

EIGHTH EDITION | 2024



UNCOVER THE POWER OF CX EXCELLENCE

THE STATE OF CUSTOMER EXPERIENCE IN AUSTRALIA

FOREWORD

THE STATE OF CUSTOMER EXPERIENCE IN AUSTRALIA

Customer service excellence has been, and always will be, crucial for brands and is a key component of the overall customer experience. The delivery of positive customer service experiences not only fosters engagement, loyalty, and satisfaction but also contributes to the establishment of a positive and trustworthy brand reputation.

Now in its 8th year, CPM-Retail Safari's Annual Customer Experience Tracking Survey offers valuable insights into the current state of customer experience in Australia. Referencing historical consumer data and trends, the report provides a comprehensive overview of the evolving landscape of customer service experiences, changing consumer perceptions and preferences, and key factors that drive customer service excellence. This knowledge empowers brands to assess and fine-tune their customer service strategies to remain relevant and competitive.

The 2024 State of Customer Experience in Australia highlights the continued importance of a human touch in customer service delivery and success, especially for complex enquiries. This is despite rapid developments in technology such as generative AI and a rising number of brands employing AI chatbots to perform customer service tasks. While shifts in customer service channel preferences and variation across industry sectors exists, consumers value knowledgeable human representatives and high-quality, consistent information as crucial components of excellent customer service.

As a leader in retail marketing and customer experience that connect consumers and brands, CPM Australia is uniquely positioned to share these insights and work with brands in achieving customer service success.



Carla Ferraro

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2024 CUSTOMER EXPERIENCE TRACKING SURVEY

INTRODUCTION

CPM-Retail Safari's Annual Customer Experience Tracking Survey is designed to provide insights into how consumers feel about the current state of customer experience in Australia.

Our 8th edition builds on data collected via annual surveys since 2016. We compare the survey results to historical data and trends, explore the ongoing evolution of customer experience, discuss changing customer expectations, and identify factors that are critical for customer experience (CX) excellence.

We offer insights into consumer perceptions of customer service, key factors impacting customer service excellence, the cost of poor customer experience, and the importance of having humans on the customer service front line. Additionally, we present Australian consumer ratings for fourteen industries in terms of customer service experience quality, using our new Customer Service Excellence (CSX) score.

Here you'll uncover key trends and insights to guide and strengthen your strategy to enhance the customer experience into the future.

ABOUT THIS SURVEY

To undertake this year's research, we partnered with Swinburne University's CXI Research Group to conduct an online survey from December 7 to 10, 2023, with a sample size of 500 consumers representing the Australian population.

RESIDENTIAL LOCATION

| | | | |
|----------------|----------------|---------------|---------------|
| NSW 29% | QLD 19% | WA 8% | ACT 2% |
| VIC 29% | SA 11% | TAS 1% | NT 0% |

GENDER AND AGE

| | | | |
|-------------------|------------------|------------------|----------------|
| MALE 48% | 18-34 34% | 35-54 37% | 55+ 29% |
| FEMALE 51% | | | |

*1% Other / Prefer not to answer

Note: The 2018 to 2023 State of Customer Experience surveys have been undertaken by the CXI Research Group at Swinburne University of Technology. The 2016 and 2017 surveys were undertaken by the ACRS Research Unit at Monash University.

KEY FINDINGS

DRIVING CUSTOMER EXPERIENCE EXCELLENCE

CUSTOMER SERVICE PERCEPTIONS

Though companies are striving to enhance customer service experiences, **over 70% of Australian consumers are routinely failing to perceive any improvements** – a perception that has not changed over the past three years.

WHAT MAKES FOR GREAT SERVICE?

For most Australians, excellent customer service is about receiving **high-quality, consistent information and accessing knowledgeable human representatives.**

CX QUALITY SCORE BY INDUSTRY

Food services and beauty & personal care rank highest for customer service experience, while **government institutions** and **utility services score lowest.**

PREFERRED CONTACT CHANNELS

Speaking with a human on the phone remains, by a large margin, the preferred channel for **complex enquiries** (77%). **A company website/FAQ page** is the preferred channel for **simple enquiries** (47%).



KEY FINDINGS

DRIVING CUSTOMER EXPERIENCE EXCELLENCE (CONT.)



STATE OF CX DELIVERY

Customer experiences when purchasing products and services, both in-store and online, have reverted to pre-pandemic levels. With **more consumers having mostly positive experiences** than last year and fewer consumers having mixed experiences.

WORD OF MOUTH

Australians are more likely to be **vocal about their negative experiences than their positive experiences**, with 87% of customers having shared a negative experience, and 78% having shared a positive one.

OUTCOME OF NEGATIVE CX

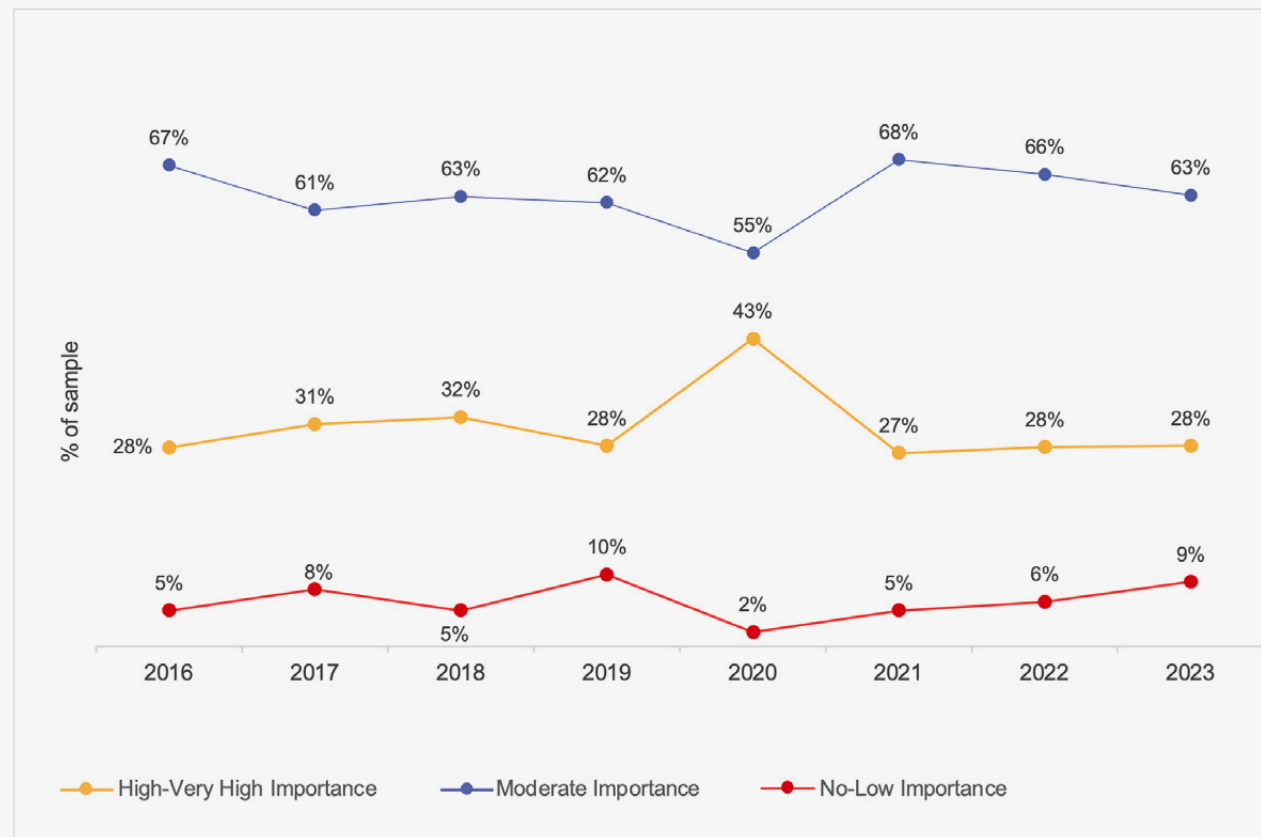
Over a third of consumers have stopped buying from a company due to a negative experience, with many **switching to a competitor's product** as the primary reason.

POSITIVE/NEGATIVE EXPERIENCE IMPACT

Positive experiences have a greater **influence on retaining customers** than negative experiences have on losing them. **Negative** customer experiences significantly **impact satisfaction levels** and diminishing **confidence** in the company.

PERCEPTIONS OF CUSTOMER SERVICE EXCELLENCE

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



Note: Sample size= 500; Items measured on scale from 1 = Not important at all to 7 = Very high importance

KEY INSIGHTS

Over 70% 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 three years.

