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Rating Customer Service Experiences, 2010

Consumers Evaluate Customer Service At 92 Companies

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EXECUTIVE SUMMARY

Forrester asked more than 4,600 US consumers about their customer service experiences with companies across 14 industries. Barnes & Noble and Kohl's received the highest rating, while Charter Communications fell to the bottom. Kaiser, on the other hand, far outpaced other health plans. When we looked at responses by generation, we found that Seniors were the most likely to give good marks for customer service. Companies need to start viewing customer service as an underperforming asset.

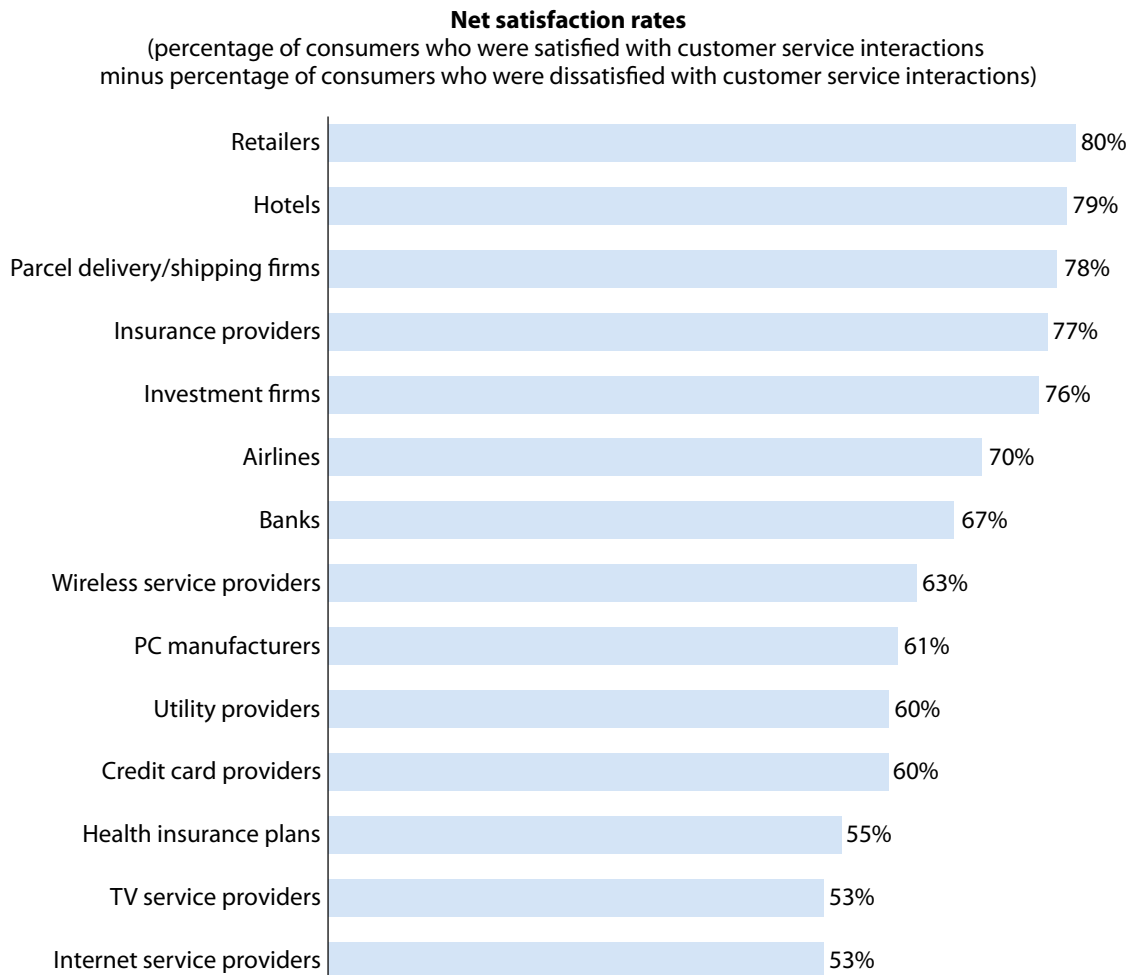
BARNES & NOBLE, KOHL'S, AND MARRIOTT DELIVER THE BEST CUSTOMER SERVICE

Forrester asked US consumers about their customer service experiences with companies across 14 industries. To gauge the overall state of customer service, we took the percentage of consumers who were satisfied with customer service interactions and subtracted the percentage of those who were dissatisfied. This calculation resulted in a net satisfaction rate.¹ Our analysis showed that:

