STATE OF CUSTOMER SERVICE EXPERIENCE 2019
Management Consulting | Quality Monitoring
Introduction

In today’s marketplace, reducing customer effort is one of the most effective ways to drive growth and loyalty. Yet companies are not delivering. Our research indicates:

+ **Customer loyalty must be earned by consistently providing exceptional customer experiences.** Long wait times, phone systems that are difficult to navigate, and having to repeat information are common sources of frustration for customers.

+ **Business leaders are overly optimistic about the effort required by customers to contact customer service.** Customers are looking for rapid problem resolution, personalized customer service, and knowledgeable service teams and are often disappointed.

+ **If websites and mobile apps were more intuitive, live help could be reserved for complex issues.** Customers opt for different channels based on the complexity of their issues and have little tolerance for multiple contacts, long hold times, and ineffective issue resolution.

+ **Business leaders have been slow to respond to the increasing consumer preference for live assisted channels.** Only 40% of companies provide online chat even though it is a basic expectation of consumers; Email is still an effective channel for B2B for less time sensitive issues.

+ **Companies that deliver a seamless, personalized experience across all channels will have a competitive advantage.** Customers view their experiences with a company as a combination of the contacts they make across channels to resolve their issues.

Methodology

The Northridge Group’s “State of Customer Service Experience 2019” study surveyed 1,000 U.S. consumers¹ over the age of 18 on 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. In parallel, 300 U.S. business leaders¹ were surveyed on their opinions regarding customer channel preferences, channel effort and speed, customer service metrics, and investments for improving the customer experience. This allowed us to identify critical gaps between customers’ expectations and companies’ abilities to deliver a seamless and effortless omni-channel customer service experience. This is the fifth consecutive year we have conducted our consumer study and the second consecutive year we have surveyed business leaders.

¹ The surveys were conducted online in August 2019.
Quality, price, and excellent customer service drive purchase decisions; Personalized, quick, and knowledgeable service promotes customer loyalty.

Top 3 Consumer Purchasing Drivers
- Quality of Product or service
- Price
- Excellent Customer service

Top 3 Customer Service Expectations
- Rapid Problem Resolution
- Personalized and Caring Human Support
- Knowledgeable Service Teams

Northridge Insight
Only 53% of consumers report experiencing first contact resolution, indicating that additional effort is often required to resolve issues and consumer expectations are not being met.
Companies are falling short of meeting consumer expectations. Most customers will not wait for a company to get it right. *Second chances are rare!*

### How Frequently Do Companies Get it Right?

<table>
<thead>
<tr>
<th>Feature</th>
<th>Never</th>
<th>Rarely</th>
<th>Very Frequently/Frequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipating your needs, proactively addressing them</td>
<td>13%</td>
<td>47%</td>
<td>40%</td>
</tr>
<tr>
<td>Knowing who you are</td>
<td>17%</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td>Knowing about previous reasons you contacted the company</td>
<td>13%</td>
<td>44%</td>
<td>43%</td>
</tr>
<tr>
<td>Knowing your history with the company</td>
<td>12%</td>
<td>42%</td>
<td>46%</td>
</tr>
<tr>
<td>Knowing about your account</td>
<td>6%</td>
<td>33%</td>
<td>61%</td>
</tr>
</tbody>
</table>

Nearly 3-in-4 consumers are likely to switch to a competitor after **one** bad experience.
Phone remains the fastest, easiest, and most preferred channel; Consumer preference for online chat is on the rise; Email is on the decline.

**Phone is the Channel of Choice**

- **Phone is my preferred channel**
  - 2015: 49%
  - 2019: 51%

- **Phone is the fastest channel**
  - 2015: 65%
  - 2019: 62%

- **Phone is easy to use**
  - 2015: 56%
  - 2019: 65%

**Consumer Channel Preference for Customer Service Issues**

- **Email**
  - 2015: 26%
  - 2019: 21%

- **Online Chat**
  - 2015: 14%
  - 2019: 17%

- **Other Channels**
  - 2015: 11%
  - 2019: 11%

**Northridge Insight**

- Contacting a company by **PHONE** has become easier, resulting in a slight increase in consumer preference.
- Consumer preference for **ONLINE CHAT** is rising as consumers increasingly expect live help for complex issues.
- Preference for **EMAIL** is declining overall while still effective and a preference in the B2B world.
Consumer preferences are shifting toward digital channels but almost half still find them difficult to use.