These numbers remain more-or-less unchanged since 2016 – except for 2020's pandemic-induced deviation from the long-term average.

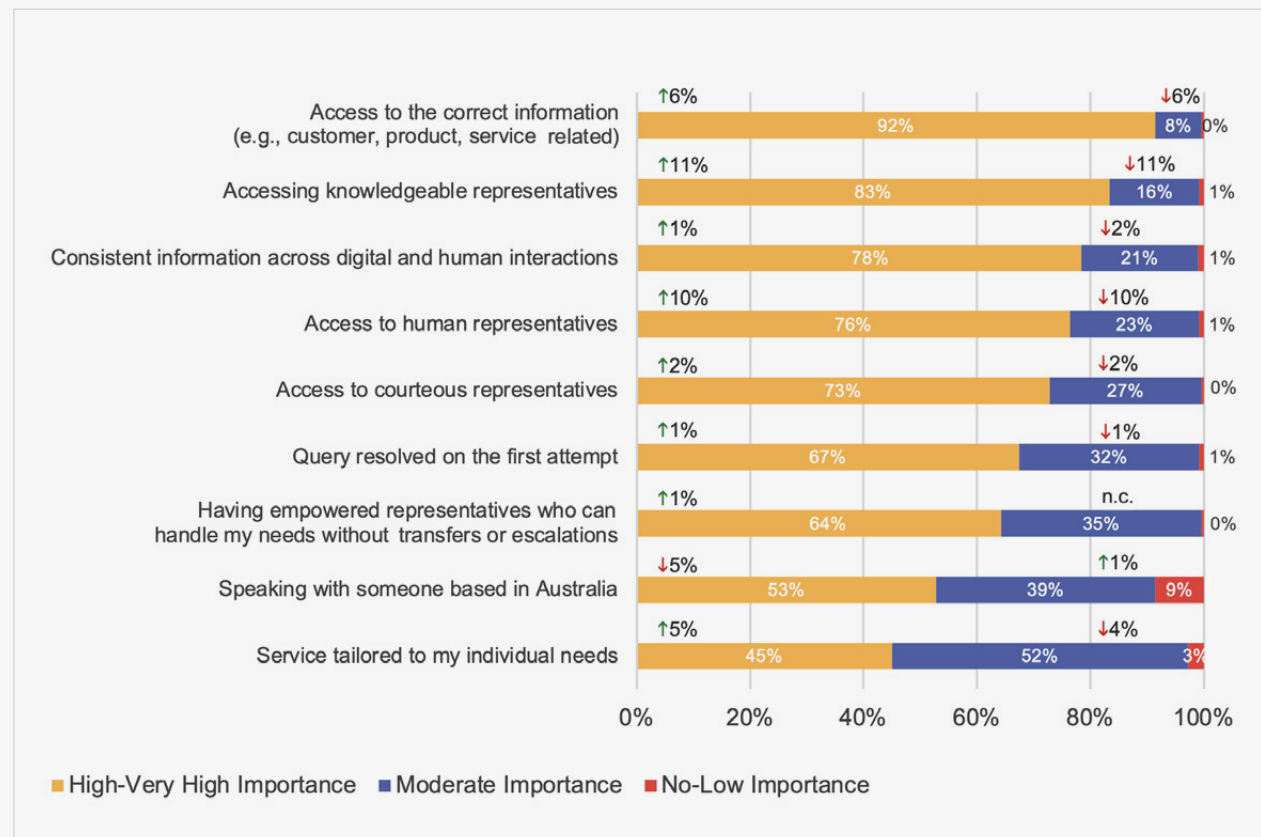
Similarly, since 2016 there has not been a change in the proportion of consumers who think companies are placing **high or very high importance** on delivering great customer service – except for the 2020 pandemic-induced spike, which was due to a perception that companies stepped up their customer service game in the first year of restrictions and lockdowns. Australian consumers experienced a higher level of service quality in 2020, so they know what excellent service is.

Though companies are striving to enhance customer service experiences, over 70% of customers are routinely failing to perceive any improvements.

In this environment, there are opportunities for businesses to win customers over by giving them an improved experience.

WHAT DEFINES EXCELLENT CUSTOMER SERVICE?

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



Note: Sample size= 500; Items measured on scale from 1 = Not important at all to 7 = Very high importance

KEY INSIGHTS

In 2023, the top three factors seen by consumers as representing excellent customer service are all related to consumers receiving high-quality information, whether online or in-person.

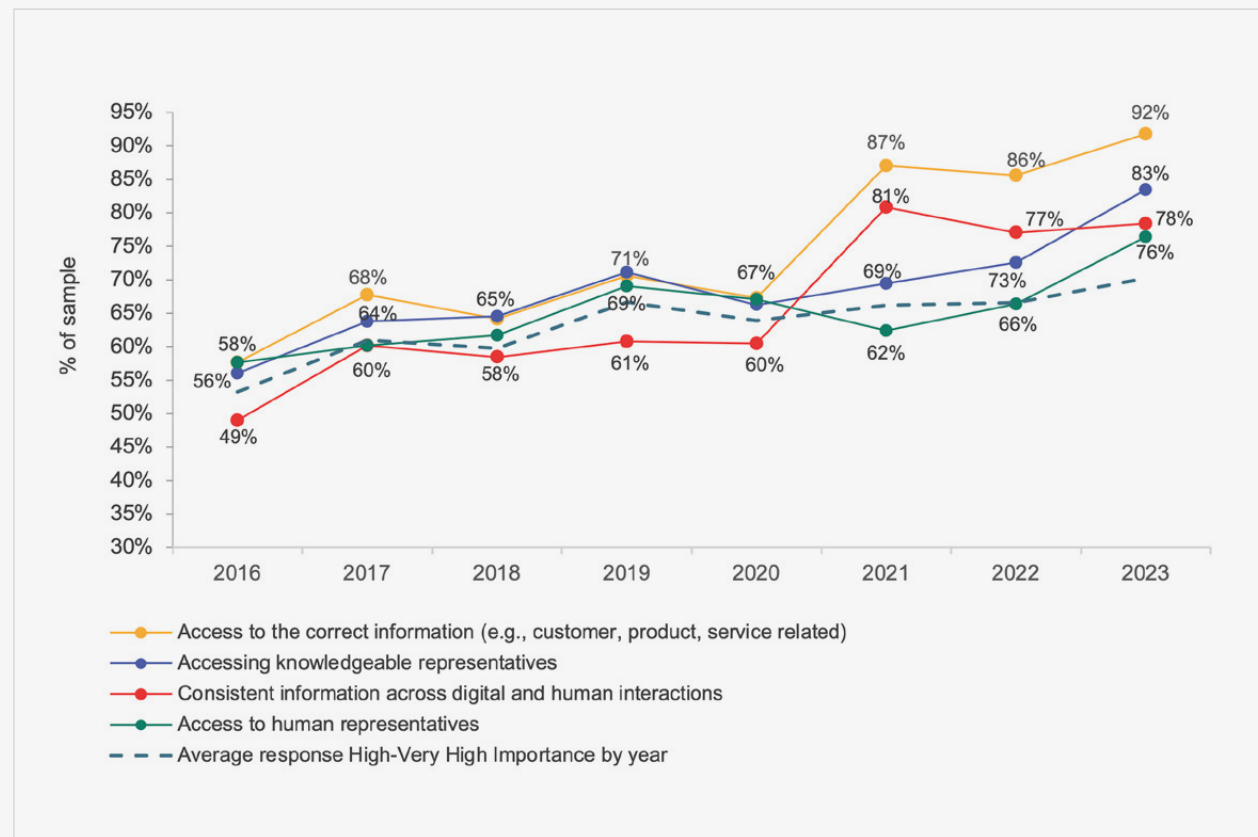
Customers also rate **access to courteous and human representatives** as highly important.

These results send a clear message to companies: **well-informed representatives who are knowledgeable about their products and services are key to customer experience excellence.**

While still rated as important, **receiving a tailored and personalised customer service experience** (45%) was the least important factor to consumers.

TOP FACTORS OF EXCELLENT CUSTOMER SERVICE

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



Note: Sample size= 500; Items measured on scale from 1 = Not important at all to 7 = Very high importance

KEY INSIGHTS

Looking over time at the factors that represent excellent customer service, a very clear step change occurred in 2021, with customers placing much more importance on customer service than they had in preceding years. These numbers have continued to trend upwards since 2021.

For example, the most important factor, **access to the correct information**, has increased in importance by 34% since 2016 (58% → 92%).

Looking at all factors, the average high-very high importance response has increased by 17% since 2016 (53% → 70%).