- **Retailers lead and health plans lag.** When we examined the results across all 14 industries, the results were unimpressive (see Figure 1). Retailers topped the list with a net satisfaction rate of only 80%, followed closely by hotels, parcel shipping firms, insurance providers, and investment firms. At the other end of the spectrum, Internet service providers, TV service providers, and health insurance plans ended up with frighteningly low ratings for their customer service experiences.
- **Barnes & Noble, Kohl's, and Marriott get top customer service scores.** Forrester received enough consumer feedback to rate the customer service experiences of 92 firms (see Figure 2). Led by three companies who crossed over the impressive 90% level — Barnes & Noble, Kohl's, and Marriott — 24 companies ended up with ratings of 80% or higher. At the bottom of the list, Charter Communications' score in both its Internet and TV business fell below 40%, and 12 other companies had scores of 50% or lower.
- **Credit unions, Kaiser, and Apple shine in their industries.** We also looked at how the companies' scores compared to the averages for their industries. Both credit unions (in banking) and Kaiser outperformed their industry average by 20 percentage points, and Apple wasn't far behind with an 18-point gap. A total of 13 companies received customer service scores that were 10 points or more above their industry average, while 17 firms fell that far below their industry average. Washington Mutual wound up with the largest negative gap, 24 percentage points below the banking industry average.

- **Seniors give customer service the highest marks.** We also examined how different generations of consumers rated their customer service experiences (see Figure 3). In 10 of the 14 industries, Seniors gave the highest scores. What were the only exceptions? Gen X and Older Boomers gave the highest score for airlines, Younger Boomers gave the highest scores for Internet service providers and parcel shipping firms, and Older Boomers gave hotels the highest marks.
- **Gen Yers give customer service the lowest marks.** For nine of the industries, Gen Y gave customer service the lowest scores. The exceptions: Younger Boomers gave the lowest marks for banks, credit card providers, health insurance plans, and PC manufacturers, and Gen X gave the lowest marks for TV service providers.
- **Credit cards and investment firms have the largest generation gap.** When we compared the high and low scores for each industry, we found two industries where the gap was more than 30 percentage points: credit card providers (Seniors minus Younger Boomers) and investment firms (Seniors minus Gen Y). The two industries with the lowest customer service generation gaps were Internet service providers and TV service providers.

Figure 1 Satisfaction With Customer Service Experiences Across Industries



Base: US online consumers who have interacted with firms in these industries
(numbers have been rounded)

Source: North American Technographics® Customer Experience Online Survey, Q4 2009 (US)

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Source: Forrester Research, Inc.

Figure 2 Satisfaction With Customer Service Experiences From 92 Companies

Net satisfaction rates
 (percentage of consumers who were satisfied with customer service interactions
 minus percentage of consumers who were dissatisfied with customer service interactions)

