



# Customer experience in the ageing sector

**Starting the journey to wow**







## **Changing consumer expectations coupled with government reforms are challenging providers of retirement living, home care and residential care in Australia to rethink the customer experience.**

No matter what we're buying, we all want a good customer experience – we want to think 'wow'. As consumers, we're becoming increasingly aware of what great customer experience feels like and more vocal when we don't receive it. It's not surprising that attracting and retaining customers is a top issue for boards around the world, with 88 percent of CEOs concerned about the loyalty of their customers and 82 percent, about the relevance of their products or services.<sup>1</sup>

In the ageing sector, consumers are increasingly voting with their feet by switching to providers when they don't get what they want, need or expect. Consumers and their families are looking for tailored services with a personalised and seamless experience in an environment where they feel respected and engaged.

Along with changing consumer expectations, providers face regulatory change as the Home Care reforms drive a more customer-led environment. Since February 2017, the days of block funding and a guaranteed revenue stream are over and providers must compete in an open market for the hearts and minds of consumers by constantly delivering excellent service at a reasonable price.

Disrupted aged-care markets bring opportunities for new challengers and incumbency may not be an advantage. To put the risk and opportunity in to perspective, when the United Kingdom shifted to market-based provision more than 50 percent of consumers moved from a not-for-profit to a for-profit provider. In New Zealand, providers reported that they lost up to 30 percent of their clients to other providers, with some of those= new entrants to the market.

# The business case for customer experience

While the sector is clearly focused on this issue, KPMG research shows that up to 80 percent of providers fail to return phone calls to prospective customers.<sup>2</sup> Customer experience is now a fundamental business issue and aged care providers must shift their mindsets in order to grow and survive in the 'age of the customer'.

Customer experience cannot be seen as something optional, or simply the domain of the marketing department or frontline staff. It is a critical business issue and needs board-level support to make the right investments and changes within the entire organisation.

With 82 percent of people turning away from a business because of a bad experience and 85 percent wanting to warn others, it's clear that bad customer experience can be detrimental for business. A positive experience, on the other hand, will let providers drive commercial outcomes, with 85 percent of people willing to pay 25 percent more for excellent customer service, showing that people become less sensitive to price when they experience good customer experience.<sup>3</sup>

While this sector is different to the wider corporate world and customer experience isn't measured by simple satisfaction or driven by the bottom line, there are clear benefits of designing services around the end user.

For example, in the healthcare sector, the evidence is clear that a patient-centred approach in hospitals delivers results far beyond the bottom line. Factors including better patient outcomes, improved risk management and happier staff can all be driven by strategic approach that puts the user, the patient in this case, at the centre of an organisation.<sup>4, 5, 6</sup>



Source: Medical literature, KPMG analysis



# The experience in Australia

## Where are we today?

To help understand where the industry is today in terms of customer experience, KPMG interviewed consumers and their families and explored the topic and made 'mystery shopper' style calls to Retirement Living, Home Care and Residential Care providers around Australia.

For an industry so vital to our society and undergoing so much change and increasing competition, our findings reveal a sector still grappling with a shift toward a customer first model. Without positive customer experience at the heart of strategies and operating models, providers will simply not be able to attract and retain customers and control costs. Those that cannot react fast enough will be unable to maintain market share and stay competitive in the medium to long term.

# Key findings



## Retirement living

In consumer interviews, there was a general frustration with the lack of relevant information and poor response to enquiries by potential customers. Large numbers of providers did not answer or return calls and websites had out-of-date content.

In many cases, where a potential customer was able to speak to a member of staff, they were not able to answer questions. As might be expected, the largest providers and for-profit retirement villages were more able to answer questions due to call centre operations.

## Home care

A lack of transparency about prices and having to give the same information to each provider was a cause of frustration for interviewees. Interviews also revealed that customers value familiar staff, consistent and reliable care and being treated with respect.

