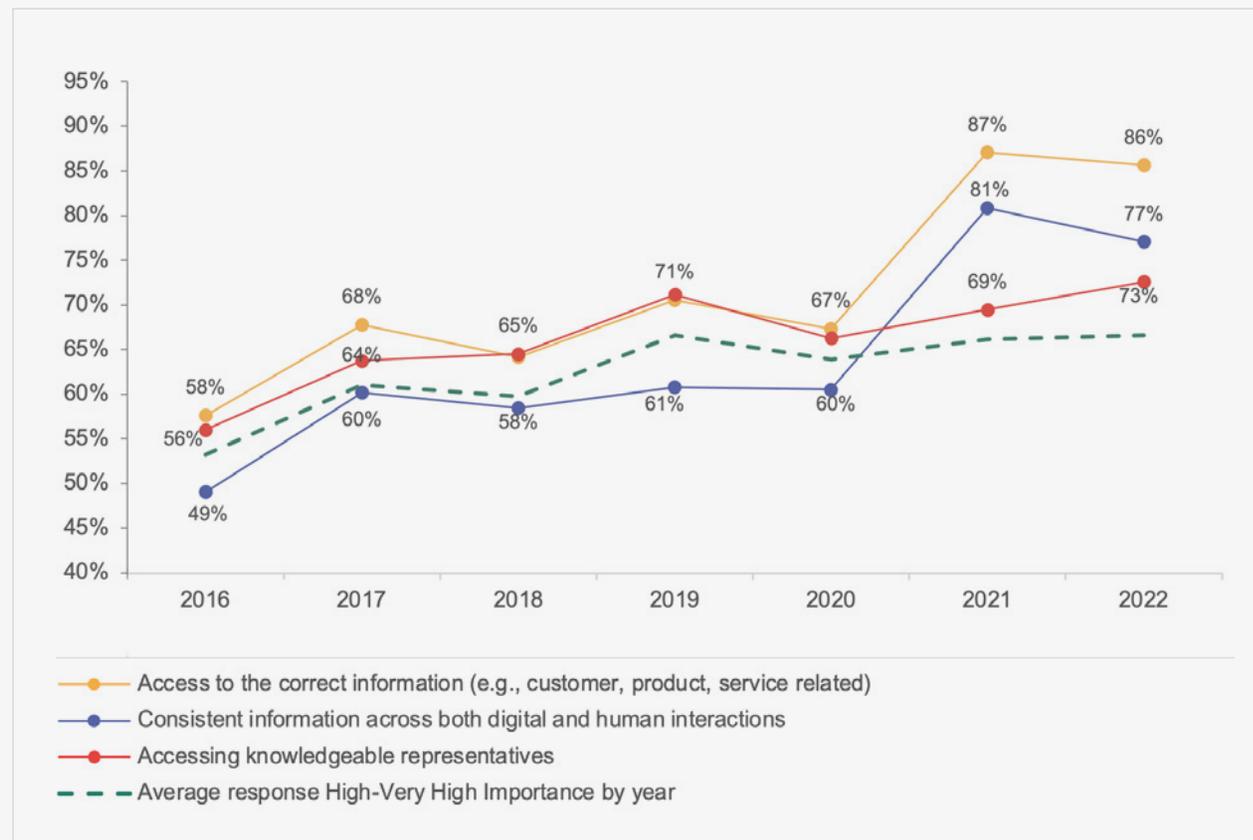
**Consistency across digital and human interactions** is a very important factor when it comes to excellent customer service for customers aged **35 and older** (average 81%). However, the level of importance falls for customers aged **18-34 years** (69%).

Though **accessing knowledgeable** (73%) and **courteous representatives** (71%) are not the top most important factors as in the previous years, they still rate as very important factors.

While still rated as important, **receiving a tailored and personalised customer service experience** (40%) was the least important factor to consumers.

# THE MOST IMPORTANT FACTORS IMPACTING EXCELLENCE

**Q:** How important are the following factors when it comes to delivering excellent customer service?



**Note:** Sample size = 514; Items measured on scale from 1 = Not important at all to 7 = Very high importance

## KEY INSIGHTS

**Accessing correct information continues to be what Australians value most in their customer service.**

What Australian consumers value most in their customer service has changed in recent years.

During the period 2016-2020 nearly all the surveyed factors were considered by consumers to be similarly important, resulting in their individual importance sitting close to the average of all responses.

Post-2020, the current two most important factors, plus the third to a lesser extent, have become significantly more important than the other factors.

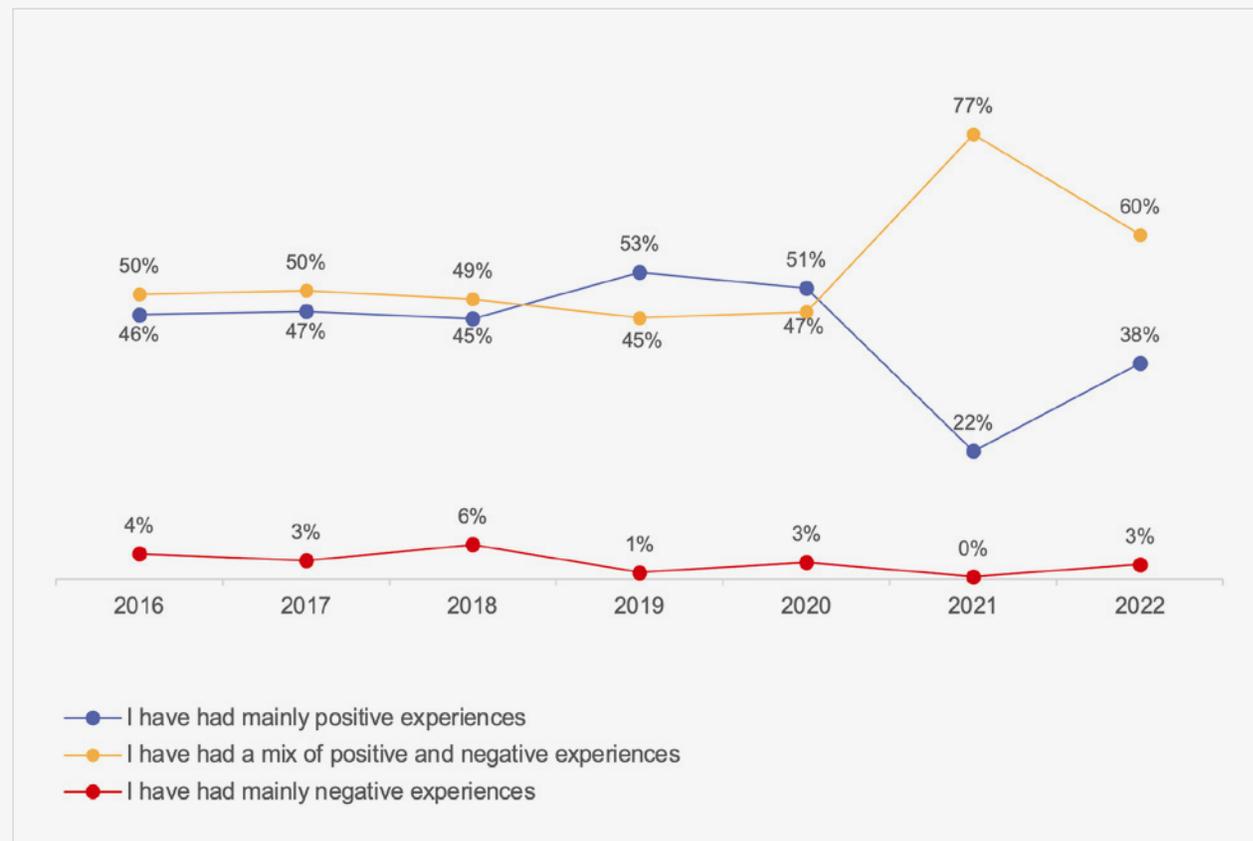
Of note:

- Consumers are placing increasing importance on **knowledge and information**.
- **Access to the correct information** increased in importance by 28% since 2016 (58% → 86%)
- **Consistent information across digital and human interactions** also increased in importance by 28% since 2016 (49% → 77%)

The growing importance of these top three factors is almost certainly related to the growth in eCommerce that occurred during the pandemic.

