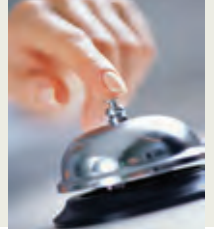


# Greater expectations: Keeping pace with customer service demands in Asia Pacific

A report from the Economist Intelligence Unit

Commissioned by





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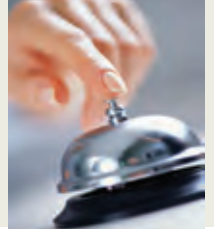
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## Preface

*Greater expectations: Keeping pace with customer service demands in Asia Pacific*, is an Economist Intelligence Unit briefing paper, commissioned by DHL. The Economist Intelligence Unit bears sole responsibility for this report. The Economist Intelligence Unit's editorial team gathered data, conducted interviews, executed the online survey and wrote the report. The findings and views expressed in this report do not necessarily reflect the views of the sponsors.

Sudhir Vadaketh wrote the report, and David Line and Laurel West edited it. Takato Mori and Amie Nagano provided additional research. Gaddi Tam was responsible for design.

We would like to thank all interviewees and survey respondents for their time and insights. Some interviews were conducted off the record.



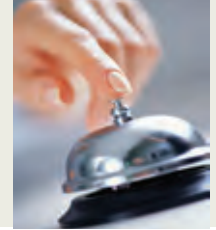
## Executive summary

As Western economies struggle with the after-effects of the global financial crisis, competition for Asia's growing consumer markets is intensifying. At the same time, expectations of customer service are rising across the region as consumers grow richer, are better informed and travel more. To stand out from the competition and build a loyal clientele, companies will need to improve their service. Are they up to the challenge? Do they understand what consumers value in terms of service?

Identifying the gaps between what companies believe consumers want and what consumers say is the aim of *Greater expectations: Keeping pace with customer service demands in Asia Pacific*. The report is based on two surveys conducted in 10 markets across Asia: one of over 300 senior executives and one of over 700 consumers. The key findings of the research include:

- **There is room for customer service to become a key source of competitive advantage in Asia.** A gap has opened between customer service expectations and the levels of service that firms are providing. Asked to rate the level of service across nine industries, few of the consumers surveyed were delighted—most were ambivalent. Even in Japan's highly-regarded consumer electronics industry, 30% of respondents do not think service is good. This presents an opportunity for companies to differentiate themselves through excellent customer service.
- **Companies in Asia are not putting enough emphasis on customer service.** More than half of companies surveyed invest in customer service only after development of their core product. Furthermore, a third of them say they invest in customer service only when they see a real need. This suggests that many companies are not placing customer services at the centre of their corporate strategies. However, 76% of consumers say that customer service should always be a company's top priority. This indicates that many firms in Asia may have much to gain by raising the priority of customer service initiatives.
- **Price is no longer the only factor in purchasing decisions.** In parts of Asia, companies are still focussed on price, but many consumers are willing to pay for better service. For instance, half of the Indonesian firms surveyed feel that their customers are concerned only about price, not service. However, less than one-quarter of the Indonesian consumers surveyed agree. This suggests that firms that start competing on service will be more successful.
- **Rising expectations are driven by information and competition, not income, suggesting that expectations even in lower-income countries will rise quickly.** Conventional theory suggests that as people get richer, they start to want better customer service and are more able and willing to pay for it. However, only 29% of the executives surveyed think that incomes are behind rising expectations for service. Instead, 72% say the shift is due to consumers having more information.<sup>1</sup> Nearly 70% of corporate executives say increased competition is the major driver of change. Some 52% point to increased online connectivity. This suggests that in order to provide the best service, companies need to carefully monitor consumer awareness—not just income levels.

<sup>1</sup> Higher incomes do, of course, often contribute to some of the other factors, like having more information and increased online connectivity. However, the correlation may not always be strong.



- **Service, like products, should be tailored to individual markets.** Consumers in different parts of Asia have quite different service expectations. For instance, before buying a product, Thai consumers value courteous, informed staff much more highly than do Malaysian or South Korean consumers. Meanwhile, Australian consumers are much more likely than Indonesian consumers to reject a company because it uses foreign call centre staff. However, only about half of the companies surveyed make the effort to differentiate their service to suit local customer profiles in different markets. A further 23% of firms differentiate to a lesser degree by giving higher priority to customer service in their bigger markets and lower priority in their smaller markets. But about a quarter of the companies surveyed make no distinction at all, providing the same level of customer service in every market and favouring a one-size-fits-all strategy.
- **Call centre service is fine...if done well.** Despite popular complaints about the inadequacies of call centre service—maddening voicemail systems, lengthy waits to speak to a human being, or being served by an individual with an impenetrable foreign accent—the majority of Asian consumers surveyed have no fundamental objection to call centres, provided they are easy to use and provide quick results. However, the use of call centres may not do much to enhance customer satisfaction. Less than one-third of companies surveyed say that call centres have had a big impact on customer satisfaction. Furthermore, satisfaction differs between markets. For instance, 57% of Australian respondents say they are likely to switch brands if the after-sales call centre staff are not local. But just 3% of Indonesians profess discomfort with call centre service.
- **The emphasis on online communication may be misplaced.** One-third of corporate survey respondents plan to invest in a better online presence. However, few regard it as very important to their customers, and indeed, only a minority of consumers say they value it. Although establishing an online presence may be important for other purposes, the survey indicates that it may not do much for customer service satisfaction. Companies may be better off investing in other initiatives that have an impact, such as hiring more staff.
- **Foreign firms can compete.** When asked if Asian or Western companies provide higher standards of customer service, consumers in Asia are divided, with 26% choosing Asian, 28% choosing Western, and 46% undecided. In addition, only 22% of consumers think foreign companies cannot deliver customer service to the same level as local ones. This suggests that non-Asian companies venturing into the region generally have been able to adapt and satisfy local demands.
- **China has Asia's least satisfied—and least forgiving—consumers.** Despite significant improvement over the past five years, the Chinese consumers surveyed—mostly middle class and in the largest cities—give customer service in their country the worst ratings of any in Asia. This could be due to the rapidly rising expectations of ever-richer, ever-more demanding Chinese consumers. If they receive poor customer service from a company whose product they have bought, 63% of Chinese respondents say they will immediately switch brands—compared with less than a quarter that will do the same in India. Companies doing business in China will have to raise their customer service levels in order to satisfy such demanding consumers.



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- **Japanese consumers are entering a new age of thrift.** With service levels in the country already relatively high, Japanese consumers now appear willing to accept lower levels of service for cheaper prices. For instance, Japanese companies, in general, believe that their consumers are willing to pay more for good service. However, only 26% of Japanese consumers say they would do so. As the rest of Asia grows rapidly, and its consumers become more willing to shell out money for good service, the average Japanese consumer is entering a new age of thrift.

### About the surveys

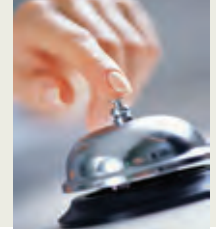
#### Consumer survey

The Economist Intelligence Unit conducted a survey of 764 consumers, with at least 70 each from 10 countries: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, and Thailand. Some 48% were aged 30-35, with the rest aged 36-50. They are largely middle-class and residing in urban areas.

#### Corporate survey

The corporate portion of the research involved surveying 313 executives familiar with their company's customer service strategy, with at least 30 each from the same countries as the consumer research. Some 54% of respondents were at the manager level, with the rest senior executives, professionals and entrepreneurs. 22% of respondents were from the manufacturing sector; 19% from IT/Telecoms; 19% from professional services; 19% from retail; and the rest from travel & transport, hospitality, finance, and others.

Survey totals may not add to 100% due to rounding, or because respondents could pick multiple answers.



#### Key points

- Customer service excellence has a long tradition in Asia, but consumer expectations and corporate standards are evolving rapidly

## Introduction

For any business, no matter its size or sector, customer service is crucial. Customer service is broadly defined as any service provided to a customer before, during, or after a purchase. So a clear, well-written menu on a chalkboard in a village restaurant is an example of good customer service. So is a computer serviceman who is at your doorstep within hours of receiving a request for help. Customer service excellence has a long tradition in many parts of Asia. Traders who plied the Silk Road for centuries offered fabulous door-to-door service and product diversity to their wealthy patrons. In India, *chaiwallas*, literally tea men, have sold hot tea on little carts for years, providing a convenient service to millions of workers every day.

Asia's economies have changed dramatically in the years since these traditions began. Spectacular economic growth in recent decades has lifted millions of Asians out of poverty. Huge middle classes are now developing across the region. As these people become richer, their increased consumption will help drive domestic demand in Asia—and global economic growth. According to the Asian Development Bank (ADB), Asia today accounts for 28% of the global middle class but only 23% of global middle-class spending. (North America, by contrast, accounts for 26% of global middle-class spending but has only 18% of the world's middle classes.) The ADB expects Asia's consumers to increase their spending from US\$4.3trn in 2008 to US\$32trn annually by 2030, equal to some 43% of global consumer spending.<sup>2</sup> Such consumption will contribute to the nascent shift in economic power from the West to the East.

However, the consumption habits of Asian consumers are markedly different from those of Western consumers. For instance, although China is already the world's largest market for several consumer goods, including mobile phones, TVs and cars, people rarely buy on credit. Furthermore, Asia's historically low per-capita incomes and resource limitations have spawned new business models and product offerings, including sachet marketing (the packaging and selling of small quantities of a product to lower-income consumers) and frugal engineering using minimal resources (exemplified by the Tata Nano, a car developed in India that sells for as little as Rs100,000 or US\$2,200.)

<sup>2</sup> "The Rise of Asia's Middle Class", *Key Indicators for Asia and the Pacific 2010*, Asian Development Bank.



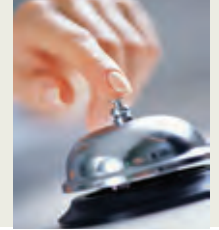
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In this new, dynamic consumer environment, how is customer service evolving? To be sure, there are many examples of high service levels across the region. Singapore Airlines' staff are renowned for their hospitality. Thailand's friendly approach to tourists draws people to the country from all over the world. Japan's restaurant service is a big reason the Michelin Guide, a food reviewer, awarded Tokyo more stars than any other city last year.

On the other hand, there are many instances of poor customer service around Asia. For instance, in 2009, Carrefour was fined by Taiwan for false advertising in a consumer voucher promotion campaign. Meanwhile, many of Asia's street restaurants fail to provide adequate bathroom facilities to customers. Toyota, meanwhile, is generally perceived to have not moved quickly enough with product recalls after discovering mechanical flaws in some of its cars in 2009.

As Asian and foreign companies devote more of their attention and resources to the region, they need to understand the levels of service demanded by consumers in Asia. What most influences the purchasing decisions of Asian consumers? Does price always trump quality of service? Furthermore, are Asian consumers happy with current levels of customer service—or is there a gap in the market for companies prepared to invest in raising standards? As economies in the region develop, which countries have seen the biggest improvements in customer service levels, and what does this mean for companies looking to penetrate these markets? Do companies understand what Asia's consumers really want?

To examine these issues, the Economist Intelligence Unit surveyed 764 consumers and 313 corporations in ten different countries across the Asia-Pacific region: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea and Thailand. The two survey samples represent either end of the B-to-C service relationship: companies and consumers. By comparing the two, this report assesses in Part 1 how B-to-C customer service levels are evolving in Asia, and in Part 2 whether companies are sufficiently aware of this evolution and how they are responding to it.



#### Key points

- Rising customer service expectations are driven by information and competition, not necessarily income, suggesting that expectations even in lower-income countries will rise quickly.
- Price is no longer the only factor in purchasing decisions. In parts of Asia, companies are still focussed on price, but many consumers are willing to pay for better service.
- There is room for customer service to become a key source of competitive advantage in Asia. A gap has opened between customer service expectations and the levels of service that firms are providing.

## Part 1: Measuring customer service levels in Asia

### Growing expectations

What a difference five years makes. In 2005, China was still regarded by many in the West as nothing more than the world's workshop, a faraway producer of low-cost goods. India, meanwhile, was still an unfamiliar, emerging market—many MNCs ran their India operations out of places like Hong Kong or Singapore. Vietnam had yet to join the World Trade Organisation (WTO). Politically, Asia looked quite different—China's president, Hu Jintao, had only just declared the need for a "harmonious society"; Indonesia's president, Susilo Bambang Yudhoyono, had just begun his first term; and John Howard was still leading Australia.

Over the past five years, Asia has developed rapidly, and its consumer markets have also evolved. First, people are much richer. For instance, China's per-capita GDP rose from US\$1,761 in 2005 to US\$3,678 in 2009. Second, Asia's citizens enjoy much better mobile and online connectivity. For example, mobile penetration in India jumped from 6.9% in 2005 to 45% in 2009. Third, Asians are much more widely travelled and exposed to the outside world. Indonesians, for example, went on almost 12m trips abroad in 2009, up from just 7.2m in 2005.

Partly as a result of these changes, the wants and needs of Asian consumers have changed dramatically. Some 92% of executives in Asia believe customer expectations of service quality have risen in the past five years. "We see it in restaurants, hotels, in all our businesses," says a senior executive from a large Asian conglomerate, "customers in Asia today demand better service."

Why have Asian consumers become more demanding? Conventional theory suggests that as people get richer, they start to want better customer service and are more able and willing to pay for it. However, higher incomes are not perceived as the main driver of rising expectations in Asia. Only 29% of corporate respondents think so. Instead, 72% of executives say the shift is due to consumers having more information.<sup>3</sup> Some 52% point to increased online connectivity—consumers expect constant access

<sup>3</sup> Higher incomes do, of course, often contribute to some of the other factors, like having more information and increased online connectivity. However, the correlation may not always be strong.



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to certain goods and services and immediate responses from companies that sell them. Nearly 70% of corporate executives say increased competition is behind rising expectations.

UOB, one of Singapore's biggest banks, is a case in point. According to Janice Ang, head of UOB's customer advocacy & service quality division, with growing local and foreign competition it was becoming harder to differentiate itself merely through product development. The bank realised that quality customer service could give it a competitive edge. "Competitors can copy your products, but they can't easily copy your customer service culture," she says.

In addition, UOB's customers now are much savvier than in the past, largely owing to the internet. Ten years ago, customers would enter a branch and have a lot of basic queries for UOB's service staff. Today, they arrive equipped with detailed product information and are seeking much deeper engagement from the bank. "We need to train our staff to be able to handle these complex queries," says Ms Ang.

Rising consumer expectations, therefore, are driven more by greater awareness, online connectivity and increased competition than by higher incomes. This has serious implications for companies that adapt their customer service investments and strategies for different markets. The conventional view might be that richer markets require better customer service while poorer markets can get by with lower standards. For instance, a South-east Asian automotive distributor interviewed for this report considers it appropriate to provide much more personalised, after-sales service in mature markets such as Singapore. "In emerging markets such as Vietnam, the focus is on selling the car, and providing basic after-sales service," says a senior executive from the company. "Eventually it will catch up."

