The State of Customer Service Experience

2020 Business and Customer Service Trends
Overview
In today’s marketplace, reducing customer effort is one of the most effective ways to drive growth and ensure loyalty. The COVID-19 pandemic intensified the existing need for companies to make the customer experience as effortless as possible. Online shopping and digital tools have become the “new normal” and the need for self-service options enabling faster, easier ways to contact companies for service issues and inquiries has never been greater. The challenges this digital transformation presents for companies will continue post-pandemic, yet most companies are not adequately prepared.

Key Findings
Impact of COVID-19
The global pandemic has forever altered customer behavior. Significant opportunity now exists for businesses to expand digital offerings, improve the digital channel experience, and reduce customer effort.

• Online shopping is the new normal - 68% of customers increased their online shopping during the pandemic and 68% plan to shop at the same rate or more post-pandemic.

• Preference for and use of self-service apps and digital tools increased due to COVID-19 and customers will continue to favor them post-pandemic. In fact, 63% of customers were motivated to try/use digital apps and tools and 75% will continue to prefer digital apps post-pandemic.

• During COVID-19, many customers increased their use of customer service channels to contact companies about service issues. At the same time, first contact resolution declined from 53% to 42%, increasing effort for customers and costs for businesses.
Customer Service Realities

- Phone remains customers’ preferred channel for service because it is the fastest and most effective for issue resolution. However, customers frequently have negative experiences with this channel.
  - 67% of customers have difficulty navigating the phone system or are unable to reach a live person
  - 73% of customers experience a long wait time to reach an agent
  - 60% of customers are asked to repeat information over and over again

- Customers’ preference for digital customer service channels has increased from 24% to 38% when compared to 2015. As businesses improve their digital channel experiences, customers’ preference for and use of these channels will continue to increase.

- Speed matters for customer issue resolution with 55% of customers waiting an hour or less to switch to a different channel if their issue is not resolved, driving up customer effort and cost. Business leaders think that customers will wait at least a day before making a second contact.

Business Leader Perspective

- Low customer effort drives brand loyalty and reduces cost. However, the number of businesses measuring customer effort is low and has increased only slightly from 25% to 29%.

- The top investment priorities for businesses are not aligned with customer priorities. Customers are most interested in speed to issue resolution, accessibility of service and knowledgeable service teams. Businesses are focused on a consistent omni-channel experience, personalized service and 24/7 customer service.
Report Overview

The State of Customer Service Experience 2020

05  Impact of the COVID-19 Pandemic on Customer Experience/Future Outlook

10  Customer Service Realities

18  Business Leader CX Perspective
Impact of the COVID-19 Pandemic on Customer Experience/Future Outlook

Section Outline

Impact of the COVID-19 pandemic on:

+ Online shopping
+ Post-pandemic shopping behavior
+ Trial and usage of digital and self-service tools
+ Channel preference
During the COVID-19 Pandemic, 68% of Customers Increased Online Shopping or Tried It for the First Time

60% Customers who increased their online shopping during the pandemic

8% Customers who shopped online for the first time during the pandemic

32% Customers who didn’t change or decreased their online shopping during the pandemic
Customers and Business Leaders Agree: Shopping Online is the New Normal

68% of Customers plan to shop online at the same rate or more post-pandemic.

68% of Business Leaders believe customers plan to shop online at the same rate or more post-pandemic.
The COVID-19 Pandemic Motivated Customers to Try and Use Digital Apps*

81% of business leaders think their customers will try and use digital apps.

63% of customers actually did.

NORTHRIDGE INSIGHT

Customers want to use digital apps and self-service channels. In fact, 77% of customers report they’ll continue to favor self-service tools post-pandemic. It’s imperative they’re easy to use and effectively provide complete issue and inquiry resolution.

* Examples of “Digital Apps” are Grocery Delivery and Banking apps
Many Customers Increased Their Use of Primary Channels for Service Inquiries During the COVID-19 Pandemic

37% increased use of Email
34% increased use of Social Media
34% increased use of Phone Calls
30% increased use of Online Chat

NORTHRIDGE INSIGHT

With increased demand, having a robust forecasting and resource planning process to effectively manage and staff the contact center is critical.
Customer Service Realities

Section Outline

- Response speed by channel
- Preferred channels for resolving customer issues
- Speed of customer service issue resolution
- Ease of contacting a business
- First contact resolution rate
- Impact of poor customer service experiences
- Customer tolerance for slow service
Phone and Online Chat Provide the Fastest Response to Service Inquiries

Which Channel Provides the Fastest Response to a Customer’s Inquiry?

- **73%** Live Agent Assisted
- **27%** No Live Assistance
- **50%** Phone Call
- **23%** Online & Video Chat

*No live assistance = social media, email, web self-service, mobile app and text

Live agent assisted channels are a critical engagement channel for customers, providing the fastest response to service inquiries.
Preference for Digital Channels to Resolve Service Issues is Increasing

What Channel Provides the Fastest Issue Resolution?

Phone remains customers’ preferred channel because it’s the fastest and most effective for issue resolution. However, when compared to 2015, preference for phone and email has declined while digital channels have increased.

As businesses improve the digital channel experience, customers’ preference for and use of those channels will continue to grow.
Phone and Online Chat are the Fastest Channels to Resolve Issues, Mostly Within an Hour

Customers have the highest expectations of channels that provide human support. The number of customers reporting phone and online chat as the fastest channels for issue resolution increased 5-7% points since 2019.

**NORTHRIDGE INSIGHT**

The speed of online chat offers the opportunity to shift volume to channels that provide businesses higher productivity at a lower cost to serve.
Customers Find It Difficult to Contact a Brand and are Frustrated by Negative Customer Service Experiences

Many service issues could be mitigated if companies made it easier to self-serve. Companies should evaluate the service experience through their customers’ lens, develop a targeted action plan and measure results.

