

The State of Customer Service Experience

2021 Business and Customer Service Trends



THE
NORTHRIDGE
GROUP



State of Customer Service Experience 2021 Executive Summary



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

- 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.

State of Customer Service Experience 2021 Executive Summary



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 2021

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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



32%

Customers who didn't change or decreased their online shopping during the pandemic

8%

Customers who shopped online for the first time 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.



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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



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



Customer Service Realities



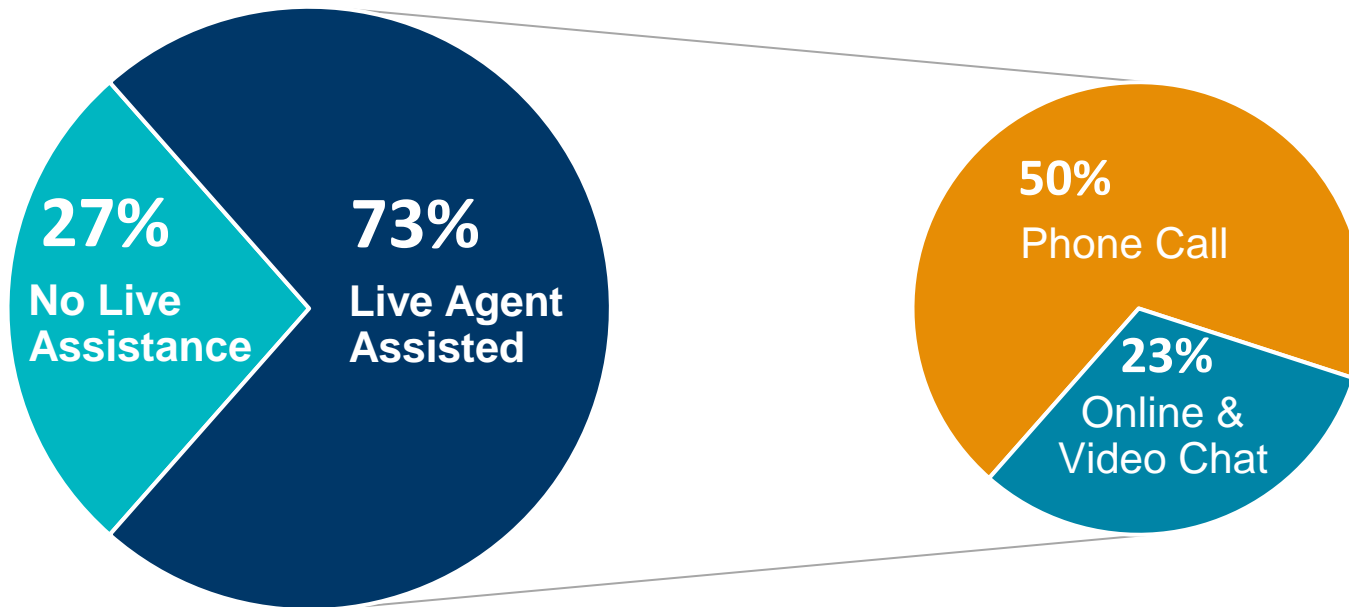
Section Outline

- + 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?