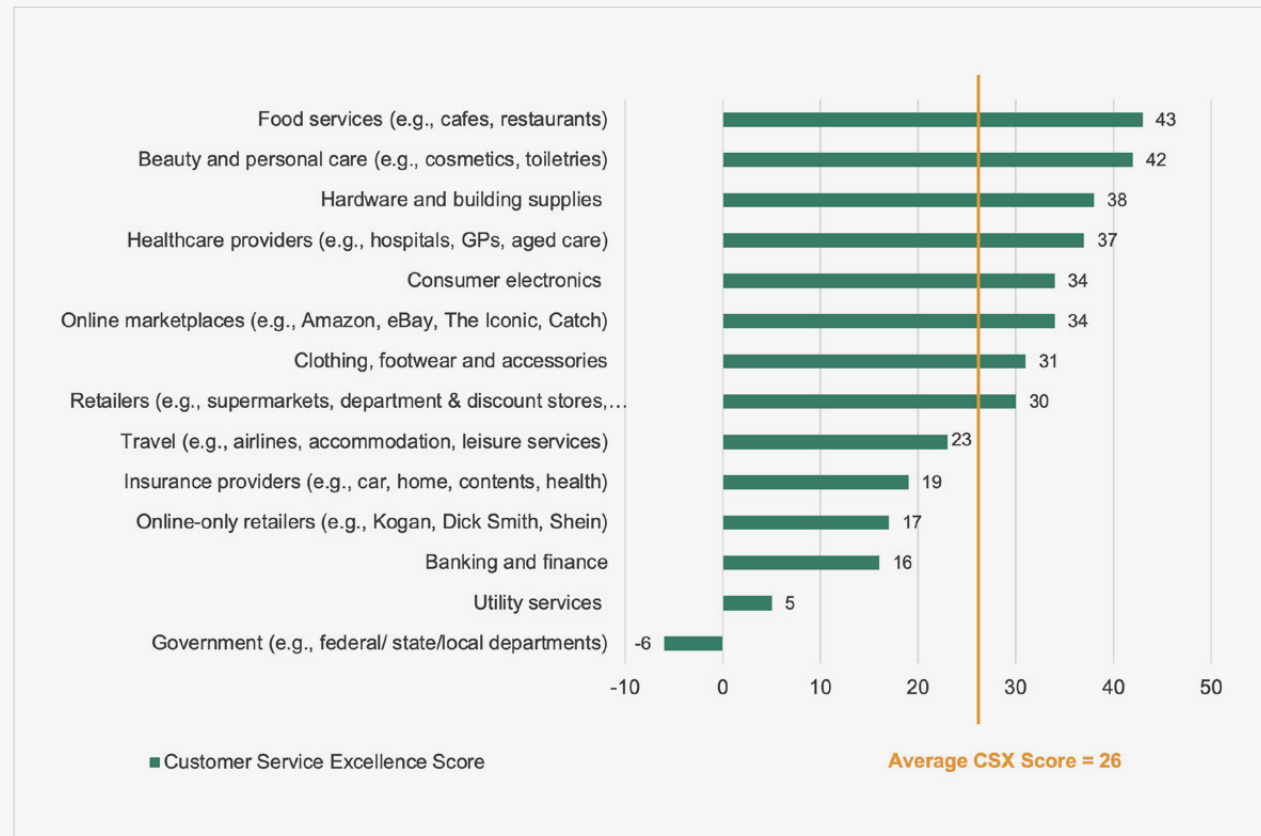
Australian consumers clearly have **higher customer service expectations** than in the pre-COVID world, especially around receiving **high-quality, consistent information and accessing knowledgeable human representatives**.

For example, since 2016, **accessing knowledgeable and human representatives** has become significantly more important for consumers when it comes to excellent customer service.

Similarly, **consistent information across digital and human interactions** has increased significantly in importance since 2016 (49% → 78%).

CUSTOMER SERVICE EXPERIENCE BY INDUSTRY

Q: Please rate your experiences with customer service over the past year for the following industries.



Note: Industries measured on a scale from 1 = Very Poor to 10 = Outstanding. Scores 1-4 categorised as Poor, 5-7 as Neutral and 8-10 as Excellent. Customer Service Excellence Score = The percentage of 'Poor' subtracted from the percentage of 'Excellent'. In this calculation, the Neutral percentage is not used. Customer Service Excellence Score: -100-0: Needs Improvement, 0-30: Good, 30-70: Great and 70-100: Excellent.

KEY INSIGHTS

This year some industries will need to make stronger efforts to fill the gap between what customers expect and the service experience they deliver.

The Customer Service Excellence (CSX) score shows how Australian consumers rate each industry for customer service experience quality*.

The industries with **the most positive customer service experience are food services and beauty & personal care**, with CSX scores of 43 and 42 respectively. These industries are demonstrating the delivery of great customer service experience.

At the other end of the spectrum, the industries with **the lowest customer service experience scores are government institutions and utility services**, with scores of -6 and 5 respectively. Their CSX scores indicate that these industries have room for improvement around the customer service experience.

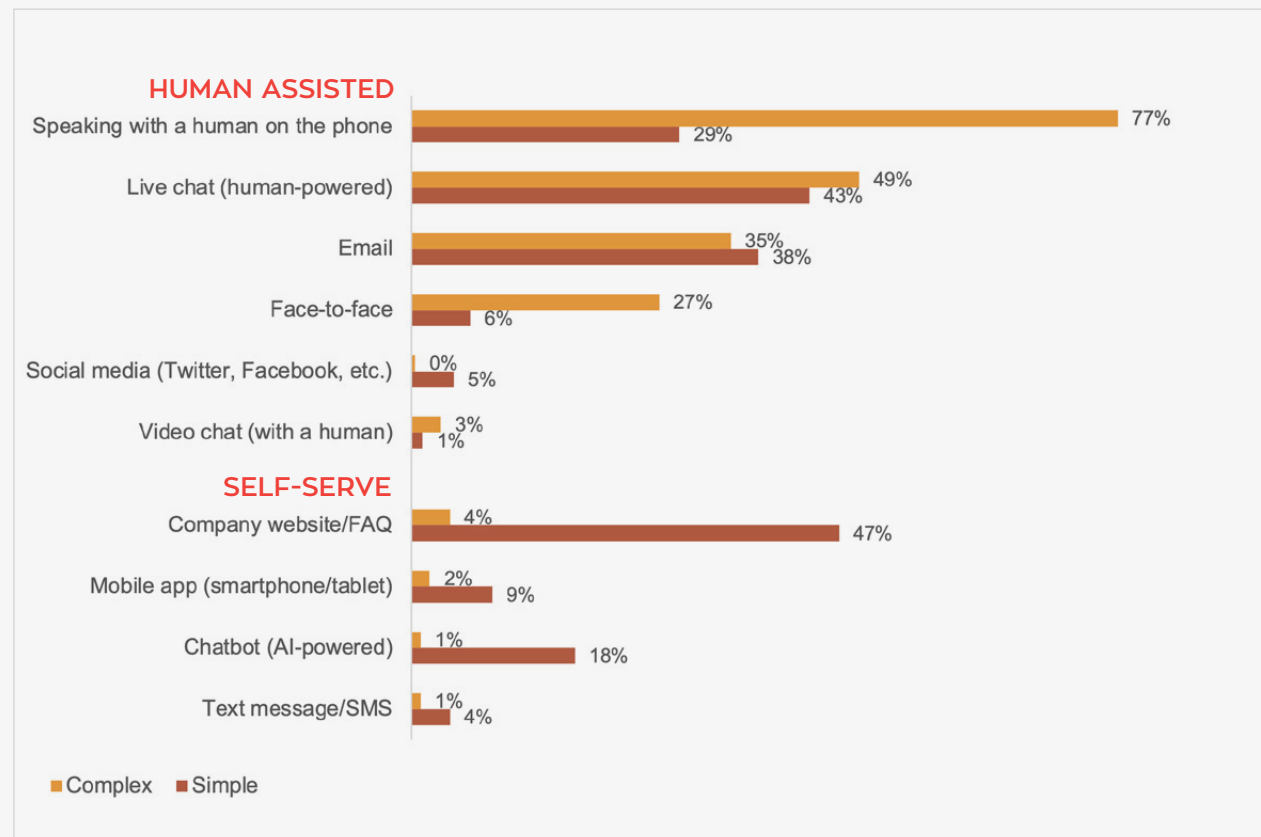
Customer expectations for quality service continue to grow as Australians have a better understanding of what constitutes exceptional service experience.

***Note:** This is the first year that we have developed a CSX score. It's difficult to point to a single CSX score as being 'good' in absolute terms, owing to the diverse nature of the different industries. A good score in one industry won't necessarily be a good score in a very different industry e.g., beauty versus utilities. It will likely be more insightful to track how the CSX score trends over time for individual industries.

