

DRIVERS
QUALITY **BETTER** **FOCUS**
SEGMENTATION **INVEST**
EXCELLENT **BESPOKE**
COMPETITIVE **DIFFERENTIATOR**
TECHNOLOGY **PERSONAL** **SPECIAL**
GEOGRAPHY **CUSTOMISATION**
FASTER **SERVICE**
OUTSOURCE **INFORMATION**
PRICE

SERVICE 2020: MEGATRENDS FOR THE DECADE AHEAD

A BDO report, written by the Economist Intelligence Unit

SUMMER 2011

Written by

Economist Intelligence Unit

The
Economist

BDO

CUSTOMER SERVICE MEGATREND 05

GOOD EMPLOYEES WILL REMAIN FUNDAMENTAL TO GOOD SERVICE BUT WITH TECHNOLOGY, AS AN ENABLER

WHILE SOME INDUSTRIES HAVE AUTOMATED ASPECTS OF THEIR SERVICE NEEDS - ALLOWING PASSENGERS TO CHECK THEMSELVES IN FOR A FLIGHT, FOR EXAMPLE - GOOD STAFF ARE FAR AND AWAY THE MOST CRUCIAL ELEMENT OF GOOD SERVICE.

Nearly seven in 10 respondents chose people as what matters most in delivering good service, well ahead of process (18%) and technology (14%). Executives do see a shift in the future, with processes and technology becoming more important, but clearly recognise that ultimately good employees are intrinsic to good customer service. Lebara is one clear example. It has invested heavily in its employees, in order to ensure that although it can reel in new customers with its attractive pricing, it never loses them because of poor service (see case study on page 14).

Indeed, the vast majority (82%) of firms polled believe that no matter what technological innovations are in the pipeline, customers will always expect some form of personal interaction in customer service. Of course, technology may well be an enabler here, to help automate some routine aspects of service, allowing service staff to focus on more complex interactions.

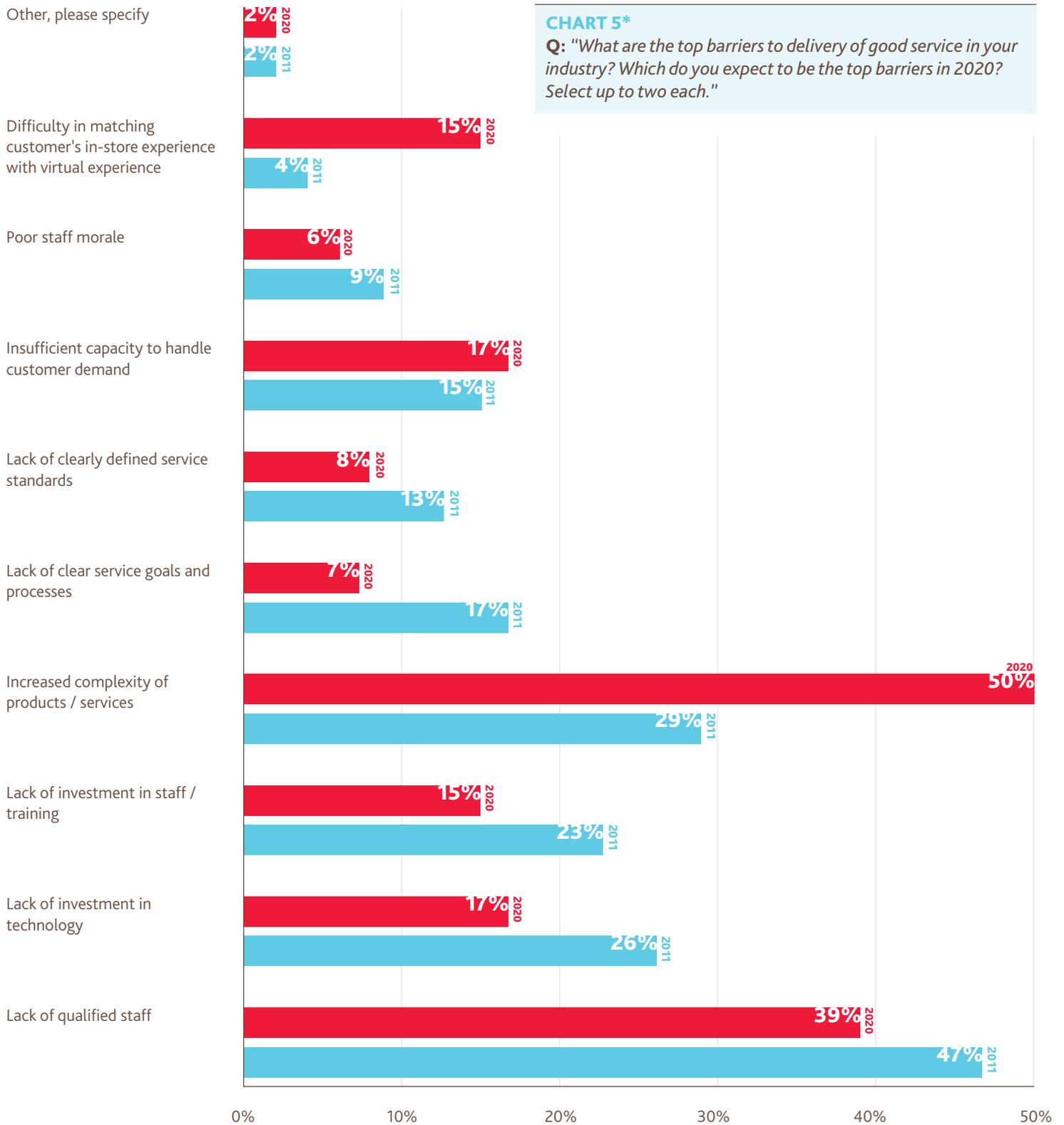
Transactional queries to staff or call centres are expected to disappear, as highly informed consumers will do their research before any major purchase, and will only bother to contact a firm for any queries or issues that they are not able to resolve easily themselves. The remaining queries will be about issues that customers are not able to easily resolve on their own: whether a complex mortgage query, or a niche technical issue.