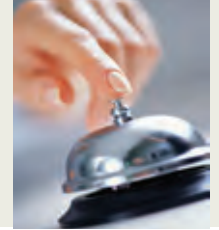
While higher incomes may well lead to greater expectations, the survey findings suggest that companies ought to monitor and place more emphasis on other variables, like consumer awareness and Internet penetration, when deciding on their individual country customer service strategy.

### What do consumers want?

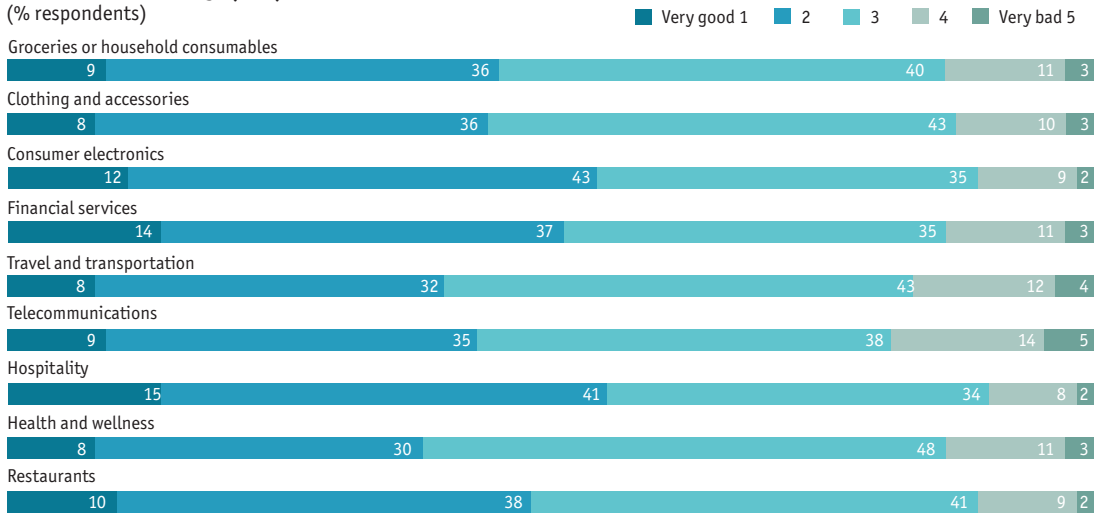
Different industries use different metrics to gauge customer service levels. For instance, an auto repair shop might track turnover time, the average time needed to repair a fault. An online merchant could monitor time taken from order to delivery. A low-cost appliance manufacturer might want to assess the percentage of damaged or faulty goods returned. Other measurements include number of customer complaints, average waiting time, and quality of call-centre service.

The difficulty with many of these measurements is that they are often internally formulated and inward looking. They are useful when analysing business performance, but rarely reveal enough about what customers really think. Even customer feedback forms tend to suffer from self-selection bias, as they are typically submitted either by the overjoyed or the offended.

The best way, in fact, to find out what customers really think is to ask them. The survey for this research asked 764 consumers across 10 countries in Asia to rate the overall level of customer service in their own countries for different goods and services (see Figure 1). At a regional level, the three best performing industries are consumer electronics, financial services and hospitality (including hotels, theme parks and nightclubs). These are the only ones where more than 50% of consumers rated service levels good or better. For the other six sectors—groceries or household consumables, clothing & accessories, travel &



**Figure 1**  
Customer service ratings (Asia)  
(% respondents)

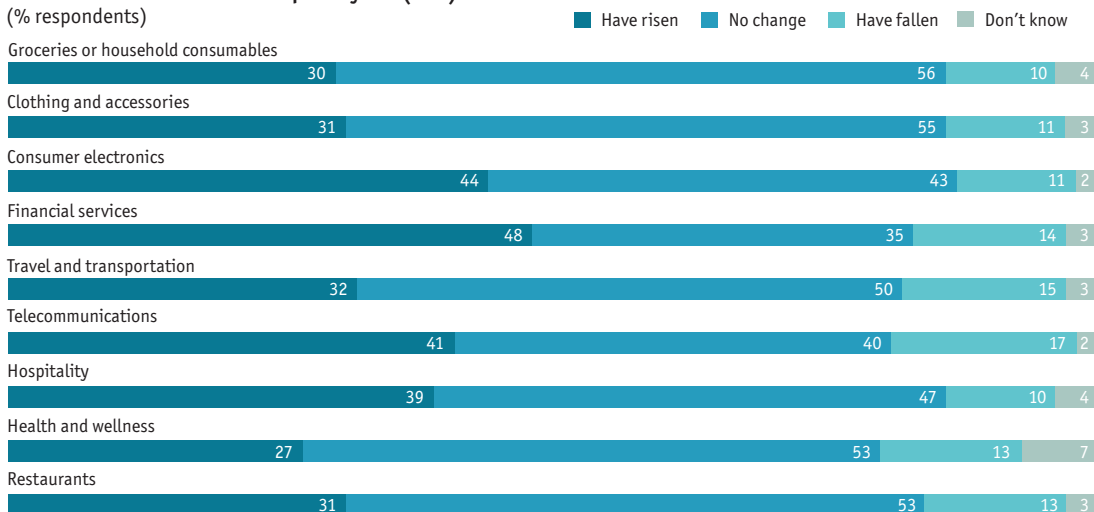


transportation, telecommunications, health and wellness, and restaurants—less than half of consumers surveyed think service levels are good.

That does not imply that service levels in these industries are necessarily bad: only a minority of consumers rated service levels as bad or very bad in each case (with telecommunications providers getting the worst ratings). However, a large chunk of respondents are clearly ambivalent about the quality of service across a large range of industries.

When asked how customer service levels have changed over the past five years, the majority of respondents say levels have stayed the same or risen (see Figure 2). Some industries fare better than others. For instance, 48% of respondents feel service levels in financial services have improved, compared with just 27% in health and wellness.

**Figure 2**  
Customer service levels over the past 5 years (Asia)  
(% respondents)





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Based on the above, levels of customer service in the region seem to be failing to match rising expectations from Asia's consumers as they grow ever wealthier. That doesn't seem to have impeded growth for companies in Asia so far. But it may well do so in future as savvy managers recognise the opportunity to move ahead of their competitors by distinguishing their products and services with superior service levels. This will be particularly true for companies aiming to position their products as premium goods: nearly 70% of consumers surveyed believe that the higher the value of the purchase, the better the customer service should be.

To be fair, it should come as no surprise that service levels are out of sync with expectations—Asia's phenomenal rise has caught much of the world off guard. For instance, before 2007, many analysts expected China's automotive market to overtake the US and become the world's largest by 2020. Instead, it passed that mark in 2009. Similarly, corporations have probably never witnessed such a dramatic change in their customers' profiles. One day they're serving factory workers in low-cost manufacturing plants, the next they're serving consumers who are wealthy, well-informed and well-travelled.

IKEA's experience in Japan 30 years ago—when consumer wealth and tastes were evolving rapidly—is informative. It first entered the market in 1974 but was unable to compete due to, amongst other things, an ineffective supply chain and a poor understanding of Japanese customers, who were not quite ready for IKEA's brand of do-it-yourself (DIY) furniture.<sup>4</sup> In 1986 IKEA exited the market.

The company re-entered the market in 2006, this time more aware of customer service standards and expectations. Even so, after opening five stores, IKEA realised that Japanese service expectations were "much higher" than it expected, according to Yoko Kitano, customer relations manager for IKEA in Japan. It now offers home delivery and product assembly services, as well as a pickup service, whereby an IKEA employee picks out the customer's desired products from around the store. It charges a small fee for each of these services. In addition, IKEA provides a free trade-in service, which helps customers dispose of their old furniture in place of new IKEA pieces. These services have proved popular, and have contributed to strong sales growth, says Ms Kitano.

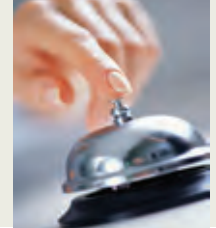
All of which raises important questions. In the same way that IKEA misjudged Japanese customers in 1974, are today's companies misjudging the customer service expectations of Chinese, Indian and other Asian consumers?

## Asia versus the West

Do foreign companies hoping to tap the growth in Asia's markets stand at a disadvantage versus the local competition? One can make an argument either way. Local firms, understanding local cultures and the nuances of customer interaction, may be able to offer better, more personalised service. Think of the *Tiffin Wallahs* in Mumbai, who transport hot food in metal lunch boxes every day from their clients' homes to their offices and back.

On the other hand, many Western firms can draw on decades of customer service experience and technological know-how. This allows them to calibrate their customer service offering to suit their customers. Consider the evolution of Zappos.com, an American online shoe retailer. Set up in 1999, it has rapidly grown to become the largest online shoe store in the world thanks to internet buzz from

<sup>4</sup> "IKEA assembled for another go at Japan", *The Standard*, April 8th 2006



customers who appreciate the retailer's ability to build a highly personalised shopping experience.

When asked if Asian or Western companies provide higher standards of customer service, consumers in Asia are divided, with 26% choosing Asian, 28% choosing Western, and 46% undecided. In addition, only 22% of consumers think foreign companies cannot deliver customer service to the same level as local ones. This suggests that non-Asian companies venturing into the region have generally been able to adapt and satisfy local demands.

The exceptions are Australia and Japan. Only 10% of Australian respondents think that foreign companies can deliver customer service as well as local ones. In Japan, consumers believe that Asian companies are comparable to Western ones, but that Japanese firms are best of all. This suggests that foreign companies have not been able to satisfy the service demands of Australian and Japanese consumers.

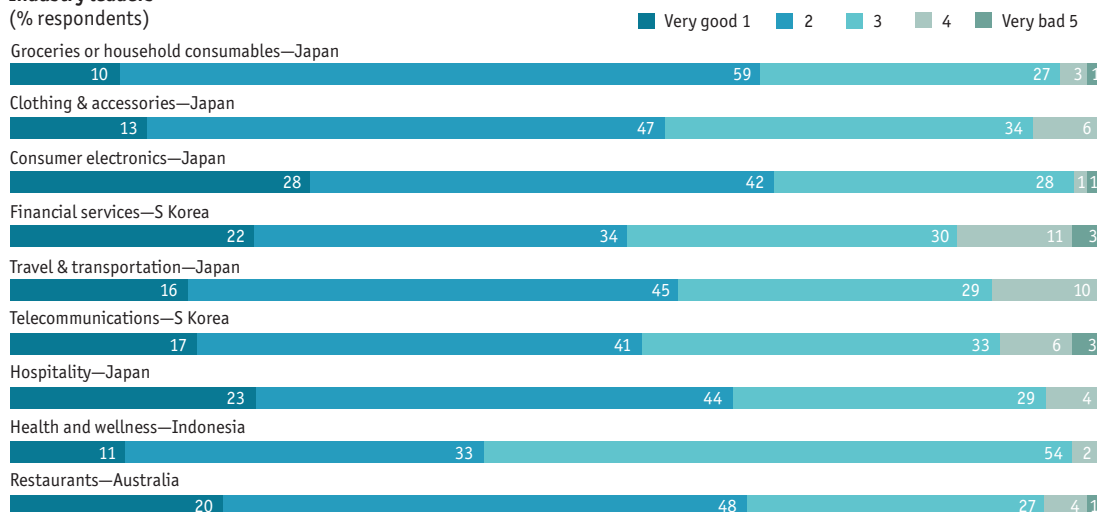
## Industry standard bearers

In most markets, however, the provenance of a company seems to have little bearing on its ability to serve customers. Indeed, as with many other business practices, industry-leading standards of customer service often develop in particular countries before being exported or copied elsewhere.

Given its tradition of service excellence, it is unsurprising that Japan sets the benchmark for customer service in Asia. The highest level of customer service satisfaction in Asia is in the Japanese consumer electronics industry.<sup>6</sup> Some 42% of Japanese respondents say service is good in this sector; 28% say service is very good. This reflects the long, illustrious history of one of the world's most prominent sectors. Companies like Casio, Epson, Fujitsu, Sony, Toshiba and Yamaha have become household names all over the world, synonymous with quality and stellar customer service. Japan also leads Asia in customer service ratings in four other product categories—groceries, clothing, travel and hospitality (see Figure 3).

<sup>6</sup> These customer service rankings compare how respondents in each country rank service in their own country. So, for example, the Japanese consumer electronics industry is rated only by Japanese respondents. This is then compared to how respondents in other countries rank their own industries.

**Figure 3**  
**Industry leaders**  
(% respondents)





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This trend is likely to continue, driven by new companies like Zoff, a Japanese spectacle maker. Since its inception in 2001, Zoff has changed the eyeglass retail business in Japan, transforming the image of spectacles from stodgy, expensive optical devices into desirable, affordable fashion items. At the heart of their business strategy is excellent customer service. According to Zoff's president, Takeshi Ueno, every customer entering a Zoff store can expect personal, one-to-one attention. A customer can choose a pair of glasses and have them ready to wear with the right lenses in as little as 30 minutes.

Earlier this year, Zoff opened its first overseas store in Shanghai. It is hoping to attain the same customer service standards. "If you are successful in Japan, and you are able to implement the business model abroad exactly in the way it is practised in Japan, then you have a good chance to succeed. Japanese hospitality is embedded in our way of doing businesses, and it can give a strong competitive edge abroad," says Mr Ueno.

In South Korea, among Japan's main economic rivals, customer service in the financial services and telecommunications sectors are rated most highly by local consumers. Among other things, South Korea's banks have invested heavily in technology to improve security and customer relationship management. For example, when Shinhan Bank acquired Choheung Bank in 2006, it completely overhauled both IT systems and integrated them onto a common platform. This improved customer service as clients were then able to access all banking functions and financial transactions through any channel, including internet and phone banking.

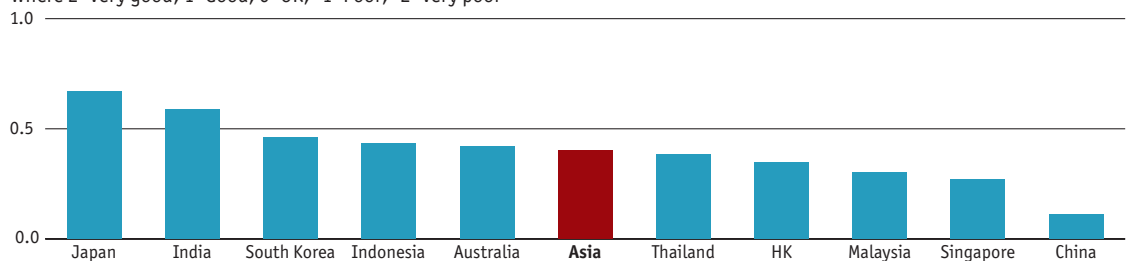
Though Japanese restaurant customer service is also good, Australia is the regional leader. According to survey respondents, the key factor in Australian restaurant service is the presence of courteous, informed staff, who presumably are able to offer informative food recommendations, while also providing for a pleasant dining experience.

Finally, in the health and wellness product category, Indonesia tops the Asian regional ranking. Courteous, informed staff and convenience are two factors that are important to consumers there. The natural warmth of the Indonesian people, coupled with the country's long tradition of excellent treatments like the Balinese massage, probably help contribute to its positive reviews.