CHANNEL PREFERENCES

SIMPLE VS. COMPLEX ENQUIRIES

Q: What are your preferred channels for contacting companies for each of the following types of customer service enquiries? Please select your top two preferred channels for each type of enquiry.



Note: Sample size= 500; video chat (with a human) data collected from 2023.

KEY INSIGHTS

Speaking with a human on the phone remains, by a large margin, the preferred channel for complex enquiries. A company website/FAQ page is the preferred channel for simple enquiries.

While Australian consumers have embraced digital channels to resolve problems or queries, **for more complex or difficult enquiries**, most consumers **still prefer to interact with human-powered channels over self-serve channels**. For simple enquiries, consumers appear to be happy **using a combination of self-serve and human assisted** contact channels.

Across all age groups, **the second-most preferred channel** for complex and simple enquiries is **speaking with a human via live chat** (49% and 43% respectively).

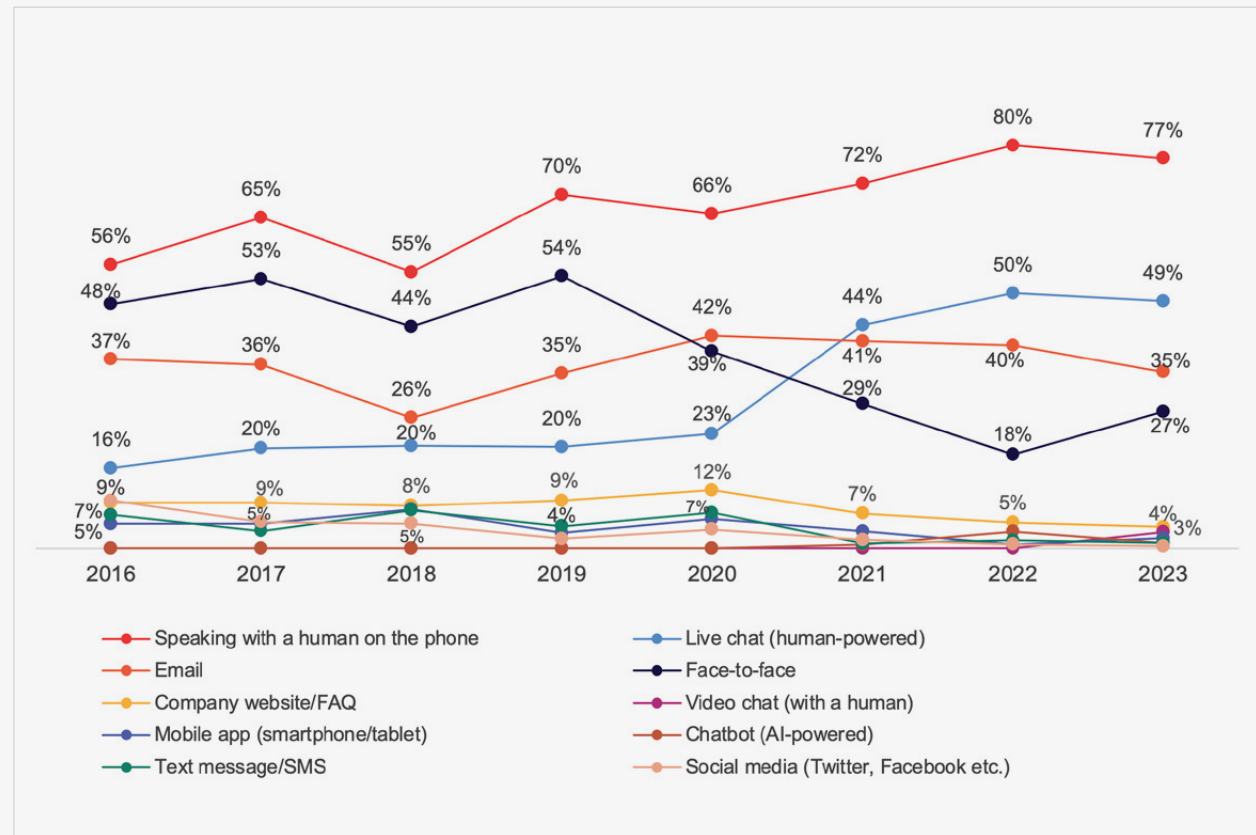
Email remains consistent in its popularity as the third most preferred contact channel for both complex and simple customer service enquiries.

For the resolution of simple customer service queries, consumers are showing an increasing preference for **chatbots (AI-powered)** over the last three years – though they are **one of the least preferred contact channels for difficult or complex enquiries**, alongside text messages and social media.

CHANNEL PREFERENCES

COMPLEX ENQUIRIES

Q: What are your preferred channels for contacting companies for each of the following types of customer service enquiries? Please select your top two preferred channels for each type of enquiry.



Note: Sample size= 500; video chat (with a human) data collected from 2023.

KEY INSIGHTS

The more complex or difficult the enquiry, the higher the preference is for human assisted channels.

This has been an increasing trend across the top preferred human-powered channels since 2016.

Speaking with a real person over the phone remains, by far, **the channel of choice for complex enquiries** across all age groups. This preference is particularly high amongst those aged 35 and older (average 83%). However, the level of preference falls for customers aged 18-34 years (67%).

For the last three years, **live chat (human-powered)** has remained the **second most popular** contact channel for complex enquiries across all three age groups.

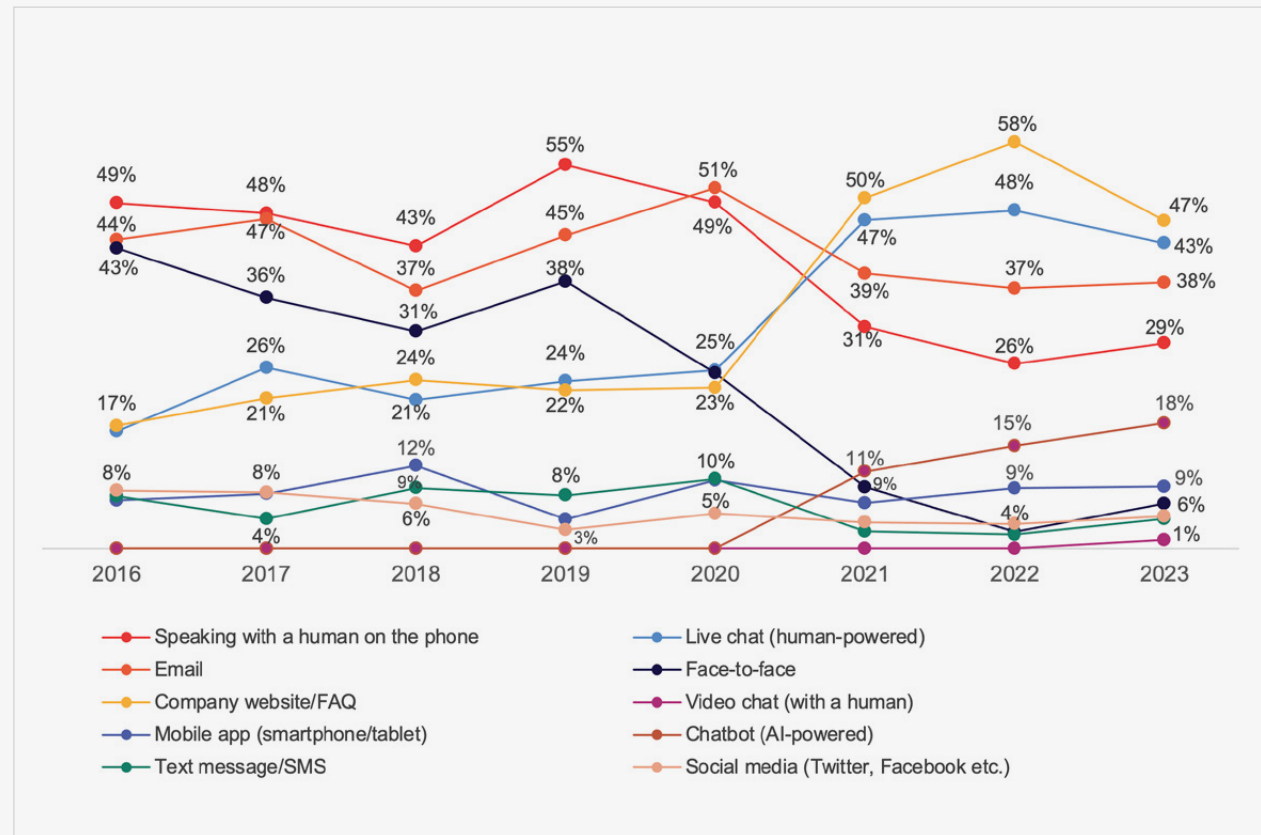
Of note:

- More consumers are preferring **in-person interactions** when solving complex queries than last year (27% vs. 18% in 2022).
- **Mobile apps, chatbot (AI-powered)** and **text messages** are the least preferred channels to reach customer support for complex queries, particularly among those aged 55+. **Social media** did not register as a preference for anybody in this survey.