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

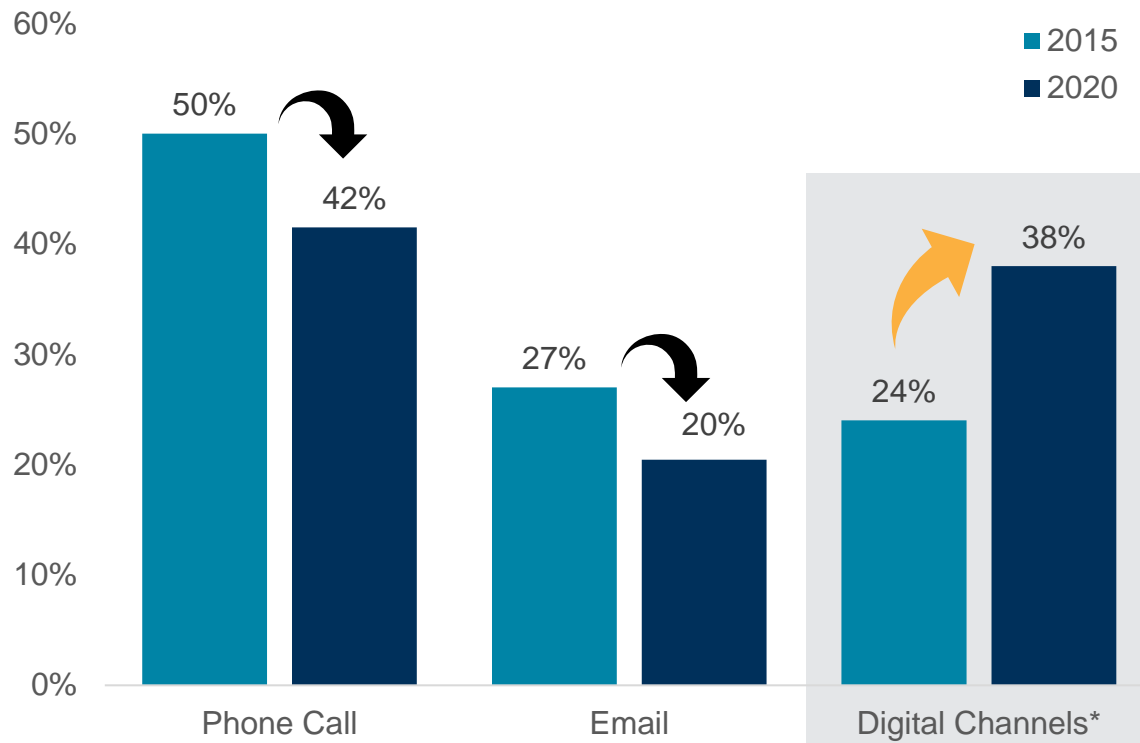


Live agent assisted channels are a critical engagement channel for customers, providing the fastest response to service inquiries.

Preference for Digital Channels to Resolve Service Issues is Increasing



What Channel Provides the Fastest Issue Resolution?



* Digital Channels defined as social media, online chat, text, mobile app, web self-service and live video chat



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.



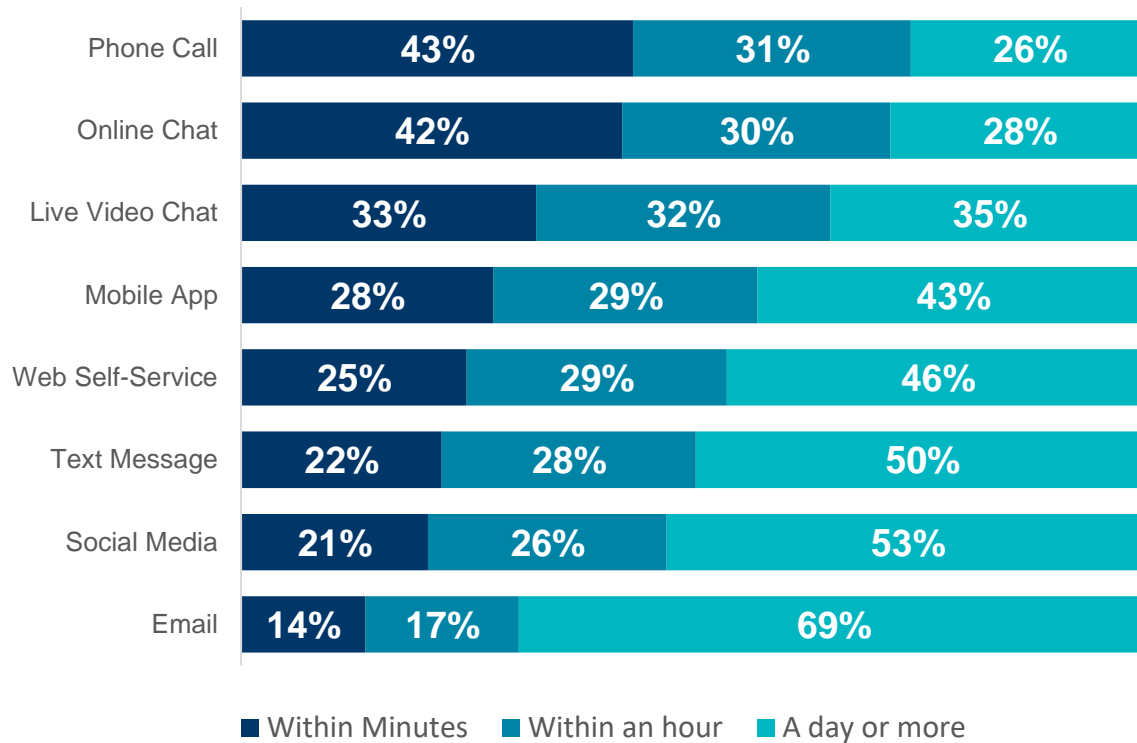
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As businesses improve the digital channel experience, customers' preference for and use of those channels will continue to grow.