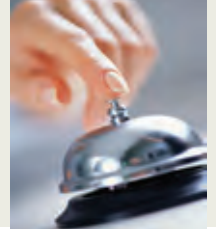
## The good, the bad and the ugly

According to survey respondents, customers in Japan and India are the most satisfied with service

**Figure 4**  
**Average customer service ratings**  
Where 2=Very good; 1=Good; 0=OK; -1=Poor; -2=Very poor



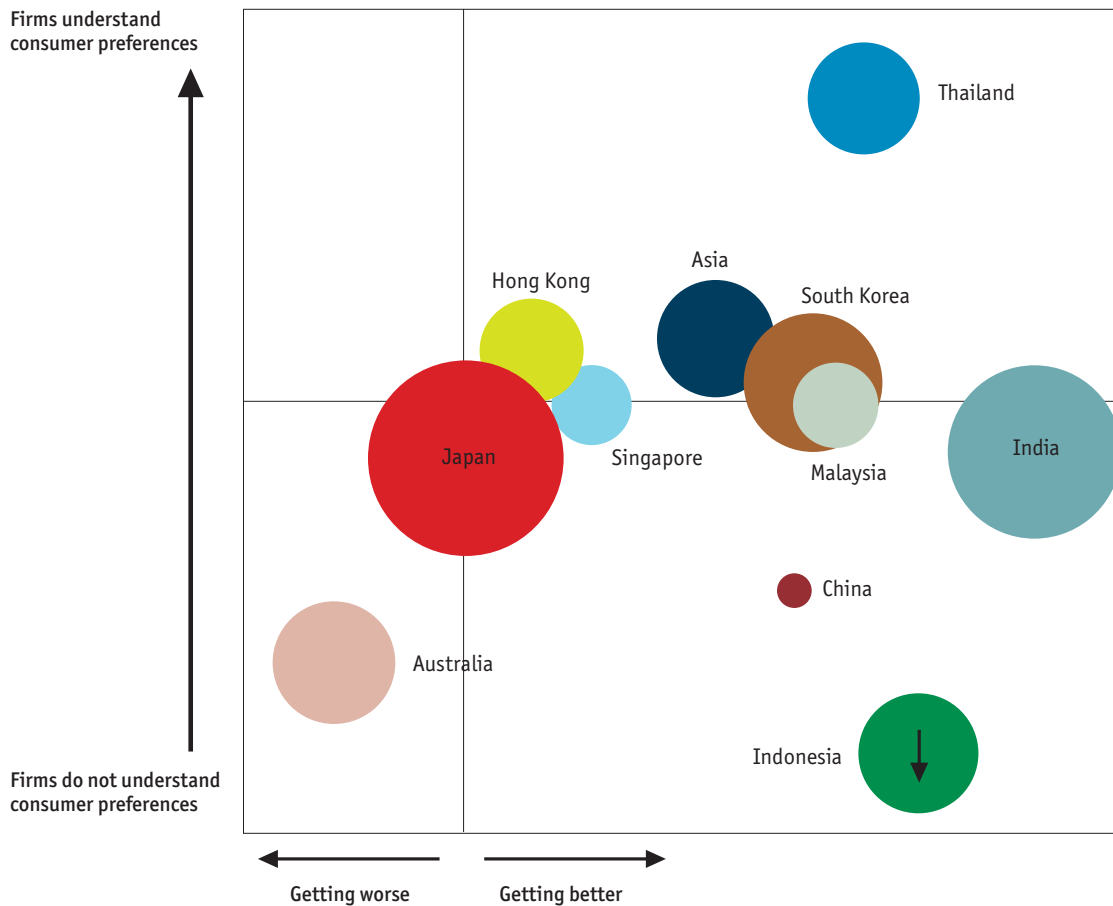
Notes: 1. The survey asked consumers to rate customer service levels in their own countries for nine different product categories: Groceries or household consumables, Clothing & accessories, Consumer electronics, Financial services, Travel & transportation, Telecommunications, Hospitality, Health and wellness, and Restaurants.  
2. The chart shows a composite of those scores.



levels in their countries. However, that does not mean that service there is great. As shown in Figure 4, consumers in Japan and India feel that overall service levels in their countries are somewhere between being 'OK' and 'Good'. That is not a glowing endorsement.

However, absolute levels tell only part of the story. The survey asked consumers in each country whether customer service levels had risen, stagnated or deteriorated in their own countries over the past five years. In addition, the two surveys asked both consumers and companies in each country what they felt about consumer price/service expectations. One question asked whether consumers were willing to pay more for good service. The other asked whether consumers were prepared to put up with poor service if they were getting a bargain. Comparing consumer and producer perceptions of these two issues measures how well—or not—companies understand the consumers in their country.

**Figure 5**  
**Customer service standards**



- Notes: 1. The size of each bubble depicts how good customer service is, according to consumers in each country  
 2. The horizontal axis measures whether customer service levels have been getting better or worse in the past five years, according to consumers in each country.  
 3. The vertical axis measures how well firms understand consumer price/service expectations. Corporate respondents were asked about the price/service expectations of their customers in Asia. The findings were compared to what consumers surveyed actually say. For example, Thai firms have a very good understanding of whether their consumers are willing to pay more for good service.  
 4. Indonesia's bubble should be far lower down on chart. It has been raised vertically to allow for easy comparison of the other two metrics. In truth, there is a much bigger gulf between what Indonesian firms think and what consumers actually want in Indonesia.



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Figure 5 compares 10 Asian countries on these three metrics—customer service levels, the change in service over the past five years, and the difference between consumers and companies in terms of price-service expectations. Analysis of the three issues examined in Figure 5 suggests the following:

- **India leads China**

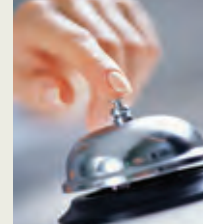
Relative to other respondents, consumers in India believe that customer service levels have risen more over the past five years. Only Japanese consumers are more satisfied with the service they receive. Among other things, fierce competition for customers has led to the rise. Take India's telecommunications sector, where companies have come up with ingenious customer service innovations in their bid to grab a bigger slice of the booming mobile market. For instance, most mobile companies now also offer customer care and support in many Indian languages, compared with the old days, when support was typically available in only a couple of languages.

China, however, is still lagging well behind. Despite some improvement over the past five years, China's consumers rate the customer service they receive relatively lower than respondents from elsewhere. This could be due to the rapidly rising expectations of the ever-richer, ever-more demanding Chinese consumers. Whereas in the past, they might have put up with lower levels of service, Chinese consumers today are faced with a plethora of choices and they are becoming more discerning. They appear to have moved well beyond basic concerns over product functionality, and now seek further utility from their goods and services. One aspect of this is better customer service.

Several reasons may explain why India's consumers rate service in their country more highly than Chinese consumers rate service in theirs. First, it is possible that customer service expectations have grown exponentially faster in China than India. Though often lumped together as Asia's giants, China has grown much faster in the past two decades. As recently as 1991, both countries had similar per capita GDP levels. Today, Chinese per capita income is three times as much as India's. With unprecedented wealth creation in the country, Chinese attitudes, beliefs, and expectations have changed immeasurably. In keeping with their country's growing international stature, China's consumers may already believe that they are entitled to the very highest levels of customer service. Hence, even though customer service standards have improved over the past five years, China's consumers are still relatively dissatisfied with them.

The survey bears testament to these exacting Chinese standards. Chinese consumers appear unwilling to give firms a second chance. If they receive poor customer service from a company whose product they have bought, 63% of respondents say they will immediately switch brands—compared with less than a quarter in India. Having enough choices, Chinese consumers can simply walk away. The majority of India's respondents, on the other hand, will continue using the company's products if it makes up by providing better service.

Second, customer service levels may be related to the performance of a country's service sector. Over the course of the past 10 years, India has established itself as the world's business process



outsourcing centre. In truth, the relationship between the service industry and customer service is not perfectly clear—it is conceivable that, say, a profitable IT services company actually provides fairly poor customer service. However, given that India's economy is dominated by its service sector, which has groomed scores of young Indian graduates in its world-class services firms, it is likely that those people-centric skills have contributed towards better customer service in the country.

- **Less can mean more**

Customer service in Japan is rated the best in Asia. This is testament to the country's long tradition of putting the customer first, which is ingrained in most Japanese service staff.

However, at current levels, Japanese firms might arguably be providing too much service. Following two decades of sluggish economic growth, and with progressively lower levels of job security in the country, many Japanese consumers appear to be cutting back. Witness the recent growth of Uniqlo, a mass-market clothing brand, versus the exit from Japan in 2009 of Gianni Versace, a luxury label. The survey suggests that not all Japanese firms understand this shift in consumer expectations. For instance, the average Japanese firm surveyed believes that its consumers are willing to pay more for good service. The average Japanese consumer surveyed, however, is not. In fact, they are the only group covered in the survey who are, on average, not willing to pay for better service. As the rest of Asia grows rapidly, and its consumers become more willing to shell out money for better service, the average Japanese consumer is entering a new age of thrift. That does not necessarily imply that they will be happy with a downgrade in service. With standards already high, they may just want the same level of service at the same price.

For companies doing business in Asia, this new dynamic portends some interesting shifts. First, Japan is increasingly an attractive market for lower-priced goods. Consider IKEA's experience. In 1974, when it first entered Japan, one reason it failed was that consumers were much more used to the idea of luxury northern European furniture—rather than the more affordable, DIY kind. However, following its return in 2006, IKEA's current success is partly due to Japanese embracing DIY more, especially if it means lower prices. IKEA has had to maintain high levels of customer service in Japan. Still, its success indicates that Japanese consumers today are more enthusiastic about lower-priced products coupled with good customer service. The survey suggests that value for money matters much more to Japanese consumers than the average Asian consumer. For instance, when buying a consumer electronics product, 54% of Japanese respondents say value for money influences their decision most—on the other hand, 54% of Asians say quality influences their decision most.

Second, businesses in Japan and the rest of Asia are busy learning from each other. For instance, Zoff has been successful in Japan partly because it has been able to integrate Chinese manufacturers into its supply chain, leading to lower prices and a wider product range. This allows its Japanese consumers, who seek style and value, to change spectacles more often. Even as more affordable, value propositions enter the Japanese market, high standards of customer service are flowing overseas.



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“In Japan, we have the best practice, and I intend to take it everywhere I go when my time ends here,” says Monica Pinto, managing director in Asia for Le Creuset, a cookware manufacturer. “Japanese consumers study products, and ask questions that no one else asks elsewhere,” Ms Pinto adds. According to the company, Le Creuset’s success in other Asian markets such as Hong Kong, China, Taiwan, and Singapore is largely because of its Japan experience. “Everyone comes here to see what’s going on,” Ms Pinto says. “They come to see the display, product assortments, and brands. Japan for us is a landmark in Asia.”

- **Big = slow; small = quick**

Starting from a lower base, poorer countries can often achieve higher rates of economic growth than their richer peers. The same may be true of customer service standards. Countries like India, Indonesia and Thailand have seen sharp improvements in service levels over the past five years, according to consumers in each country. On the other hand, developed countries like Australia, Hong Kong, Japan and Singapore have had the smallest rises in service levels.

This has implications for companies doing business in these countries. For the lower-income countries where standards are rising rapidly, firms need to keep improving their customer service or risk getting left behind. Customer service standards and expectations are rising along with income levels. However, simply keeping up is not good enough. Even in the most improved country, India, overall customer service levels are not great, according to respondents there. In the next five years, the challenge will be to raise the bar even higher. As customers get richer and more demanding, their service expectation is like a moving target that sluggish companies will find hard to hit.

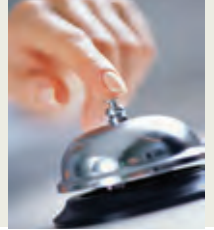
- **Richer does not mean better**

A country’s per-capita income is not a good guide for customer service levels. Hong Kong and Singapore, two of Asia’s richest countries, have comparatively low standards of customer service, according to survey respondents. This could be due to elevated expectations. It could also be due to dissatisfaction with the service offered by cheap migrant labour. For instance, “I am Singaporean and tired of non English-speaking service staff!” is a group on Facebook, the social networking site, with more than 10,000 members. Three quarters of consumers surveyed in Hong Kong and Singapore say their biggest gripe when purchasing a product is rude or uninterested staff.

Conversely, India and Indonesia, which have relatively low per-capita incomes, rank highly in terms of customer service. Over the course of the past six years, Indonesia has enjoyed good economic growth, a stable political environment, and increased civic participation. Consumer confidence levels in the country are also high. During the past five years, the improvement in customer service levels was second only to India.

- **Going down, down under**

Australia is the only country where customer service levels are perceived to have declined over the past five years. This could be because its recent economic boom has raised consumer expectations



and also, at the same time, caused labour shortages in several industries. Therefore, companies have had to serve more demanding customers but with fewer talented staff. Many companies simply have not been able to keep up. Additionally, firms do not seem to have a good understanding of consumer preferences. For instance, 45% of Australian consumers are willing to pay more for good customer service. Only 16% of firms think this is the case.

This implies that companies in Australia have to spend a lot more time understanding their consumers there and improving customer service. Australia's economy is expected to keep growing well over the next few years, partly owing to strong Chinese demand for its natural resources. According to the EIU, growth will average about 3% from 2010-15. Along with this growth, consumer expectations are likely to keep increasing while Australia's labour market will be strained even more. Many companies will have to find ways to improve their service delivery with their existing employees, perhaps by investing in staff training.



## Greater expectations: Keeping pace with customer service demands in Asia Pacific

### Key points

- Companies in Asia are not putting enough emphasis on customer service. More than half of companies surveyed invest in customer service only after development of their core product.
- Despite popular complaints about the inadequacies of call centre service, the majority of Asian consumers surveyed have no fundamental objection to call centres—provided they are easy to use and provide quick results.
- Courteous, informed staff are possibly the most important asset for any company when delivering customer service. Over three-quarters of consumers surveyed say that when making a purchase, rude staff will make them reject a particular product.

## Part 2: Investing in customer service

### Putting the customer first

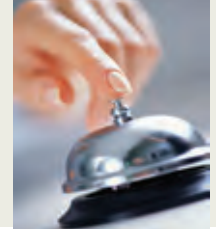
Given the shifting priorities of consumers outlined above, many companies in Asia do not appear to be giving customer service the attention it needs. Around a third, 32%, invest in customer service only when they see a real need. Furthermore, a similar proportion agrees that investment in customer service is worthwhile only in high-end or luxury sectors. In other words, about a third of respondents indicate that customer service is not at the forefront of their corporate strategies.

More than half of companies, meanwhile, agree that customer service investment comes only after development of their core product. This seems to be in line with their growth strategies. When asked what type of investment has the biggest impact on their top line, 65% say 'Product or service development/innovation'. Some 56% of executives cite 'Improving customer service'—putting it ahead of things like 'Marketing/advertising' (45%) and 'More training for existing employees' (31%).

