Putting Customers' Needs At The Heart Of Financial Services Business

Contributed by ORC International
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Customer impact logoBetween September and December 2009, over 20,000 interviews were conducted with customers from the UKâ€™s leading life, pensions, protection and investments providers as part of the annual ABI Customer Impact Survey.

The survey is a key part of the Customer Impact Scheme which is designed to be complementary to the FSAâ€™s Treating Customers Fairly (TCF) initiative and the FSAâ€™s wider move to more principles-based regulation.

ORC International has been the sole research agency responsible for data collection and reporting of results for the past three years.

Before reviewing this yearâ€™s Customer Impact results, it is useful to first set the context. Since last yearâ€™s survey we have seen a recovery in several key indicators, including the Consumer Confidence Index from Nationwide and the FTSE 100, with both having hit a low point in the first half of 2009.

Although fieldwork for this yearâ€™s survey took place in the second half of the year, most customers will have been asked to comment about their experiences during the lowest point in the first half.

Analysis on the overall survey data consistently shows that customersâ€™ views on the product or policy itself â€“ especially managing expectations in relation to potential return on investment â€“ flavour other areas of satisfaction: service and communication scores among those who do not feel that the policy has met expectations are therefore likely to be muted.

This differs amongst protection policyholders where return on investment does not apply; instead the flexibility of the product and the ease of understanding its features and benefits are more important.

Not surprisingly, the impact of the product has the strongest influence on customer sentiment among payment customers (customers whose product has been surrendered, redeemed or matured for example).

Tellingly, scores amongst these customers are hardest hit in this yearâ€™s survey with most ratings having declined on last year.

With fund performance difficult to influence, the challenge for providers would appear to centre more on how they communicate to their customers, during both bull and bear markets.

In contrast, the picture is typically more positive for customers who have recently taken out a product with their provider.

Among these recent purchasers, the service they receive plays a far more prominent role in influencing positive overall sentiment than that of the product itself (arguably because it is too soon for the customer to draw conclusions about the policy).

Ratings for customer service received from the provider have remained unchanged overall.

When we look at those who have telephoned the companyâ€™s service centre in the previous six months (16% of the customers interviewed), the experience has actually improved for the second consecutive year with greater positivity around staff having the appropriate knowledge to deal with customersâ€™ issues and making them feel valued.

Given the market conditions, and the importance of the product in driving overall satisfaction, it is perhaps unsurprising that the two following areas stand out in this yearâ€™s survey:

1. Where comparisons can be made with last year, over 60% of participating companies saw positive scores amongst their customers decline for â€œmanaging expectations in relation to potential return on investmentâ€•. Overall industry scores have seen a notable negative shift this year with almost 40% of customers returning a â€œfairâ€• or â€œpoorâ€• rating.

- The product is also the main catalyst for customers complaining to their provider, although slightly fewer actually did so this year (at just over 2% of the customers interviewed).

2. Customers from almost 80% of companies were less likely to agree that the industry has an excellent overall reputation. Importantly, scores had migrated into neutral territory (as opposed to being explicitly negative).

For further information on the Customer Impact Survey, or to download a copy of the latest results, visit the Customer Impact website.

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