# CUSTOMER EXPERIENCE DELIVERY

**Q:** Over the past year, what have your experiences been like when purchasing products, services or visiting a store (online or offline)?



**Note:** Sample size = 514

## KEY INSIGHTS

**Six-in-ten Australian consumers had mixed experiences purchasing products and services in-store or online in the past year.**

**Are companies providing consistently positive experiences across all channels?**

When purchasing products and services in-store or online, the proportion of Australians having **a mix of positive and negative experiences has been increasing**, with more consumers than ever having mixed experiences in the past two years.

Though the proportion of respondents having mixed experiences **decreased from 77% in 2021 to 60% in 2022**, this is still a significant deviation from the 2016-2020 average of 48%.

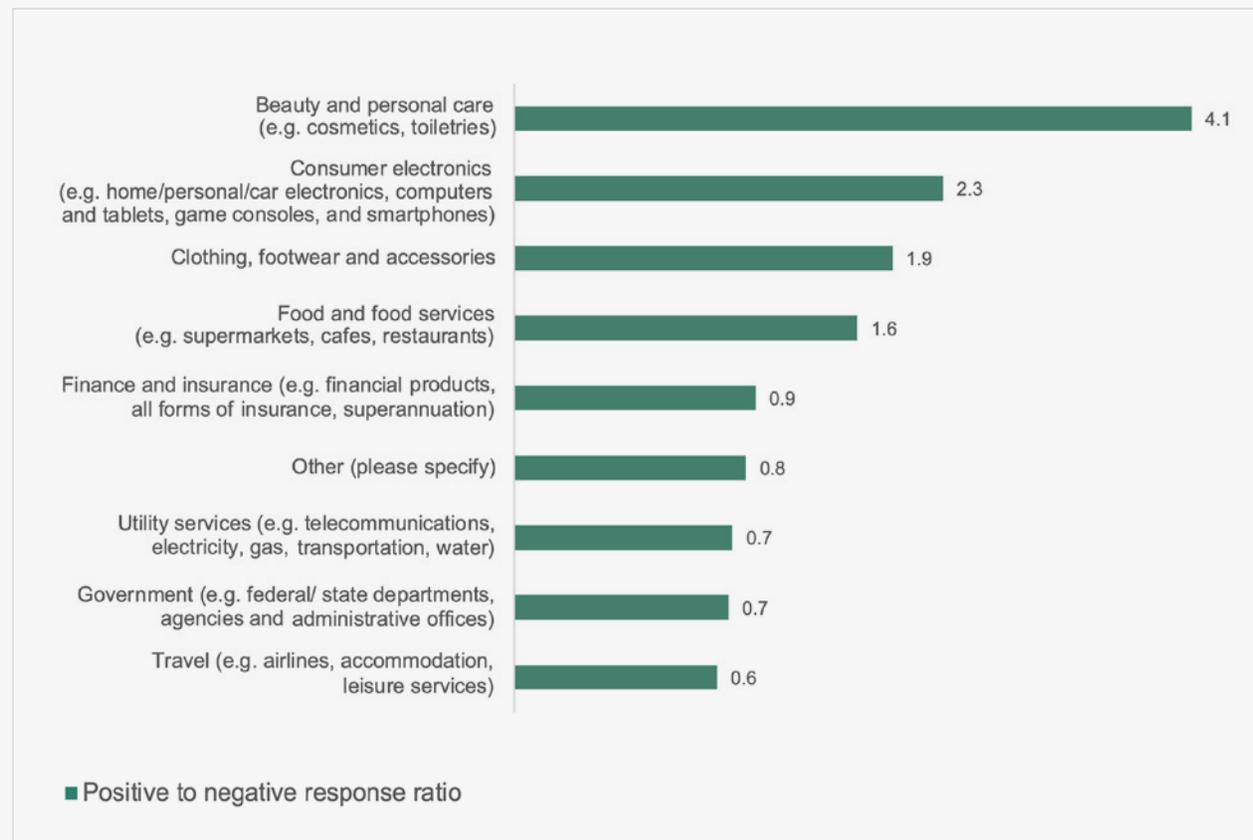
Consistent with this result is the proportion of consumers having **mainly positive experiences being the lowest in the past two years** (22% in 2021 & 38% in 2022) compared with the 2016-2020 average of 48%.

Fortunately, the number of consumers having mainly negative experiences remained low, and in line with the long-term average, at 3%.

**Consistent delivery of a great customer experience is vital for customer satisfaction and commercial success.**

# CUSTOMER EXPERIENCE DELIVERY BY INDUSTRY

**Q:** Thinking about the positive or negative experiences you have had, in which industry / industries did the company / companies operate?



**Note:** Sample size positive experiences = 501 \ Sample size negative experiences = 319

## KEY INSIGHTS

**Customers expect consistent positive customer experiences from all industries, but this isn't being met – with some industries faring worse than others.**

The positive-to-negative response ratio identifies how many people had a positive experience with a particular industry for every one negative experience. A higher number is better.

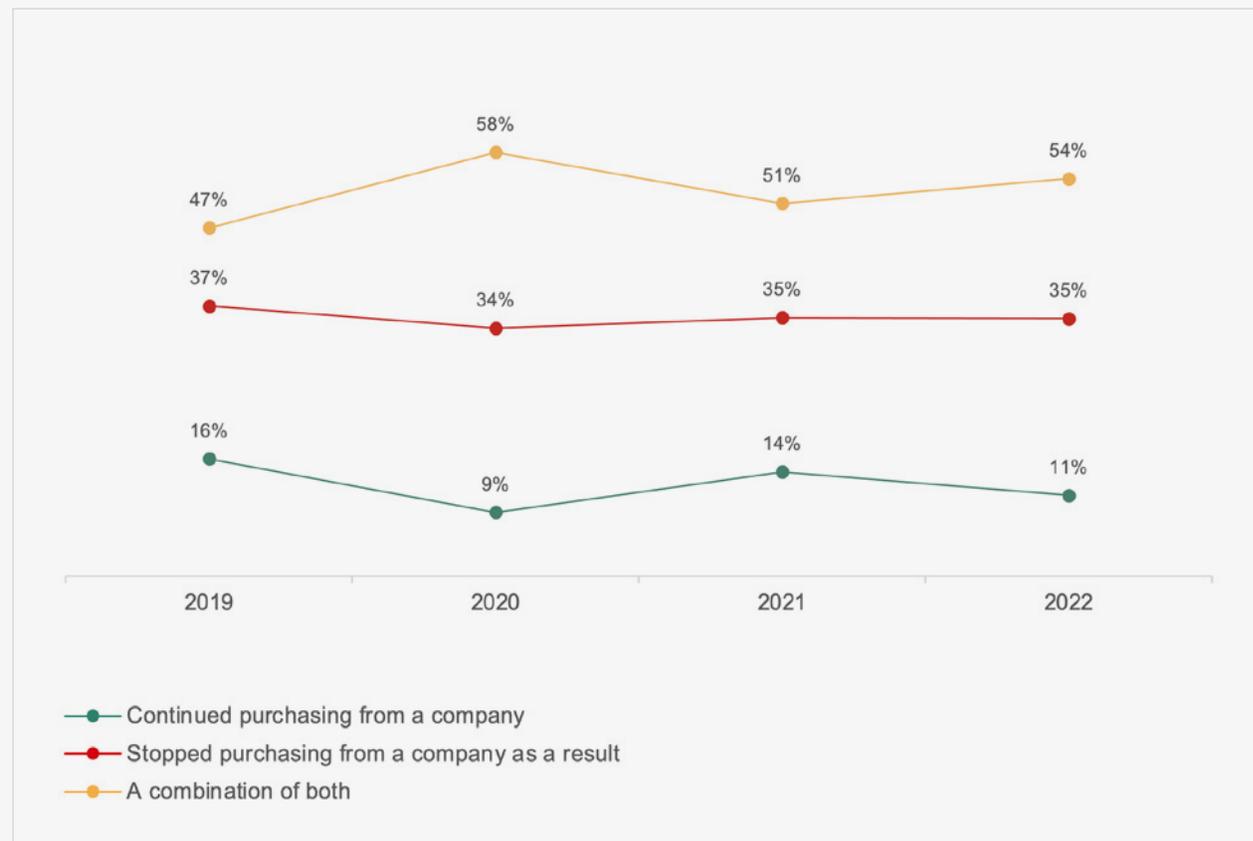
In 2022:

- The **beauty and personal care industry** had the **highest ratio of positive responses** by a large margin, at 4.1 positive responses for every negative responses.
- The **consumer electronics** industry had the second-highest ratio of positive responses, at 2.3.
- **Clothing, footwear and accessories**, and **food and food-services**, all had net-positive responses ratios.
- **On the less-positive side of things, the travel industry had the poorest positive response ratio at 0.6**, with government and utilities only marginally better at 0.7.

**Note:** Other include hardware & building supplies, motor vehicles parts retailing, healthcare & medical services, online marketplaces, courier pick-up and delivery services, etc.

# OUTCOME OF BAD CUSTOMER EXPERIENCE

**Q:** In relation to your negative experiences in the past year, have you continued and/or stopped purchasing from a company?



**Note:** Sample size = 321

## KEY INSIGHTS

**The cost of poor customer experience: over one-third of consumers have stopped purchasing from a company after a bad customer experience.**

**The impact of customer experience on future purchasing decisions is real – and it isn't changing.**

Our survey shows that a negative customer experience has a significant impact on whether consumers purchase from a company again – with these results being consistent over the last four years.

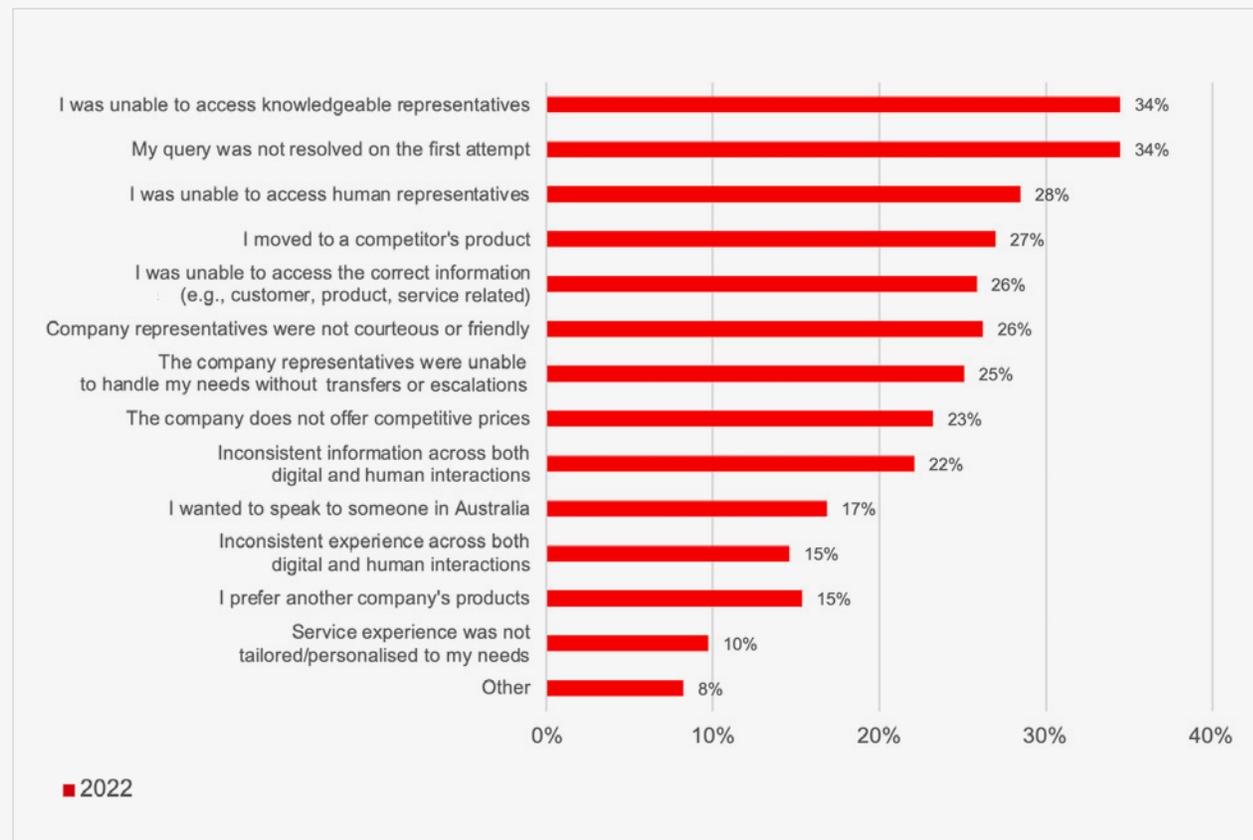
Following a negative customer service experience, **over one-third of customers stopped shopping** at a company in the past year. This result clearly demonstrates that consumer attitudes towards receiving bad experiences has costly consequences for businesses.

Combined with the 54% of consumers who had a mixed response of continuing and stopping shopping with various companies, **89% of consumers stopped shopping with at least one company in 2022 because of a poor customer experience.**

In 2022, only 11% of consumers surveyed always continued to purchase companies after bad customer experiences.

# REASONS FOR STOPPING PURCHASING

**Q:** Why have you stopped purchasing from a company because of negative experience(s)?



**Note:** Sample size = 267

## KEY INSIGHTS

**Lack of knowledgeable staff and no resolution on first contact are the top reasons consumers stop purchasing with a company.**

The most common reasons to stop purchasing from a company are generally linked with how the company handles interactions with its customers.