Phone and Online Chat are the Fastest Channels to Resolve Issues, Mostly Within an Hour



Speed of Issue Resolution



*Percentage is based on the customers who use each given channel.

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.



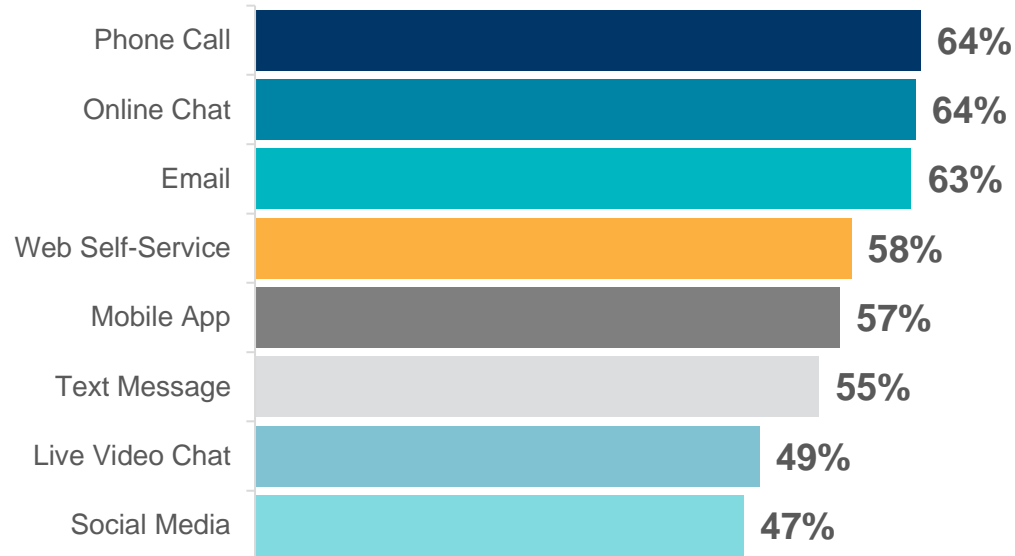
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The speed of online chat offers the opportunity to shift volume to channels that provide businesses higher productivity at a lower cost to serve.

Customers Find It Difficult to Contact a Brand and are Frustrated by Negative Customer Service Experiences