Company	Industry	Company net satisfaction rate	Industry average	Company minus industry (percentage points)
Barnes & Noble	Retailer	93%	80%	13
Kohl's	Retailer	92%	80%	12
Marriott Hotels & Resorts	Hotel	90%	79%	11
JCPenney	Retailer	89%	80%	9
USAA	Insurance provider	89%	77%	12
BJ's Wholesale Club	Retailer	88%	80%	8
A credit union	Bank	87%	67%	20
Amazon.com	Retailer	87%	80%	7
Liberty Mutual Insurance	Insurance provider	86%	77%	9
Staples	Retailer	85%	80%	5
Costco Wholesale	Retailer	84%	80%	4
Target	Retailer	84%	80%	4
The Home Depot	Retailer	83%	80%	3
Lowe's	Retailer	83%	80%	3
Macy's	Retailer	83%	80%	3
Sam's Club	Retailer	81%	80%	1
Sears	Retailer	81%	80%	1
Walgreens	Retailer	81%	80%	1
An independent insurance agent	Insurance provider	80%	77%	3
CVS	Retailer	80%	80%	0
Fidelity Investments	Investment firm	80%	76%	4
Old Navy	Retailer	80%	80%	0
Other full-service brokerage	Investment firm	80%	76%	4
Southwest Airlines	Airline	80%	70%	10
Apple	PC manufacturer	79%	61%	18
Comfort Inn	Hotel	79%	79%	0
FedEx	Parcel delivery/shipping firm	79%	78%	1
Borders	Retailer	78%	80%	-2
Farmers Insurance Group	Insurance provider	78%	77%	1
Progressive	Insurance provider	78%	77%	1
State Farm	Insurance provider	78%	77%	1
United Parcel Service	Parcel delivery/shipping firm	78%	78%	0
A credit union	Investment firm	77%	76%	1
Best Buy	Retailer	77%	80%	-3
United States Postal Service	Parcel delivery/shipping firm	77%	78%	-1
AAA	Insurance provider	76%	77%	-1
eBay	Retailer	75%	80%	-5
Geico	Insurance provider	75%	77%	-2
Kaiser	Health insurance plan	75%	55%	20
Visa	Credit card provider	75%	60%	15
Wachovia Bank	Bank	75%	67%	8
American Express	Credit card provider	74%	60%	14
Allstate Insurance	Insurance provider	73%	77%	-4
Delta Air Lines	Airline	73%	70%	3
Kmart	Retailer	70%	80%	-10
Wal-Mart	Retailer	70%	80%	-10
Continental Airlines	Airline	69%	70%	-1
Discover Bank	Credit card provider	69%	60%	9
Nationwide Mutual Insurance	Insurance provider	69%	77%	-8
Office Depot	Retailer	69%	80%	-11
American Airlines	Airline	68%	70%	-2

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Source: Forrester Research, Inc.

Figure 2 Satisfaction With Customer Service Experiences From 92 Companies (Cont.)

Company	Industry	Company net satisfaction rate	Industry average (percentage points)	Company minus industry (percentage points)
Cox Communications	TV service provider	68%	53%	15
MasterCard	Credit card provider	67%	60%	7
Verizon Wireless	Wireless service provider	67%	63%	4
AT&T	Wireless service provider	66%	63%	3
Hewlett-Packard	PC manufacturer	65%	61%	4
Verizon	Internet service provider	64%	53%	11
Cox Communications	Internet service provider	63%	53%	10
PG&E	Utility provider	63%	60%	3
T-Mobile	Wireless service provider	63%	63%	0
AT&T	TV service provider	62%	53%	9
CIGNA	Health insurance plan	62%	55%	7
TracFone Wireless	Wireless service provider	62%	63%	-1
Medicare	Health insurance plan	61%	55%	6
Citibank	Bank	60%	67%	-7
DirectTV	TV service provider	60%	53%	7
Wells Fargo	Bank	60%	67%	-7
United Airlines/Ted	Airline	59%	70%	-11
AT&T	Internet service provider	56%	53%	3
Sprint	Wireless service provider	56%	63%	-7
Dell	PC manufacturer	55%	61%	-6
DISH Network (EchoStar)	TV service provider	55%	53%	2
JP Morgan Chase	Bank	55%	67%	-12
Road Runner (Time Warner Cable)	Internet service provider	55%	53%	2
Other cable TV provider	TV service provider	54%	53%	1
Medicaid	Health insurance plan	53%	55%	-2
Bank of America	Bank	52%	67%	-15
Time Warner Cable	TV service provider	51%	53%	-2
Anthem	Health insurance plan	50%	55%	-5
Chase	Credit card provider	50%	60%	-10
Capital One	Credit card provider	49%	60%	-11
Bank of America	Credit card provider	47%	60%	-13
Comcast	Internet service provider	47%	53%	-6
HSBC	Credit card provider	47%	60%	-13
AOL	Internet service provider	46%	53%	-7
Citigroup	Credit card provider	46%	60%	-14
Aetna	Health insurance plan	44%	55%	-11
United Healthcare	Health insurance plan	43%	55%	-12
Washington Mutual	Bank	43%	67%	-24
Comcast	TV service provider	42%	53%	-11
Charter Communications	TV service provider	38%	53%	-15
Charter Communications	Internet service provider	37%	53%	-16

Base: US online consumers who have interacted with firms in these industries
(numbers have been rounded)

Source: North American Technographics® Customer Experience Online Survey, Q4 2009 (US)

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Source: Forrester Research, Inc.