CHANNEL PREFERENCES

SIMPLE ENQUIRIES

Q: What are your preferred channels for contacting companies for each of the following types of customer service enquiries? Please select your top two preferred channels for each type of enquiry.



Note: Sample size= 500; video chat (with a human) data collected from 2023.

KEY INSIGHTS

Australian consumers prefer a broader range of digital service channels to resolve simple customer service issues.

Over the past three years, the simpler the enquiry is, the higher the customers' preference is for digital contact channels.

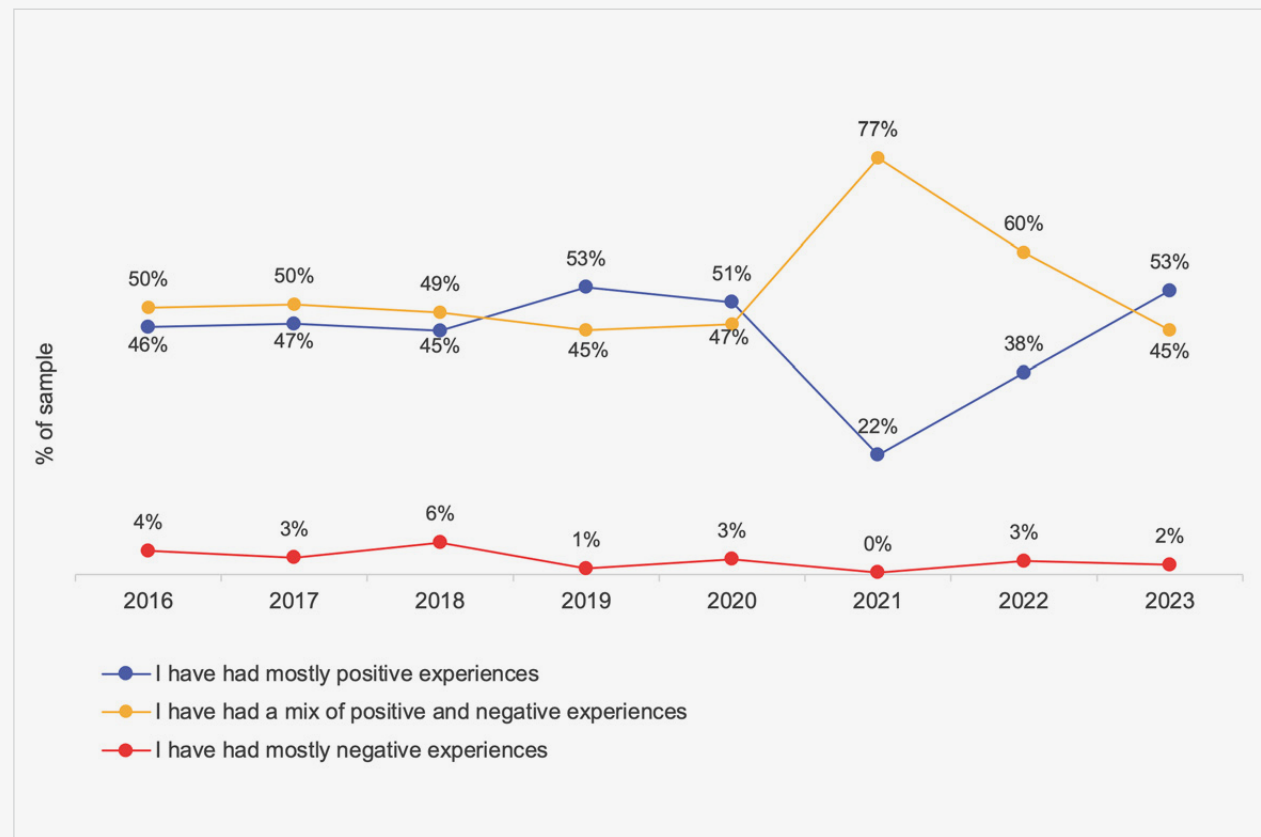
Company websites/FAQs (47%) and live chats (**human powered**) (43%) remain as the top preferred contact channels **for simple queries**, particularly with those aged 18-34. However, they have both decreased in preference, with **company websites/FAQs** reporting the greatest year-on-year decrease (-11%).

Conversely, more consumers prefer using **chatbots (AI-powered) to resolve their simple enquiries** in 2023 (18% vs. 15% in 2022). This upward trend has remained unbroken since 2021 and is unlikely to be reversed as AI technology improves.

A small minority of those surveyed prefer using **social media and text messages** as contact channels for their simple customer service queries.

STATE OF CUSTOMER EXPERIENCE DELIVERY

Q: How would you describe your experiences purchasing products, services or visiting a store (online or offline) over the past year?



Note: Sample size= 500

KEY INSIGHTS

In 2023, customer experiences returned to pre-pandemic averages, with more consumers having mostly positive experiences than last year, and fewer consumers having mixed experiences.

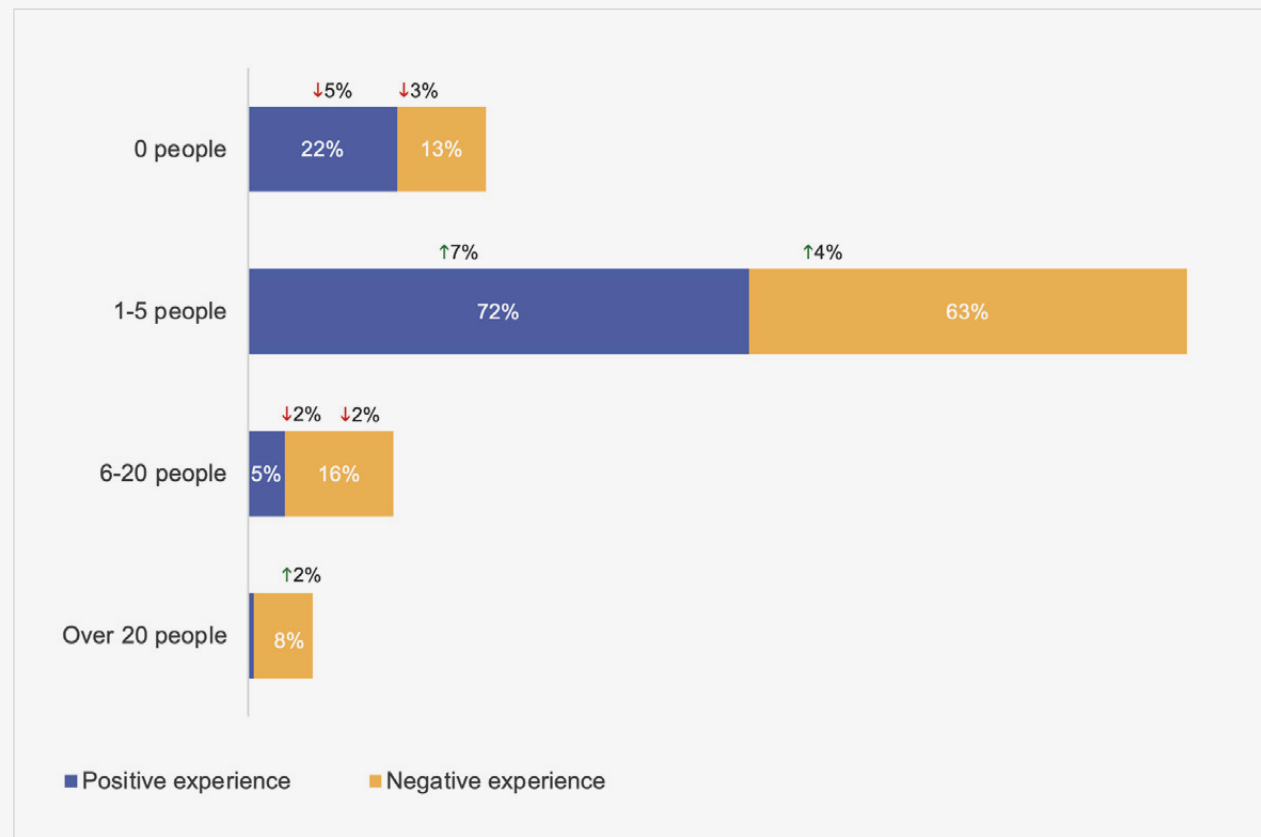
When purchasing products and services in-store or online, the proportion of Australian consumers having **mostly positive experiences has been increasing** since 2021, rising from 22% to 53% in 2023. This is consistent with the pre-pandemic average of 48%.