Customer Ease of Contact by Channel



% 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%

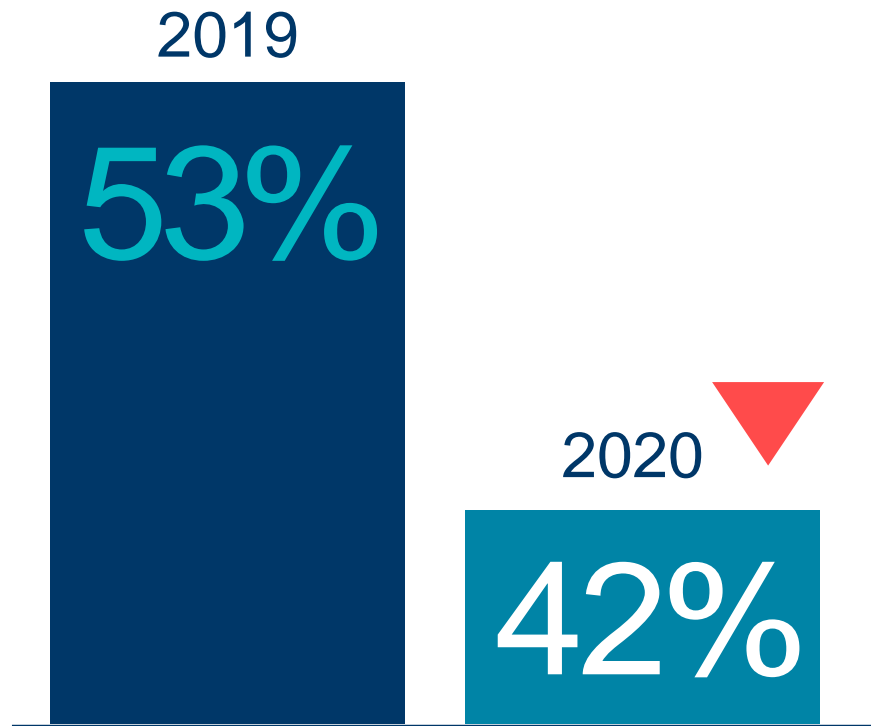
Difficulty navigating the phone system or unable to get a live person



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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.



Every Customer Service Experience Counts!

73%

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

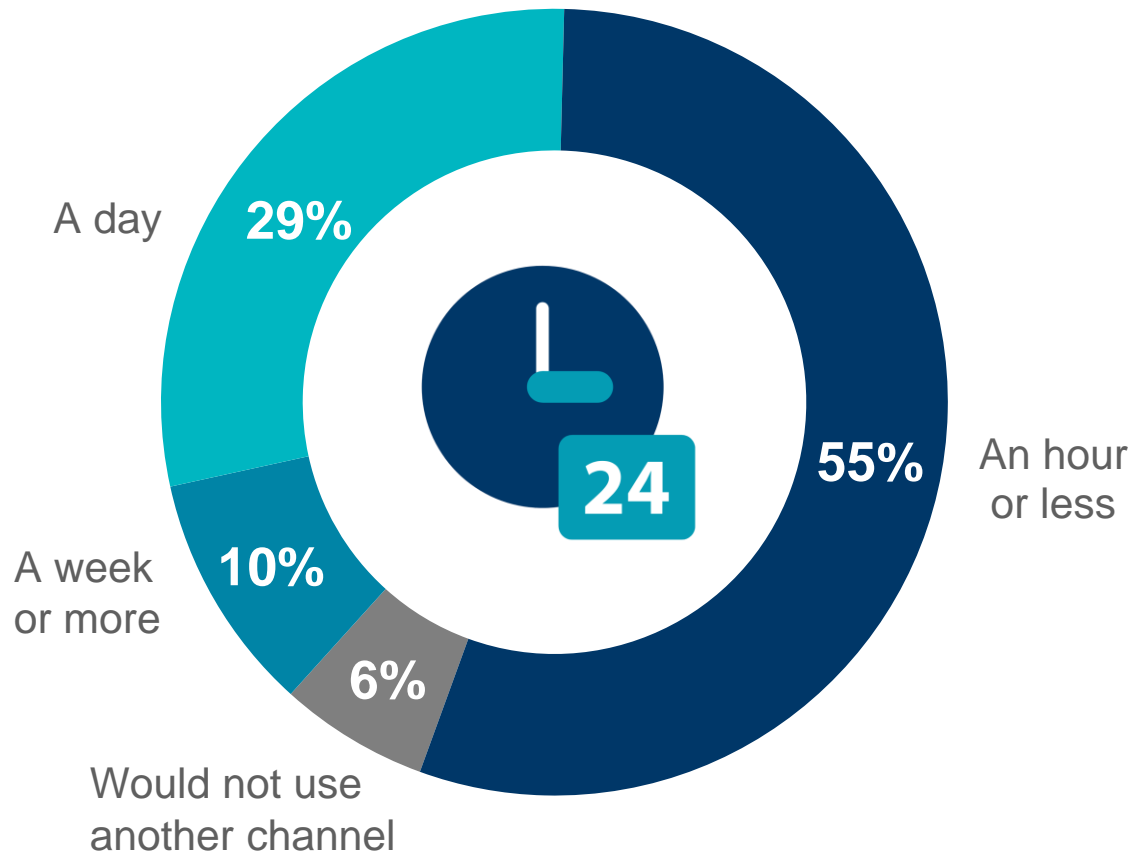


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Even ONE poor service experience can adversely impact brand loyalty, creating a ripple effect of challenges for a business.