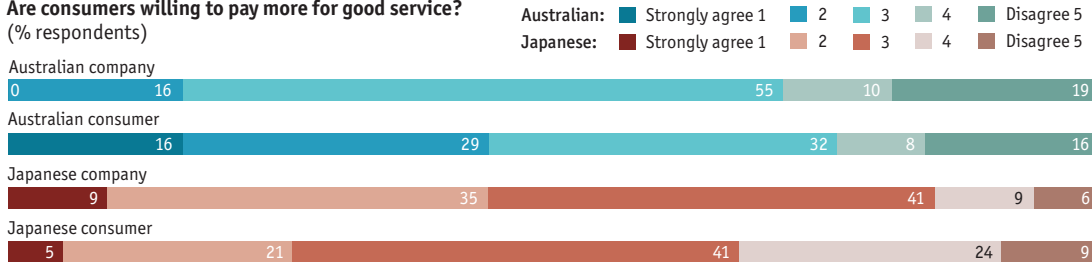
However, 76% of consumers say that customer service should always be a company's top priority. This indicates that many firms in Asia may be prioritising product development at the expense of customer service initiatives. This could be because many firms are still fairly new to Asia, and are still in the process of developing their core offering. However, given the rapidly rising expectations of Asia's consumers, as well as the risks associated with a poor customer service strategy, companies that want to succeed in Asia would do well to put customer service at the centre of their offering, not as an afterthought.

### Do companies get it?

In several countries, companies do not seem to understand their consumers' price/service expectations (see Figure 6). For instance, the average Australian consumer is willing to pay more for good customer service. The average firm does not think so. On the other hand, the average Japanese firm believes that its consumers are willing to pay more for good service. The average Japanese consumer, however, is not.



**Figure 6**  
**Price/service expectations**  
**Are consumers willing to pay more for good service?**  
(% respondents)



The average Indonesian firm believes its customers are prepared to put up with poor customer service if they are getting a bargain. The average Indonesian consumer, however, is not. Compared with the Asian average, Malaysian respondents feel more strongly that customer service should always be a company's top priority, and that the higher the value of the purchase, the better the service they expect. This suggests that they are more demanding than other Asians. The average Malaysian firm, however, does not realise this, and believes that price is more important than service. Some 72% of Malaysian corporate respondents say that customer service comes only after development of their core product—compared with the Asian average of 51%.

Similarly, the survey also shows that many companies do not understand the varied tastes and preferences across Asia. For instance, before buying a product, Thai consumers value courteous, informed staff much more highly than do Malaysian or South Korean consumers. Meanwhile, Australian consumers are much more likely than Indonesian consumers to reject a company because it uses foreign call centre staff.

However, only about half of the companies surveyed make the effort to differentiate their service to suit local customer profiles in different markets (see Figure 7). A further 23% of firms differentiate to a lesser degree by giving higher priority to customer service in their bigger markets and lower priority in their smaller markets. About a quarter of the companies surveyed make no distinction at all, providing the same level of customer service in every market and favouring a one-size-fits-all strategy.

Thus, even though 83% of corporations surveyed say they are planning to increase customer service investments in the next year, the survey suggests that they may not understand their customers well enough. It is probable that quite a few firms will misallocate their investments, and end up not addressing real customer needs.

**Figure 7**  
**Customer service in different markets**  
(% respondents)





## Customer service through the sale, and beyond

Firms engage with their customers at many different points of the sales process. Even before any product is sold, companies have to provide pre-sale customer service. This includes ensuring that a product is easily available, having courteous, informed staff on hand to answer queries, and making product information clear and detailed.

Point-of-sale customer service is just as important. These interactions occur when the customer is in the act of buying a product. For instance, companies strive to provide efficient, flexible payment options and swift, hassle-free transactions.

There is also a need for after-sales service such as when a customer wants to seek help with product usage or pay a bill. In addition, well after a purchase is made, companies can still provide ongoing customer service, with an eye to future sales. Often referred to as customer relationship management (CRM), this includes things like customer loyalty programmes.

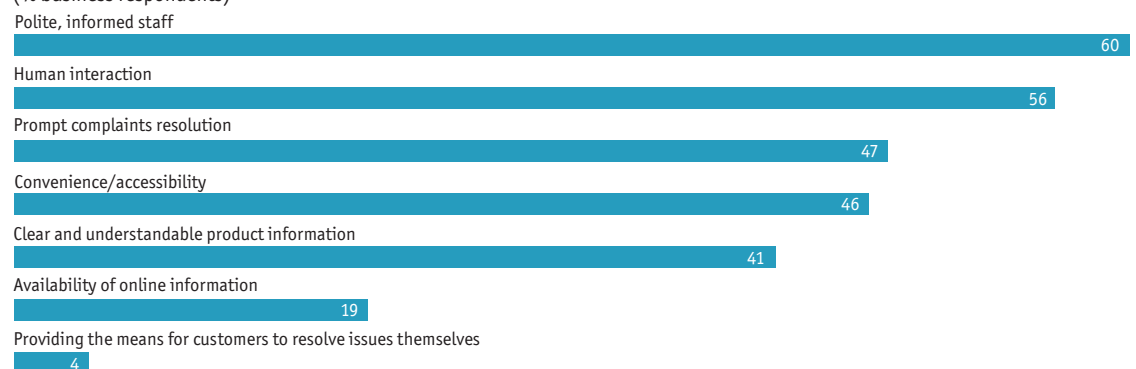
In Asia, companies tend to give emphasis to service in the latter half of the sales process. When asked about which area of customer service businesses consider most important, after-sales service comes top (cited by 39% of executives), followed by customer loyalty (25%).

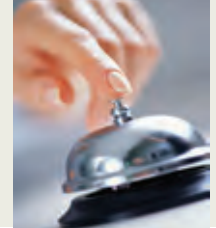
Many firms probably feel that they can differentiate themselves better in terms of after-sales service. Consumers in Asia often face a bewildering array of choices when buying a product or service. Firms that invest in better pre-sale service—providing better product information online, for example—may find it hard to stand out in the crowd. However, given that after-sales service has been mediocre in many parts of Asia, businesses that invest and innovate here may be able to gain a competitive advantage.

After-sales service is more important for some products. According to Philip Carmichael, Asia-Pacific president for Haier, a Chinese white-goods manufacturer, one of the main drivers for appliance purchases is the quality of service after the sale has been made. “Refrigerators are increasingly similar,” he says, “one way to positively differentiate your brand is through after-sales service.”

When asked to choose which aspects of customer service are important to their customers, 60% of firms say ‘Polite, informed staff’ and 56% say ‘Human interaction’. Only 19% cite ‘Availability of online information’. This is broadly in line with consumer preferences. When asked what aspects of customer

**Figure 8**  
**Which aspect of customer service is most important to your customers?**  
(% business respondents)





**Figure 9**  
**What is most likely to make you reject a particular company/product/service?**  
(% consumer respondents)



service they value the most before and during a sale, many respondents chose 'Courteous, informed staff'. In line with this, a majority of consumers surveyed say rude or uninterested staff are likely to make them reject a product.

According to the survey, 83% of companies are planning to invest in customer service in the next year. Of those, 69% say they are planning to invest in staff training, well ahead of investments in CRM technology (37%), increased headcount (36%) and a better online presence (34%).

### Haier: Exporting world-class customer service from China

Haier, one of the world's largest manufacturers of home appliances, with revenues of US\$18.2bn in 2009, is proof that good customer service can be the centerpiece of a corporate growth strategy. From its humble origins in Qingdao, it has expanded all over the world with a combination of competitive prices, quality and customer service.

"One of the key parts of the DNA in our company is customer care and customer service," says Philip Carmichael, Asia-Pacific president of Haier. In China, according to Mr Carmichael, Haier delivers almost instantaneous after-sales service. If a customer in a major city calls the Haier hotline, a Haier technician will typically arrive in uniform within three hours. If the customer lives anywhere else in the country, including places like the Gobi desert and Tibet, the company says a technician will arrive within 24hrs.

Haier's employees are also empowered to make decisions on the spot in order to deliver the best customer service. Mr Carmichael recounts an example from March this year of a customer in Sichuan Province who ordered a refrigerator and requested urgent delivery before 4pm the same day. She left only her mobile phone number. At 2pm, a Haier employee

called to find out her delivery address, but was answered by an automated message, saying that her pre-paid mobile phone had run out of money. The boss of the Haier franchise immediately asked his finance department to pay RMB50 to re-activate the customer's phone, and the fridge was eventually delivered on time.

Haier also takes the common misconception of China as a low-cost exporter of subpar goods and turns it on its head. From its base in China, Mr Carmichael says, Haier exports high standards of service to other regions. For instance, when it entered the Malaysian television market, Haier realised it had to differentiate itself from its more established Korean and Japanese competitors. So while they were offering one-year warranties, Haier started selling TVs with two-year warranties. It had a relatively small impact on Haier's bottom line, but was extremely popular with consumers. Soon after, its competitors matched it. Haier raised the bar again, offering three-year warranties and partnering with an insurance firm to offer 'all-risk' warranties, which covers things like flooding or a child accidentally knocking a TV over. "It's really what the consumer wanted all along," Mr Carmichael says.

Although challenging, Haier is striving to raise customer service in its other markets to the level in China, Mr Carmichael says. "Our China operation is the benchmark."



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This suggests that companies in Asia understand the importance of quality staff to good customer service. It is surprising, though, that a third of companies are investing in a better online presence, when few regard it as very important to their customers. This could be because they consider online communication a cornerstone of customer engagement today—even though only a minority of consumers, according to the survey, value it.

Their investment decisions are also driven by past successes. When asked which customer service initiatives have had the most impact on customer satisfaction levels, 65% of corporate respondents say ‘Staff training’, followed by ‘Enhancing means of direct feedback’ (42%), and ‘Loyalty programmes’ (35%).

### Motivating staff

Courteous, informed staff are possibly the most important asset for any company when delivering customer service. For many small businesses in Asia, their frontline employees are their sole customer service delivery channel. While poor customer service in other areas of a business can sometimes be mitigated, rude staff can often turn away customers altogether. For instance, 77% of consumers surveyed say that when making a purchase, rude staff will make them reject a particular product.

Companies across Asia use a variety of methods to incentivise their employees to provide good customer service. Some 53% of firms say they constantly teach and remind their workers about the importance of good customer service; 49% use financial incentives and 46% run employee recognition programmes. Only 11% of firms do not have any specific incentives in place.

### UOB: Encouraging customer service innovation

UOB, one of Singapore’s biggest banks, with total assets of US\$133bn at the end of 2009, set up a dedicated customer service unit in 2007 to coordinate efforts across its entire group. Before that, customer service was formulated, implemented and tracked in individual silos, according to Janice Ang, head of UOB’s customer advocacy & service quality division.

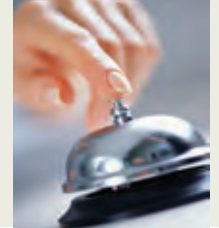
In consultation with the different stakeholders, the customer advocacy unit drew up service policies and guidelines for every unit in the bank. It also put in place a number of incentives to motivate staff to provide better customer service. There are numerous employee recognition programmes, including one where staff can nominate themselves if they feel they have provided outstanding service (and their managers concur). “We realise that even if they receive great service, not every customer will provide feedback,” says Ms Ang.

Employees also have different kinds of financial incentives to

provide good customer service, including immediate payments for good service and a customer service component which affects their annual bonus. For all these initiatives, internal customer service is rewarded too. “Not every employee is client-facing,” says Ms Ang. “It is important to recognise performance throughout the service supply chain.”

UOB tracks its customer service performance according to fixed metrics. “Service is about discipline,” says Ms Ang. Yet she highlights the need to balance this with the freedom to innovate. Amongst other ways, UOB encourages innovation by rewarding teams who have conceptualised and implemented successful new customer service initiatives.

In addition, Ms Ang stresses the need to allow customer service innovation overseas. While some standard group guidelines and practices need to be followed, UOB allows its subsidiaries in Malaysia, Indonesia and Thailand the freedom to tailor their customer service to suit the local market. “We understand that the customers in other markets can be quite different,” she says. Best practices from Singapore and other regions are shared regularly.



Ideally, a firm can use a combination of incentives to spur better customer service. The experience of a large South-east Asian automotive distribution company interviewed for this report is instructive. In addition to employee recognition and constant teaching, it has improved its customer service in the past five years by changing its incentive and compensation structures. With the old structure, salespeople were measured and rewarded only on how many cars they sold. The new structure incentivises them to maintain engagement so that the customer feels constantly taken care of, and so returns to the company for car servicing and maintenance, helping the Group's overall performance. In addition, the compensation of workshop technicians has been raised.

"In the old days, the salespeople were put on a pedestal because they sold the cars," says a senior executive at the company. "But we've realised that we need to pay the back-of-house employees just as well, because they'll be taking care of the customers down the road."

Meanwhile, Nestle's organisational structure ensures that its employees take a vested interest in their customers' performance. "If an employee is the account holder for, to take one example, the Dairy Farm Group, they not only represent Nestle to that customer, they also represent that customer to Nestle," says Suresh Narayanan, managing director in Singapore of Nestle. "They become the customer within our company."

While it may be possible to teach or incentivise customer service basics, it is not so easy to raise the bar further. Some employees may find it challenging to be spontaneous, and engage more deeply with a customer to understand his or her needs. Even in Japan, with its lofty customer service standards, there is room for creative development, says Ms Pinto of Le Creuset. More effort is needed to make staff play a proactive or dynamic role versus simply being the world's best deliverers of given plans and strategies, Ms Pinto says. "It's not the execution, which is a problem. But it's the creativity, initiative and stepping ahead of things to innovate."

## The human touch

Over the course of the past decade, many companies have started using call centres to serve their customers. When operated well, they allow for efficient service delivery while reducing operational costs. However, if call centre service is implemented poorly, it can lead to shoddy service delivery and frustrated customers: 43% of consumers surveyed say that after a purchase, they are likely to switch products if the company's call centre staff are poorly trained.

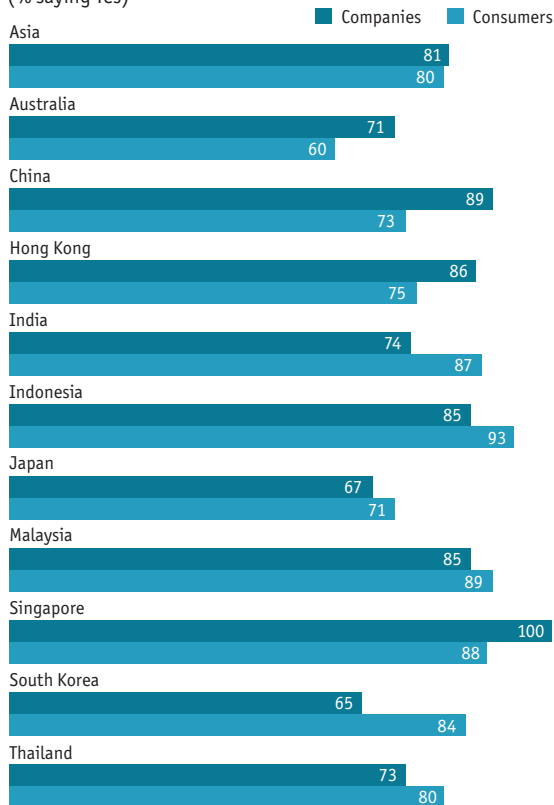
The survey suggests that call centres are not widely used in Asia. Just over half of the corporate respondents say their companies use them; another 10% expect to soon, while 38% of companies do not use call centres at all and have no plans to.

