STATE OF CUSTOMER SERVICE EXPERIENCE 2019

Management Consulting | Quality Monitoring
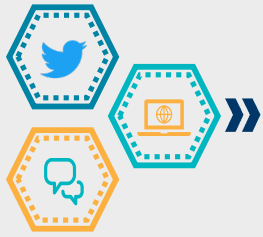
NRG+ | THE NORTHRIDGE GROUP

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. consumers[1] 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 leaders[1] 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.

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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

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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.
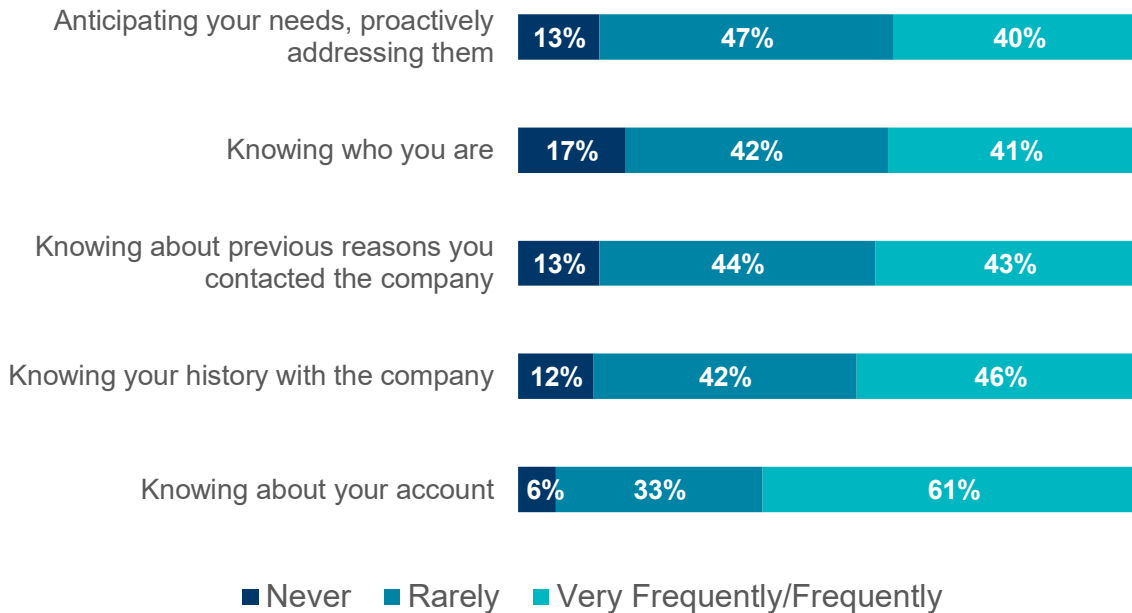
Companies are falling short of meeting consumer expectations. Most customers will not wait for a company to get it right.
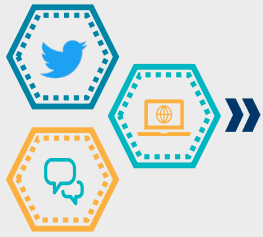## *Second chances are rare!*
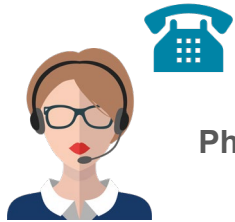
How Frequently Do Companies Get it Right?

Category	Never	Rarely	Very Frequently/Frequently
Anticipating your needs, proactively addressing them	13%	47%	40%
Knowing who you are	17%	42%	41%
Knowing about previous reasons you contacted the company	13%	44%	43%
Knowing your history with the company	12%	42%	46%
Knowing about your account	6%	33%	61%