Customer service across the segment was highly variable, regardless of the size and location of the provider. For 60 percent of providers in metropolitan locations, the first point of contact was not able to answer questions, forcing case managers, who were often on the road, to call back. None of these providers' websites published information about whether or not they had vacancies.

For an industry that is so customer-focussed and going through a period of rapid change, there is work to be done, to re-orientate to become customer-centric.

## Residential care

Confusing fee arrangements and a lack of relevant information in response to questions were the main sources of frustration for customers and potential customers.

Providers were often unable to tell customers about the waitlist for specific residential care facilities, including if there was a waitlist and/or the number of people on the waitlist. As with the other sectors, customer service across all calls was also highly variable in quality and, across the board, providers were reluctant to speak with customers without an assessment through *My Aged Care*.



## Mystery shopper calls

80% of operators did not answer calls and customers left messages for a return call; of these calls only 50% were actually returned

60% of providers had out-of-date content on their website

100% of providers requested consumers to go through *My Aged Care* prior to answering questions

30% of operators did not return calls

60% of operators could not adequately answer questions

60% of Home Care Package providers did not disclose their current prices

70% of operators could not confidently answer questions due to a lack of information or a reluctance to talk without an assessment through *My Aged Care*

78% of operators had low or moderate level of knowledge about fees

80% of answered calls resulted in an operator sending out information packs and/or suggesting a site visit to answer customer questions

## Consumer interviews & Mystery shopper calls

"I can send you a pack but it has to be posted in the mail as the file is too large."  
*Agent*

"I do not know if there is a vacancy and I am unable to provide an estimate."  
*Agent*

"It was so difficult to access information, packages were very confusing. There was an assumed understanding of terminology. It was a frustrating process..."  
*Child of consumer*

"We need familiar staff and consistent service delivery before we can consider more add-ons...we need to trust our Home Care provider."  
*Child of consumer*

"Well it depends on what questions you want to ask me ...I could possibly give you the basic rate per day."  
*Agent*

"[They] expect you to have an understanding. Should be like any other search engine but was not."  
*Child of consumer*

Source: KPMG Australian ageing sector research, 2016

# Opportunities to stand out on the customer journey

Despite the current levels of satisfaction, there are key points on along a typical customer's journey where providers can improve and differentiate.



Retirement living	Phases	Awareness	First call	Information	Make decision	Sign up	Move
	Touchpoints	<div>1.0</div> <div>Online research</div>	<div>2.0</div> <div>Call with provider</div>	<div>3.0</div> <div>Second call/Request brochure</div>	<div>4.0</div> <div>Determine availability</div>	<div>5.0</div> <div>Fill out application/ Placed on waitlist/ Await availability call back</div>	<div>6.0</div> <div>Move into selected provider</div>
	Opportunities to differentiate	<div>– Websites should provide information that customers are looking for including availability, price, location criteria on a single site, with a drop down search.</div> <div>– Clear Marketing and Communications.</div> <div>– Provide a virtual tour of the facilities online.</div>	<div>– First calls to be answered and returned the same day.</div> <div>– Empower frontline staff with information to adequately answer potential customer questions.</div>	<div>– Well informed brochure which is easily accessible on website and answers key customer questions.</div>	<div>– Provide a search engine on website to enable interested parties to access information more easily.</div> <div>– Redirect customers to villages that the provider has within the catchment that may have vacancies.</div> <div>– Change and innovate the waitlist process with a view to maximise occupancy.</div>	<div>– Potential lag time considerations are required.</div> <div>– Activities to reinforce the individual's reasons for choosing this RV.</div>	