Consumer preference for DIGITAL CHANNELS HAS INCREASED since 2015.

ONE THIRD of consumers prefer using WEB and MOBILE APP self-service to make account changes (up from 28% in 2018).

TWO THIRDS of consumers report ONLINE CHAT provides issue resolution within an hour.

Less than half of consumers say TEXT MESSAGING, LIVE VIDEO CHAT and SOCIAL MEDIA are easy to use as channels.

64% of consumers say they experience difficulty when trying to navigate WEBSITES.

Two thirds of consumers report waiting a day or more for a resolution when using SOCIAL MEDIA.
Online chat is preferred over email for resolving problems. Live-assistance is becoming increasingly critical for complex issues or inquiries.

15% of consumers preferred using online chat to resolve a problem in the past year while only 12% preferred using email.

By gravitating toward live assisted channels, consumers are demonstrating a preference for human interaction, especially for complex issues.

The focus on ease of use for digital channels will continue to drive adoption and preference.
Online chat is emerging as one of the top preferred channels for resolving issues. AI is being used more and more often in online chat, allowing consumers 24/7 customer service availability and reducing dependence on phone use.

Channel Preference by Generation

- **18-35 years**: 28% Phone, 25% Chat, 23% Email, 24% Other
- **36-51 years**: 35% Phone, 25% Chat, 25% Email, 15% Other
- **52-70 years**: 65% Phone, 11% Chat, 18% Email, 7% Other
- **71+ years**: 69% Phone, 8% Chat, 16% Email, 7% Other

Understanding generational channel preferences can help drive investments to improve customer experience.
Consumers have a difficult time resolving their service issues and inquiries. Most choose phone for their first contact, but often have to make multiple contacts.

More than **SEVEN-IN-TEN** consumers addressed a customer service issue or inquiry by phone in the past year.

Almost **FIVE-IN-TEN** consumers needed to make multiple contacts to resolve their most recent customer service issue.

Nearly **ONE-IN-THREE** consumers report that it was not easy contacting a business to handle their last customer service issue.
While ease of use has improved this past year, over **ONE THIRD** of consumers still find it difficult to contact a brand for service.

**Consumer Ease of Contact by Channel**

- Phone Call: 65%
- Online Chat: 63%
- Email: 61%
- Web: 53%
- Mobile App: 52%
- Text Message: 44%
- Live Video Chat: 40%
- Social Media: 39%

**Dissatisfied with both Agents and Self-Serve**

- Can’t find answers on website
- Difficult IVR navigation
- Asked to repeat information
- Long wait time to reach an agent
Long wait times, poor websites, and difficult phone systems are the problems consumers most frequently experience when contacting a brand.

**Consumer Experiences with Customer Service Contacts**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Very frequently/Frequently</th>
<th>Rarely</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agents not friendly or polite</td>
<td>30%</td>
<td>56%</td>
<td>14%</td>
</tr>
<tr>
<td>Inconvenient phone or chat hours</td>
<td>39%</td>
<td>46%</td>
<td>15%</td>
</tr>
<tr>
<td>Agents not knowledgeable</td>
<td>46%</td>
<td>46%</td>
<td>8%</td>
</tr>
<tr>
<td>Information not personalized</td>
<td>56%</td>
<td>31%</td>
<td>13%</td>
</tr>
<tr>
<td>Asked to repeat information</td>
<td>57%</td>
<td>34%</td>
<td>9%</td>
</tr>
<tr>
<td>Difficulty navigating the phone system</td>
<td>60%</td>
<td>32%</td>
<td>8%</td>
</tr>
<tr>
<td>Trouble finding answers on website</td>
<td>64%</td>
<td>29%</td>
<td>7%</td>
</tr>
<tr>
<td>Long wait time to reach an agent</td>
<td>68%</td>
<td>26%</td>
<td>6%</td>
</tr>
</tbody>
</table>

+ 30% frequently speak with an agent who isn't friendly or polite
+ 57% frequently have to repeat themselves to a customer service agent
+ 60% find difficulty navigating a phone system versus 69% in 2018
+ 64% experience difficulty using websites
+ 68% experience long wait times to reach an agent
Consumers view phone as the fastest channel for issue resolution. In sharp contrast, resolution times lag for all channels other than phone and chat.