Consistent with this result is the proportion of consumers having **mixed experiences decreasing from 60% in 2022 to 45% in 2023**, comparable to the 2016-2020 average of 48%.

Fortunately, the number of consumers having mostly negative experiences remained low at 2%, in line with the long-term average of 3%.

SHARING CUSTOMER EXPERIENCES

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



Note: Sharing positive experience sample size= 491 & sharing negative experience sample size 236

KEY INSIGHTS

Australians are increasingly active sharing their service experiences. On average, 83% of the respondents shared their positive and negative experiences with others.

In the past year, consumers were more likely to be vocal about their **negative experiences than their positive experiences**, with **87%** of customers having shared **a negative experience**, and **78%** having shared **a positive one**.

Overall, the majority of consumers tell **1- 5 people** about their customer service experiences.

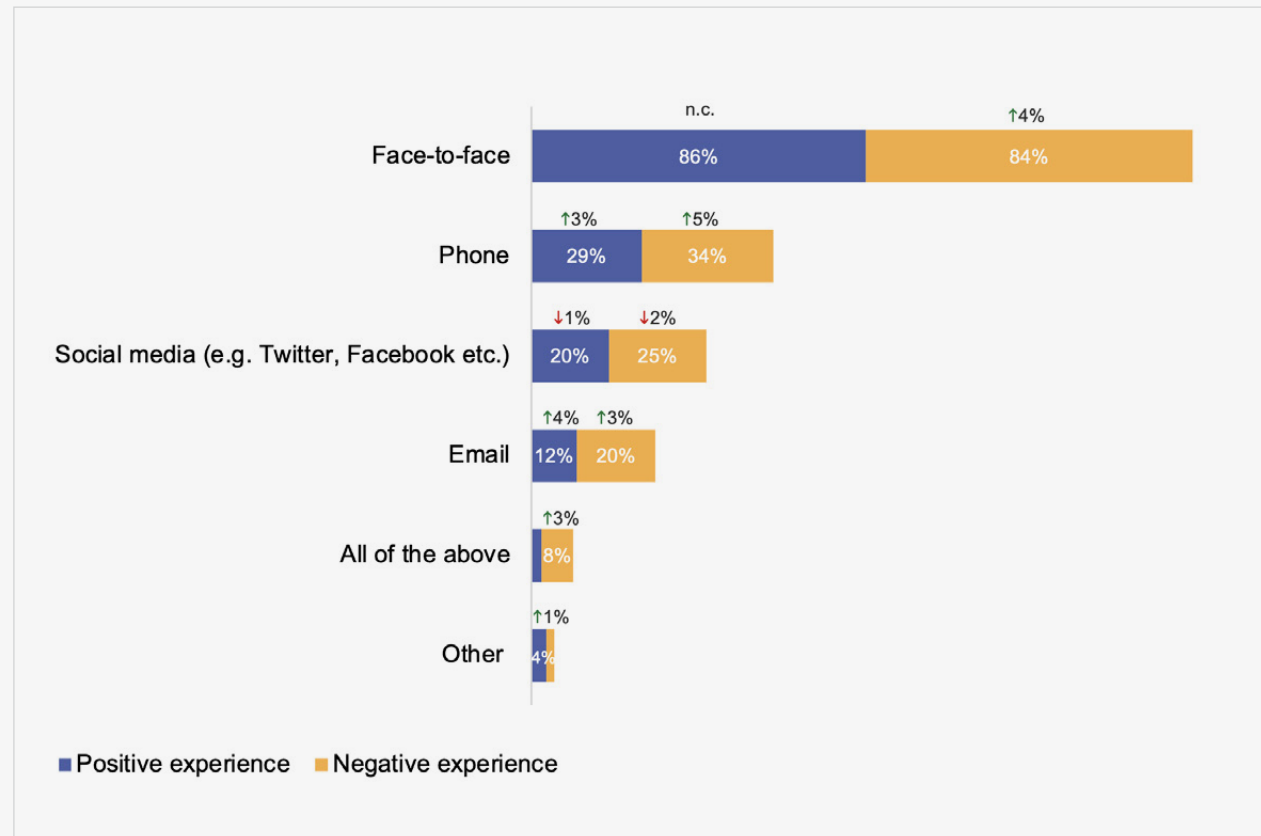
A small minority of those surveyed have shared their experiences with over 20 people; however, sharing of negative experiences occurs ten times more frequently than positive experiences in the 20+ category.

In terms of age groups, **consumers aged 35-54 years are the most active age group** when sharing their negative and positive service experiences, with 91% of customers having shared a negative experience over the past year, and 83% having shared a positive one.

SHARING CUSTOMER EXPERIENCES

CHANNEL PREFERENCES

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



Note: Sharing positive experience sample size= 385 & sharing negative experience sample size 206

KEY INSIGHTS

Face-to-face remains, by a large margin, the most popular channel to share positive and negative service experiences.

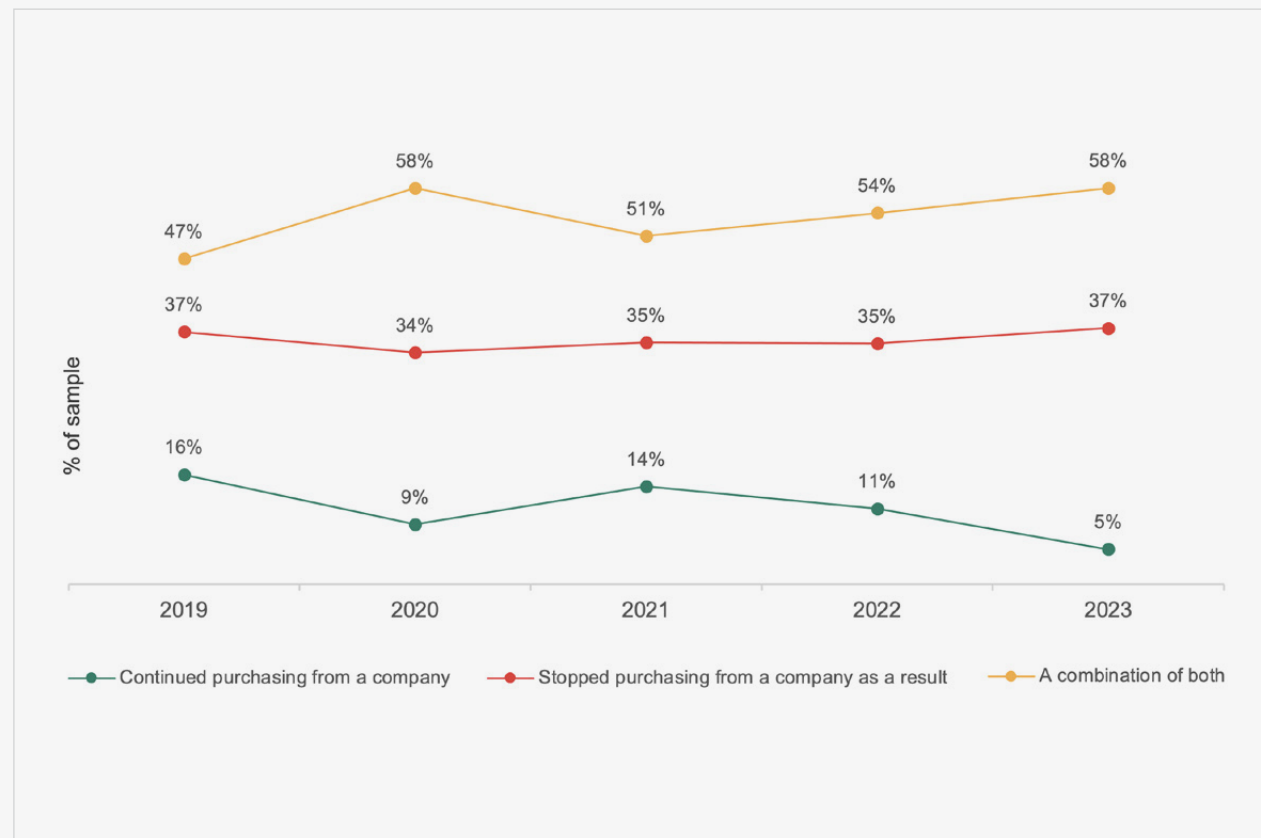
Across all age groups, consumers primarily share their positive (86%) and negative (84%) customer service experiences with peers in person.

