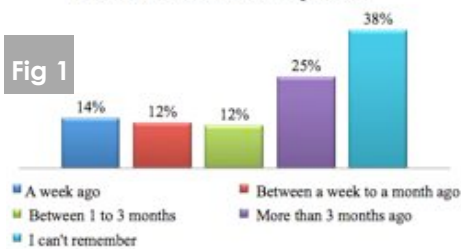


The State of Customer Service in Malaysia

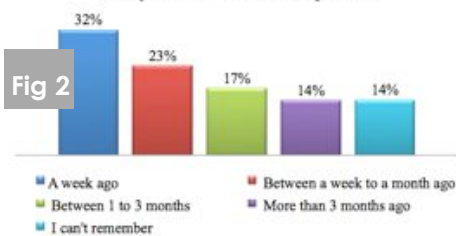
July 2011



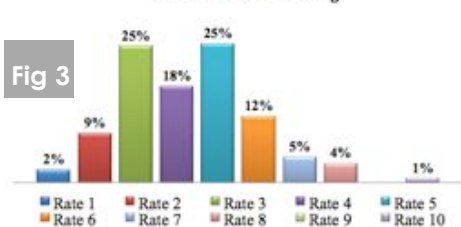
Great Customer Service Experience



Lousy Customer Service Experience



Customer Service Rating



“What people really desire are not products but satisfying experiences.” *Abbot*

Executive Summary

Raydar Research asked 257 consumers when was the last time they had a great customer service experience. In the survey, a great customer experience is defined as one that exceeded their expectations. 38% said that they had such an experience in the last 3 months. [Fig 1]. Within the same period of time, more than three quarter of this group (72%) also experienced a lousy customer experience. [Fig 2].

When asked about their overall customer service experience, only 5% of them gave a score of 8 or more out of 10 while another 42% gave a rating of 5 (meeting expectation) to 7. Half of them (54%) said that overall, the service level is below expectation or awful. [Fig 3].



“The employees of the company are reluctant to accept my feedback and showed no intention to make improvement in their service.”

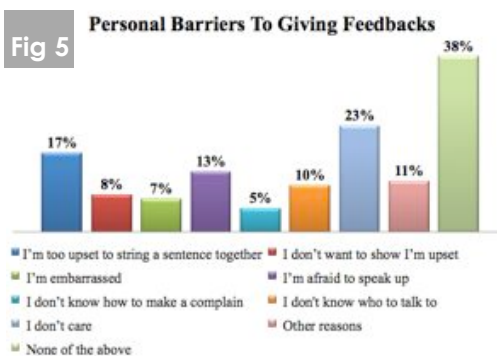
Adrian, 23, Consumer

The #1 reason for not giving feedback directly to companies is “I don’t care.”

Providing superior customer experience is well documented in empirical studies as a key driver of growth and loyalty that has a direct impact on a company's profitability. The data on this research however described a service level in Malaysia that is less than desired especially in an economy where competition is rife across many industries and when the country is gearing towards a service economy.

companies are not willing to listen in the first place. Companies make it difficult for them to communicate with, neither adopting technology as a listening enabler nor its employees trained to receive feedback.

We then peered the flipside to see how these respondents have been responsible for not giving feedbacks in the first place. [Fig 5]. Interestingly the top reasons for not giving feedback directly to companies are “I don't care” followed by “I'm too upset to string a sentence together”. While at least 62% assumed some level of ownership for being reluctant to give feedback, 38% picked “None of the above”. They either didn't see any responsibilities attributable to them or there





“Unfortunately Malaysia’s customer service standard has not improved much despite the fact that a lot of big brands ventured their way into M’sia. The best one can do is to publish his experience over the internet and through media like newspaper.”

Raynor Chuah,
HP Team Manager

were no answer options that captured how they feel.

The prevailing perception seems to be that companies are not willing to listen and it’s no wonder then that the top reason for not giving feedback directly to companies is **“I don’t care”**. Why should they, when companies who want a share of their wallet are oblivious to their feelings. There’s very little or no connection at the emotional level where great customer experience happens.