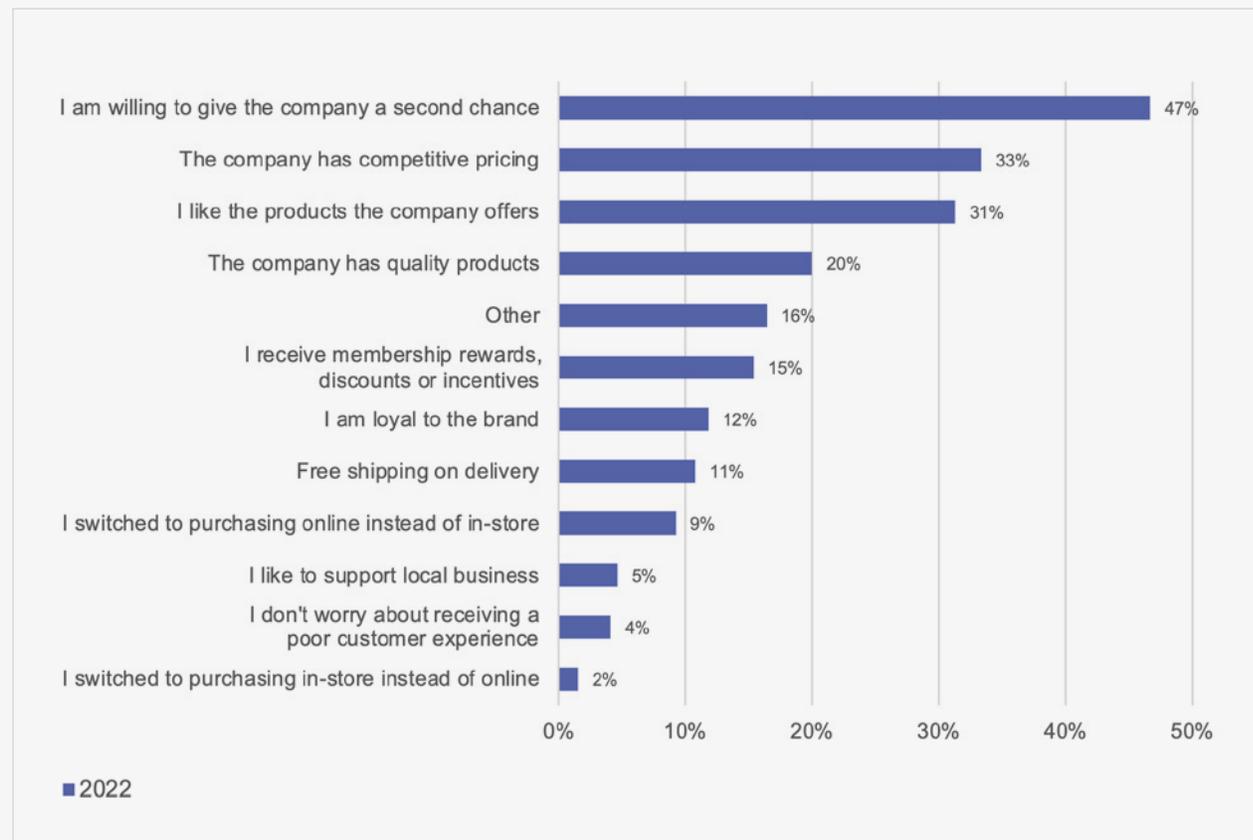
Australian consumers expect **knowledgeable staff** (34%), **first contact resolution** (34%) and **human representatives** (28%). If they don't receive these, they may stop purchasing from a company.

These three reasons have been trending upwards in importance for the past three years and are consistent across all age groups surveyed.

**Eight out of the top ten reasons consumers stop purchasing with a company relate directly to the knowledge, capability and professionalism of customer service representatives.** This highlights just how important customer-facing staff are to building long-term relationships with Australian consumers.

# REASONS FOR CONTINUING PURCHASING

**Q:** Why have you continued purchasing from a company despite negative experience(s)?



**Note:** Sample size = 195

## KEY INSIGHTS

**Willingness to give the company a second chance is the top reason to continue shopping after a poor experience.**

Of the consumers surveyed across all age groups, **47%** cited **willingness to give the company a second chance** as by far the **most common reason** why they will **continue purchasing** from a company after a bad experience.

Over the past three years, the top four reasons why consumers continue shopping with a company after a poor experience have remained constant:

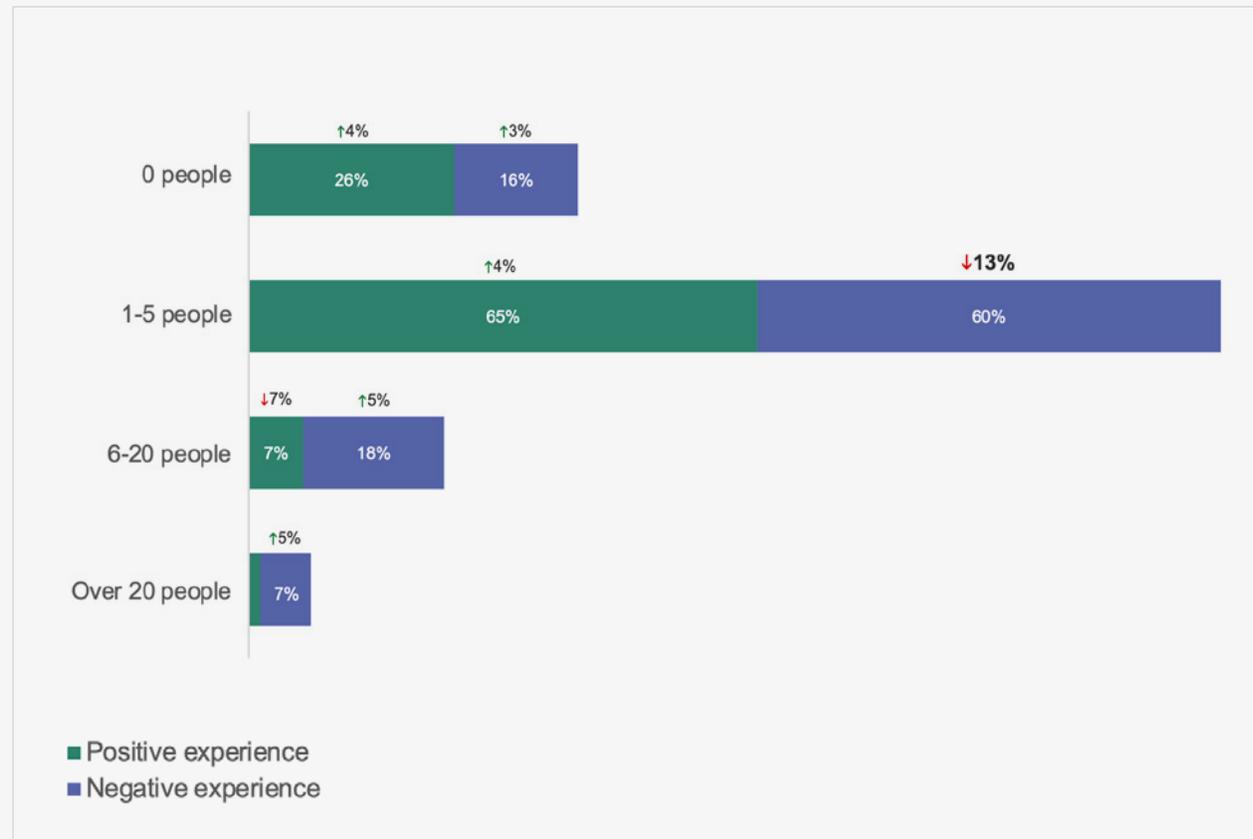
- Willingness to give the company a second chance
- The company has competitive pricing
- I like the products the company offers
- The company has quality products

Customers do care about their experience as **I don't worry about receiving a poor experience** remains one of the least common responses, at only 4%.