Sharing by phone ranks second, followed by the digital channels – social media and email.

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

OUTCOMES OF NEGATIVE CUSTOMER EXPERIENCES

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



Note: Sample size= 236

KEY INSIGHTS

Over the past year, thirty seven percent of consumers have stopped purchasing from a company after a negative experience.

Our research 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 five years.

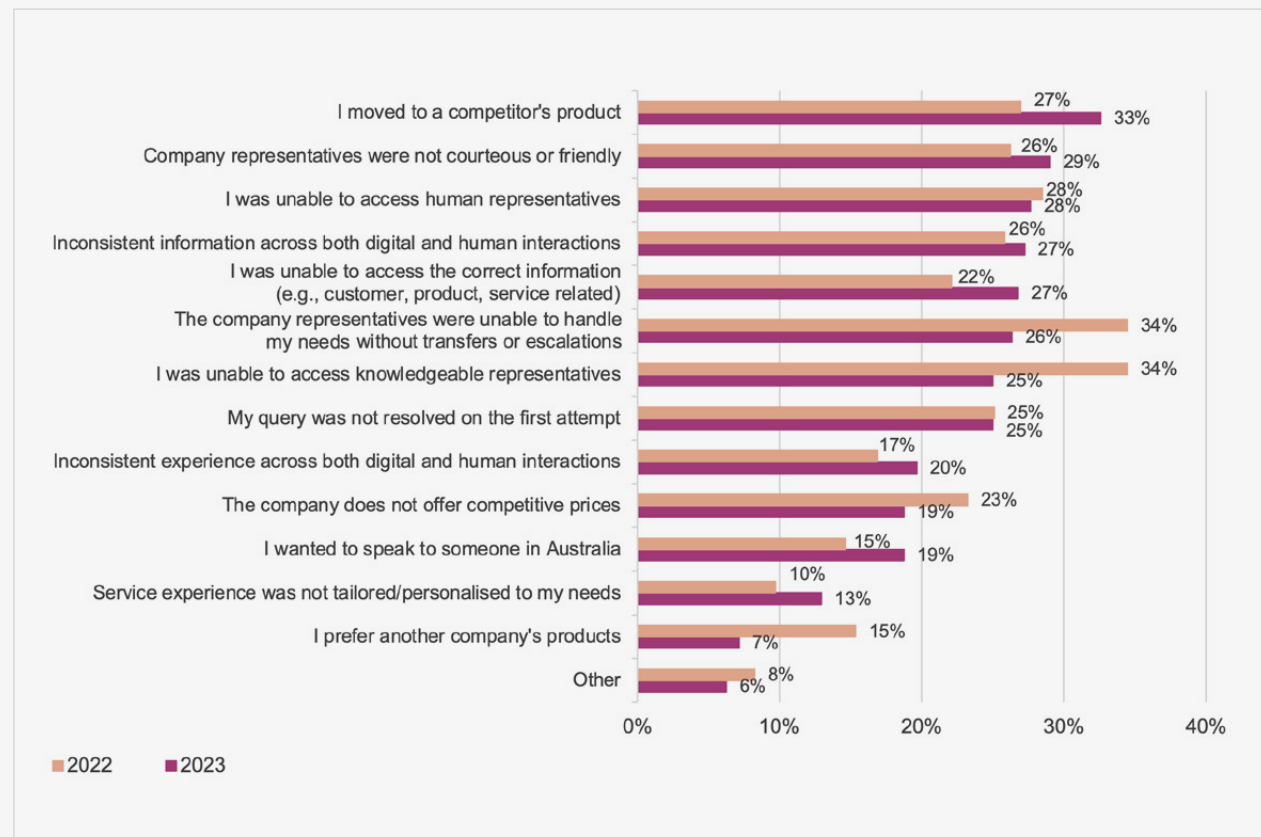
Combined with the 58% of consumers who had a mixed response of continuing and stopping shopping with various companies, **95% of consumers stopped shopping with at least one company in 2023 because of a poor customer experience (vs. 89% in 2022).**

Since 2021, the proportion of respondents that continued to purchase from companies after a bad customer service experience has been decreasing (14% → 5%), with **fewer consumers than ever continuing to shop at a company after a negative experience.** This is consistent with other survey results showing that Australian consumers are placing increased importance on customer service.

In summary, **Australian consumers have a diminishing tolerance for bad customer service experiences.** If companies cannot keep up with their increasing expectations, they will leave.

REASONS FOR STOPPING PURCHASING

Q: Why have you stopped purchasing from a company after a negative experience?



Note: Sample size= 267

KEY INSIGHTS

Overall, the reasons given for stopping purchasing from a company after a negative experience have changed significantly relative to 2022.

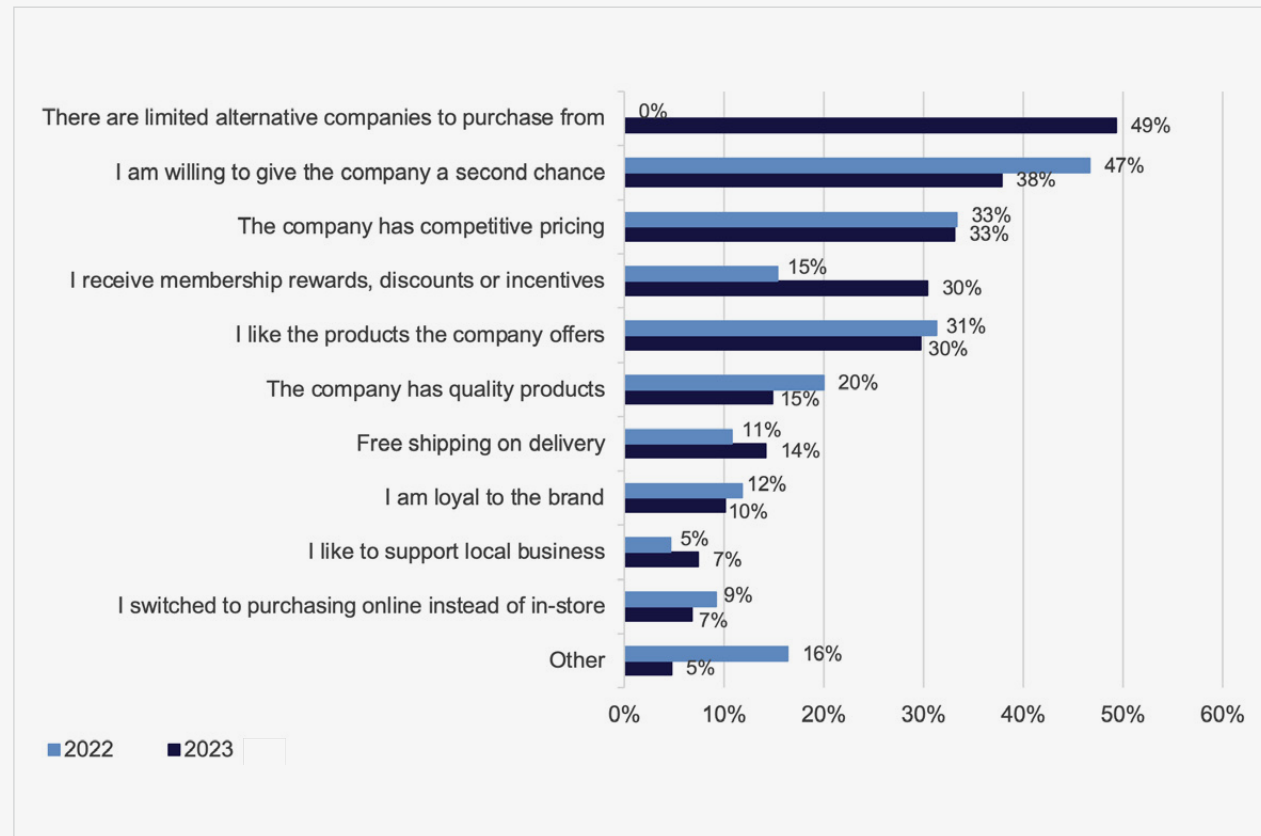
The **top reason to stop purchasing** after a poor experience in the past year was because consumers **switched to a competitor's product** (33%). This highlights how important customer experience is for customer retention, and the risk of losing sales to competitors following bad customer experiences.

Unfriendly staff (29%) and **not being able to access human representatives** (28%) were also key reasons to stop purchasing after a bad experience.

