NEWS RELEASE

Australian Customer Care Report 2022 - ServiceNow Press

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93% of Aussies are changing behaviour in response to cost-of-living pressures, with cracks showing for businesses as complaints climb and consumers consider taking their business elsewhere

Sydney, Australia – 30 January, 2023 – Australian consumers spent 96.5 million hours contacting customer service to resolve issues in 2022, 7 million more hours than in 2021, equating to an average of 7.2 hours per person who complained, according to the 2022 Australian Customer Care Report by ServiceNow, the digital workflow company.

The increase in time on hold was due to 1.6 million more people complaining to customer service in 2022, with 13.3 million trying to resolve an issue compared to 11.6 million in the 2021 report.

The second annual edition of ServiceNow's Customer Care Report was conducted by Lonergan Research, based on a survey of over 1,000 Australians, and shows most people (93%) are changing their spending and shopping habits in the face of a tough economic outlook and cost of living impacts. More than half of Aussies plan to buy and spend less in the next 12 months (57%), while nearly a third (30%) will complain more or return more items when receiving bad products or services.

Growing complaints suggest a rocky year for business in 2023, as 75% of Australians believe service is getting worse due to businesses cutting costs, and 72% say they have less patience with bad service because costs are rising.

"Organisations need to find smart ways to do more with less to meet growing expectations of customer service, as customers demand more in the face of cost-of-living pressures. Sacrificing the quality of service to cut costs will send consumers straight into the arms of competitors," said Eric Swift, Vice President and Managing Director, ServiceNow Australia and New Zealand.

Businesses are testing their luck

Speed is increasingly important, with 69% saying that resolving an issue quickly is key to good customer service (compared to 51% in 2021), yet almost half (46%) believe their average time on hold has increased in the past 12 months.

"When it comes to great customer service, speed is key. As businesses fight for customers, it's essential that organisations have the right processes and technology in place to get things done fast. Organisations need to make it easy for their employees to help, by automating routine requests, connecting internal teams, and enabling easy access to all relevant information," said Mr Swift.

Businesses are pushing the envelope when it comes to maintaining customer loyalty as the average time for an issue to be resolved in Australia is 7.3 days, yet three quarters (75%) saying they will consider taking business elsewhere if their complaint isn't resolved within 7 days. The level of patience varied depending on location, with people from WA (6.1 days) and NSW/ACT (7.3 days) the least patient, while people from QLD (9.7 days) and SA (10.9 days) are most patient.

"Too many customer service teams are relying on outdated systems which are slowing them down. Organisations that use technology to automatically resolve simple issues will save time and money, and win more customers by getting more done, faster," said Mr Swift.

Winners and losers

When trying to resolve an issue, industries ranked as having the worst customer service were telecommunications (35%, up from 28%), government (27%, up from 25%) and financial services (18%, up from 13%). Nearly every industry saw increases in dissatisfaction in the past 12 months, with travel and transport seeing the largest rise, with 16% ranking it as worst (up 10% from 6% in 2021). Retail was the only industry that saw net improvement.

Grocery and supermarkets (36%) remain the best rated customer service, up from 25% in 2021. Food and beverage was voted second best (21%), followed by healthcare services (20%). When it comes to speed, the health and medical industry has the lowest average time to resolve an issue or complaint (0.7 hours), with utilities taking the longest amount of time (1.2 hours).

Shoppers' strategies to save money and time

As the global economic outlook deteriorates, Australians are becoming more careful with their finances and spending. Shoppers intend to change their behaviour in a variety of ways, including waiting for sales (53%), looking for cheaper options (52%), searching for special offers (55%), and using loyalty program perks to save money (55%). Just 7% say they will make no changes.

For people looking to get issues resolved quickly, the research revealed the fastest way is through a brand's application, taking less than an hour (0.9h) on average, followed by in-person (e.g. in store) (1h), and via online chat (1.3h). Phone contact takes the longest amount of time, at an average of 2.2 hours, followed by email at 1.9 hours.

Fewer Australians are favouring traditional methods of reaching customer service staff, with just one third (33%) always trying to speak to someone, rather than solving an issue via a chatbot or automated service, a preference that has decreased from almost half of Aussies in 2021 (46%).

"Businesses don't need to reinvent the wheel to meet customer needs. Digital channels like online chat and brand apps are often the quickest way to get things done, and they are increasingly popular. In the last year alone, we've seen the number of people who would always try to speak to a person drop by around 2.5 million, as people become more comfortable using technology to resolve issues. As businesses consider where to invest, technology will help firms meet expectations quickly and cost-effectively, without diminishing quality," said Mr Swift.

Impressing the generations

When it comes to good service, people were just as likely to leave a good review as to complain, with 67% leaving at least one, and nearly a third (32%) leaving three good reviews or more. Millennials were most likely to leave a good review (71%), followed by Gen X (70%), Gen Z (62%), and Boomers (59%).

Immediate and personalised service is key to keeping all age groups satisfied, with Aussies placing importance on getting through to someone quickly (60%), having an empathetic agent who cares (53%), and dealing with one person (55%).

"The good news is we're seeing just as many positive reviews as complaints. This means good service won't just help you keep customers; it will attract new ones too. Organisations should listen carefully and double-down on the things they're doing right," said Mr Swift.

Where customers point the finger

When contacting organisations to make a complaint or resolve an issue, Baby Boomers (60+) complained the least (59%) and Millennials (25-39) complained the most (72%), closely followed by 71% of Gen X (40-59) and 67% of Gen Z (18-24). When it comes to poor service experiences, Aussies have identified several leading factors:

- Almost half (49%) of Australians believe that customer service teams are understaffed or overwhelmed, (up from 35% in 2021).
- 46% believe that customer service staff don't have the power to make decisions or resolve issues, a 13% increase on 2021 (33%)
- 44% blamed a lack of ownership and responsibility between different departments, an increase from 29% year on year.

Other factors customers blamed included inefficient communication within an organisation (41%), and not being able to find information online to easily answer a query (33%).

To read the full ServiceNow Customer Care report, visit:

https://www.servicenow.com/content/dam/servicenow-assets/public/en-us/doc-type/resource-center/white-paper/elevate-your-customer-experiences-while-saving-costs.pdf

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Research Methodology

2022: The research was commissioned by ServiceNow and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveyed 1,003 Australians aged 18+. Surveys were distributed throughout Australia including both capital city and non-capital city areas. The survey was conducted online amongst members of a permission-based panel, between 7 and 12 December 2022. After interviewing, data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics.

2021: The research was commissioned by ServiceNow and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveyed 1,010 Australians aged 18+. Surveys were distributed throughout Australia including both capital city and non-capital city areas. The survey was conducted online amongst members of a permission-based panel, between 15 and 20 October 2021. After interviewing, data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics.

About ServiceNow

ServiceNow (NYSE: NOW) is making the world of work, work better for people. Our cloud-based platform and solutions deliver digital workflows that create great experiences and unlock productivity for employees and the enterprise. For more information, visit: www.servicenow.com.

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