Home care	Phases	Awareness	Assessment	Sign up	Receive service
	Touchpoints	1.0 Online research/ Contact My Aged Care	2.0 Assessment through My Aged Care and waitlist/Find HCP provider/ Provider offers packages	3.0 Sign agreement with provider/ Develop care plan and budget	4.0 Customer receives services
Opportunities to differentiate		<ul style="list-style-type: none"> <li>A website with a drop-down search engine with requirements and then match availability, like the findananny.com site.</li> <li>Include key information for decision making including availability, areas serviced, model for HCP and fees.</li> <li>Clear marketing and communications.</li> </ul>	<ul style="list-style-type: none"> <li>Develop customer engagement strategies whilst they are awaiting a HCP.</li> <li>Make the process transparent and educate customers on the end to end journey (provide more support and information to family, provide fee for service).</li> <li>Empower frontline staff with necessary information to answer questions.</li> </ul>	<ul style="list-style-type: none"> <li>In person consultation with empathy to discuss needs, customer purpose and passion.</li> <li>Demonstrate excellent responsiveness (e.g. care plan provided next day).</li> <li>Make information readily available and share with the customer's family – digital form for those who cannot attend.</li> <li>Assist the customer through the journey</li> </ul>	<ul style="list-style-type: none"> <li>Create consistency, rapport and familiarity with the same support worker.</li> <li>Keep family informed (e.g. share schedule digitally).</li> <li>Assist the customer through the journey.</li> <li>Ensure customer experience is captured and information is used to refine services and engagement.</li> </ul>

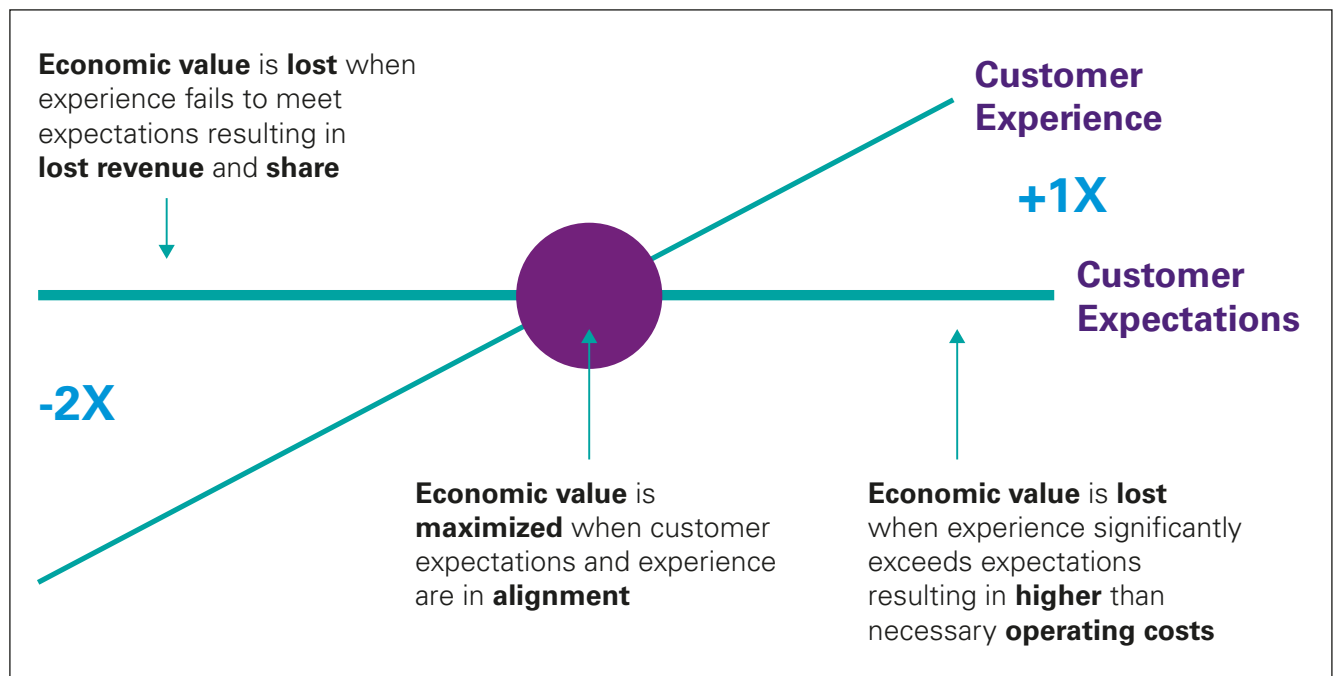
Residential Care	Phases	Awareness	Assessment	Request information	Sign up	Receive services
	Touchpoints	1.0 Contact My Aged Care	2.0 Assessment through My Aged Care and waitlist	3.0 Search home on My Aged Care/ Call a section of providers	4.0 Apply directly to provider(s)/ Await call back for availability	5.0 Move into selected home
Opportunities to differentiate		<ul style="list-style-type: none"> <li>Provide websites with availability like other industries like realestate.com or findananny.com. Websites to have search capability such as filtering by location/price.</li> <li>Include virtual tours on sites.</li> </ul>	<ul style="list-style-type: none"> <li>Provider to identify a system to let key people know about their availability, including key referrers (which may include a hospital social worker).</li> <li>Streamline and simplify information collected when wait listing as customers generally have to waitlist at a number of facilities.</li> </ul>		<ul style="list-style-type: none"> <li>Simplify the process, use technology to capture information at waitlist to move in and avoid paperwork.</li> </ul>	<ul style="list-style-type: none"> <li>Create customer service standards.</li> <li>Focus on up skilling staff on customer service principles, and/or look at how to capture information on customer experience.</li> <li>Pro-actively identify adjustments to support, give customer choice with 'options' and tailor additional services offering.</li> </ul>

