Good Service is Good Business: American Consumers Willing to Spend More With Companies That Get Service Right, According to American Express Survey

Release Date:
Tuesday, May 3, 2011 8:00 am EDT

Terms:

Dateline City:
NEW YORK

U.S. Consumers Tell Twice as Many People about Bad Service Compared to Good Service

NEW YORK--(BUSINESS WIRE)--Americans are placing an even greater premium on quality customer service this year. In a stronger economic environment, seven in ten Americans (70%) are willing to spend an average of 13% more with companies they believe provide excellent customer service. This is up substantially from 2010, when six in ten Americans (58%) said they would spend an average of 9% more with companies that deliver great service.

But despite the greater value Americans are placing on customer service, many businesses don't seem to be making the grade with consumers.

- In fact, six in ten Americans (60%) believe businesses haven't increased their focus on providing good customer service – up from 55% in 2010.
- Among this group, 26% think companies are actually paying less attention to service.

These findings were released today in the American Express® Global Customer Service Barometer, a survey conducted in the U.S. and nine other countries exploring attitudes and preferences toward customer service.

“Getting service right is more than just a nice to do; it’s a must do,” said Jim Bush, Executive Vice President, World Service. “American consumers are willing to spend more with companies that provide outstanding service, and they will also tell, on average, twice as many people about bad service than they will about good service. Ultimately, great service can drive sales and customer loyalty.”

Service Can Make or Break Brands

Americans vote with their wallets when they encounter subpar service; 78% of consumers have bailed on a transaction or not made an intended purchase because of a poor service experience. On the other hand, the promise of better customer service is a draw for shoppers: three in five Americans (59%) would try a new brand or company for a better service experience.

Yet Americans feel most companies are failing to get the message that service matters. Nearly two-thirds of consumers feel companies aren't paying enough attention to service:

- Two in five (42%) said companies are helpful but don't do anything extra to keep their business.
- One in five (22%) think companies take their business for granted.

A notable bright spot? Small businesses. Four in five Americans (81%) agree that smaller companies place a greater emphasis on customer service than large businesses.

The Multiplier Effect

Consumers will tell others about their customer service experiences, both good and bad, with the bad news reaching more ears. Americans say they tell an average of nine people about good experiences, and nearly twice as many (16 people) about poor ones – making every individual service interaction important for businesses.

Customers who have a fantastic service experience say friendly representatives (65%) who are ultimately able to solve their concerns (66%) are most influential.

“There are many who subscribe to the convention that service is a business cost, but our data demonstrates that superior service is an investment that can help drive business growth,” Mr. Bush added. “Investing in quality talent, and ensuring they have the skills, training and tools that enable them to empathize and actively listen to customers are central to providing consistently excellent service experiences.”
Poor Service Leaves Customers Seeing Red...

Poor service experiences leave many Americans hot under the collar. More than half of respondents (56%) admit to having lost their temper with a customer service professional.

- Consumers age 30-49 are the most frequently angered (61%).
- Young people are more patient, with more than half of those age 18-29 saying they’ve never lost their temper with a service professional (54%).

...And Once They're Angry, Watch Out!

Americans who have lost their temper due to a poor service experience will express their displeasure in a host of ways, including insisting on speaking to a supervisor (74%) and hanging up the phone (44%). Perhaps most unsettling for businesses on the receiving end of customer anger: two in five Americans have threatened to switch to a competitor (39%).

Not everyone keeps it clean when dealing with a frustrating service situation either. Expletives have crossed the lips of 16% of respondents, with men more likely to use “choice words” (20%) compared with women (12%).

Common Phrases Are Cringe-worthy

Businesses may want to ditch their traditional service scripts too. Customers are equally irked by three of the most frequently-used customer service phrases – with the Internet generation particularly put off by not getting a quick answer and people 50 and older grimacing over hold music.