Figure 3 Satisfaction With Customer Service Experiences Across Generations

Net satisfaction rates
 (percentage of consumers who were satisfied with customer service interactions
 minus percentage of consumers who were dissatisfied with customer service interactions)

Industry	Gen Y	Gen X	Younger Boomers	Older Boomers	Seniors
Airlines	55%	76%	63%	76%	70%
Banks	64%	66%	61%	69%	80%
Credit card providers	59%	60%	41%	67%	76%
Health insurance plans	54%	51%	44%	62%	69%
Hotels	63%	82%	80%	86%	84%
Insurance providers	69%	75%	77%	79%	87%
Internet service providers	49%	51%	56%	55%	54%
Investment firms	56%	73%	79%	86%	88%
Parcel delivery/shipping firms	68%	78%	82%	81%	81%
PC manufacturers	60%	61%	57%	63%	73%
Retailers	73%	79%	80%	83%	89%
TV service providers	51%	49%	55%	58%	59%
Utility providers	52%	64%	53%	62%	70%
Wireless service providers	59%	62%	65%	68%	73%

Base: US online consumers who have interacted with firms in these industries (numbers have been rounded)

■ Highest rating per industry
■ Lowest rating per industry

Source: North American Technographics® Customer Experience Online Survey, Q4 2009 (US)

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Source: Forrester Research, Inc.

WHAT IT MEANS

CUSTOMER SERVICE IS AN UNDERPERFORMING MOMENT OF TRUTH

Our research shows that consumers care more about customer service than they care about low prices.² And those consumers who care about customer service tend to be more loyal customers.³ Customer service represents some of the most important moments of truth for customers. Given the low ratings, most companies need to stop squeezing costs out of their customer service organizations and start viewing these organizations as a key asset in building loyalty.

SUPPLEMENTAL MATERIAL

Methodology

Data for this analysis came from Forrester's North American Technographics® Customer Experience Online Survey, Q4 2009 (US). Forrester conducted an online survey fielded in October 2009 of 4,653 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 4,653), there is 95% confidence that the results have a statistical precision of plus or minus 1.4% of what they would be if the entire population of US online individuals ages 18 and older had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 4,623. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that this was an online survey. Respondents who participate in online surveys have in general more experience with the Internet and feel more comfortable transacting online. The data is weighted to be representative for the total online population on the weighting targets mentioned, but this sample bias may produce results that differ from Forrester's offline benchmark survey. The sample was drawn from members of MarketTools' online panel, and respondents were motivated by receiving points that could be redeemed for a reward. The sample provided by MarketTools is not a random sample. While individuals have been randomly sampled from MarketTools' panel for this particular survey, they have previously chosen to take part in the MarketTools online panel.

ENDNOTES

- ¹ We asked consumers the following question about companies they had interacted with: "Thinking about the last few times you received customer service from the firms below, how satisfied were you with the experience?" Respondents answered that question on a five-point scale in which 1 meant they were not at all satisfied and 5 meant they were very satisfied. The net satisfaction rate was calculated by taking the percentage of consumers who selected 4 or 5 and subtracting the percentage of consumers who answered 1 or 2.
- ² Forrester asked nearly 4,600 consumers how they choose the companies they do business with. Across all 12 industries we examined, good customer service was more important than low prices; the largest gaps were uncovered for banks, investment firms, and health insurance plans. While customer service is a critical element across industries, Gen Y consumers were the least enamored with good service, and Younger Boomers were the most interested in low prices. See the May 15, 2009, "[Customer Service Trumps Price](#)" report.
- ³ In previous research, Forrester created four segments of consumers based on their interest in low prices and good customer service: Service Seekers, Price Seekers, Price & Service Seekers, and Others. We examined the loyalty of these segments across 12 industries. Across all industries, Service Seekers were more likely than Price Seekers to buy more products, stay with their current provider, and recommend their provider to friends and colleagues. The gap between Service Seekers and Price Seekers was very high for TV service providers across all three loyalty measures. It turns out that Service Seekers are excellent customers to target. See the August 31, 2009, "[Service Seekers Are More Loyal Than Price Seekers](#)" report.

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