Phone and online chat are perceived to provide one-on-one human interaction, so consumers have the highest expectations for resolution and speed of response from these channels.

While two-in-three consumers experience issue resolution within an hour by phone and online chat, more than half of consumers report that getting a resolution will take a day or more for mobile app, text message, website, social media and email.
Many consumers report they will make a second contact using a different channel if their issue is not resolved within an hour. 

*Speed matters!*
Business Leaders optimistically view most of their channels as easier to use than what consumers actually experience.

*Big disconnect!*

### Percent Rating Channels “Very Easy” or “Easy” to Use

<table>
<thead>
<tr>
<th>Channel</th>
<th>Business Leaders</th>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone Call</td>
<td>82%</td>
<td>65%</td>
</tr>
<tr>
<td>Online Chat</td>
<td>63%</td>
<td>60%</td>
</tr>
<tr>
<td>Email</td>
<td>80%</td>
<td>61%</td>
</tr>
<tr>
<td>Web</td>
<td>71%</td>
<td>53%</td>
</tr>
<tr>
<td>Mobile App</td>
<td>61%</td>
<td>52%</td>
</tr>
<tr>
<td>Text Message</td>
<td>63%</td>
<td>44%</td>
</tr>
<tr>
<td>Live Video Chat</td>
<td>55%</td>
<td>40%</td>
</tr>
<tr>
<td>Social Media</td>
<td>58%</td>
<td>39%</td>
</tr>
</tbody>
</table>
Low customer effort drives brand loyalty, streamlines processes, and reduces costs. Yet, only ONE QUARTER of businesses measure this actionable metric.

How Do Businesses Measure Their Customer Service Effectiveness?

- Customer Satisfaction: 67%
- Customer Loyalty: 56%
- Likelihood to Recommend: 39%
- Customer Lifetime Value (CLV): 34%
- Net Promoter Score (NPS): 27%
- Share of Wallet/Customer Spend: 27%
- Customer Churn Rate: 26%
- Customer Effort: 25%

With only slightly more than half of consumers reporting a first contact resolution, too much consumer effort is being required for issue resolution. As digital channels prove more effective, consumers’ expectations will increasingly be met through these channels, improving the overall customer experience.

53% of consumers report a first contact resolution.
One bad customer service experience can cause a ripple effect of challenges for a business.

Every consumer interaction matters!

86% of consumers tell others about a bad experience
Businesses are prioritizing investments to differentiate themselves while consumers want businesses to focus first on the basics.

Top Investment Priorities

**BUSINESSES**

1. Personalized Service
2. 24/7 Customer Service
3. Consistent Omni-channel Experience

**CONSUMERS**

1. 24/7 Customer Service
2. Reduced Wait Times
3. Better Telephone Menus (IVR)
Personalizing the customer experience across all channels is a priority investment for businesses, yet only 60% assess the customer’s journey.

**Northridge Insight**

Businesses want to improve customer service, but only 60% report using the customer’s journey to understand the stated and unstated needs of the customer, identify and resolve their current pain points, and focus on key Moments of Truth.

Mystery shopping leads to improved customer experience by allowing businesses to view their processes through their customers’ lenses. Yet, only 45% of businesses report leveraging this powerful tool.

**What Do Businesses Use to Improve Customer Service Effectiveness?**

- CX and coaching training programs: 80%
- Quality monitoring of customer interactions: 77%
- Qualitative and/or quantitative research: 74%
- Personalize customer service with technology: 73%
- Marketing communications: 71%
- AI and big data: 68%
- Predictive analysis: 67%
- Generational insights: 65%
- Customer journey mapping: 60%
- Mystery shopping: 45%
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 Customer Experience solutions, Quality Monitoring services and Business Transformation initiatives.

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.

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