Of those who use them, 86% have in-house call centres, while the rest outsource. Haier maintains an in-house Chinese national call-centre, located near its corporate headquarters in Qingdao. Mr Carmichael believes that Haier is most effective in service delivery when its own employees provide it. "When you move a part of your business outside, you send a message that it's less important than other parts of the business."



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**Figure 10**  
**Customers are happy with call-centre service**  
(% saying Yes)



Businesses in Asia generally believe that their call centres are performing well. More than 80% say their customers are happy with their call-centre service. Another 14% have invested to improve after hearing complaints.

Just 12% of Asian consumers surveyed do not like dealing with call centres. And 80% say that call centre service is acceptable if efficient. This shows that the vast majority of Asian customers do not actually mind being served by somebody over the phone, it just has to be done well (see Figure 10).

The majority of consumers surveyed also say that online complaint management is acceptable as long as it is fast and efficient. Just 19% say they do not like resolving complaints through online means. In fact, the survey suggests that Asian consumers are becoming more comfortable with high technology customer service. Indeed, 19% of respondents say they prefer to deal with automated customer-service systems than people. 48% prefer people to automated systems. 33% could not decide which they prefer.

However, it seems that while automation is perfectly acceptable, it may not do much to enhance customer satisfaction. When asked which customer service initiatives have had the most impact on customers' satisfaction levels, just 22% of corporate respondents say local call centres have had much impact. It is a similar story for investments in automated call technology (16%), virtual customer service agents (13%), and overseas call centres (9%).

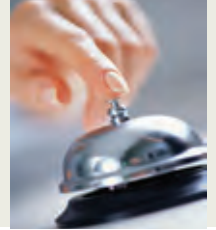
Client Associates, a private wealth manager based in India, has invested in in-house applications which help internal CRM but also allow clients to monitor their portfolios. However, Rohit Sarin, the firm's founder, is adamant

that technology serves a purely informational function for his clients. "Technology can only serve as an enabler, never a substitute," he says.

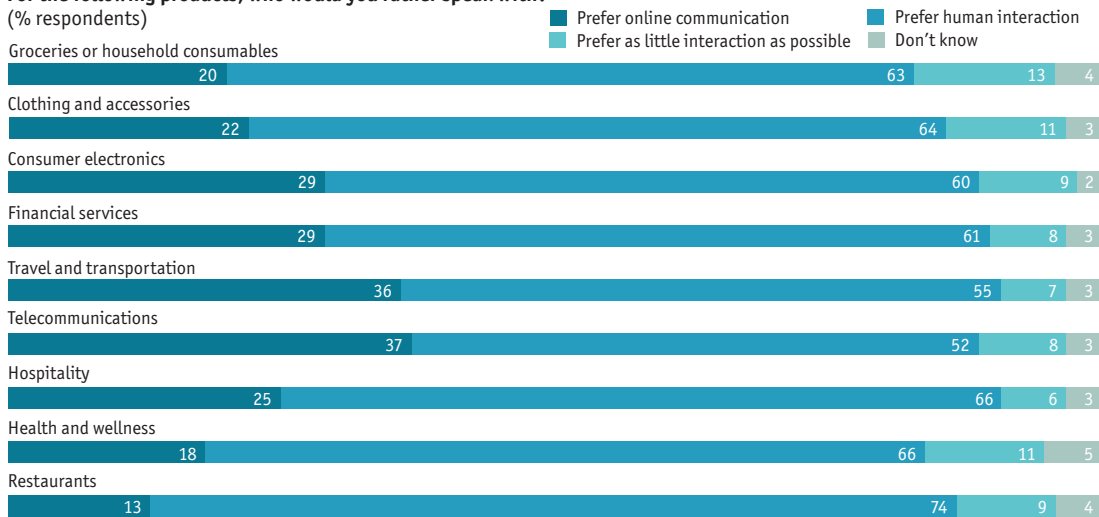
Technology is also more easily adopted for some products than others (see Figure 11). In their communications with companies, respondents broadly prefer human interaction to online methods. However, the human element is much more important for industries like restaurants and health and wellness. For some industries, like telecommunications and travel & transportation, respondents seem relatively comfortable with online engagement.

Consumers in the various countries do have different preferences for automated interaction and engagement. A few important distinctions include Australians, who have a much greater preference for direct human contact: 38% of them say they do not like dealing with call centres. Furthermore, after they have bought a product, 57% of Australian respondents say they are most likely to switch brands if the call centre staff are not local. This suggests that many Australian consumers have had negative after-sales experiences with foreign call centres, and the majority of them are not prepared to put up with it. On the other hand, just 3% of Indonesians profess discomfort with call centre service.

There are relatively more Hong Kong consumers who simply do not want to be bothered by firms. For instance, a quarter of respondents say that, with regards to groceries, they want as little interaction with the company as possible—about double the Asian average of 13%.



**Figure 11**  
For the following products, who would you rather speak with?  
(% respondents)



All this confirms that companies need to adopt a highly tailored and specific customer service strategy for the different markets in Asia. In countries where consumers prefer human contact, like Australia, companies who over-automate their services run the risk of annoying and eventually turning away customers. On the other hand, in places where consumers are quite comfortable with automation, like Indonesia, companies who do not automate may not be taking advantage of all the operational efficiencies available to enhance customer service.



## Conclusion

Asia's re-emergence as a global economic powerhouse has been one of the key defining trends of the past decade. The pace of the rise has led to phenomenal changes in almost every aspect of development in the region. Urbanisation rates are spiralling. Incomes have grown. Demand for basic necessities, natural resources and now, even luxury goods, is causing supply shortages worldwide. The region's exuberance is visible almost everywhere you go. Asia's consumers are getting richer and more powerful.

In step with that, this research suggests that customer service expectations have grown exponentially over the past few years. The companies surveyed understand this and have been investing to improve their service. However, they may not be doing enough. Even though most Asian consumers surveyed feel customer service has improved over the past five years, they are far from delighted. Businesses do not seem to be placing enough importance on service: although the majority of consumers say customer service should be a firm's top priority, many businesses continue to put product development first. But Asia's consumers are increasingly unlikely to accept shoddy service. For instance, the majority of Chinese consumers surveyed say that if they receive poor customer service, they will immediately switch brands without giving the company a second chance.

Our research also shows that Asian consumers have developed increasingly varied views on the different aspects of customer service. When buying a telecommunications product, for example, the consumers surveyed value courteous staff, flexible payment options, swift transactions, and the ability to handle unique customer requests, all in fairly equal measure. When buying groceries, swift transactions matter more than anything else. Therefore, these preferences differ depending on the product in question. In addition, the same customer might want to be served in a unique way at different points in the customer lifecycle.

Companies who want to outperform their competitors must refine many different aspects of their service delivery. To do so they need to have a deep, granular understanding of their customers.

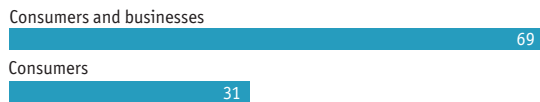
For customer service, as with so many other things, Asia is not monolithic. For instance, the average Japanese consumer surveyed is not willing to pay more for good service. However, the average Indonesian consumer surveyed is. Rude staff, meanwhile, are much likelier to turn away the average Australian consumer than the average South Korean one.

The research therefore suggests that companies doing business in Asia need to tailor their customer service strategies to suit the individual markets. At the moment, many companies continue to deploy a one-size-fits-all strategy. However, as the individual countries continue to develop along unique growth trajectories, their customers' preferences will evolve along different lines. Firms that can provide highly customised offerings will be able to differentiate themselves and win market share.

As competition for the hearts and minds of Asia's consumers intensifies, companies will need to move quickly to get it right.

## Appendix: Survey results/corporate

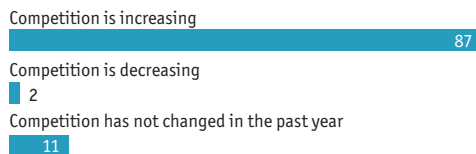
1. Which of the following markets does your business supply its products/services to?  
(% respondents)



2. Are you familiar with your company's customer-service strategy?  
(% respondents)



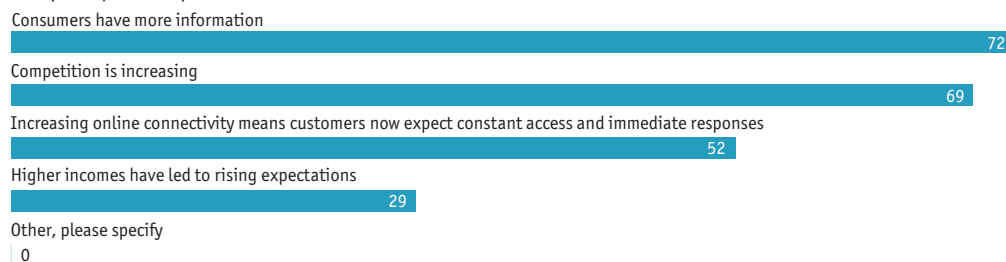
3. Which one of the following statements best describes your company's view of its current market environment?  
(% respondents)



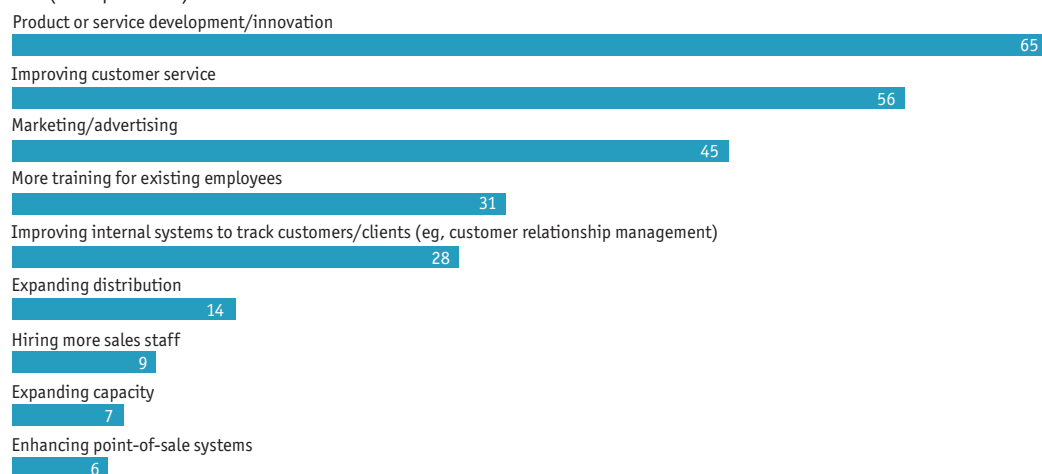
4. Do you believe customer expectations of service quality in your country have risen in the past five years?  
(% respondents)



5. If you answered yes to question 4, why do you think expectations are rising? Select all that apply.  
(% respondents)



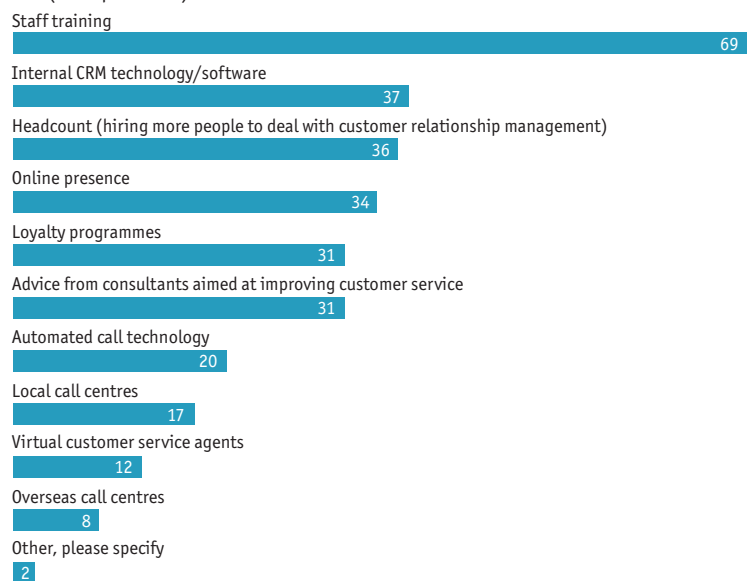
**6. In your company's view, in which of the following areas is investment most likely to lead to better top-line sales? Please choose the three likely to have the biggest impact.**  
(% respondents)



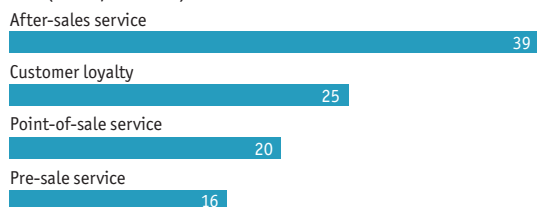
**7. Is your company planning to increase investments targeted at improving customer service in the next year?**  
(% respondents)



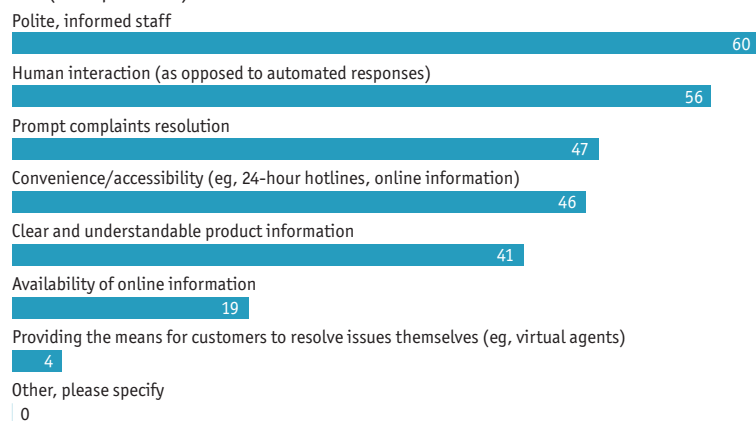
**8. If you answered yes to question 7, in which areas will your company invest? Select all that apply.**  
(% respondents)



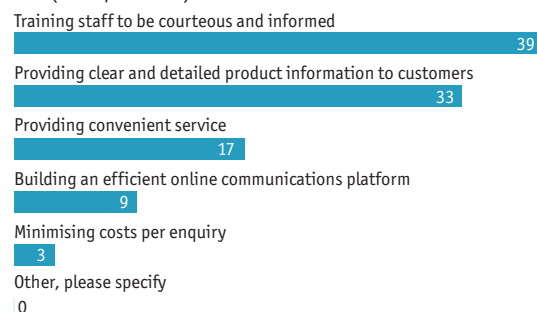
**9. On which area of customer service do you place the most importance?**  
(% respondents)



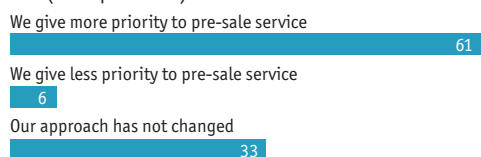
**10. In your company's view, which aspect of customer service is most important to your customers? Please select the top three.**  
(% respondents)