This perception has led to an unfortunate situation for companies in general – consumers stop caring and take their problems elsewhere, preferring to gossip their sorrows to a broader audience. Such actions clearly hurt a brand and general consumer confidence.

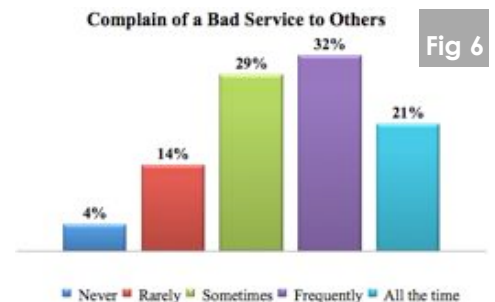
Where do consumers vent?

Not surprisingly, respondents take their anger, frustration and disappointments to their friends, family, colleagues and to anyone willing to listen to them in the online world especially social network sites. Malaysia is one of the most active Facebook users in the world with 66% of its online population having a Facebook account¹. In this study, a whopping 82% [Fig 6] of them have vent their feelings elsewhere



“From a brand owner’s perspective, reading wanton complaints of his brand on the internet is like finding out that his friend has been talking about him behind his back. It’s not a nice feeling.”

Kym Wong
CEO, Raydar Research



in the last month, in contrast to only 1 in 10 who gave feedback directly to the company. From a brand owner's perspective, reading wanton complaints of his brand on the internet is like finding out that his friend has been talking about him behind his back. This is a worrying trend, but herein also lies a golden opportunity - it makes it easy for customer centric organizations to stand out by creating branded experiences that drives loyalty.

What can companies do?

1. Be there. Ask for feedback!

Companies must make the first move. Make it easy and convenient and customers will respond to a channel of communications that goes directly to the right people who will then take action to rectify the problem and improve the condition for the future. 36% refrain from giving feedback because they feel it's too troublesome to do so; 35% says that there are no available avenues to complain and 31% said they were made to wait too long. [Fig 4 below].

Sincerity is key, not only in asking for feedback but more importantly management's commitment to seeing it through that problems are rectified and operations improved. 65% of these respondents do believe that giving feedback directly to the companies will improve service levels. So, be proactive and ask for feedback!



Fig 4

2. Be a good friend. Start caring.

Consumers won't care about you if you don't care about them. Make efforts to build relationships with your customers. There are many ways to show how you care. IKEA stores have security guards who double as nannies to watch over your cart while you go pick up your car. And there are clear signages that tells their customers that. Make it different and make it distinctly yours. Such thoughtfulness

creates branded experiences that builds loyalty and trust.

3. Be a sport! Love and Learn

To borrow a legal phrase, justice must not only be done, it must be seen to be done. Likewise, a complain must be attended to and corrective actions taken so that it does not repeat in the future. When your customers return and see that the problem has been rectified, they feel significant, respected, important and depending on the level of execution, maybe even feel loved.

Complaints in particular is an invaluable feedback that show cracks in your delivery system. Some gaps are hard to foresee and trying to satisfy different segments of your customers with different levels of expectations make it even more complex. Sometimes you are just in-too-deep to see it yourself. While stepping back and take a 30,000 feet view may help, your perspective may still be clouded. Engaging your customers to give you an outside-in perspective will give you new pairs of eyes and ears.



Local and international brands under-deliver on customer service mainly due to lack of commitment from management to put customer service as priority.

A crack also indicates or is a precursor to other problems. If you look deeper, you can see how this gap is connected and weakens your entire delivery ecosystem, which allows you to take preventive measures.

Of course not all feedback are equal. How do you select which to follow and which to keep-in-view? Which brings us to the next point -

4. Be selective. Pain can be pleasure.

Companies have limited resources and effective allocation of them could mean greater alignment of people and delivery system that ultimately results in efficiency and happy customers.

Take the case of Louis Vuitton. Unless you are a celebrity, you

queue outside in the hot sun to enter its boutiques. This "pain" can be so intense that it triggers their minds to rationalize that it is something of value, in this case "exclusivity" which happens to be LV's no. 1 value proposition. LV is not concerned about providing shelter, free coffee or having a sense of urgency for those waiting outside.