For Customer Service and Issue Resolution, Speed Matters

How Long Customers Wait Before Trying Another Channel



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



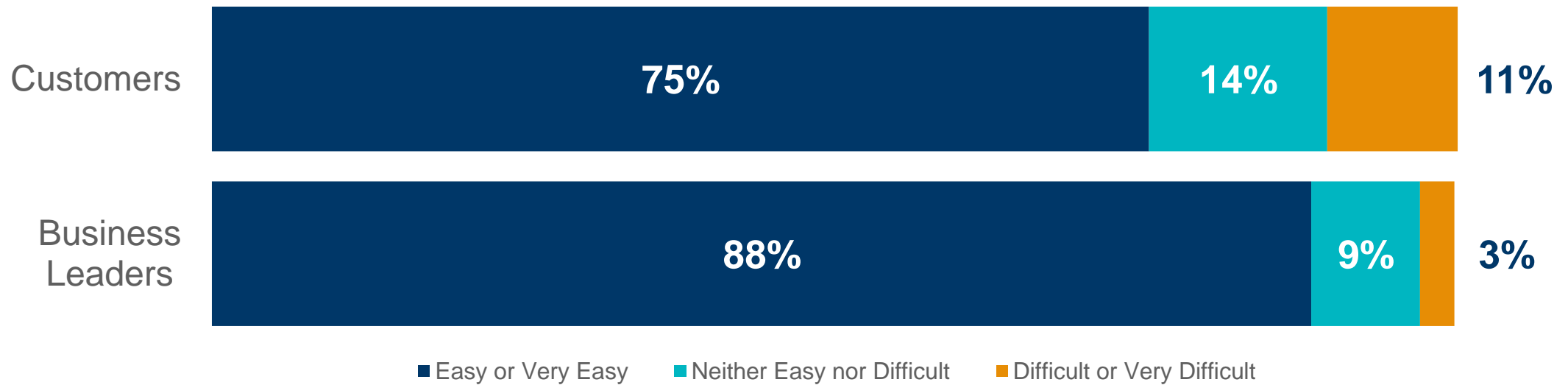
Section Outline

- + 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?



