



Press release

Date	EMBARGOED until 00.01 CET	16 th January 2014
Subject	Return on Service - a report from BDO	

Businesses admit widespread customer service failings are hitting bottom line

- **Nearly two thirds of companies worldwide find bottom lines significantly hit by poor service**
- **One in four companies have failed to invest in customer service in the past 2 years**

A BDO report, written by the Economist Intelligence Unit, released today, has for the first time unveiled the impact of poor customer service on businesses worldwide. The survey of more than 800 senior business leaders around the world reveals that almost two thirds (59%) of all companies admit that a customer service failing has had a clear, significant impact on financial performance.

The survey also revealed:

- A quarter have lost customers as a result of poor customer service (27%)
- Service failings have hit the share price of one in seven companies (15%)
- 23% have had to compensate customers due to poor service
- 84% of the companies, surveyed believe that customer service is 'very' or 'moderately' important to their financial performance, but only a third of companies (36%) currently have a strategy to link service and bottom line

Despite customer service draining profits for many, one in four (27%) businesses have made no investment in service whatsoever in the last two years. In addition, less than a third of companies (28%) have a designated head of customer service on the board.

Only a quarter (29%) of business leaders feel being seen to be customer focused is key to career progression. Indeed, employee and other internal issues are taking precedence over customer concerns in nine in ten organisations (89%).

The report also finds that for many companies engagement is still low-tech: 36% of companies use social media to engage customers and just 15% believe social media will become the most important method of engaging with customers - more than a quarter believe its importance in 2020 will be the same as it is now.

Allan Evans, Global Head of Clients and Markets at BDO, said “The battle for customer growth and retention is going to be fierce in every market and sector. For many, it’s a fight for survival and competitive advantage is key. Companies are right to focus on quality, value, price and innovation but not to the detriment of service quality”.

“Boardrooms are blinkered - even with clear evidence that poor service is hindering profitability, businesses are failing to invest in, track or apportion sole responsibility for service. We’re calling for more companies to put service on the boardroom agenda and have a clearer focus on the link between service quality and the bottom line. Only then will companies be able to develop clear and effective strategies to make a return on service.”

Monica Woodley, the EIU’s Managing Editor, commented: “It’s clear many businesses find themselves in a service catch 22 situation. Companies intuitively seem to understand customer service impacts financial performance, but they are unsure how to make a clear link with the bottom line. So they don’t prioritise service at a board level because they don’t fully understand it, and they don’t fully understand it, because they don’t prioritise it. More businesses need to take action now to break this service cycle or risk losing out to competitors.”

Jo Causon, Chief Executive of the Institute of Customer Service, added: “Financials tell the CEO where the organisation has been, but customer satisfaction data gives good indications of where it is going. Today’s findings confirm that companies must be vigilant about regularly reviewing the metrics they use to measure customer service. If they don’t, it is impossible for Boards to measure the impact that service makes to bottom line and ultimately take action. A genuinely aligned, joined-up organisation sees customer service as a key part of its strategy and integral for every aspect of the business.”

On Thursday 16 January (15.00 GMT), the Economist Intelligence Unit will be hosting a webinar discussion focusing on the financial impact of customer service. Chaired by Monica Woodley, the EIU’s Managing Editor, the following speakers will be giving their views:

- Allan Evans, Global Head of Clients and Markets, BDO
- Maria McCann, Group Head of Customer: Coast Success, Karen Millen, Oasis, Warehouse, Aurora Fashions
- Tracy Garrad, Head, First Direct
- Jo Causon, Chief Executive, Institute of Customer Service

To watch and participate in the webinar, please see here:
www.returnonservice.economist.com

-ends-

Notes to editors**About BDO**

Service provision within the international BDO network of independent member firms ('the BDO network') is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium with its statutory seat in Brussels.

Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BVBA and the member firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

BDO is the brand name for the BDO network and for each of the BDO member firms.

The combined fee income of all the BDO Member Firms, including the members of their exclusive alliances, was \$6.45 billion in 2013. The global network provides advisory services in 144 countries, with more than 56,000 people working out of 1,264 offices worldwide.

About the Economist Intelligence Unit

The Economist Intelligence Unit is the world leader in global business intelligence. It is the business-to-business arm of The Economist Group, which publishes The Economist newspaper. As the world's leading provider of country intelligence, the Economist Intelligence Unit helps executives make better business decisions by providing timely, reliable and impartial analysis on worldwide market trends and business strategies. More information about The Economist Intelligence Unit can be found at www.eiu.com or follow us on www.twitter.com/theEIU

About the research

In September 2013, the Economist Intelligence Unit (EIU), on behalf of BDO, formed a steering committee of independent customer service experts in order to help direct a research programme investigating the link between good customer service and strong financial performance. This committee was instrumental in shaping a survey of 832 companies around the world with revenues of between US\$50m-US\$2bn, which was conducted in October and November 2013. Geographically, 221 respondents were from North America, 406 from Europe and 205 from Asia. The sample was very senior, with 423 from the C-suite or board level and 409 other senior executives. Respondents were roughly evenly split between four industries: financial services (218), telecoms, media and technology (TMT) (212), retail (203) and natural resources (199). Also, a range of independent customer service experts and customer service specialists at corporates were interviewed for the report.

Contacts

Dan Masser
Jessica Cain
Carley Sparrow
Sam Johnson

Tel: (+44) 207 260 2700
bdointernational@bluerubicon.com
