

Servcorp & Roy  
Morgan Research

**SECRET  
KILLERS  
OF BUSINESS  
SUCCESS**

# INSTANTANEOUS JUDGEMENTS ONLINE AND OFFLINE



**It is common knowledge that 'first impressions' matter.**

We make instantaneous judgements every day. Studies by Dr Les Parrot uncovered that it takes just three seconds to register a negative impression in the brain. The human brain is hardwired in this way as a prehistoric survival mechanism.



**This same immediate judgement is mirrored online and whenever a prospective customer interacts with a business' marketing collateral.**

According to the Nielsen Norman Group, users spend about 10-20 seconds on a web page. In that time, they are quickly scanning for the cues that will impact their decision to contact the supplier or not.



**In business interactions, first impressions are more heavily influenced by nonverbal cues.**

Our study 'Secret Killers of Business Success' uncovers the factors that are most influential and what businesses can do to master these elements.

# FIRST IMPRESSIONS CAN IMPACT YOUR BOTTOM-LINE



With so much importance placed on first impressions online and offline, it's no surprise to hear that a bad first impression is punishing!

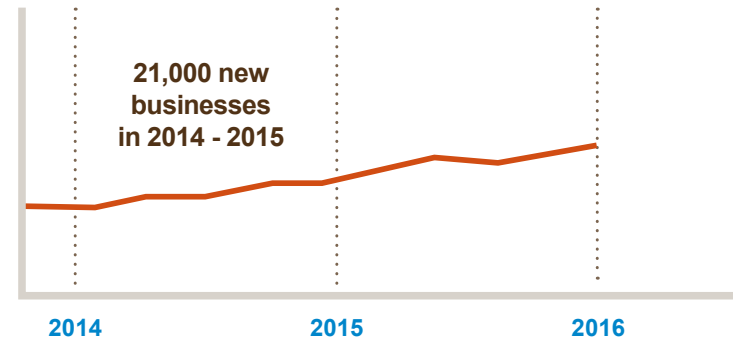
But are prospective customers willing to give a business a second chance when they make a bad first impression?



**Our research uncovered that 2 in 3 (66%) will not offer a supplier a second chance if they make a bad first impression.**



**Of those 1 in 3 who are willing to (60%) will wait 3 months and longer before re-contact.**



The number of actively trading businesses in Australia has increased for the second year in a row by 1%, which equates to an additional 21,000 businesses for 2014-2015 (ABS, 2016).

And this shows no signs of slowing down. Of the respondents surveyed in our study, 9% are planning to start their own business in the near future.

A lot can happen in 1 month let alone 3 months or longer. In most cases, this is too late for any business, as other suppliers fulfil the requirements of those missed opportunities.



# IT CAN BE CONTROLLED



**The detrimental factors impacting a prospective customers' decision not to contact or choose a supplier are easily controlled. It comes down to setting up the business for success at the onset.**

Some of the most elementary factors are often missed by many businesses and not recognising the importance of these are hurting their business. In conjunction with our study, we delved further into the presence of professional service businesses and found that:

- Nearly 6 in 10 businesses do not have a recognisable CBD address
- 1 in 8 businesses only have a PO box address or no address at all
- 1 in 8 businesses only have a mobile number listed as their main point of contact

In fact, it was seen that only 4% of businesses examined recognised the importance of having both a mobile number and fixed local landline displayed on their website and marketing collateral.

In January of this year, Servcorp undertook an independent study titled 'Secret Killers of Business Success' in conjunction with Roy Morgan Research to understand the factors impacting a prospective customer's decision to contact and choose a supplier.



**As part of this national study, we interviewed over 1000 everyday consumers and prospective customers of Professional Service Businesses to ask them what impacted their impression to choose a supplier over another.**



**Of those interviewed, 1 in 5 (19%) currently own a business and this report uncovers an interesting divide between what business owners think versus what their prospective customers expect.**

# TOP 5 INFLUENCERS TO CONTACTING A SUPPLIER

## KEY FINDINGS



A local address and fixed (local) landline are nearly 4 times more likely to be selected as the most influential factors compared to that of advertising and brochures.