# Striking the right balance

## The economics of customer experience

The business case for investing in customer experience is made and there's clearly a need and opportunities to improve it in the Australian ageing industry. So how much to invest? The challenge is defining the desired experience, matching it with market position and growth strategy and maximising its economic value.

In such a people-centred industry, good customer service is vital. As with all investments, it is important to know how to get the level of investment right. Over-investing can lead to diminishing returns, whereas under investing can be even more damaging.



Source: 'Zone of tolerance moderates the service-quality outcome relationship'. Kenneth B. Yapp and Jillian C. Sweeney, Journal of Services Marketing, Vol. 21, No. 2, 2007.



# Customer experience: Management, not magic

Mastering the economics of customer experience is a vital first step for leaders. For many organisations, investments in improving the customer experience don't generate enough value, provide an acceptable return on investment or promote consistent and sustainable organisational processes. We often see organisations failing to:

How?

- 1 Manage by metrics**
- 2 Recognise true benefit potential**
- 3 Gain clarity on costs**
- 4 Align organisational support for success**

## 1. Manage by metrics

Even when organisations develop business cases for customer experience, many fail to ground their investment plans in financial or customer measures with a clear link to value generation. *We suggest the following to improve the customer experience:*

- Consider customer experience investments with the same level of due diligence you would consider for other business investments.
- Ensure investments to meet customer expectations and to address broken experiences are tied to metrics with proven association to customer experience.

## 2. Recognise true benefit potential

While most organisations today have the capabilities to measure customer satisfaction, it is only part of a complete perspective on the customer experience. It is important to ensure all the necessary customer insights and inputs are available to accurately estimate the benefit of investment. *We suggest the following steps:*

- Better understand your customer base through the customer experience. Identify their journeys, understand the value of each customer segment and research the importance of each interaction. Be sure to understand each segment's expectations and their current level of satisfaction with the interaction.
- Use this understanding of value and expectation to conduct a value gap analysis. Determine the extent of the value released by improving the experience for certain segments at specific interactions.