<table>
<thead>
<tr>
<th>Common Phrase</th>
<th>General Population</th>
<th>Most Irritated Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>“We’re unable to answer your question. Please call xxx-xxx-xxxx to speak to a representative from xxx team.”</td>
<td>27%</td>
<td>People age 18-29: 32%</td>
</tr>
<tr>
<td>“We’re sorry, but we’re experiencing unusually heavy call volumes. You can hold or try back at another time.”</td>
<td>27%</td>
<td>People age 50+: 34%</td>
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<tr>
<td>“Your call is important to us. Please continue to hold.”</td>
<td>26%</td>
<td>People age 50+: 29%</td>
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Consumers Worldwide Value Service – But Most Feel Businesses Aren’t Measuring Up

In countries around the world, a majority of consumers are willing to spend more with companies they believe provide excellent service – with the average amount they are willing to spend ranging from 7% to 22% more.

Average Percentage More That Consumers Are Willing to Spend

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>22%</td>
</tr>
<tr>
<td>U.K.</td>
<td>10%</td>
</tr>
<tr>
<td>U.S.</td>
<td>13%</td>
</tr>
<tr>
<td>France</td>
<td>9%</td>
</tr>
<tr>
<td>Australia</td>
<td>12%</td>
</tr>
<tr>
<td>Italy</td>
<td>9%</td>
</tr>
<tr>
<td>Canada</td>
<td>12%</td>
</tr>
<tr>
<td>Germany</td>
<td>8%</td>
</tr>
<tr>
<td>Mexico</td>
<td>11%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>7%</td>
</tr>
</tbody>
</table>

However, like in the U.S., global consumers feel that businesses around the world aren’t getting the message. In most markets, less than one-third of consumers feel businesses have increased their focus on customer service. And when consumers are dissatisfied with their service experiences, they also get angry – a majority in every market except Germany report having lost their temper with a customer service representative.

Percentage of Consumers Who Have Lost Their Temper With a Customer Service Professional

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>86%</td>
</tr>
<tr>
<td>Canada</td>
<td>61%</td>
</tr>
<tr>
<td>France</td>
<td>75%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>57%</td>
</tr>
<tr>
<td>India</td>
<td>73%</td>
</tr>
<tr>
<td>U.S.</td>
<td>56%</td>
</tr>
<tr>
<td>Italy</td>
<td>68%</td>
</tr>
<tr>
<td>U.K.</td>
<td>51%</td>
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</table>
Service Leaders Recognize Great Service Starts with Great People

Companies that have earned a reputation for service excellence understand the employees interacting with customers every day are the true ambassadors of their brands. As a result, finding the right people and putting them in a position to succeed is key.

“Our primary focus is on hiring the right people and just letting them be themselves,” states Aaron Magness, Senior Director of Brand Marketing and Business Development at Zappos.com. “You can't hire someone and teach them to provide great customer service, but you can hire people that are committed to providing great customer service.”

“We believe the key to delivering a great guest experience is listening and building the confidence of the employees to respond to the needs of the customer in a unique way every time,” says Jim FitzGibbon, President Worldwide Hotel Operations, Four Seasons Hotels and Resorts. “Now that more and more people choose to interact and share through social media networks for example, not only do we have to listen in a different way, but the experience itself extends beyond the face to face interaction. Whether at our hotels and resorts or online, having employees who feel empowered to embody the service excellence our brand stands for remains top priority.”

About the American Express Global Customer Service Barometer

The American Express Global Customer Service Barometer research was completed online among a random sample of 1,018 U.S. consumers aged 18+. Interviewing was conducted by Echo Research between February 2-10, 2011. Overall, the results have a margin of error of +/- 3.1% at the 95 percent level of confidence. The same survey methodology was used in Canada, Mexico, France, Germany, Italy, the U.K., the Netherlands, Australia, and India.

About American Express

American Express is a global services company, providing customers with access to products, insights and experiences that enrich lives and build business success. The American Express service ethos, Relationship CareSM, is designed to train Customer Care Professionals to not only respond to a customer’s question or solve their problem, but go the extra step of offering the customer tailored information about how they can get more value out of their card and their relationship with American Express. The company is a four-time consecutive recipient of the J.D. Power and Associates “Highest in Customer Satisfaction among U.S. Credit Card Companies” and a recipient of a 2010 Forrester Research Voice of the Customer Award. American Express also ranked first in the credit card category of the Satmetrix 2011 Net Promoter® Industry Benchmarks. Learn more at www.americanexpress.com[1] and connect with us on www.facebook.com/americanexpress[2], www.twitter.com/americanexpress[3] and www.youtube.com/americanexpress[4].

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