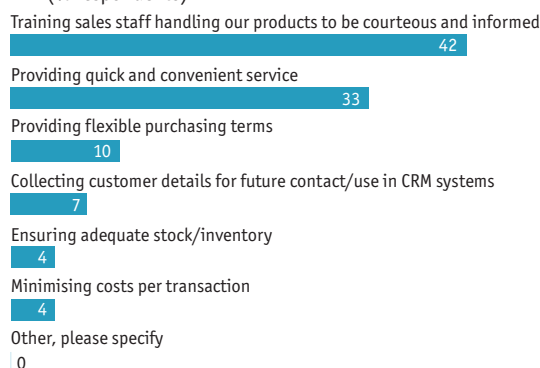
**11. What is your company's top priority when it comes to pre-sale service?**  
(% respondents)



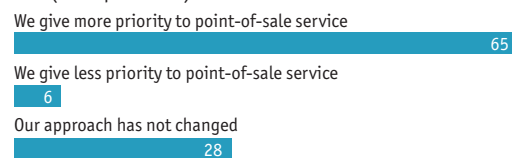
**12. How has your company's approach towards pre-sale service changed over the past five years?**  
(% respondents)



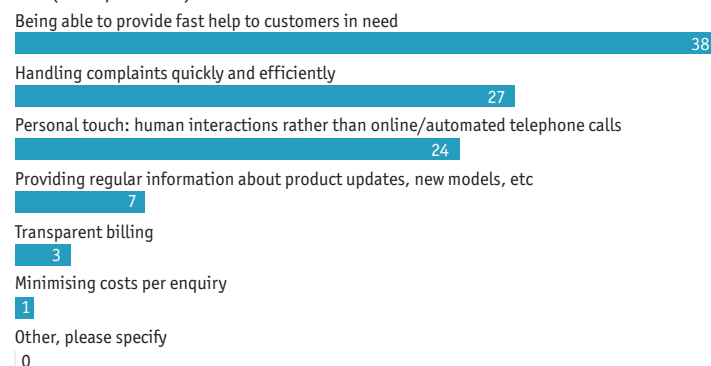
**13. What is your company's top priority when it comes to point-of-sale service?**  
(% respondents)



**14. How has your company's approach towards point-of-sale service changed over the past five years?**  
(% respondents)

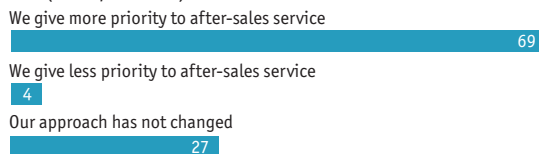


**15. Which aspect of after-sales service does your company focus on most?**  
(% respondents)

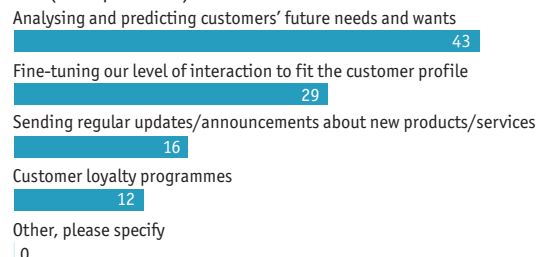


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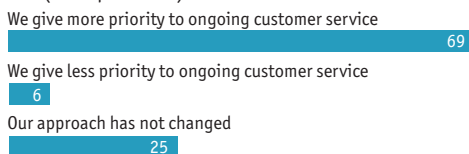
**16. How has your company's approach towards after-sales service changed in the past five years?**  
(% respondents)



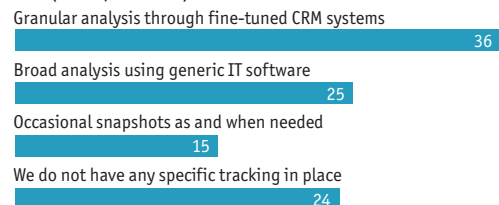
**17. Which aspect of ongoing customer service does your company focus on most?**  
(% respondents)



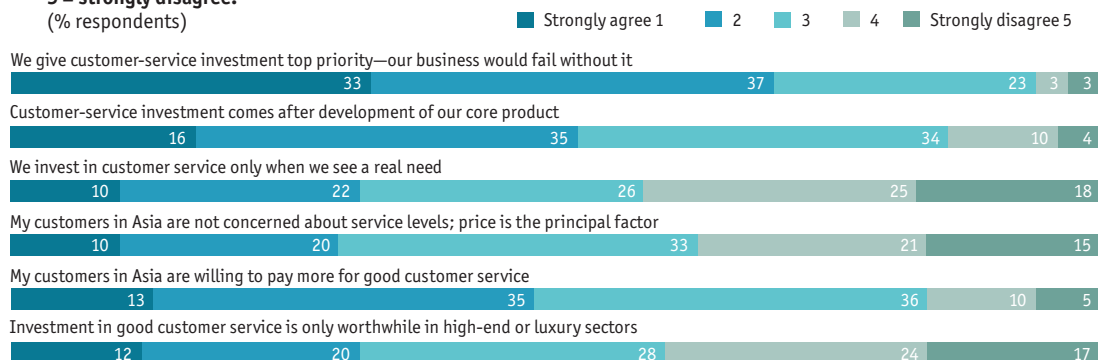
**18. How has your company's approach towards ongoing customer service changed in the past five years?**  
(% respondents)



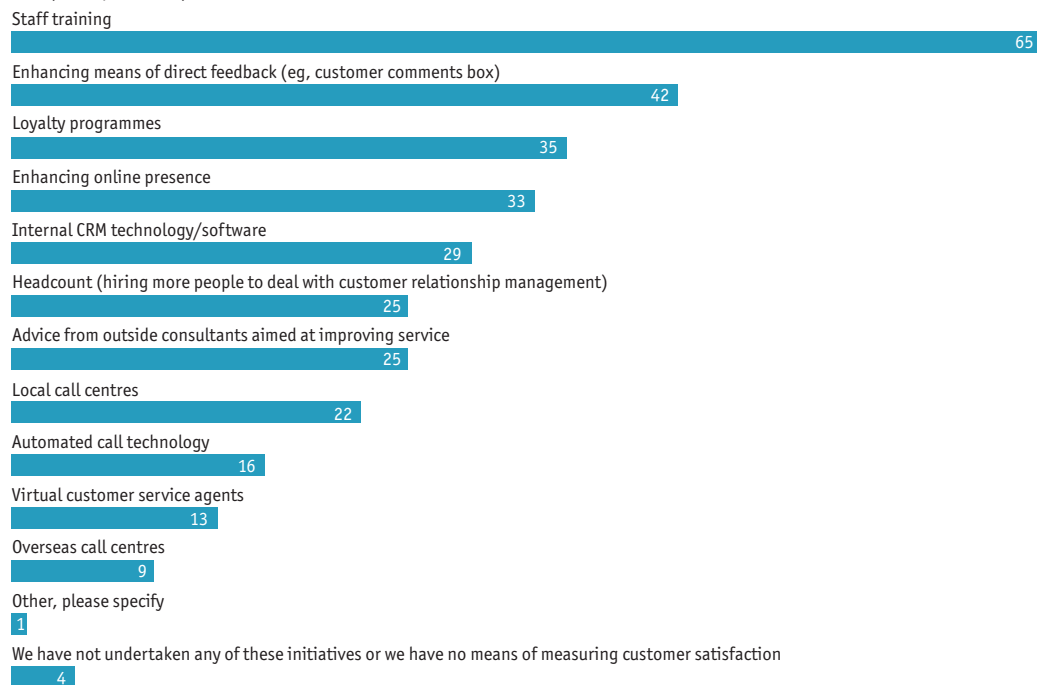
**19. How does your company measure customer loyalty? Please select the closest statement.**  
(% respondents)



**20. To what extent do you agree with the following statements? Please rank on a scale of 1-5, where 1 = strongly agree and 5 = strongly disagree.**  
(% respondents)



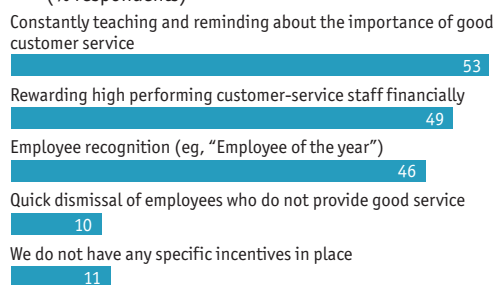
**21. Which customer-service initiatives have had the most impact on your customers' satisfaction levels? Select all that apply.**  
(% respondents)



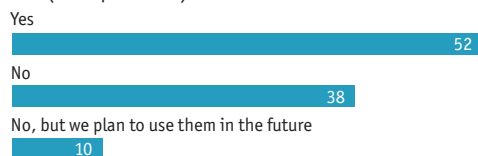
**22. How does your company tailor its customer service in different markets?**  
(% respondents)



**23. How does your company incentivise employees to provide good customer service? Select all that apply.**  
(% respondents)



**24. Does your company use call centres?**  
(% respondents)

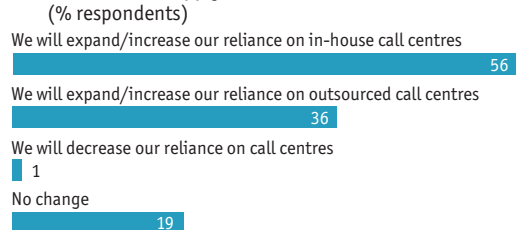


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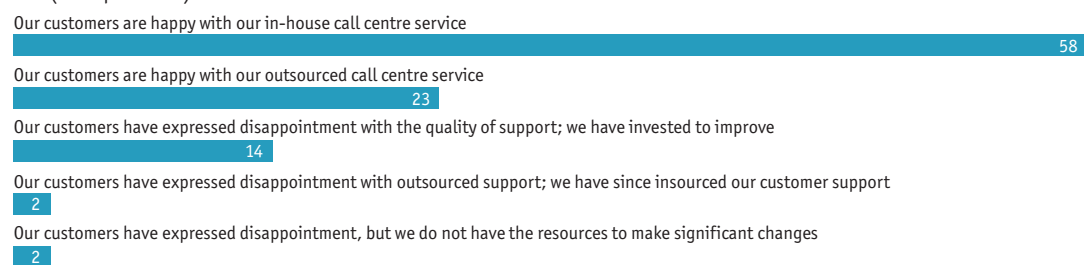
**25. If you answered yes to question 24, are your call centres:**  
(% respondents)



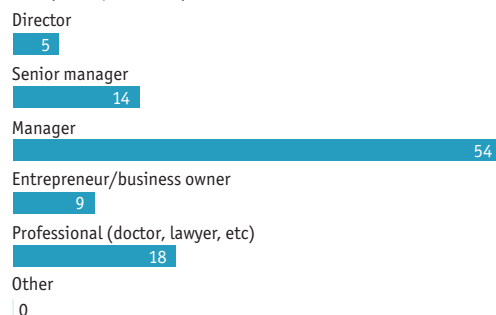
**26. How will your use of call centres change in the future?**  
**Select all that apply.**  
(% respondents)



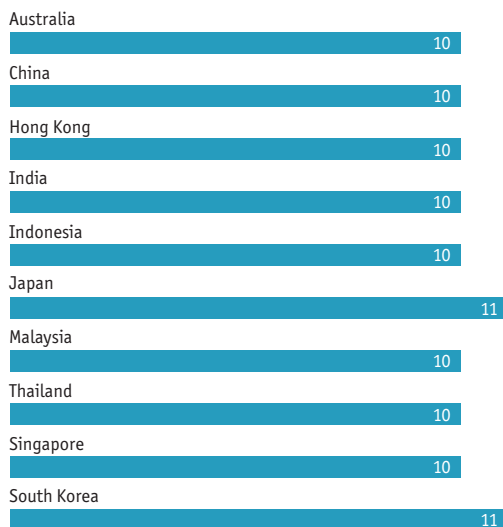
**27. Which statement best describes your company's call centres?**  
(% respondents)



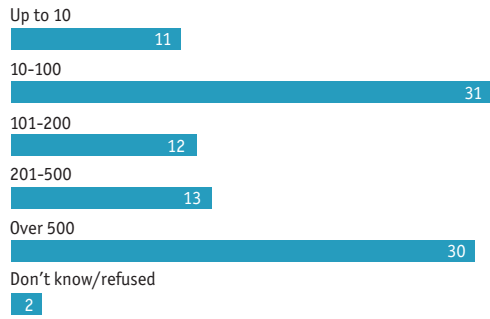
**28. Which of the following best describes your role?**  
(% respondents)



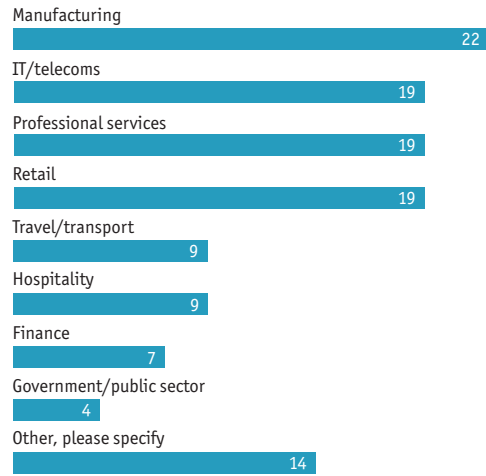
**29. Where is your company located?**  
(% respondents)



**30. How many employees do you currently have in the company?**  
(% respondents)

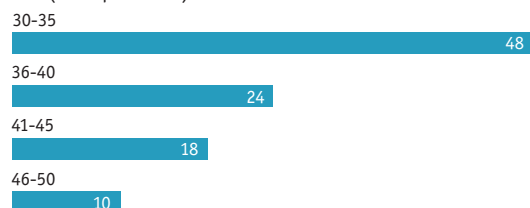


**31. Which industries are you working in?**  
(% respondents)

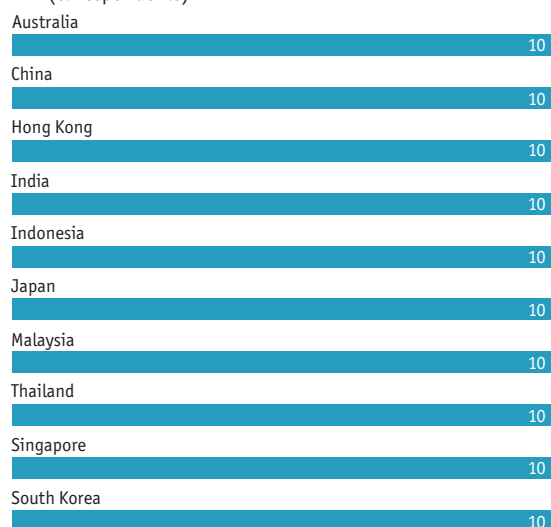


## Appendix: Survey results/consumer

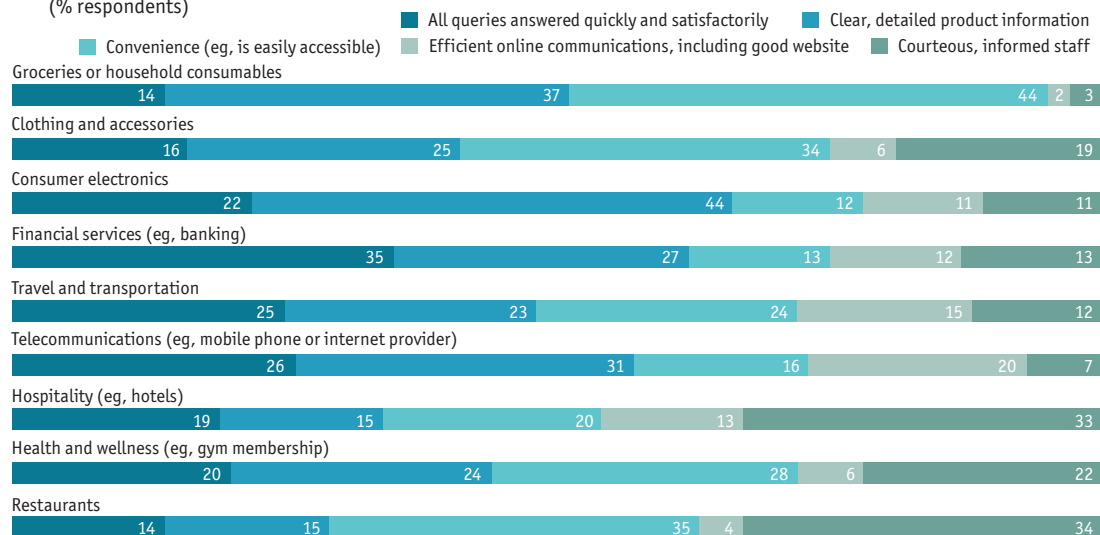
### 1. In which age group do you belong? (% respondents)