**Note:** Other include no other company available/the company has a monopoly, too difficult and/or expensive to switch, necessity, stuck in contract, etc

# SHARING EXPERIENCES

**Q:** On average, how many people have you told about your positive or negative experiences?



**Note:** Sharing positive experience sample size = 501 & sharing negative experience sample size = 321

## KEY INSIGHTS

**Customer experience stories are spread widely — especially negative ones.**

Australian consumers are very active in sharing their customer experiences.

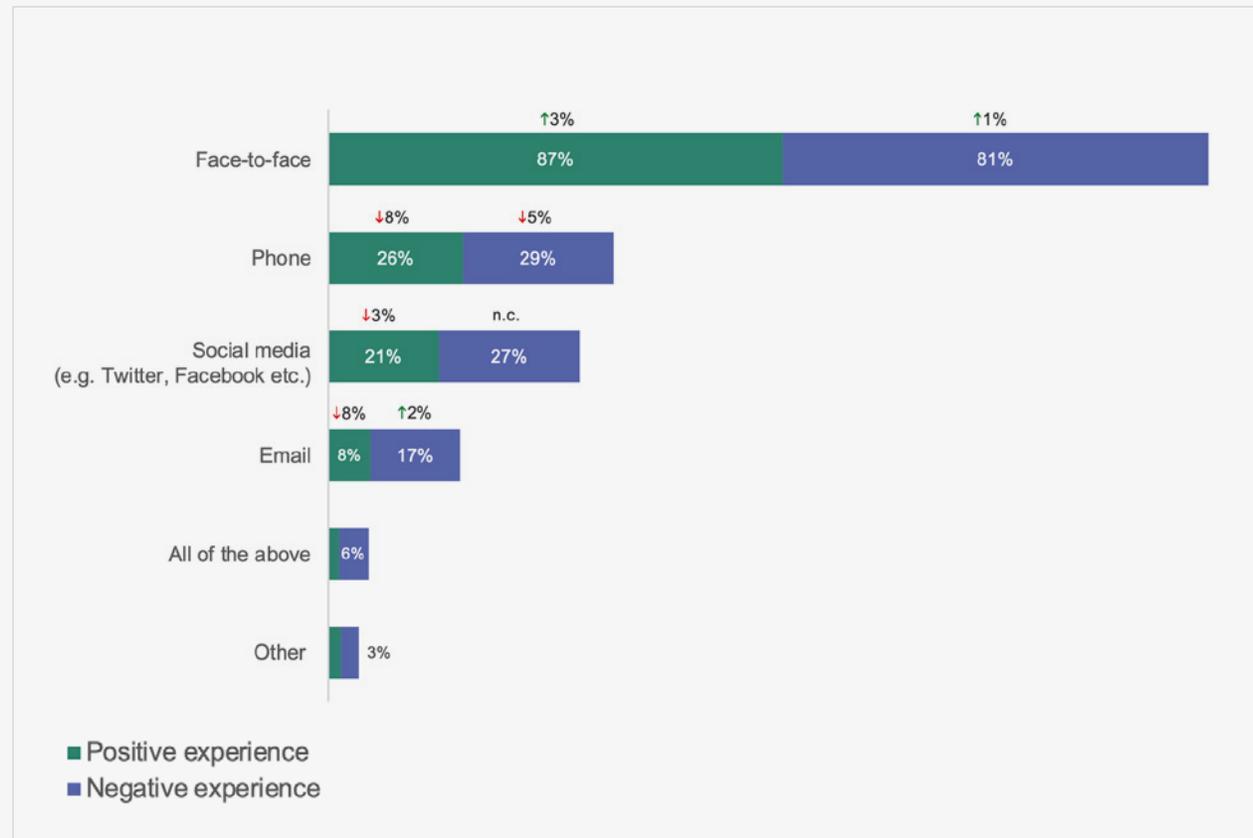
On average, **almost 80%** of consumers share their customer experiences with others. In 2022, consumers are somewhat more likely to be vocal about **negative experiences than positive experiences**, with **84%** of customers having shared a **negative experience**, and **74%** having shared a **positive one**.

Significantly, **bad customer experiences are shared more widely**. Positive and negative experiences are shared similarly to 1-5 people. However, while 9% of people share positive experiences with six or more people, **25% share their negative experiences with six or more people**.

Only a small minority of those surveyed have shared their experiences with over 20 people; however, sharing of negative experiences occurs four times more frequently than positive experiences in this 20+ category.

# CHANNELS FOR SHARING EXPERIENCES

**Q:** When you share your negative or positive customer experiences, how do you share your opinions?



**Note:** Sharing positive experience sample size = 369 & sharing negative experience sample size = 270

## KEY INSIGHTS

**Australians use various communication channels to talk about their customer experiences – but face-to-face is still dominant.**

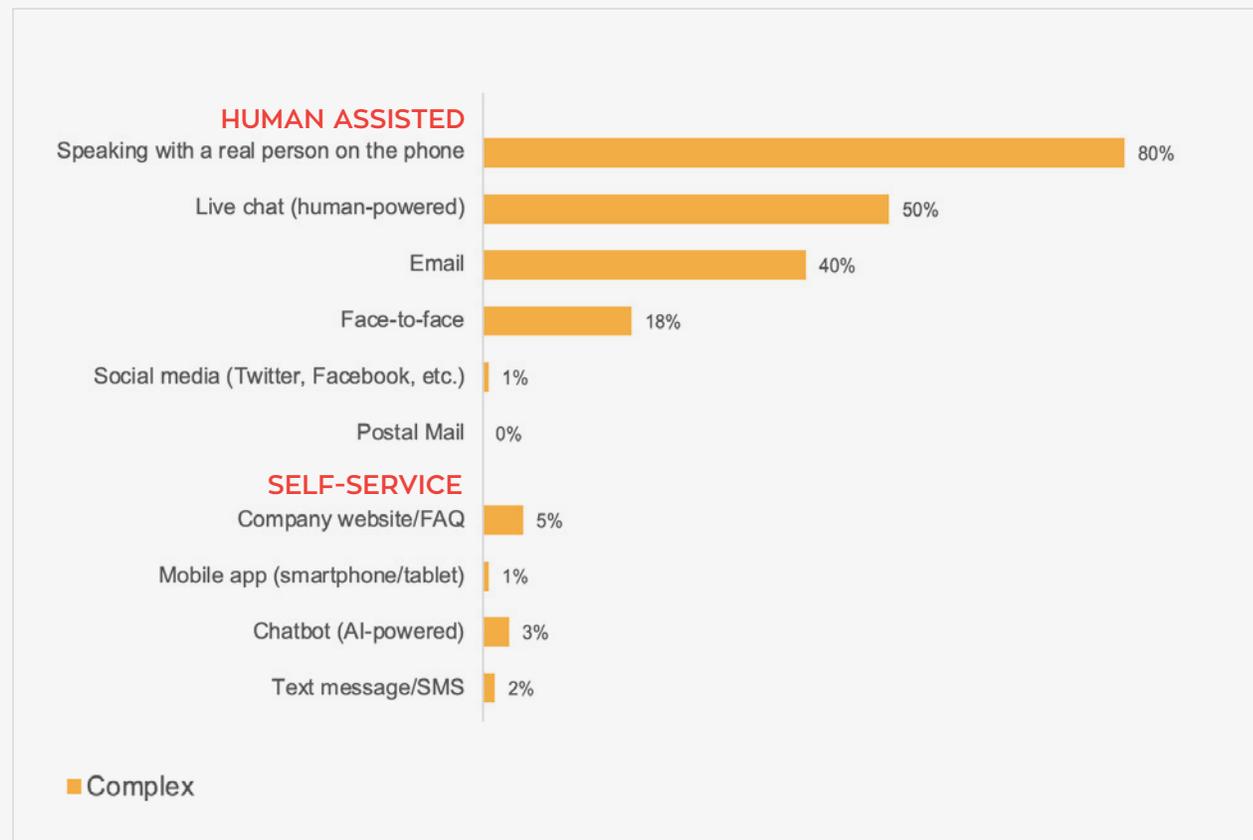
The **most popular channel across all age groups** to share positive (87%) and negative (81%) customer experiences is, by a very large margin, in person (**face-to-face**). By **phone** ranks second, followed by the digital channels - social media and email.