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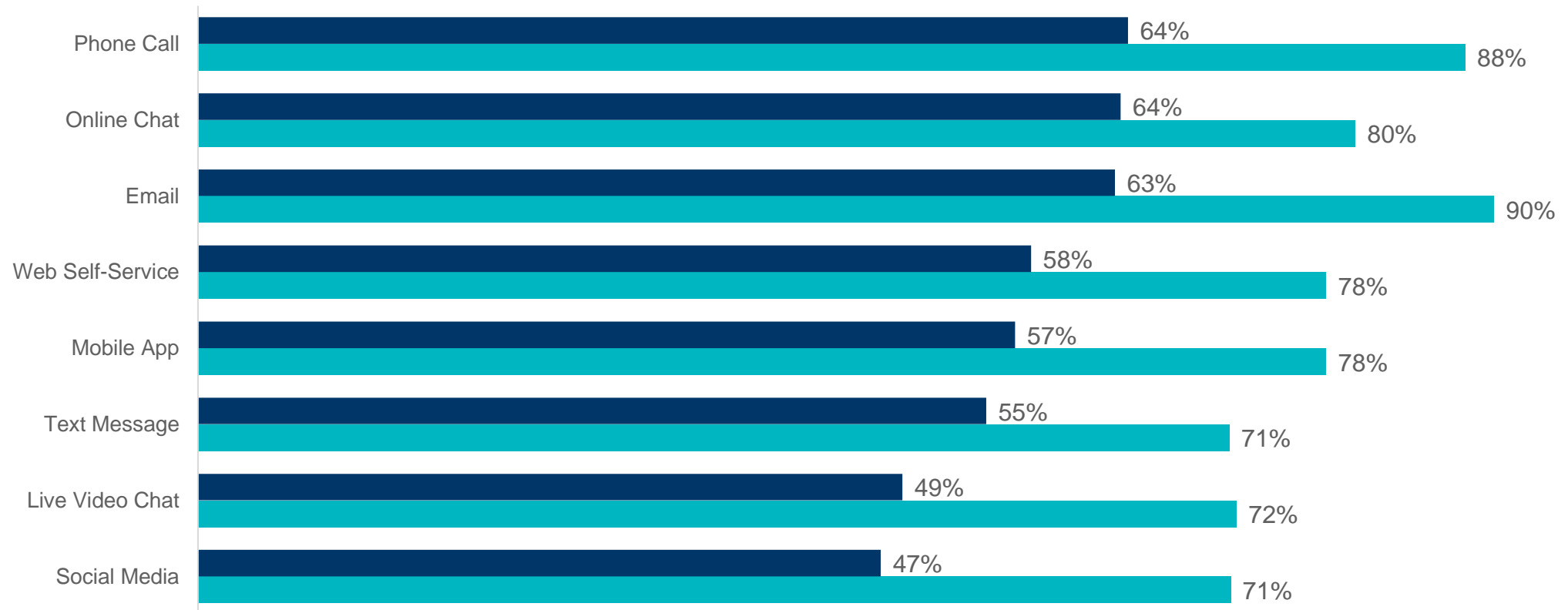
Businesses must evaluate their Customer Experience through the customers' lens to understand their stated and unstated needs, identify and resolve their current pain points and focus on key Moments of Truth.

Business Leaders Rate Their Channel Ease of Use Much Higher Than Their Customers Do



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

■ Customers ■ Business Leaders



A Brand's Reputation is Only as Good as Recent Social Media Posts Say It is



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.

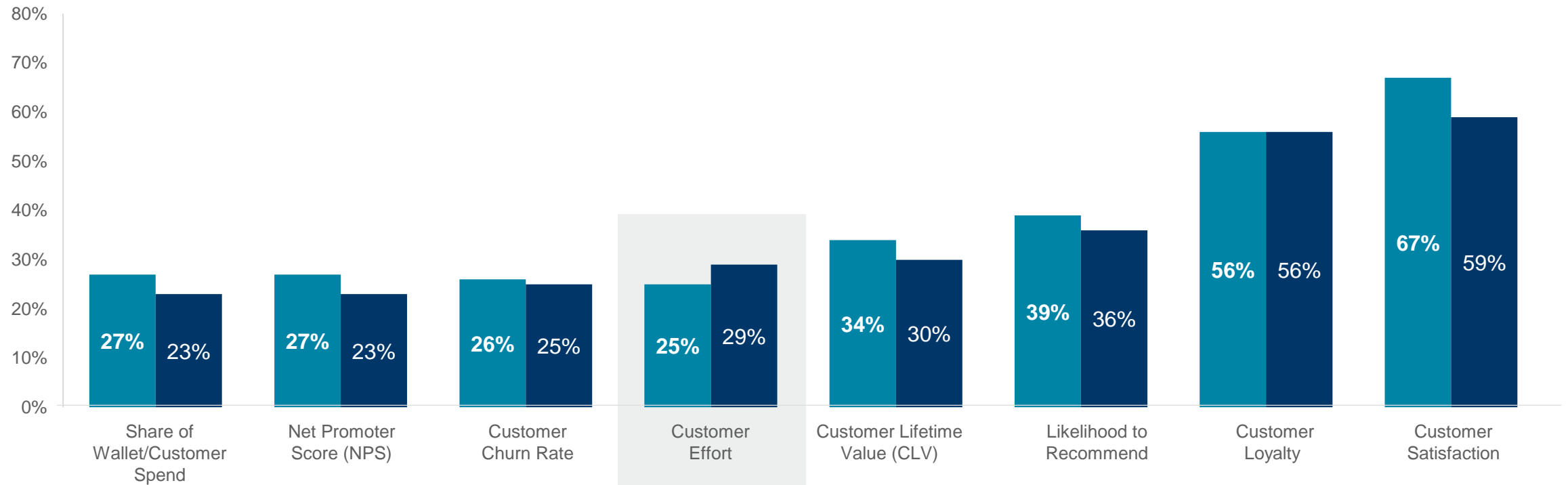


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Social media is the channel of choice for sharing negative customer experiences. Companies must protect their reputations by monitoring their social media platforms regularly and responding quickly.