Customer Ease of Contact by Channel

- **Phone Call**: 64%
- **Online Chat**: 64%
- **Email**: 63%
- **Web Self-Service**: 58%
- **Mobile App**: 57%
- **Text Message**: 55%
- **Live Video Chat**: 49%
- **Social Media**: 47%

% of customers who find the channel easy/very to use

### Top Negative Customer Service Experiences

- **73%**: Long wait time to reach an agent
- **66%**: Difficulty accessing live/human customer support
- **69%**: Trouble finding answers on the company website
- **60%**: Asked to repeat information over and over again
- **67%**: Difficulty navigating the phone system or unable to get a live person

NORTH RIDGE INSIGHT

Many service issues could be mitigated if companies made it easier to self-serve. Companies should evaluate the service experience through their customers’ lens, develop a targeted action plan and measure results.
First Contact Resolution Is Declining, Driving Customer Effort Up

% of customers reporting a first contact resolution.

2019: 53%
2020: 42%

With more than half of customers having to make multiple contacts to resolve issues, customer effort increases as satisfaction and loyalty decline.
Every Customer Service Experience Counts!

73%

of customers will consider switching to a competitor after one negative customer service experience.

NORTHRIDGE INSIGHT
Even ONE poor service experience can adversely impact brand loyalty, creating a ripple effect of challenges for a business.
For Customer Service and Issue Resolution, Speed Matters

How Long Customers Wait Before Trying Another Channel

- An hour or less: 55%
- A day: 29%
- A week or more: 10%
- Would not use another channel: 6%

Big Disconnect: Reality vs. Expectation

55% of customers will wait an hour or less to switch to a different channel if their issue is unresolved, driving up customer effort and unnecessary costs to the business.

Business leaders expect most customers will wait at least a day before making a second contact.
Business Leader CX Perspective

Section Outline

- Ease of contacting a company
- Ease of use by channel
- Social media’s impact on brand reputation
- Measuring customer effort
- Investment Priorities
Businesses Believe They’re Making it Easier to Resolve Issues Than Customer Feedback Suggests

How Easy is it for Customers to get Their Issues Handled Efficiently?

- **Customers**
  - Easy or Very Easy: 75%
  - Neither Easy nor Difficult: 14%
  - Difficult or Very Difficult: 11%

- **Business Leaders**
  - Easy or Very Easy: 88%
  - Neither Easy nor Difficult: 9%
  - Difficult or Very Difficult: 3%

**NORTHRIDGE INSIGHT**

Businesses must evaluate their Customer Experience through the customers’ lens to understand their stated and unstated needs, identify and resolve their current pain points and focus on key Moments of Truth.
Business Leaders Rate Their Channel Ease of Use Much Higher Than Their Customers Do

Percent Rating Channel “Very Easy” or “Easy” to use

- **Phone Call**: 64% (Customers) vs. 88% (Business Leaders)
- **Online Chat**: 64% (Customers) vs. 80% (Business Leaders)
- **Email**: 63% (Customers) vs. 90% (Business Leaders)
- **Web Self-Service**: 58% (Customers) vs. 78% (Business Leaders)
- **Mobile App**: 57% (Customers) vs. 78% (Business Leaders)
- **Text Message**: 55% (Customers) vs. 71% (Business Leaders)
- **Live Video Chat**: 49% (Customers) vs. 72% (Business Leaders)
- **Social Media**: 47% (Customers) vs. 71% (Business Leaders)
96% of business leaders believe customers tell others about poor customer service experiences.

29% of business leaders report that social media is the channel their customers are most likely to use to tell others.

Social media is the channel of choice for sharing negative customer experiences. Companies must protect their reputations by monitoring their social media platforms regularly and responding quickly.
The number of businesses measuring Customer Effort has increased slightly since 2019, but it’s still only 29%. Evaluating Customer Effort is critical to drive brand loyalty, streamline processes and reduce operational costs.
Customers Prioritize Fast and Easy Service, While Businesses are Focused on Differentiation

Businesses and customers are misaligned on investment priorities. Companies should focus on getting the basics right before investing in more advanced levels of service.
Survey Methodology

Consumers

N = 1,000 U.S. Consumers over the age of 18

Consumers were surveyed on the impact of COVID-19 on customer experience; their channel preferences; their expectations and experiences with response times, issue resolution by channel and customer effort; and the importance of customer service experience in purchasing decisions.

Business Leaders

N = 250 U.S. Business Leaders at companies with revenue of 250MM+

Business leaders were surveyed on their opinions regarding the impact of COVID-19 on the customer experience at their companies, customer channel preferences, channel effort and speed, customer service metrics, and investments for improving the customer experience.

This is the sixth consecutive year the The Northridge Group has conducted the “State of Customer Service Experience 2020” study and the third consecutive year we have surveyed business leaders. By surveying consumers and business leaders in parallel, it allowed us to identify critical gaps between customers’ expectations and companies’ abilities to deliver a seamless and effortless omni-channel customer service experience.

To learn more about the customer experience trends we have tracked over the years, download our previous Customer Service Experience reports.
Start Improving Your Customer Service Experience Today

Contact Us For A Consultation with One of Our Experts!

The Northridge Group is a leading management consulting firm specializing in Business Transformation Initiatives, Customer Experience Solutions, Contact Center Effectiveness, and Quality Monitoring Services.

We lead with advanced data analytics and utilize business process redesign to deliver measurable outcomes for our clients. Northridge provides professional services for mid-market and large enterprises as well as key government agencies.