### 1. Personal recommendation

The proliferation of the Internet has resulted in an information overload. People spend more time filtering out information online than taking it in. With so many suppliers to choose from and available to consumers today, it's easy to see why 'Personal Recommendations' (93%) would be the most influential factor leading the list.



### 2. Online reviews

Personal recommendations help sift through all that information and identify potential solutions. Therefore a negative personal recommendation from peers, friends and family members are an absolute deal breaker for most prospective customers. A separate study by Nielsen Research's online global survey across 58 countries affirms from 84% of those surveyed that "the most influential form of advertising is recommendations from people they know".



### 3. Website quality

'Online reviews' (68%) and the 'quality of the website' (68%) came equal second and filled up third place as strong influencers to contact. While 'having an address in the nearest city (as opposed to regional or another state capital)' (65%) followed closely as the fourth most influential factor, and 'advertising a contact phone number that is not a mobile number' (52%) made up fifth place.



### 4. Local address



### 5. Local landline

It was interesting to see that having a local address in the nearest city was almost as important as the 'quality of the business website', and more highly regarded than the 'quality of advertising' (32%) and 'quality of brochures' (21%) which did not make it to the Top 5.



**84% of respondents**

stated that the most influential form of advertising is recommendations from people they know according to Nielsen Research

# TOP 5 INFLUENCERS TO CONTACTING A SUPPLIER



**The dark horse...  
Most businesses fail to  
realise just how critical  
a local presence is to  
establishing success.**

In fact, examining these insights further it was found that a local address and fixed (local) landline are nearly 4 times more likely to be selected as the most influential factors compared to that of advertising and brochures. This is an insight important for businesses because it helps them decide where to focus their efforts on most. As with most new businesses, resources are often tight and budget is limited, therefore, it is critical that they focus their efforts on the activities that will make the most impact and generate revenue for the business.



## **Clientele**

High-income respondents rated clientele as the 3rd most influential factor.

The younger demographic 25-34 year olds top three factors were all quite close with 'Personal recommendations' (86%), 'quality of the website' (85%) and 'online reviews' (81%) making up their Top 3.

High-income respondents (100k+) rated in order of 'personal recommendations' (91%), 'quality of their website' (77%), 'clientele' (70%), 'online reviews' (63%), and at equal fifth 'having an address in the nearest city' (51%) and 'advertising a contact phone number that is not a mobile number' (51%).

It is important that businesses realise how important a local address in the nearest city and an additional mode of contact is to their prospective customers. Failing to address these two factors will result in missed opportunities for their business.

# NO LOCAL PRESENCE WILL LOSE YOU VALUABLE OPPORTUNITIES



**Prospective customers are 20 times more likely to contact a business with a CBD address vs. other typical address options such as a PO box address or a regional, suburban address**

Having a local presence by way of a local address and fixed (local) landline is regarded so highly that 2 out of 3 (63%) stated they would not consider doing business with a supplier that did not have a local presence. This was highest for age groups 45-69 years.



**2 out of 3**

will not do business with you if you don't have a local presence.

Businesses that fail to recognise the importance of a local presence are eliminating more than half of their addressable market, and even more in some areas, with sentiments strongest in Northern Territory (83%), Hobart (73%), Adelaide (71%), Sydney CBD / Sydney East (68%), Melbourne (66%) and Perth (66%).



**4 out of 5**

won't contact a business that does not have a recognisable local CBD address.

Our study further confirms that prospective customers give strong support for suppliers having a recognisable CBD address with 4 out of 5 people (82%) stating they do not want to contact a business that does not have a recognisable CBD address displayed on their website and marketing collateral. Conversely, only 1 out of 5 was willing to

contact a supplier that only had a PO box address or no address at all.

Ultimately, it was uncovered that prospective customers are 20 times more likely to contact a business with a CBD address vs. other typical address options such as a PO box address or a regional, suburban address.

# NO LOCAL PRESENCE WILL LOSE YOU VALUABLE OPPORTUNITIES



**Prospective customers are 6 times more likely to contact the business that displays both a mobile number and a fixed (local) landline compared to all other common alternatives combined.**

Strong support is also seen for non-metro (84%) respondents having a stronger preference for a supplier in the CBD, strongest in regional WA (95%) and regional NSW (91%). A central address in the city business district contributes positively to a prospective customer's impression of the potential supplier.