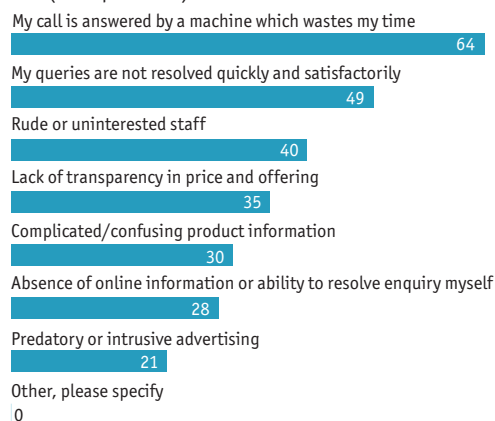
### 2. In which country are you personally located? (% respondents)



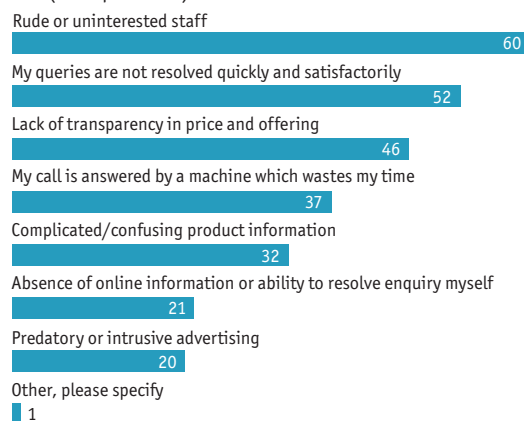
### 3. When weighing a decision about buying the following types of products and services, which aspect of service is most important to you? Please pick only the most important factor for each purchase type. (% respondents)



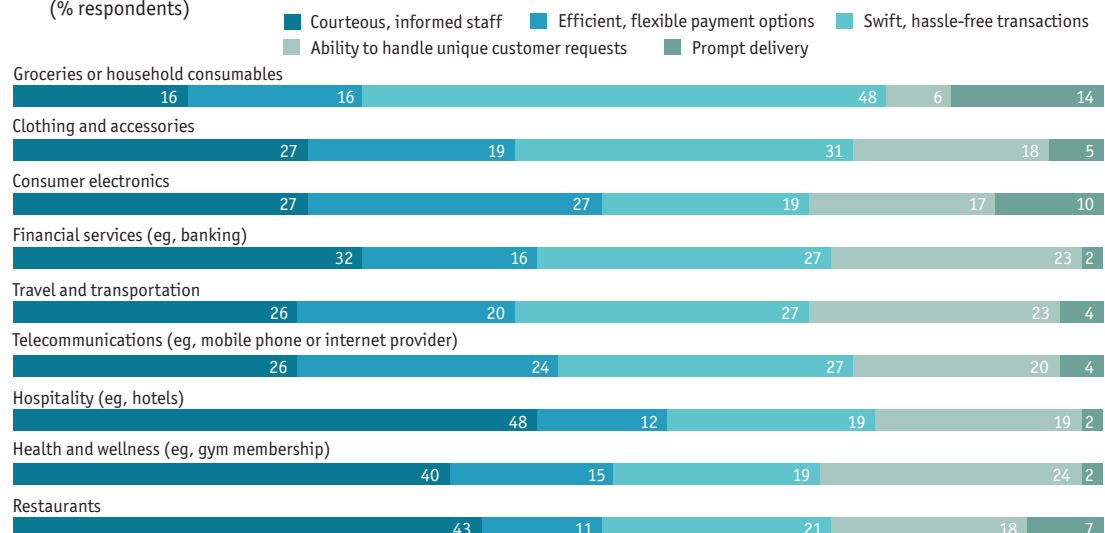
**4. Which of the following negative experiences do you encounter most often when considering a purchase, or making an enquiry? Select the top three.**  
(% respondents)



**5. When considering a purchase, or making an enquiry, which of the following is most likely to make you reject a particular company/product/service? Select the top three.**  
(% respondents)

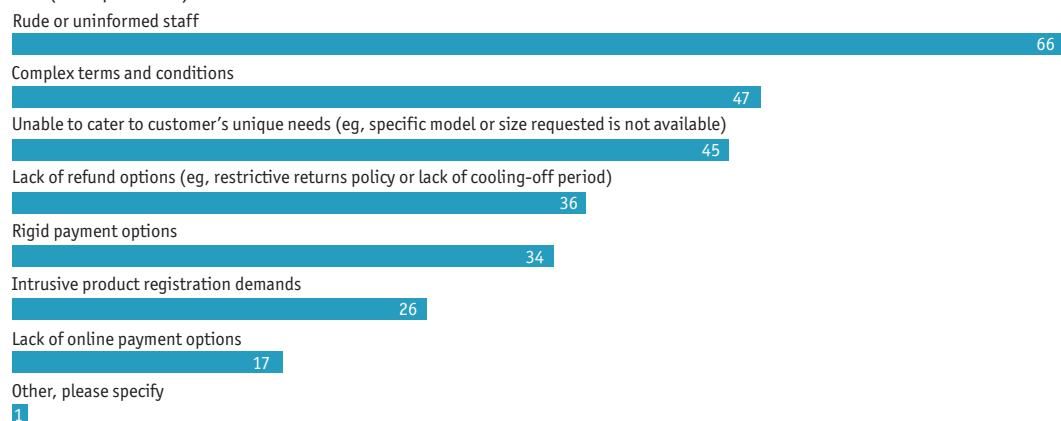


**6. When conducting a purchase or transaction, which aspect of service is most important to you? Please pick only the most important factor for each purchase type.**  
(% respondents)

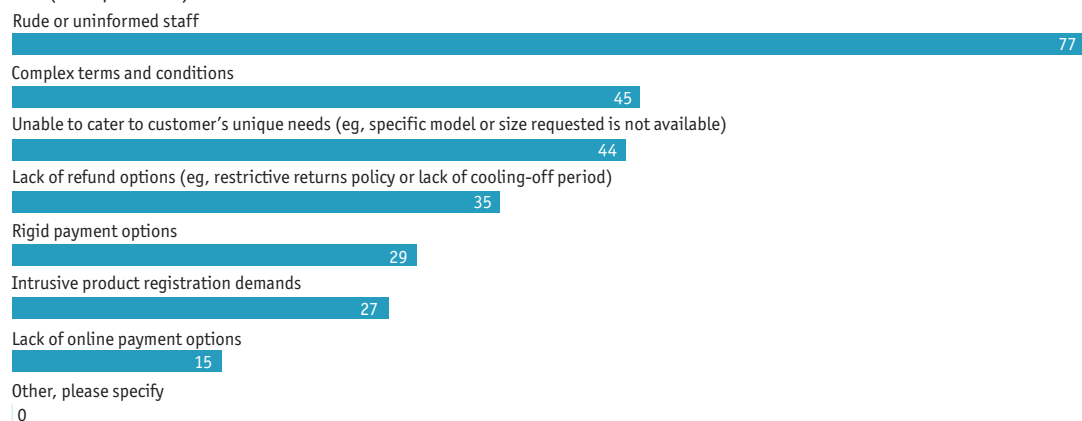


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**7. Which of the following negative experiences do you encounter most often when making a purchase? Select the top three.**  
(% respondents)



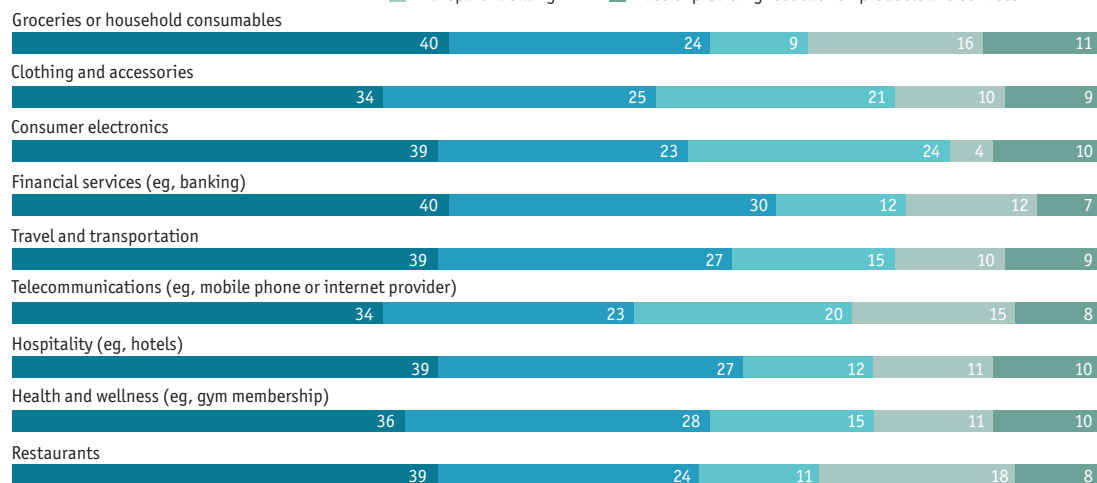
**8. When making a purchase, which of the following is most likely to make you reject a particular company/product/service? Select the top three.**  
(% respondents)



**9. What aspect of after sales service do you value the most? Please pick only the most important factor for each purchase type.**

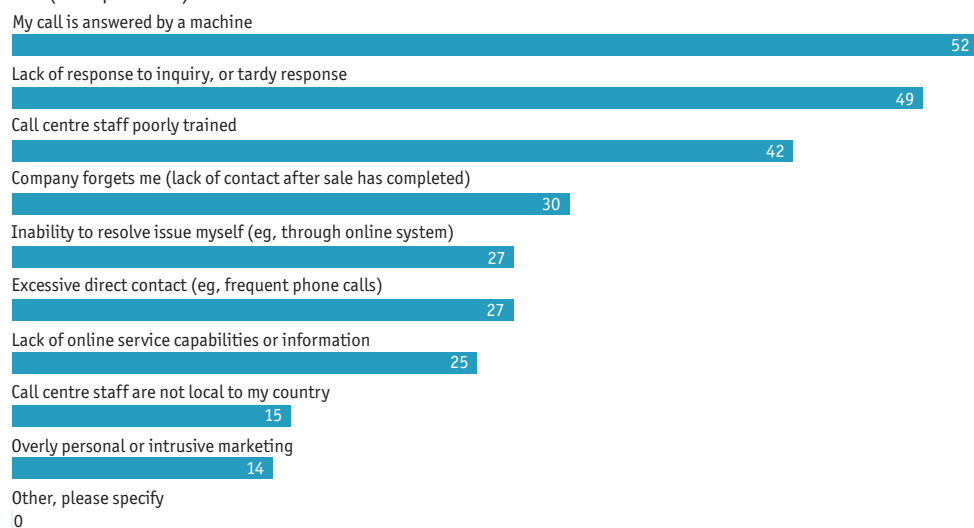
(% respondents)

- Fast help when I need it
- Human contact rather than online/telephone
- Regular information about updates, new models or new services that I may be interested in
- Transparent billing
- Ease of providing feedback on products and services



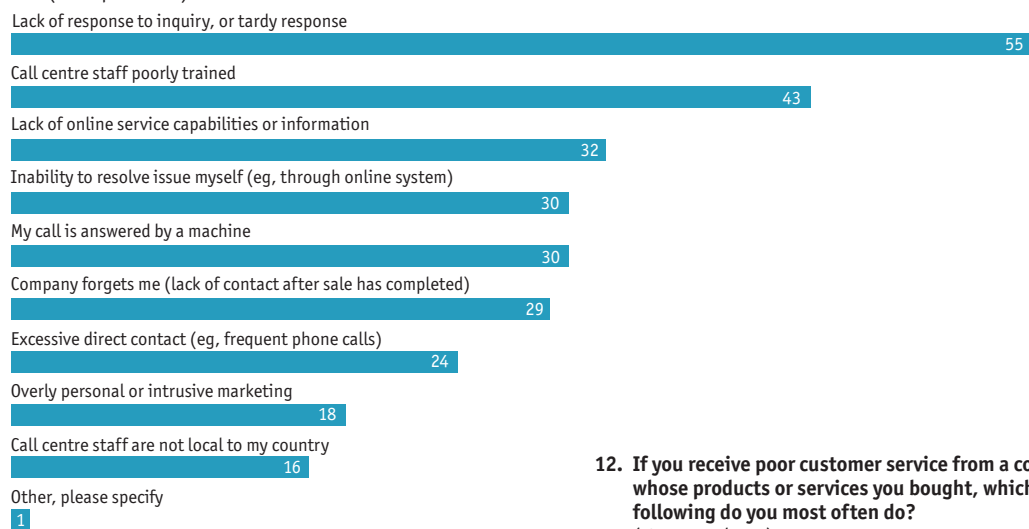
**10. Which of the following negative experiences do you encounter most often when dealing with a company after you have bought a product or service? Select the top three.**

(% respondents)