This scene is very common in dance clubs and night entertainment centers where a VIP will just stroll pass while you painfully wait in line to pay and get your hand stamped to get in.

Fix up a more structured channel for people to voice their complaints when customer service is unable to help. Companies will have to reconsider their stand on providing quality services or else they will lose more customers.

HP Manager



Industry's View

Datuk Dr. Victor Wee, Chairman of Tourism Malaysia said there is a "need to further improve our service delivery so that we can develop the high yielding and luxury market more aggressively." He thinks that compared to many countries, the quality of service provided by Malaysia's tourism and hospitality industry can be considered to be very good. He further states that customer experience is of "paramount" importance in Tourism Malaysia's agenda. Recording the 9th largest tourists arrivals in the world, he rates the impact of customer experience on Malaysia economy as "Very High".

Pn. Sofia Leong, Chief Executive of the Malaysia Franchise Association, in an industry with an annual turnover of RM10.2 billion agreed and said that the international hotels are better equipped to deliver good customer experience while for other industries, "there is plenty of room for improvement". She believes that "management skills" need to be further developed amongst its members for them to create customer centric organizations.

Conclusion

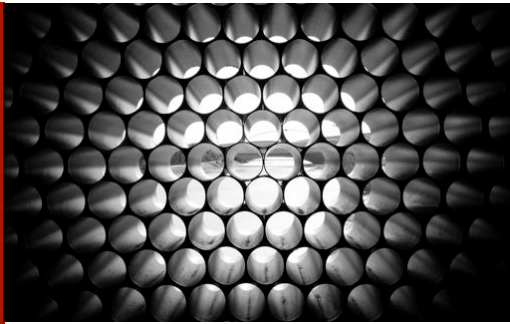
The incidence of lousy customer experience occurs almost twice the incidence of a great customer experience. Such disparity in the incidences does not augur well for Malaysia's competitiveness. Industry captains that were interviewed feel that there's a lot of room to improve and in this journey to improve customer service level, there are 2 realities that Malaysian companies must face.

Reality 1: Complaints and compliments are now public and brands need to participate in those conversations that are taking place. Ignore them at your own risk.

Reality 2: Great customer experience boils down to the attitude of front liners - the shop assistants, beauticians, tellers, call center agents, waiters etc. Companies that are cited as shining examples of good customer experience empower all their employees as agents of customer satisfaction. And here lies the greatest challenge. Respondents of this study have an "I don't care" attitude, which is indicative of the poor relationships brands have with these respondents.

What is the cause for this general lack of care for customers? Is it the lack of commitment of companies towards customer care? Is it the general attitude of employees and service staff? How do you empower employees? What initiatives can the Malaysian government take to improve the situation?

Customer centricity is not a flavour-of-the-month program. It is a strategic journey that takes great commitment and a hands-on approach from management. However, it is important to note that the objective of a customer experience program is not to be excellent across all touch points. Resources are limited and smart allocation of them is key to achieve overall excellence in customer experience.



What is your perception on the customer service standard in Malaysia?

"Malaysia customer service is poor, still long way to go for improvement. Many customer service sector do not allow you to settle matter via online/phone call. Even when you have confirmed by phone call, no action is taken and no follow up."

"Service standards in Malaysia lag somewhat behind compared to other countries."

"Overall, the standards have been improving across the board, but shockingly, the franchise boom has seen a general decline in customer service over the years – examples are locally run establishments of international franchises such as McD and KFC. Initially when they started, customer service was among the top because they adhere to the service blueprints set by the overseas HQ. However over the years as local top level management took over the operations, there's been a gradual and continuous decline in customer service as blueprints were slowly being ignored and there is no enforcement of customer service level."

"I'm a little disappointed in the customer service standard in Malaysia. It is deteriorating in general. They'd also assume that places like Old Town Kopitiam and Pappa Rich will have better service and quality, in which is not true at all. Then, comes even luxurious cafés / restaurants such as Gardens that gives the impression that everything is of high quality but in fact, the food is bad, the serving waiter/waitresses/hosts/hostess is not competent at all."

