

Learning from other sectors

Putting passengers at the heart of transport services

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The transformation in consumer power

- UK consumers spend £781 billion a year
 - No longer meekly accept what they're offered – willing to act, individually and collectively
 - More demanding
 - Want things put right for others as well as themselves

'Consumers can punish a seller's poor service or failure to fulfil a promise by voting with their feet – and their wallets. This punishment is usually swift.'
Office of Fair Trading

"Service rage"

- Two-thirds of UK consumers think customer service has not improved in the last five years
- Top of mind issues and sectors:
 - Call centres, extended warranties, missed appointments, poor after-sales service, cold calling, automated services or being put on hold
 - Financial services, telecoms, electrical retailers, utilities, garages

Active consumers

- 86 per cent of customers say they've rewarded a company they trust by buying their products rather than those of a rival. 73 per cent have told family, friends, colleagues
- To punish distrusted companies, 68 per cent have spoken critically to people they know, and 40 per cent have boycotted products
- Consumer switching levels rose by 52% in 2000-5

'If you have experience of a good company you pass it on; if you have experience of a bad company, you make people aware.'

Well-informed, assertive and vocal

Business leaders say...

'Customers are much more vocal now, which is good.'

'Consumers are increasingly ready to threaten use of the media to force a payout.'

'Customers are much better informed than they've ever been.'

'Consumers have always been demanding, there are just different ways of expressing it now.'

Collective action



Failure to engage

- 82 per cent of consumers say they would be happy to help companies improve – but most find it easier to walk away
- 70 per cent tell us that company bosses are out of touch, with no idea what it's like to be a customer.

'Too many businesses have one ear and 10,000 mouths. They need to develop the capacity to listen.'

McKinsey's business technology trends to watch

1. Distributing co-creation

"Technology now allows companies to delegate substantial control to outsiders – co-creation."

2. Using consumers as innovators

"Companies that involve customers in design, testing, marketing... and the after-sales process get better insights into customer needs and behaviour and may be able to cut the cost of acquiring customers, engender greater loyalty, and speed up development cycles."

Getting smart – the consumer agenda for action

1. Provide continuity and ownership
2. Show respect and honesty
3. Give the personal touch
4. Reward existing customers
5. Provide aftercare

Business challenges

'Consumers are individuals but we might struggle to treat them as individuals because the volume of people is so large.'

'As markets become more competitive, businesses are having to develop strategies for non-price competition.'

'The financial services industry is playing catch-up at a time when consumer expectations are moving fast.'

Faster and more fluid

'Consumers are starting to expect what they once valued... Everyone is in more of a hurry. The value of time has increased, people don't want to wait for anything.'

'People used to have to wait 6-8 weeks for our furniture. Now it's usually 7 days. Previously the long wait meant people were less likely to return the furniture because of minor scratches. Now they're far more likely to do so, because they know they'll get a replacement quickly.'

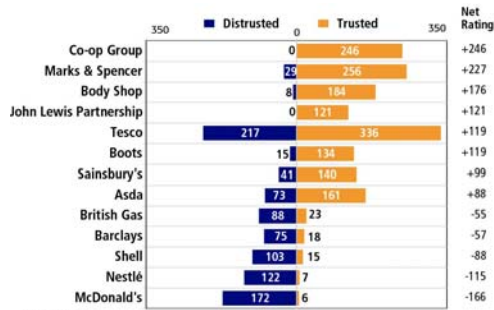
Acting together

'Businesses will be able to use social networking sites like Facebook to monitor the health of their products in real time.'

'People don't just expect a bunch of flowers and an apology now. They want an explanation of why mistakes happened and an assurance that they won't happen again, to them or anyone else.'

'It's all about community – how do I fit into the "we" not the "me"?''

The rise of reputation



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'Treat your customer how you would like to be treated if you were the customer.'

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