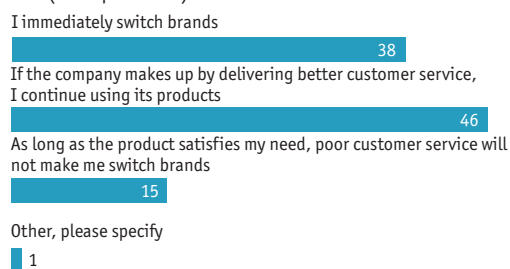


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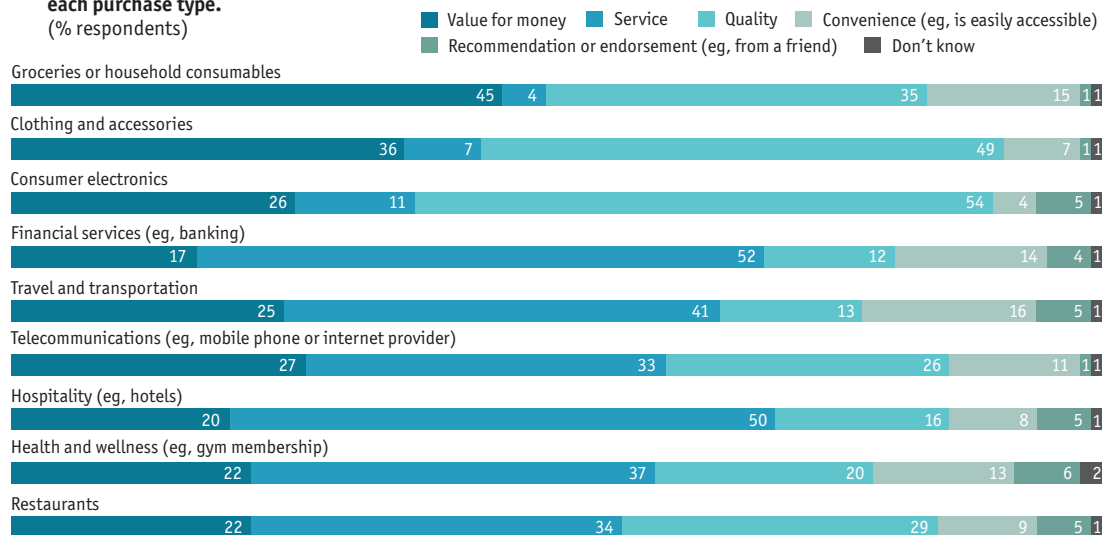
**11. When dealing with a company after you have bought a product or service, which of the following is most likely to lead you to switch companies or brands? Select the top three.**  
(% respondents)



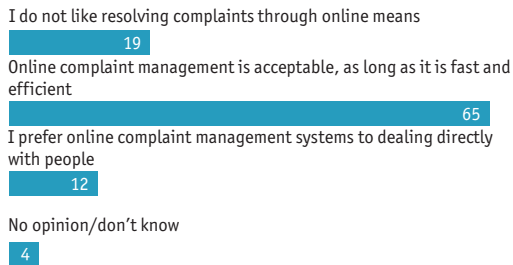
**12. If you receive poor customer service from a company whose products or services you bought, which of the following do you most often do?**  
(% respondents)



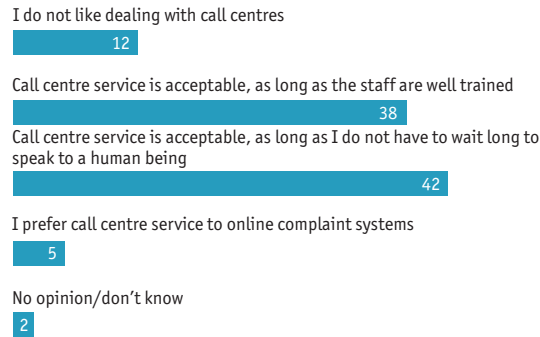
**13. When making a purchasing decision, which influences your decision most? Please pick only the most important factor for each purchase type.**  
(% respondents)



**14. Which statement best describes your attitude towards online complaint management (e-mail; web forms)?**  
(% respondents)



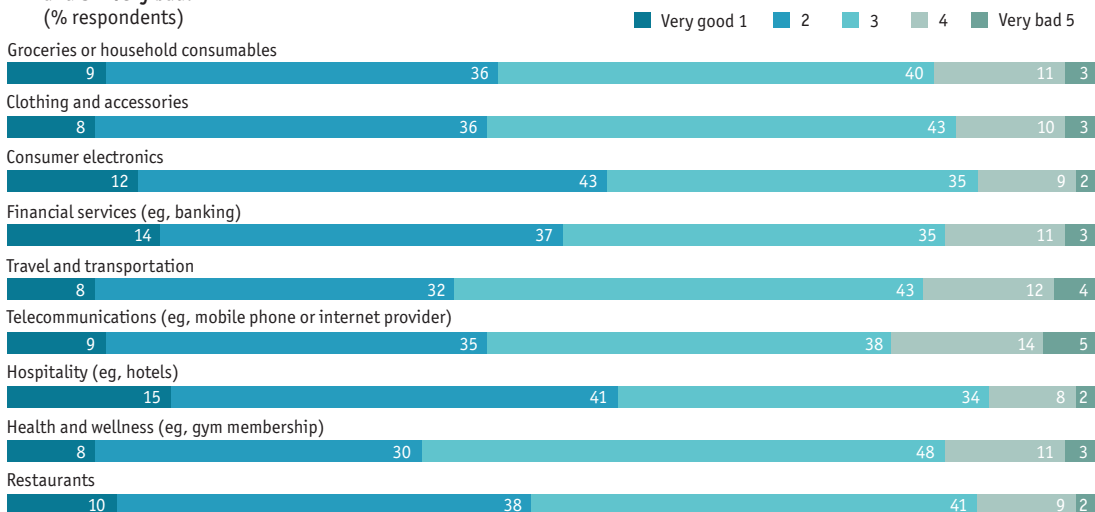
**15. Which statement best describes your attitude towards call centre service?**  
(% respondents)



**16. To what extent do you agree with the following statements? Please rank on a scale of 1-5, where 1 = strongly agree and 5 = strongly disagree.**  
(% respondents)



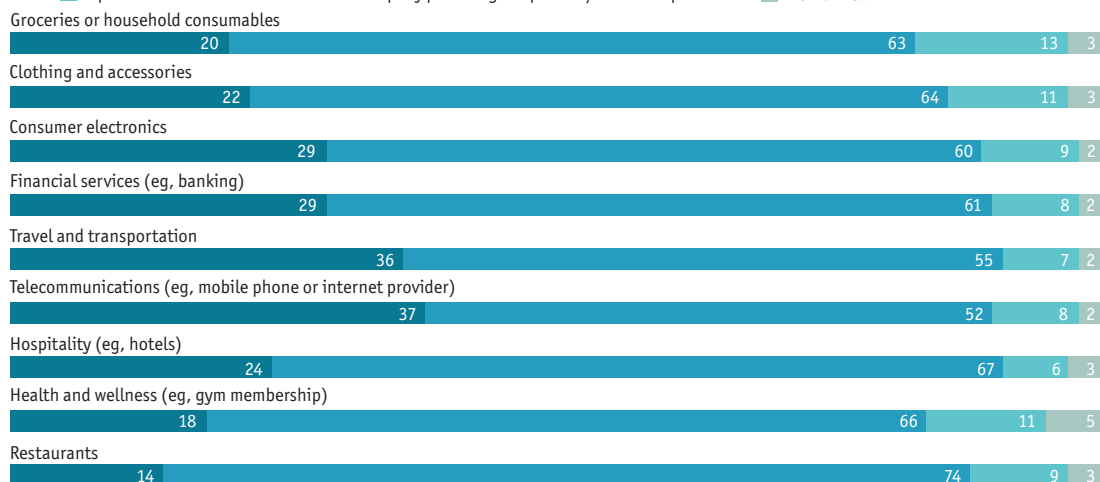
**17. Please rate the overall level of customer service in your country for the following products/services, where 1 = very good and 5 = very bad.**  
(% respondents)



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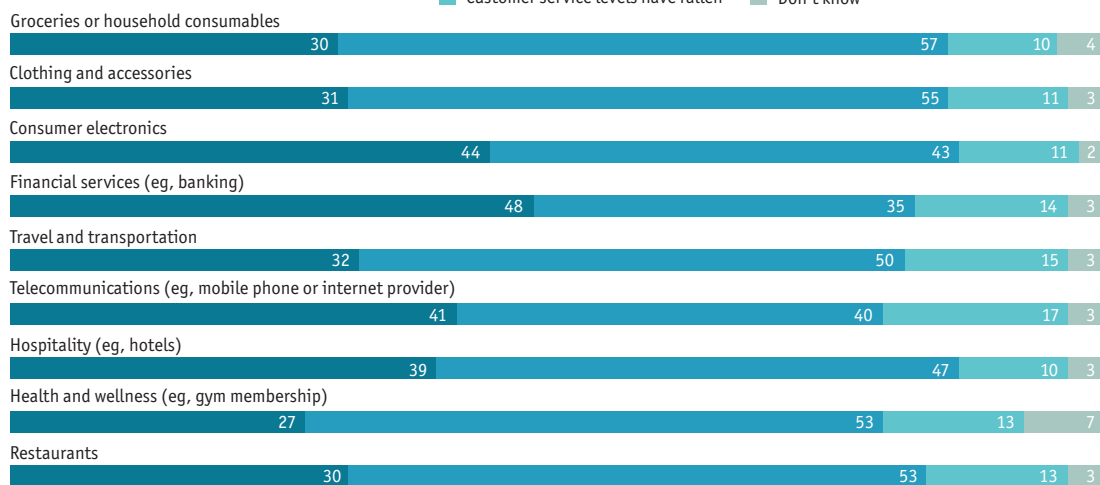
**18. For the following products/services, please state in general whether you prefer online information or communication (eg, e-mail, web forms) or human interaction (including phone calls, face-to-face service).**  
(% respondents)

- I prefer online information or communication (eg, e-mail, web forms)
- I prefer human interaction (phone calls, face-to-face service)
- I prefer as little interaction with the company providing the product/service as possible
- Don't know

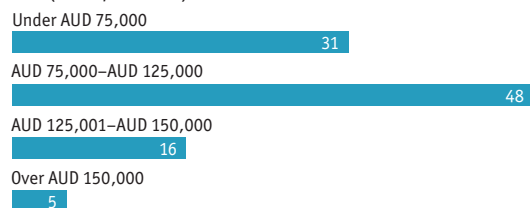


**19. Over the past five years, for the following products/services, do you think customer service levels have risen in your country, have fallen, or have stayed the same?**  
(% respondents)

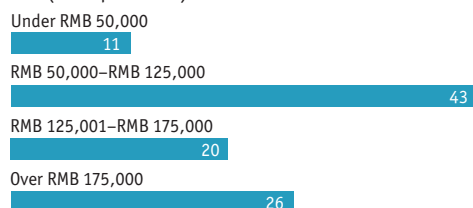
- Customer service levels have risen
- Customer service levels have not changed
- Customer service levels have fallen
- Don't know



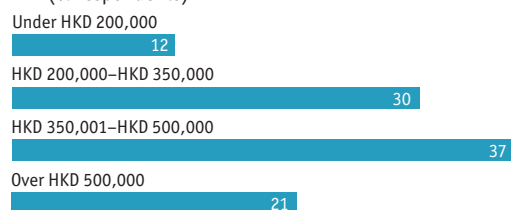
**20. What is your total annual household income? Australia.**  
(% respondents)



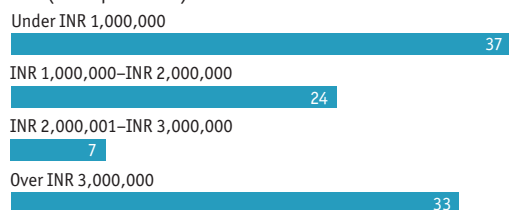
**21. What is your total annual household income? China.**  
(% respondents)



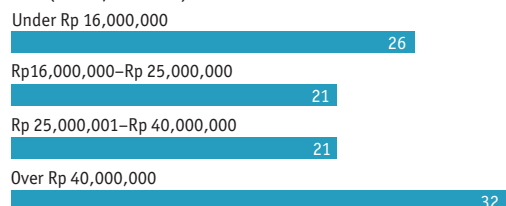
**22. What is your total annual household income? Hong Kong.**  
(% respondents)



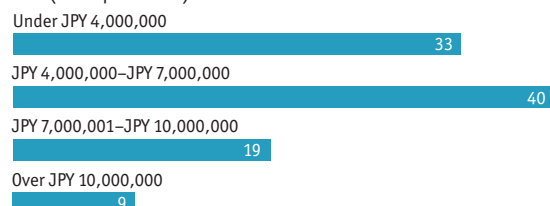
**23. What is your total annual household income? India.**  
(% respondents)



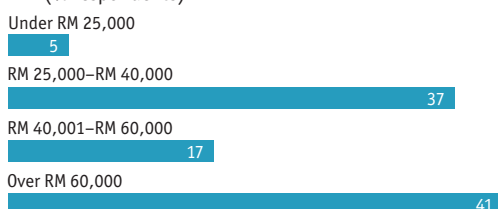
**24. What is your total annual household income? Indonesia.**  
(% respondents)



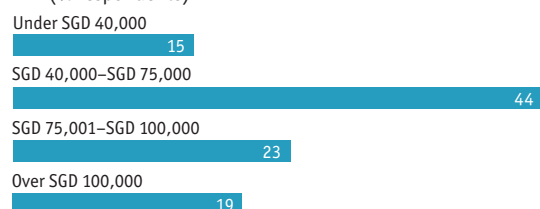
**25. What is your total annual household income? Japan.**  
(% respondents)



**26. What is your total annual household income? Malaysia.**  
(% respondents)

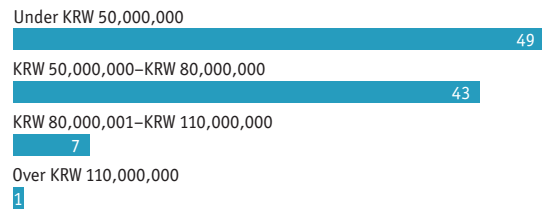


**27. What is your total annual household income? Singapore.**  
(% respondents)

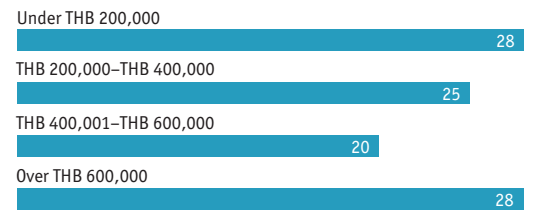


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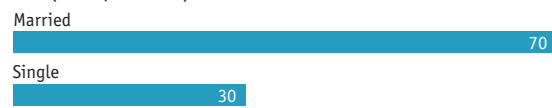
28. What is your total annual household income? South Korea.  
(% respondents)



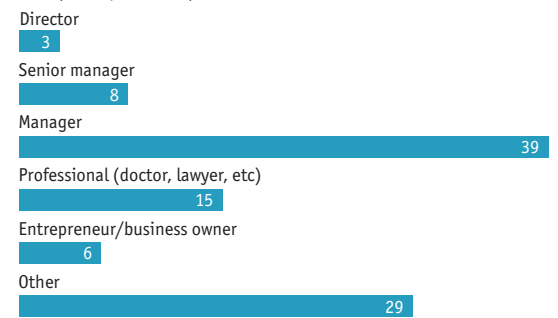
29. What is your total annual household income? Thailand.  
(% respondents)



30. What is your marital status?  
(% respondents)



31. Which of the following best describes your role?  
(% respondents)



32. What is your gender?  
(% respondents)



Whilst every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this white paper or any of the information, opinions or conclusions set out in the white paper.

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