When it came to telephone, there was a very strong preference for suppliers to list both a fixed (local) landline plus a mobile number. 4 out of 5 people (86%) don't want to contact a business that only has a mobile number as their main point of contact.



**4 out of 5**

don't want to call a business that only has a mobile number as their main point of contact.

Preference was held for the business that displayed both a mobile number and fixed (local) landline as it created a further sense of accessibility and trust. The overall preference to contact a supplier that list both contact modes exceeded significantly in regional WA (95%) and Adelaide (93%).

In fact, prospective customers are 6 times more likely to contact the business that displays both a mobile number and a fixed (local) landline compared to all other common alternatives combined such as only one type of number, no phone number or only listing an email address.

This was also highest with age groups 55-69 (92%) and interestingly, this was regarded highest with respondents earning an income between \$60,000 - \$89,999 (90%).



# ☆ TOP 5 INFLUENCERS TO SELECTING A SUPPLIER



**'How quickly a business responds to enquiries' is seen as the lead factor influencing a prospective customer's decision to use a supplier over another**



## 1. How quickly a business responds to enquiries



## 2. Fair price



## 3. Personal recommendations



## 4. Apparent expertise



## 5. Terms and conditions

Modern consumers are conditioned to expect things quickly, with the world always on the go, this expectation translates across everything they do. It is, therefore, no surprise that 'how quickly a business responds to enquiries' (79%) is regarded as the number one factor influencing their decision to use a supplier. 4 out of 5 people will not choose your business if you're too slow to respond to their enquiries. This was strongest in Hobart (100%) and Wollongong (91%),

A separate study by Harvard Business Review supports our findings with research revealing that responding to leads within an hour generates 7 times more conversions, yet only 37% of companies actually respond to queries within an hour. The average company takes 4.4 hours and 55% don't even respond at all.

Fair price (77%) followed closely at second place, personal recommendations (71%) at third, 'apparent expertise' (62%) at fourth and 'terms and conditions' (45%) at fifth place.

Although speed of response leads the list in a lot of regions, and age groups, it was not always number one. Fair price was the leader in some



## Strongest in Hobart and Wollongong

Speed of response was the most influential factor to selecting a supplier with 10 out of 10 people in Hobart and 9.1 out of 10 people in Wollongong rating it as number 1



## 7 times more conversions

if you respond to leads within an hour according to the Harvard Business Review

# ☆ TOP 5 INFLUENCERS TO SELECTING A SUPPLIER



4 out of 5 prospective customers will not choose your business if you're too slow to respond to their enquiries

areas such as Sydney CBD / Sydney East (86%) and Perth (78%). And similarly regarded first by age groups 25-34 (86%).

Interestingly, the most variability found was the role of income on the importance of 'apparent expertise'. 3 out of 4 (76%) high-income earners mentioned it as the third most important factor but only 2 out of 4 (55%) of the 35k-60k group regarded it as important.

High-income earners also valued 'professional personal appearance' (37%) in the top 5, followed closely by 'quality of administration' (30%) just missed out fifth place, at sixth. Interestingly, 'fair price' was not a concern for high-income groups with 0% indicating it as a determinant in their selection process.



**Fair price** was the top influential for respondents in Sydney CBD/ Sydney East, and Perth



**Professional personal appearance** was in the top 5 for high-income respondents



# CUSTOMER-CENTRICITY



**Prospective customers are 7 times more likely to leave an enquiry if you have a dedicated receptionist or call handling setup**

'How quickly the supplier responds to enquiries' is the obvious main determinant to choosing a supplier as evident from the study.

Therefore, it's no surprise to see that 4 out of 5 (83%) do not want voicemail or the phone to ring-out when they try to contact your business for the first time. They want to speak to a PA or leave a message with a colleague' at first contact as it enables them to get a response to their enquiry immediately.



**4 out of 5**

do not want voicemail or the phone to ring-out when they try to contact your business for the first time. They want to speak to a person.