## 3. Gain clarity on costs and elasticity of investment

As the number of channels and interactions grow and customer demand increases, customer experience can become more complicated. From apps to call centres, agents and families, carers and facilities, the ways in which aged care customers can interact with providers is becoming more complex and so is understanding these costs. *The following are ways to start gaining clarity on costs:*

- Begin the process of customer experience costing with an example consumer journey.
- Set a strategic vision for customer experience costing. Obtain executive sponsorship to ensure all of the right people are working together towards a clear goal.
- Invest the necessary time and resources to create a sustainable method of tracking customer experience costs.

## 4. Align organisation support for success

Consistent, effective delivery of customer experience is critical to value generation. Aligning people, processes and technology around the same vision and objectives is key to embedding the customer at the heart of operations.

- Develop alternative scenarios on how the new customer experience will be delivered. Consider the people, processes and technology associated with each scenario and create prototypes to test against specific customer segments.
- Establish an effective governance model to monitor and manage customer experience and report on the value created.
- Consider the creation of a virtual customer experience hub, drawing on people from across the organisation.

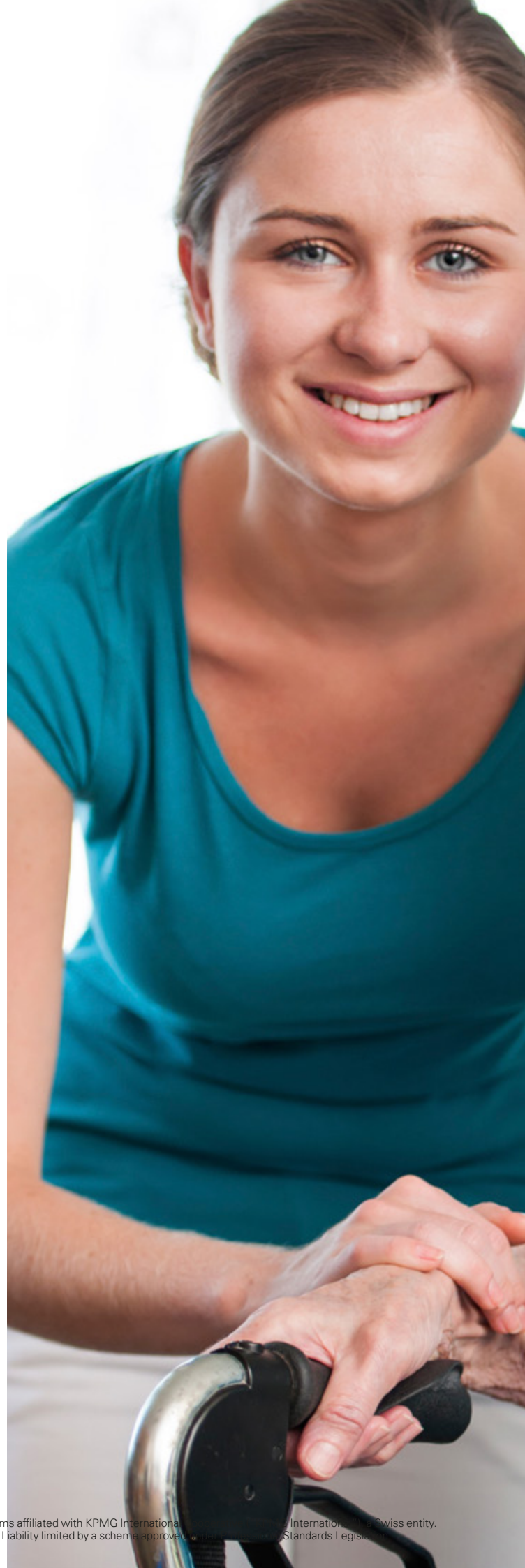
# Summary

Taking the step towards engaging with the ageing sector is one of life's big decisions and often made by people and the families of those who are vulnerable.

Understanding customers in greater depth and taking informed investment decisions to become more customer centric is easier said than done. To thrive in a rapidly changing ageing sector, providers will need to adapt fast by taking a strategic, iterative and sustainable approach to customer experience.

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