"Malaysia customer service process is not that friendly. i.e you want to change your telco phone plan or internet plan / or upgrade , you are unable to do so, they require you to walk in to their shop which is time and money consuming. I even experienced that they put me in one counter for 2 hours can't solve my problem and put me to another counter for another 2 hours, end of the day money taken/ charged, after 2 months I received a letter that my bill gone up to the roof due to their system never updated!! In Australia, by a phone call you can do anything you require. Unhappy experience, money all fully refund. "

Customer service - Incidences and Causes

"We ordered a regular size McD meal at 3am at a 24hrs McD store. We were told that the fries were "sold out". However, I spotted a large fries at the preparation counter and said that there's still fries. The reply I got was that they have large fries but no regular (medium) fries. To me, this is unacceptable and bad customer service on 2 points : 1. It is a 24hrs McD outlet, fries is a major part of McD menu, it is unacceptable to run out of fries even if it's 3am – it's not the first day they are running 24hrs, the replenishment and re-stocking has to take into account the 24hrs operation. 2. The fact that there is still fries but the McD crew was unwilling to transfer the large fries to a medium size serving and saying that they are out of stock when they clearly aren't is just plain bad service."

SOP vs. Flexibility. Service staff not empowered.

"The customer service standard in Malaysia is on par with most South East Asian countries, but sadly lacking if compared to western countries. ... surprisingly, we have MNCs / large franchises here that originate from western countries, but have over time been absorbed by local top level management that sees a big decline in customer service levels. The few that immediately comes to mind are Mcd, Pepsico (KFC and Pizza Hut), Jusco."

Mindset of (local) management

"Compared the places that I've been, it's (customer service quality) a big difference. Even though, there are some languages barrier in foreign countries, but the attitude and customer service aptitude are of a different level. Overseas, whether in the market, stall/stand, convenient shops, cafés, restaurants, the treatment is rather equal (consistent so to say) and it is good. I'm pretty satisfied wherever I go. A good example would be in Singapore – Taxi drivers are friendly, convenient shop owners/managers are attentive, hotel personnel are well-taught of manners when serving a customer. Compared that to Malaysia, I could only get friendly taxi drivers when I'm paying a lot more than normal or when the driver is a contact of a friend of mine."

Attitude of customer service staff

"A small cockroach came out of a bowl of coleslaw and ran around the table, we captured the cockroach and signaled to the waiter about the problem. The chef personally came out from the kitchen to apologise, replaced the coleslaw, and the bill was on the house as a token of apology. This happened at TGI Friday's KL Live Center outlet **many years ago.**"

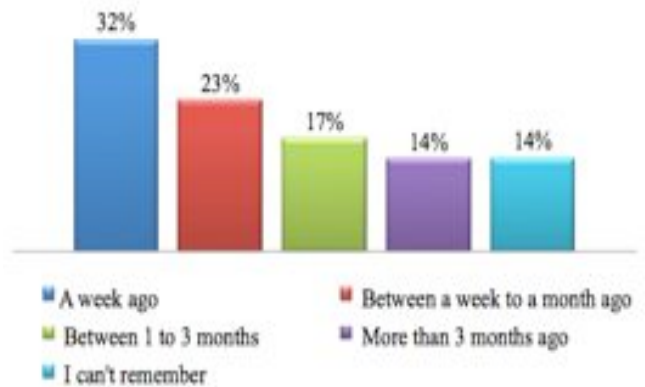
Consumers remember how you make them feel.