The study found that prospective customers are 7 times more likely to leave an enquiry if you have a dedicated receptionist or call handling setup. Businesses that have a dedicated PA or receptionist answering enquiries fosters a positive response from a prospective customer more than an unproductive hoped for a "call back later".



**Strongest in North and West Sydney**

Preference to speak to a dedicated receptionist was strongest in these areas and rarely dropped below 80% among any of the sub-groups

The 83% overall rate of this response was exceeded significantly in North and West Sydney (91%) and rarely dropped below 80% among any of the sub-groups.



# CUSTOMER-CENTRICITY



The presence of a receptionist / PA answering the phone cuts the rate of lost queries in half

In fact, if no one is there to pick up the call, 3 out of 7 (40%) will not leave a voicemail if they can't get through. And most will not even try to call back!

Although 4 out of 7 (60%) people are willing to leave a voicemail, undoubtedly it is a very ingrained response as there is a preference to speak to a person.

Businesses who rely on voicemail to capture a majority of enquiries may be too late by the time they get through to prospective customer if other faster suppliers get to them first.

Our study uncovered that the presence of a PA/colleague answering the phone cuts the rate of lost queries in half.



**3 out of 7**

will not leave a voicemail if they can't get through. And most will not even try to call back!



# MEETING PLACE MATTERS



**A professional office has nearly 4 times the positive impact on a prospective customer versus that of a café or home office meeting place.**

As most business owners and salespeople know, the first meeting with a prospective customer is critical. If the opportunity is not explored during the first meeting then the likelihood of it actualising is diminished. A positive first impression stronger than competition is required to help move the meeting to the next stage of actualisation.

Our study found that a professional office has nearly 4 times the positive impact on a prospective customer versus that of a café or home office meeting place.

In fact, one in three people is left with a negative impression if the business meets the prospective customer in a café or home office. A professional office or meeting room, on the other hand, gives virtually no one a negative impression.

It was also interesting to see the differences in opinion between business owners and prospective



**2 out of 4**

business owners think that meeting a prospective customer at a café has no impact on their decision to choose them, but they are mistaken....



**1 out of 3**

is left with a negative impression of your business if you meet them in a café or home office.

# IMPORTANT THAT BUSINESS OWNERS REALISE THE FUNDAMENTAL FACTORS TO SUCCESS



**Make a powerful first impression with your prospective customers!**









A poor first impression made by a business via their marketing collateral, website and in person is not readily forgiven and losing an opportunity due to factors that could have been readily prevented is disappointing.



**FIGHT THESE KILLERS WITH:**

It's clear that the secret killers of business success uncovered in this report can be beaten with the right foundation, infrastructure, and support.

-  A prestigious CBD address to build a sense of establishment and trust
-  A local address to create accessibility and reach
-  A fixed (local) landline combined with a mobile number displayed to create a sense of reliability
-  A dedicated receptionist so you never missed a call
-  Highly-trained admin staff and support when you need it so your enquiries and necessary administration are attended to immediately
-  Access to professional meeting rooms and boardrooms when you meet prospective customers for the first time

Our advice is to carefully select the right business partner that will deliver the best of the above because you can't risk anything less when it comes to your business.

# CHECKLIST



When it comes to your business, you can't afford to buy a lie... take the time to go through this checklist to determine the best serviced office or virtual office provider for your business.

