

# Service will be as important as price

GRAHAM JEPSON



Shazam, run by Andrew Fisher, can identify a piece of music and then sell it to you



In tough overseas markets, firms that use technology to provide a good customer experience will do best, says BDO's Julian Frost

**F**ast, effective customer service will be the key to success for young companies moving into lucrative international markets that are more competitive than ever.

Growing businesses expect service to replace quality as a key differentiator over the next decade, according to a report by BDO entitled Service 2020: Megatrends for the Decade Ahead. New customers will be won by widening choice and improving response times, not by competing on cost and getting caught in a "race to the bottom".

Technology has a vital role to play in capturing and keeping customers, according to our survey of 479 business leaders. What's more, customer expectations are evolving with new technology. Websites, apps and online forums provide a huge array of market information — and many opportunities for praise and complaint. Buyers browse the internet to compare goods and services on offer, and when products are faulty or deliveries go astray, unhappy customers use Facebook and Twitter to tell the world.

But there is a big prize for get-

ting it right. According to the World Bank, by 2030 there will be 1.2 billion middle-class consumers in the world, with particularly strong growth in Asia. The businesses in our survey expect the expanding middle class in emerging markets to be one of the top five drivers of changing customer expectations over the next decade.

Given the scale of the opportunity, it is no surprise that the Tech Track 100 research shows that two-thirds of the companies in this year's table are planning to expand abroad or already trade overseas. Many firms have grasped how new technology can transform customer service in a competitive global marketplace.

For example, the online fashion retailer Net-a-Porter, which appeared in the Tech Track 100 four years ago, has developed mobile apps so that customers can place orders from their phones or tablets.

Lebara, a telecom services provider that has featured in the sister league table Fast Track 100 and is one of the case studies in our Megatrends report, has recognised that good service also requires a personal touch. The firm has recruited

outstanding staff for its call centre by locating its operation in central London instead of an isolated office campus.

Many other firms are responding to growing demand for applications or outsourced services that can improve customers' overall experience or gather feedback.

Take Elite Telecom, the phone services provider at No100 in this year's Tech Track 100. The Lancashire business has developed an intelligent call-queuing system that gives customers an estimated waiting time at busy periods,

**“**  
**CUSTOMERS CAN USE FACEBOOK TO TELL THE WORLD WHAT THEY THINK**

after which they can call back and be placed at the front of the queue. Clients, including several Premier League football clubs, have cut call waiting times and improved overall satisfaction considerably, according to the company's founder, Matt Newing.

Another company that focuses on customer experience is Essence, the digital marketing agency at No14 in the league table. The firm analyses how consumers react to different offers, messages and images, and then advises clients such as eBay, Expedia and Google on making their communications and promotions more relevant and engaging. Essence also monitors social network chatter to help its clients understand what people are saying about them. Of the companies we spoke to for our report, only about 40% monitor social media for feedback on their service.

Other league table companies have not been content with improving services but have created entirely new ones. Users of Shazam, the music recognition services provider at No44 in the league table, benefit from a fast, intelligent facility, according to David Jones, executive vice president of marketing. The firm's mobile application allows people to identify tunes by using their phone to capture the sound, and then download them from online music stores. It is backed by Kleiner Perkins Caufield & Byers, which was an early investor in Facebook and Google.

Since Shazam was launched in 2002, it has added a string of new services for users around the world, who can now view accompanying lyrics and music videos, for example, or receive information about music events. By forming partnerships with social media sites such as Facebook and Twitter, the company can offer its users more services, such as the ability to recommend songs. Meanwhile, the London firm is also able to help commercial partners such as Amazon and Apple's iTunes to make customer recommendations by studying what Shazam users download.

Our Megatrends survey also reveals there is still a lot of scope to improve customer care. Just six in ten of the companies polled said they had a strategy for tracking complaints. Only 55% have a system for identifying service gaps, and less than four in ten think they do an excellent job of addressing customer feedback.

The human element of customer service is vital — but technology is a great enabler. As young firms such as those in the Tech Track 100 and their clients expand into competitive global markets, it will be more important than ever to have good customer service. We can help ambitious technology, media and telecoms firms to revise their business strategies and improve their tax positions as they look overseas.

■ Julian Frost, head of technology, media and telecoms at BDO, was talking to Catherine Wheatley