"We've created a monster," warns Dr Millard. "These customers are very well informed, they've done their homework and they now need reassurance about their choice, or advice. The implication is that the only queries you're left with are the complex stuff, or the emotional stuff, which are very value sensitive."

It is good that technology can play a supporting role, as the number of complex issues that need the human touch is likely to increase. Once relatively simple products, such as televisions or even fridges, now come with a growing number of connectivity standards and processors inside. Similarly, while the cars of yester-year could be serviced by any competent mechanic, today's models come with millions of lines of code, requiring specially trained staff and equipment.

This challenge is reflected in our survey: firms see increased complexity as the number one challenge from a service perspective in 2020. This is a sharp rise from today, supplanting the current (and related) top concern, which is a lack of qualified staff. Indeed, in coping with this complexity, firms will need to work harder to attract and retain smart, well-trained employees - whether internal or external.

... continued overleaf



* source: Economist Intelligence Unit

CUSTOMER SERVICE MEGATREND 05 *continued*

GOOD EMPLOYEES WILL REMAIN FUNDAMENTAL TO GOOD SERVICE BUT WITH TECHNOLOGY, AS AN ENABLER

For some firms, however, complexity can also be turned into an opportunity. For example, David Brown, a global engineering firm headquartered in the UK, has set up its own academy to train people on gear technology, whether its own staff and engineers, or those of its clients. "It's the only place you can get a masters degree in gears," says Mr McColl. The course not only enables clients to better cope with the complex machinery the firm sells, but also acts as an excellent marketing tool for the firm.

Beyond the obvious divide of automation handling simple enquiries, allowing employees to focus on more complex problems, the use of technology is likely to become more context-relevant. Customers may like checking in online, but still want a personal touch while waiting in the lounge, for example.

The challenge for firms will lie in identifying where their customers will be happy to interact with technology and where they still expect the human touch. "You need to cater to the different moods and modes of consumers," says Brian Millar, director of strategy at Sense Worldwide, a global marketing and advertising consultancy headquartered in the UK. "Giving people the option is crucial, with different payoffs in terms of investment of time or effort." He also warns of the need to ensure that machine-interactions feel distinct from human ones, rather than trying to pretend to be human. "You need to keep the right tone. Be clear that this is a machine, doing a machine thing."

DR. NICOLA MILLARD *We've created*

A MONSTER...
*...the only queries you're left with are
the complex stuff, or the emotional stuff,
which are very value sensitive*
Customer Experience Futurologist, BT

CASE STUDY: LEBARA'S CUSTOMER-CENTRIC SERVICE OFFERING

Lebara is one of the fastest growing private companies in Europe, originally set up in the Netherlands. Targeted at immigrants, it offers low-cost mobile phone calls to international destinations. But while others might balance this with low-cost service and support, Lebara instead focuses its efforts on never losing its customers by providing excellent service and support, despite the additional costs required. The firm has won several customer service awards, most recently for best customer service at the 2011 UK Mobile News Awards.