- Building types** What's the calibre of their buildings in their portfolio? Are they recognisable CBD addresses? Are these locations easy to get to?
- Ease of entry in other markets** Do they have a wide presence nationally and globally? Do they have a seamless system to make it easy for you to book offices and resources across their office network?
- 'Wow' factor** Is there an impressive entrance and view in the reception area that will greet your guests when they arrive?
- Reliable phone number system** Do they have a wide range of local phone numbers to choose from? Is there a sophisticated set-up which will enable your mobile phone to act as your office phone wherever you go?
- Free and discounted calls** Do they have a global VOIP network that allows you to make free intercompany calls and discounted local, national and international calls to mobiles and landlines?
- Dedicated local receptionist** Is there a dedicated receptionist answering all your calls? Are they based locally? Is there an SLA standard such as picking up all calls within 4 rings or less? How do they monitor this performance?
- Professional, unbranded image** Is the interior fitout and styling professional? Is the reception area and hallways free of supplier signage?
- Meetings rooms and boardrooms** Are the boardrooms and meeting rooms well-equipped and impressive? Can you easily book boardrooms and meeting rooms across their office network locally and globally?
- Impeccable admin and support team** Can you access / hire team support when you need it? Are they highly-trained with a versatile range of skills?
- Presentable reception and office team** Are the team members always immacutely presented? Are they great with greeting your guests?
- IT and communications investment** Has the supplier invested millions in developing a solid and reliable IT infrastructure to support your business?
- Internet speed** Is it a Tier 1 connection with a 1 to 1 contention ratio? How often do their IT team monitor the connectivity and bandwidth speed?
- Affordability and value** How much value do you get from the price (cost)? You can calculate the value by determining how much it would cost to rent the space via traditional real estate agents; how much it would cost if you were to hire a full-time receptionist and team member; how much it would cost if you were to sign-up to a Tier 1 connection and a global VOIP network, etc.

# ABOUT THE AUTHOR



**Marcus Moufarrige is Servcorp's Chief Operations Officer. He is a business leader, cloud computing specialist and advocate for small business.**

As Servcorp's Chief Operating Officer, Marcus is responsible for Servcorp's business across 22 countries, overseeing product strategy, customer service and all things operational. Marcus says his aim is first and foremost to provide "great experiences when and wherever customers or their clients interact with Servcorp."

Having joined Servcorp in 1992, Marcus served as General Manager of Asia Pacific before becoming Chief Information Officer—a role in which he developed the advanced IT infrastructure that now underpins Servcorp's business and reflects the vital role that technology currently plays in Servcorp's operations. "

Asked about what inspires him, Marcus says he has great admiration for his father, Alf Moufarrige, who started Servcorp in 1978 after being unable to find any high quality office space in a prime location. "My father leased a quarter of a floor then leased the unused space to other companies. He used chalk to draw furniture and equipment that he would purchase as money came in. He has unrelenting energy and an incredible drive to succeed. The business grew from nothing," Marcus says.

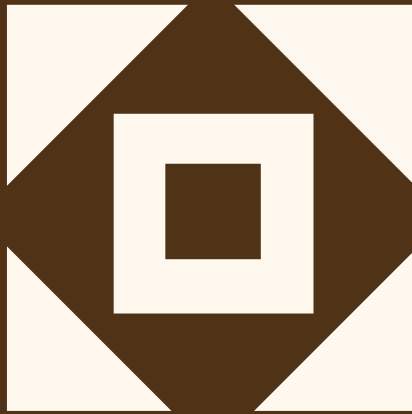
Outside of his work, Marcus is most proud of his wife, daughters and son. Beyond Servcorp, Marcus is a passionate advocate for the small business community, using his profile to lobby for small businesses interests with both government and the media.

Marcus is regular commentator on business issues in Australia. He is available for comment on:

- The power of cloud computing.
- IT as a source of competitive advantage.
- Doing business overseas
- Small business issues, challenges and strategies for success
- Creating successful start-ups.



# ABOUT SERVCORP



**Servcorp (SRV.AX) is the leading provider of the World's finest Serviced Offices, Virtual Offices and Coworking Spaces**

Servcorp (SRV.AX) is the leading provider in the World's Finest Serviced Offices, Virtual Offices and Coworking spaces, with offices in 140 locations, 52 cities and 21 countries.

We help businesses from SMEs to large global businesses around the world establish an immediate and reputable business presence, backed by a team of exceptional professionals to manage their day-to-day enquiries and operational needs.

We provide businesses with the best infrastructure, support and multinational presence at the lowest possible cost. This allows them to focus on their business success.

Headquartered in Sydney, Australia, we have offices throughout Australasia, the United States, Europe, Asia and the Middle East.

Today, Servcorp is the second largest serviced office provider in the world and has an annual turnover of more than \$200 million. The company continues to expand rapidly. It added 40 floors across 29 cities in 12 countries in 2011, an achievement that saw it win the NSW Premier's Innovation in Export Award.



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AU 1300 218 730 | NZ 0800 004 108