Although phone still important, it reported a year-on-year decrease when sharing positive (down 8%) and negative (down 5%) experiences.

A small minority use all of these channels to talk about their customer experiences.

# CUSTOMER SERVICE PREFERRED CHANNELS - COMPLEX

**Q:** For complex/difficult customer service enquiries, what are your top two preferred channels for contacting companies?



**Note:** Sample size = 514

## KEY INSIGHTS

**For more complex or difficult enquiries, customers have a higher preference for human touch channels.**

In 2022, Australian customers showed a strong preference for resolving **complex** customer service issues by **speaking with a real person on the phone (80%)**. This was followed by **speaking with a real person via live chat (50%)** as the second-most preferred channel for complex enquiries.

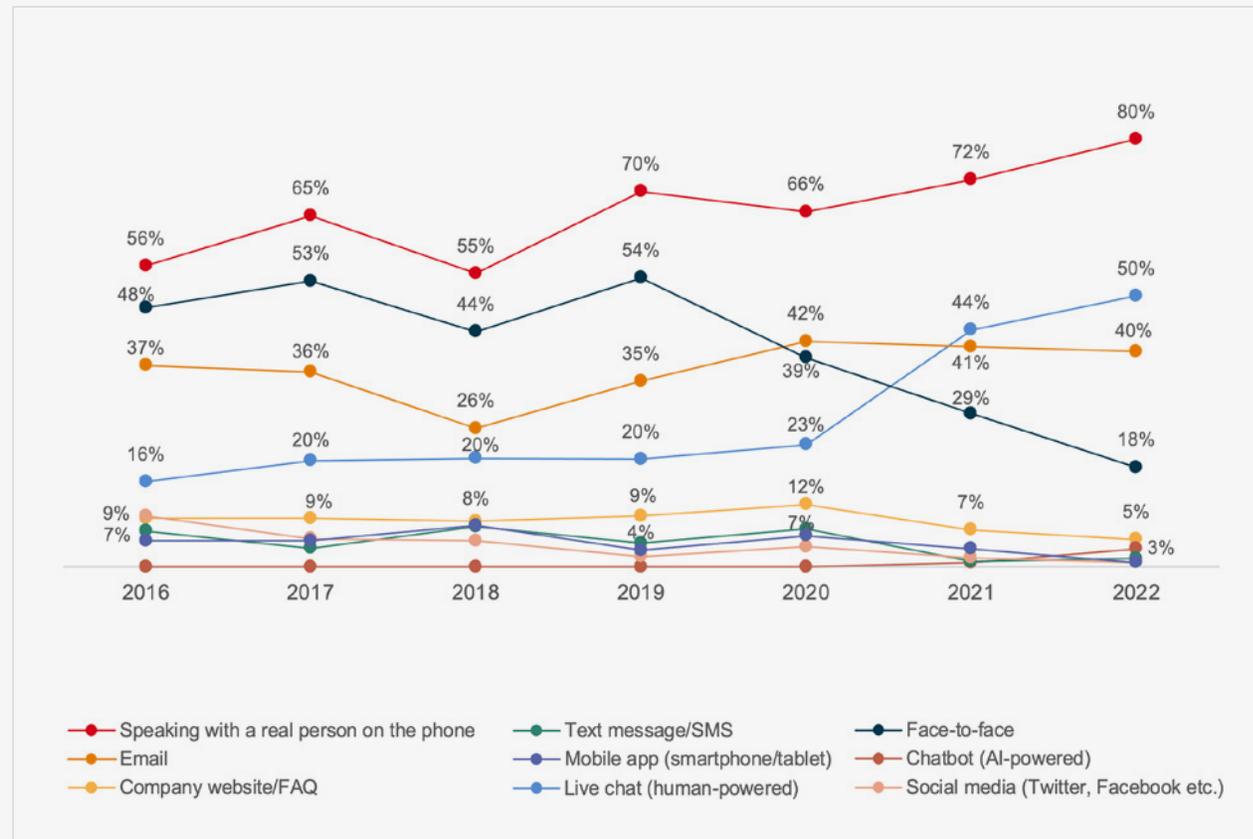
Across all age groups, **the top preferred contact channels** for contacting companies for **difficult enquiries** are **human assisted** channels rather than **self-service** channels.

**Chatbots (AI-powered), text messages, social media, and mobile apps** are the least preferred customer service channels for difficult or complex enquiries. **Postal mail** did not register as a preference for anybody in this survey.

**Email** remains consistent in its popularity as a contact channel for complex customer service enquiries.

# CUSTOMER SERVICE PREFERRED CHANNELS - COMPLEX

**Q:** For complex/difficult customer service enquiries, what are your top two preferred channels for contacting companies?



**Note:** Sample size = 514 – Chatbot (AI-powered) data collected from 2021

## KEY INSIGHTS

**Human engagement remains central to resolving complex queries. Self-serve contact channels remain unpopular.**

Speaking with a real person over the phone remains by far **the channel of choice for complex enquiries** across all age groups.

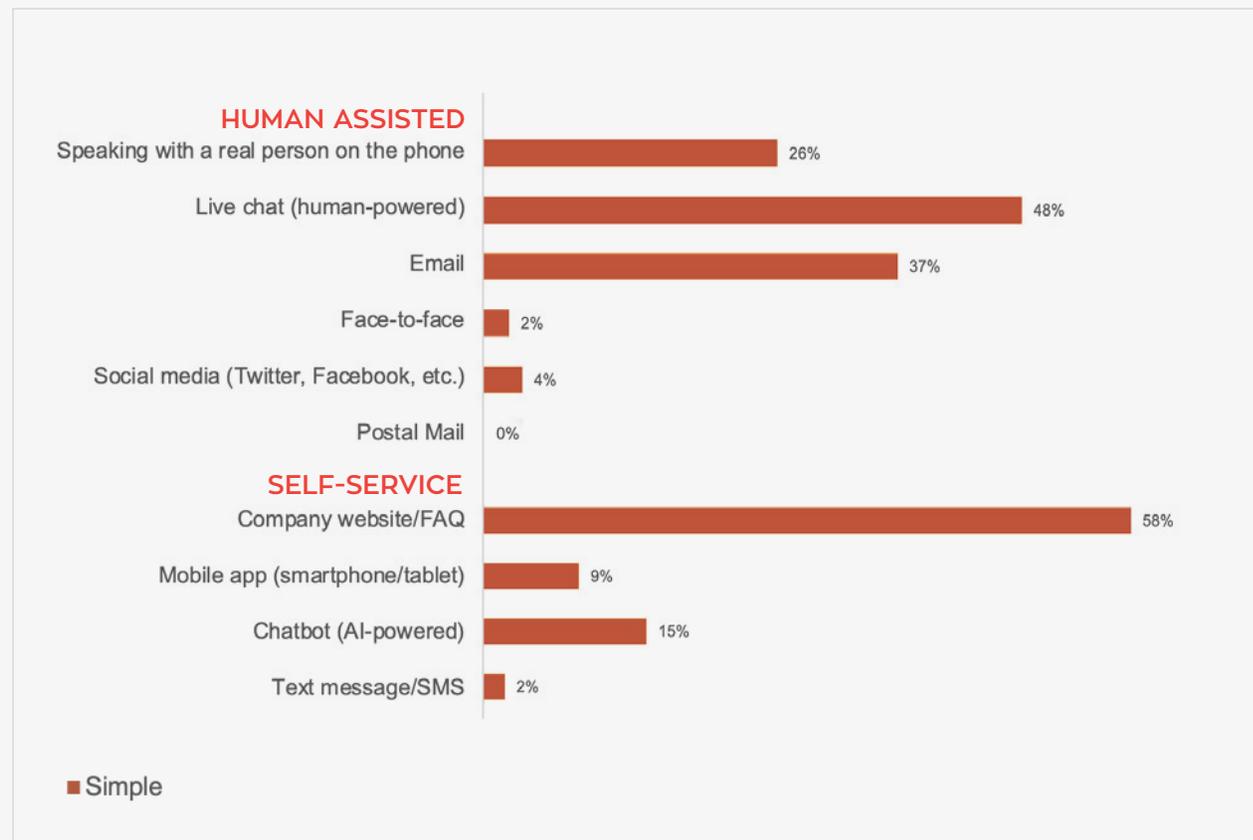
The proportion of consumers preferring to use **human assisted channels** rather than **self-service channels** for **difficult** queries has been increasing across all age groups since 2016. This trend continued in 2022, with **more consumers than ever** preferring to **speak to a real person on the phone** (80%) or via **live chat** (50%).