The significant downward changes in **not being able to get a query resolved on the first attempt** (from 34% to 25%) and **unable to access to knowledgeable representatives** (from 34% to 26%) in the past year may be an indication that Australian companies are placing more importance on these factors, with consumers being less likely to stop purchasing from a company for these reasons.

REASONS FOR CONTINUING PURCHASING

Q: Why have you continued purchasing from a company after a negative experience?



Note: Sample size= 148

KEY INSIGHTS

Limited alternative companies to purchase from is the top reason to continue shopping after a poor experience in the past year.

Of the consumers surveyed, almost **half of the respondents** cited **limited alternative companies to purchase from** as the **reason** why they will **continue purchasing** from a company after a bad experience.

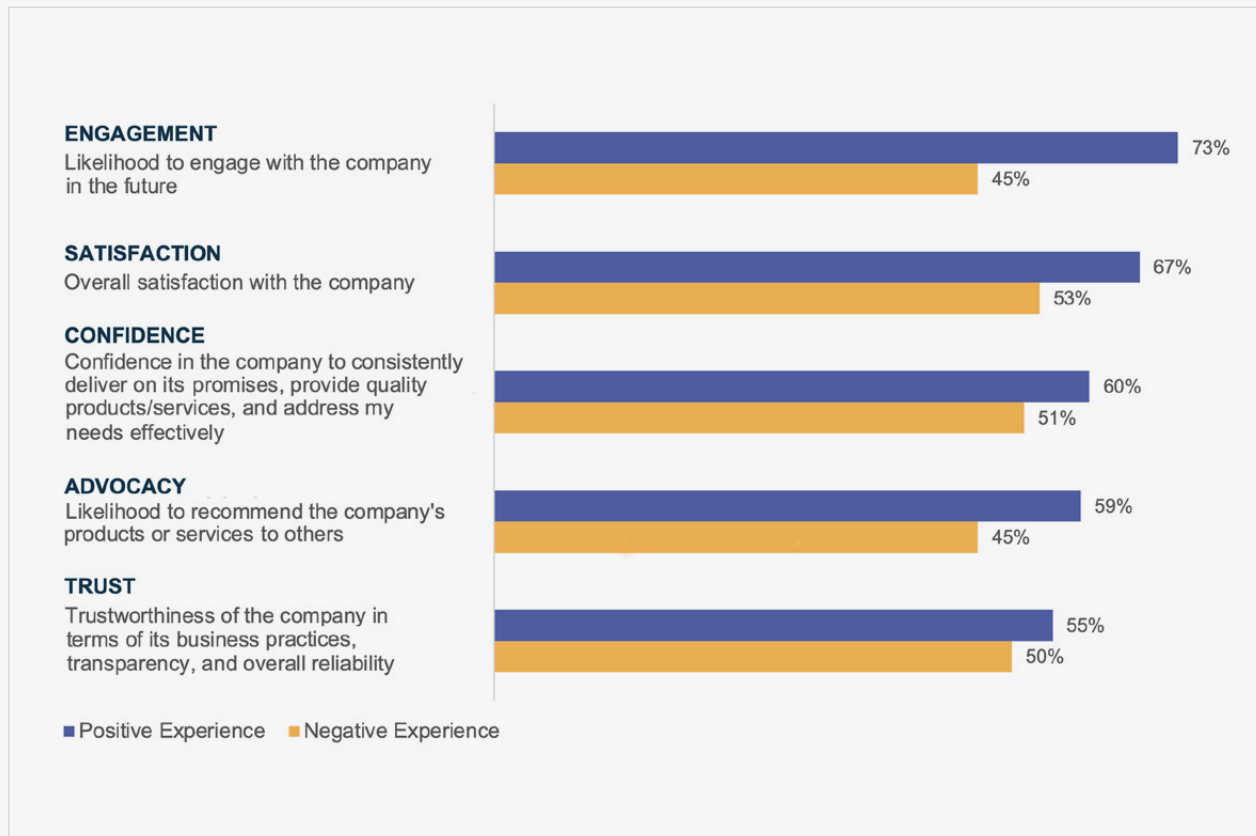
Compared to 2022, the reasons with significant changes include:

- The decreased willingness to give the company a second chance (falling from 47% to 38%)
- Limited alternative companies to purchase from (asked for the first time in the 2023 survey) is a significantly more important reason than willingness to give the company a second chance
- More surveyed consumers said that receiving membership rewards, discounts or incentives kept them purchasing from a company (30%, up 15 points)

Switching to purchasing online instead of in-store and **supporting local business** are the least common reasons, at 7%.

THE IMPACT OF POSITIVE VS. NEGATIVE EXPERIENCES

Q: To what degree have your positive or negative experiences influenced you in terms of the following factors?



Note: Positive experience sample size= 491 & Negative experience sample size= 236. Items measured on a scale from 1 = Not at all to 7 = To a great extent. Percentages shown based on the sum of respondents who rated High-Very High Influence.

KEY INSIGHTS

Australian consumers' likelihood to engage with a company in the future is high after having a positive experience.

Positive experiences have a greater influence on retaining customers than negative experiences have on losing them.

Over 70% of consumers note that positive experiences strongly affect future engagement with a company, while 45% report that a negative experience significantly impacts their engagement.

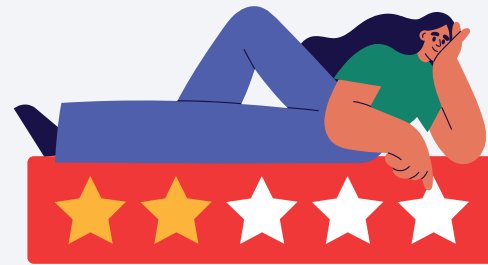
When customers have **positive experiences**, companies will be rewarded with their **engagement, satisfaction and confidence**. This can lead to long-term loyalty and drive revenue growth.

A negative customer experience has a profound impact on consumer behaviour, with the **greatest impact on the satisfaction and confidence with the company**.

KEY TAKEAWAYS

TO IMPROVE THE CUSTOMER EXPERIENCE

Mastering customer experience is one of the highest priorities for any company today, as it is key to maintaining and growing their customer base. With customer expectations around quality service growing, and Australians having a better understanding of what constitutes an exceptional service experience, creating a winning customer experience is more important than ever. Here we present four themes driving experience excellence in 2024:



BRIDGE THE EXPECTATIONS GAP

In 2024, Australian consumers expect higher service experience standards; however, a gap exists between expectations and service delivery. Businesses must bridge this gap to enhance customer experiences and gain a competitive edge by aligning the service experience with evolving consumer expectations for an improved customer experience.



ELEVATING CX: THE HUMAN TOUCH

Enhanced customer experience demands quality information and human expertise. Despite new and diverse contact channels, Australians increasingly value knowledgeable human representatives. For complex queries, human-powered channels are preferred, while simple enquiries show a preference for a mix of self-service and human assistance. To excel, companies must create human-centric service experiences and empower employees for superior customer service delivery.

KEY TAKEAWAYS

TO IMPROVE THE CUSTOMER EXPERIENCE (CONT.)



CX EXCELLENCE IS YOUR WINNING ADVANTAGE

In Australia’s competitive market, businesses must go beyond price and product quality. With consumers demanding excellent service, failure to meet expectations risks losing customers and sales. Prioritise customer experience, as consistent service fosters loyalty, leading to positive experiences and revenue growth.



HUMANISING DIGITAL TOUCHPOINTS

As digital contact channels evolve, options like live chat (human-powered), AI-powered chatbots, and video chat (with human agents) are increasingly integrated into the customer service landscape. Live chat, particularly with a human agent, ranks second in popularity for addressing both simple and complex queries. AI chatbots are gaining popularity for handling simple enquiries, though less so for complex queries. Humanising these digital touchpoints has the potential to transform customer engagement and service delivery for businesses moving forward.



INSIGHTS

BROUGHT TO YOU BY

AUTHORS

If you would like further information regarding the State of Customer Experience in Australia survey, please contact us.

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Mariluz Restrepo is CPM's leading in-house expert on omnichannel retail, consumer behaviour and trends affecting the shopping space. As our noted retail authority, Mariluz leads CPM's marketing strategy and research, and is a key collaborator on thought leadership initiatives. Her research covers retail-oriented topics such as retail forecasting, trends and consumer shopping habits, as well as customer experience best practices.

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CPM AUSTRALIA

Whether at home, at work, at leisure or in retail stores, we connect brands and people.

CPM Australia, as part of CPM international, operates under a group structure, with brands including CPM and Retail Safari delivering a unique end to end offer.

CPM and Retail Safari provide field, contact centre, talent acquisition and training solutions, and a complementary suite of retail marketing services that connect the consumer with a brand in environments where the ability to influence is at its strongest.



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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.



For further information visit:

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