Low Customer Effort Drives Brand Loyalty and Reduces Costs

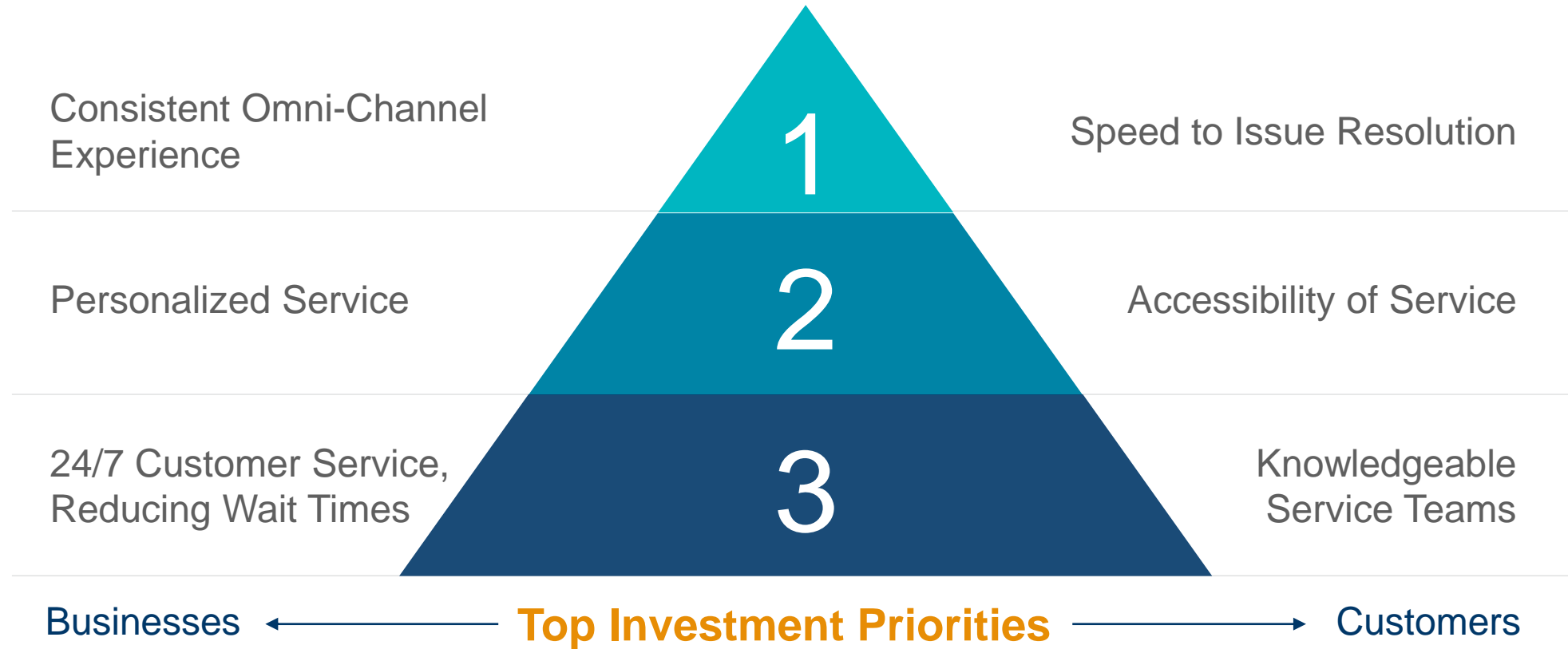
How Do Businesses Measure Their Customer Service Effectiveness? ■ 2019 ■ 2020



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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



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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.

This is the sixth time The Northridge Group has conducted the “State of Customer Service Experience” study and the third time 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](#).



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.

Start Improving Your Customer Service Experience Today



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