Since 2019, **live chat** (human-powered) has more than doubled as a preferred channel for complex enquiries (20% → 50%). Conversely, **face-to-face** interactions are trending downwards (54% → 18%).

The decrease in the popularity of face-to-face interactions is likely due to the impact of COVID-19 on consumer behaviour, and subsequent increasing interest in using other type of customer service channels that don't require travelling and/or in-person interactions.

# CUSTOMER SERVICE PREFERRED CHANNELS - SIMPLE

**Q:** For simple customer service enquiries, what are your top two preferred channels for contacting companies?



**Note:** Sample size = 514 – Chatbot (AI-powered) data collected from 2021

## KEY INSIGHTS

**A company website/FAQ page is the most preferred channel for simple customer service queries.**

For simple enquiries, consumers appear to be happy using a combination of self-serve and human assisted contact channels.

In 2022, across all age groups the top preferred contact channels to reach customer support for simple queries were:

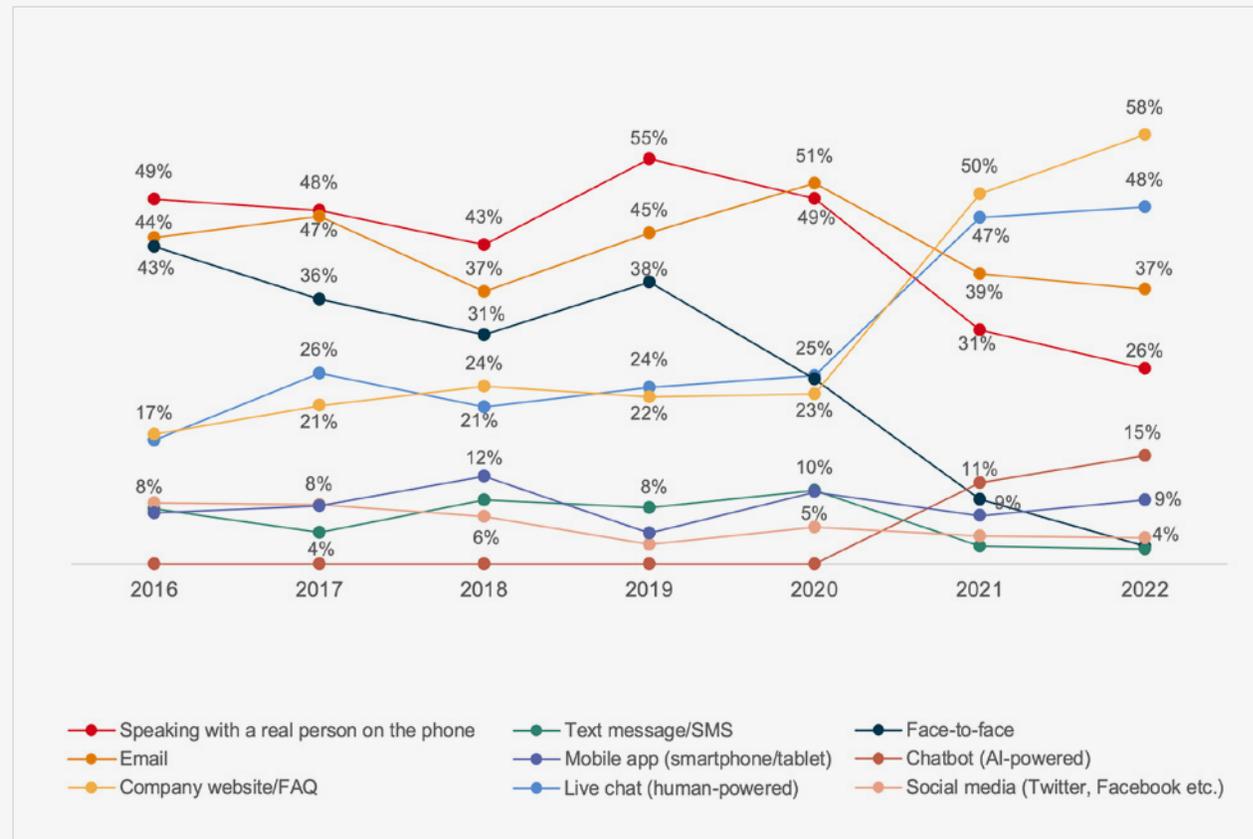
1. **Company website/FAQ** – 58%
2. **Live chat (human-powered)** – 48%

While these two customer service channels are the highest-rated channels, consumers also show a strong preference for **email** and **speaking with a real person on the phone** when contacting companies for simple enquiries.

**Face-to-face**, **text messaging** and **social media** are the least preferred channels for simple customer service enquiries. **Postal mail** did not register as a preference for anybody in this survey.