APPENDIX – CHARTS (ENLARGED)

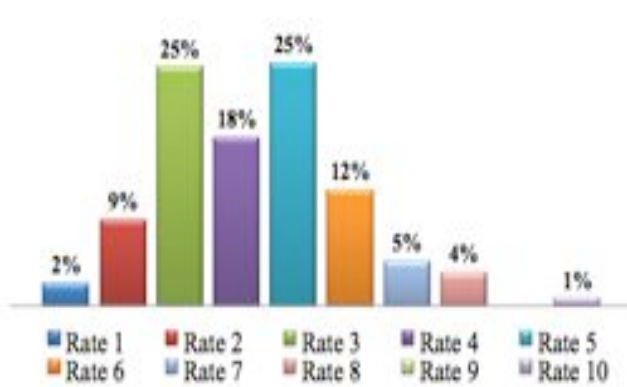
Great Customer Service Experience



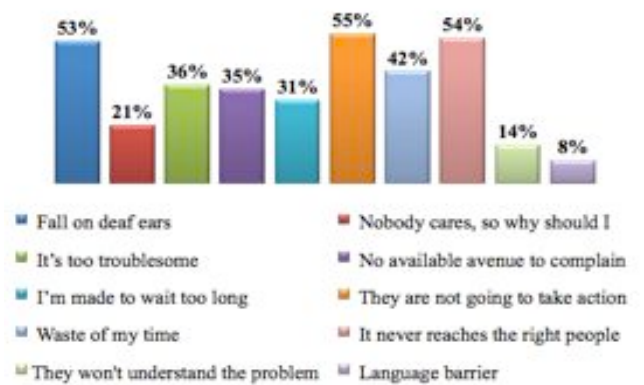
Lousy Customer Service Experience



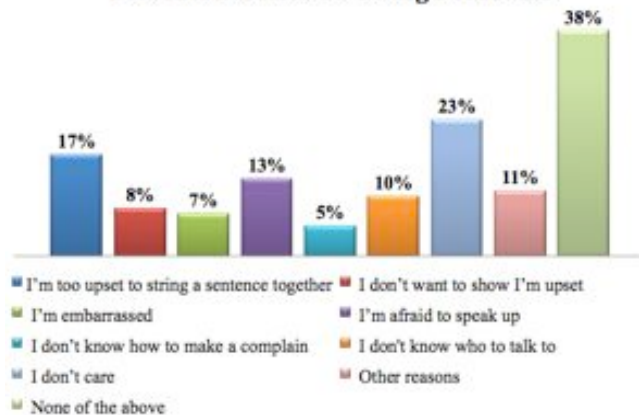
Customer Service Rating



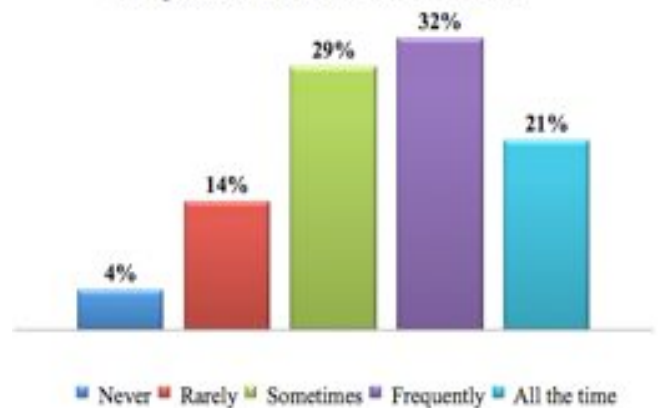
Barriers to Giving Feedback



Personal Barriers To Giving Feedbacks



Complain of a Bad Service to Others



About Raydar Research

Capture "in-the-moment" experience of your customers, 24/7

People's behaviour when dealing with brands can be unpredictable. Largely driven by emotions, people don't usually do what they tell you they would. In the moment of truth, they are driven by emotions and flashbacks of past experiences. So getting your customers to tell you they feel about you at the moment of truth - when they are interacting with you, is the best predictors of their future behaviours.

Raydar helps you capture those emotions by opening up a channel for your customers to tell you what they really feel when dealing with you. These insights are then streamed to you for continuous process and employee improvements that results in building customer relationships that enhances loyalty.

1. Capture customer experience and measure service level performance
2. Audit compliance to internal operational excellence from the customers eyes
3. Assess employees' understanding and retention of information from training programs and new product information
4. Open a 24/7 channel of communication for your customers to directly communicate with you



Disclaimer

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Feedback

Send your comments about this report to info@raydarresearch.com

Endnotes

1. Source: www.socialbakers.com