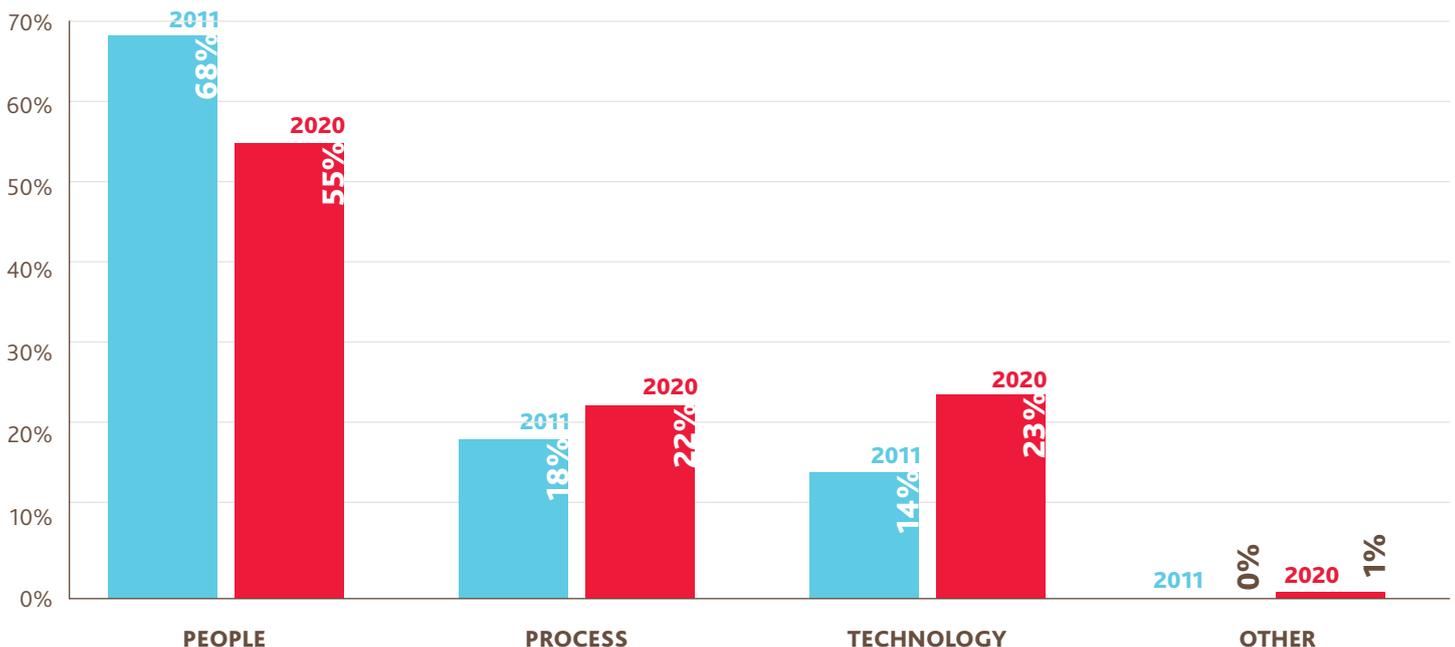
The CEO, Ratheesan Yoganathan, says his firm sees its employees as its most crucial asset, especially within its call centres where all client interaction takes place. Instead of measuring how many calls staff take, for example, or how quickly they finish them, staff are measured on how successfully they delivered a positive service outcome for a customer without having to transfer the call or keep clients on hold. Overall, Mr Yoganathan is resolute on the crucial role that employees play in his firm's service delivery. "Our staff are part of Lebara's identity, as they're our customer touch-point," he says.

This realisation has led to some unusual decisions. For one, Lebara's main call centre is located right in the heart of London, at significant cost. In Mr Yoganathan's view, this allows his firm to hire the best possible talent, including staff with a wide range of language skills, by being able to tap into a huge skills base. "You get really talented people, so staff in our call centres often move on to other departments, such as IT or marketing.

They're really high quality." This is not just idle talk: Lebara even hosts an annual contest for all employees, entitled "Dream big", whereby anyone can pitch new business ideas to the management committee. The winning pitch is given an investment of £100,000. "Last year the options were so good, we had to select two people," says Mr Yoganathan.

CHART 6*

Q: "Which of the following matter most to delivering good service in your industry, now and in 2020?"



CONTACT

For more information please contact:

MONICA WOODLEY

Economist Intelligence Unit

e: monicawoodley@economist.com

ALLAN EVANS

BDO LLP

e: allan.evans@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Services Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

BDO LLP is the Data Controller for any personal data that it holds about you. We may disclose your information, under a confidentiality agreement, to a Data Processor (Tikit Ltd)

To correct your personal details or if you do not wish us to provide you with information that we believe may be of interest to you, please contact Mandip Dulay on 020 7893 3515 or email mandip.dulay@bdo.co.uk

Copyright © July 2011 BDO LLP. All rights reserved.

www.bdo.co.uk