# CUSTOMER SERVICE PREFERRED CHANNELS - SIMPLE

**Q:** For simple customer service enquiries, what are your top two preferred channels for contacting companies?



**Note:** Sample size = 514 – Chatbot (AI-powered) data collected from 2021

## KEY INSIGHTS

**Australians have increased their preference for a broader range of digital service channels for simple enquiries.**

Over the past three years, the most significant change in Australian consumers' channel preferences for simple enquiries is their **increased adoption of digital customer service channels – company websites/FAQs, live chats (human-powered) and chatbots (AI-powered).**

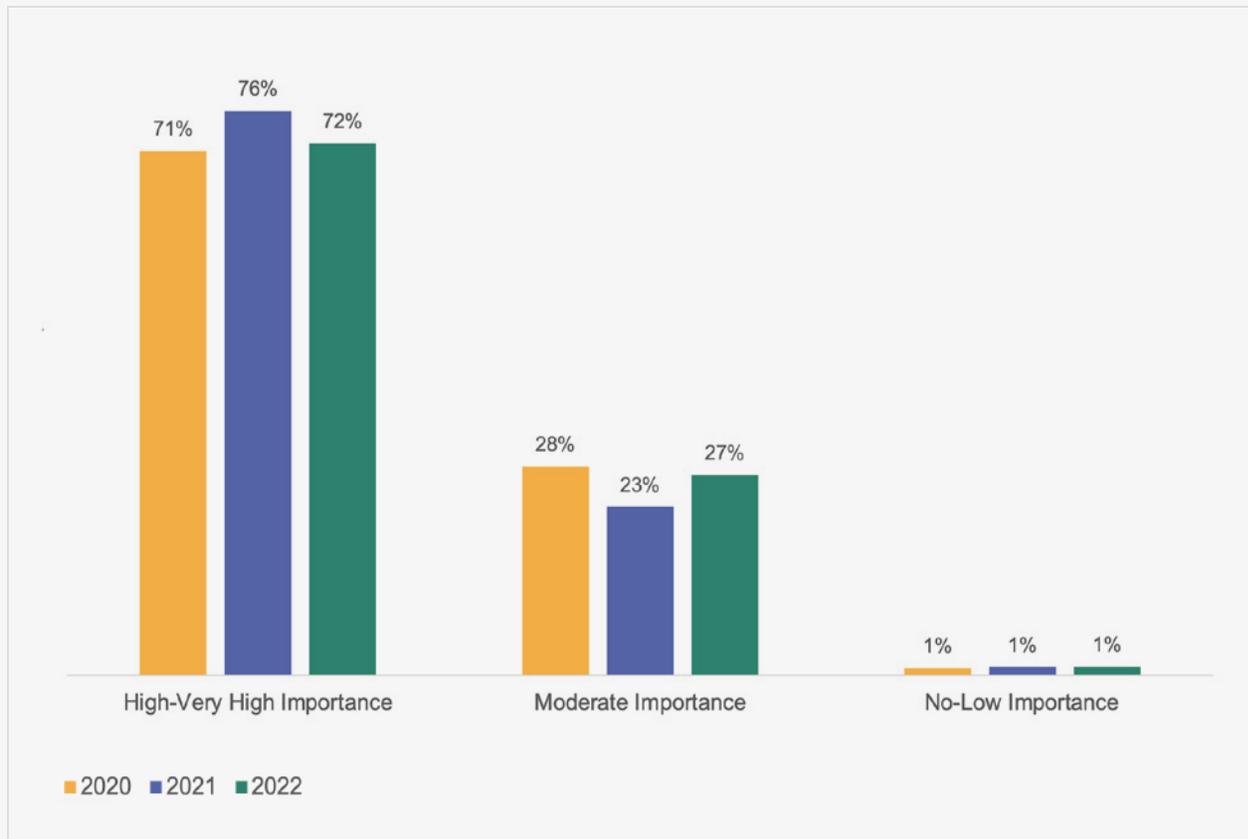
**Company websites/FAQs** and **live chats (human powered)** have been the top preferred channels for simple queries for the last two years. Since 2020, **company websites/FAQs** (23% → 58%) and **live chats** (25% → 48%) have doubled in popularity.

In 2016, **speaking with a real person on the phone** and **face-to-face interactions** were both popular channels for simple queries. However, since 2019 they have both trended downwards significantly, particularly, **face-to-face interactions**, which fell from 38% in 2019 to going from 38% to 4% in 2022.

Whether face-to-face interactions bounce back in popularity in the post-COVID era remains to be seen.

# IMPORTANCE OF REAL PEOPLE

**Q:** How important is speaking to a real person when solving your problem or query instead of communicating with an automated voice response or chatbot?



**Note:** Sample size = 514

## KEY INSIGHTS

**Speaking to a real person when solving a problem or query remains very important to Australian consumers.**

Automated voice responses and chatbots remain unpopular for solving problems or queries.

When it comes to solving a problem or query, consumers clearly want to communicate with real people rather than dealing with an automated voice response or chatbot. Over 70% of consumers surveyed said this was highly important.

While the level of importance attributed to speaking with a real person changed somewhat since last year, the proportion of consumers that rated it as of low or no importance remained very low at 1%.

# KEY TAKEAWAYS

## TO IMPROVE THE CUSTOMER EXPERIENCE

Improving customer experience is a top priority for businesses – though there is still room for improvement. For Australian consumers, great customer service is about consistently receiving the right information and knowledgeable help. Here we present five insights and strategies derived from our latest research that businesses can use for enhancing customer experience into the future.



### GREAT CUSTOMER EXPERIENCES COME FROM QUALITY INTERACTIONS WITH REAL PEOPLE

Whether in-person, on the phone or online, knowledgeable staff who can deal effectively with both simple and complex queries and problems are the key to good customer experiences for Australians. On the flip side, **service that fails to meet the perceived needs of customers drives them away and leads to negative word-of-mouth – costing sales.**



### A CONSISTENT CX IS A MUST

The importance of consistency in customer experience cannot be understated. To ensure consumer experience expectations are met, it is critical for Australian businesses to prioritise customer experience excellence, focusing not only on delivering positive experiences, but also delivering consistency across all channels. **Consistently positive experiences translate into customer loyalty, positive word-of-mouth, and improvements to the bottom line.**

# KEY TAKEAWAYS

## TO IMPROVE THE CUSTOMER EXPERIENCE



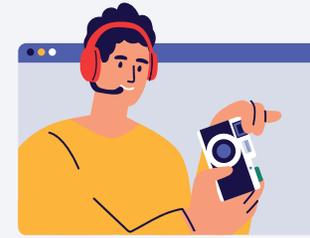
### POOR CUSTOMER EXPERIENCES HURT THE BOTTOM LINE

Poor customer experiences have costly consequences for businesses: over one-third of Australian consumers have stopped purchasing from a business after a bad experience, predominantly related with how companies handled interactions with their customers. To maintain consistently great customer experiences – and improve reputation and sales – **businesses need to ensure they have knowledgeable representatives who can solve customer queries at the first opportunity.**



### MAKE CUSTOMER SUPPORT A KEY VALUE DRIVER

Consistently great customer experiences drive loyalty and sales – and the contact centre remains a critical piece of great customer experiences. With Australian consumers showing a strong preference for speaking with a real person on the phone, contact centres staffed with knowledgeable representatives are increasingly important to the customer journey. History clearly shows the value of investing in customer experience during a downturn. In the last economic recession, **companies that prioritised customer experience realised three times the shareholder returns of companies that did not**<sup>1</sup>.



### CONSIDER LIVE CHAT VIA VIRTUAL PRODUCT ADVISORS (VPA)

Speaking with a real person via live chat is a popular channel for both complex and simple enquiries. Additionally, **many online customers want help from a live person while they are shopping online.** By connecting virtually with customers, VPAs provide interactive, live, one-way video chat conversations with customers via a website, assisting customers through their purchasing journey with their expert product and service knowledge, providing a positive customer experience, and helping convert shoppers into buyers.

1. [The three building blocks of successful customer-experience transformations, McKinsey & Company 2020](#)

# INSIGHTS

## BROUGHT TO YOU BY

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#### CUSTOMER EXPERIENCE & INSIGHT (CXI) RESEARCH GROUP

The CXI Research Group is part of Swinburne Business School. CXI is dedicated to advancing knowledge and practice in the field of experience through the study of human experience and technology.

Working collaboratively with organisations to become experience-led through the combination of human insight and technological innovation. Achieving this through deep collaborations, guided by fundamental theory, knowledge and practice, including a range of methodologies and frameworks.



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