■ Never ■ Rarely ■ Very Frequently/Frequently

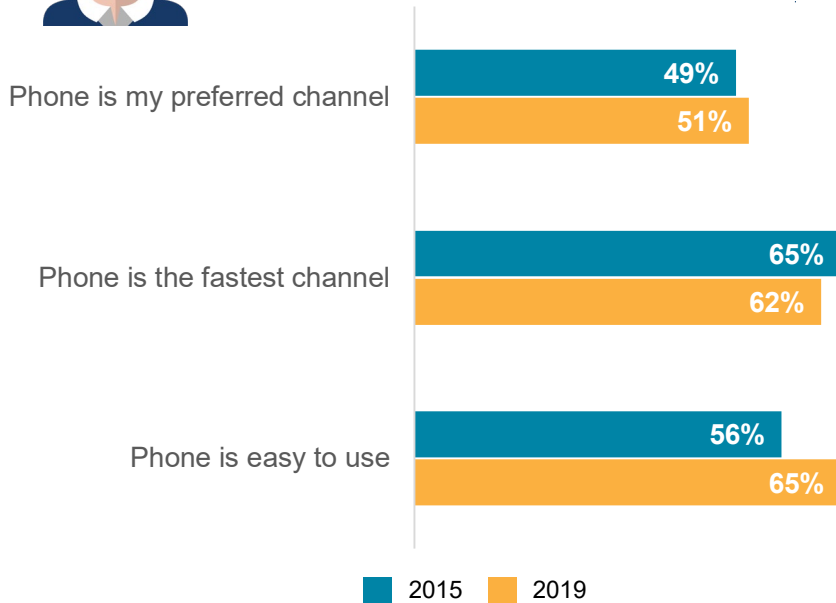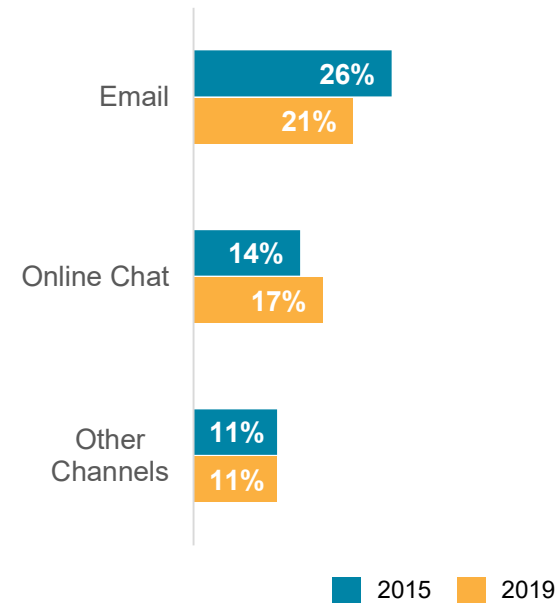## Nearly 3-in-4 consumers are likely to switch to a competitor after one bad experience.

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

	2015	2019
Phone is my preferred channel	49%	51%
Phone is the fastest channel	65%	62%
Phone is easy to use	56%	65%

■ 2015 ■ 2019

Consumer Channel Preference for Customer Service Issues

|	2015	2019
Email	26%	21%
Online Chat	14%	17%
Other Channels	11%	11%

■ 2015 ■ 2019

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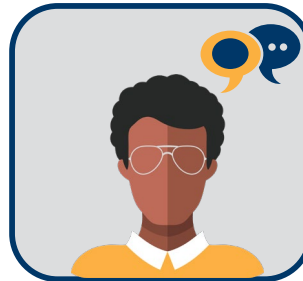
Less than half of consumers say **TEXT MESSAGING**, **LIVE VIDEO CHAT** and **SOCIAL MEDIA** are easy to use as channels.

ONE THIRD of consumers prefer using **WEB** and **MOBILE APP** self-service to make account changes (up from 28% in 2018).
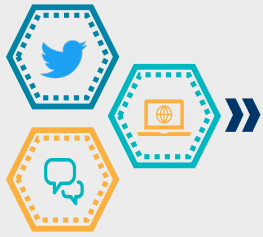
64% of consumers say they experience difficulty when trying to navigate **WEBSITES**.

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

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.

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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.

Channel Preference for Resolving Customer Service Problems

Channel Preference

15%

12%

12%

61%

Phone
61%

Online Chat
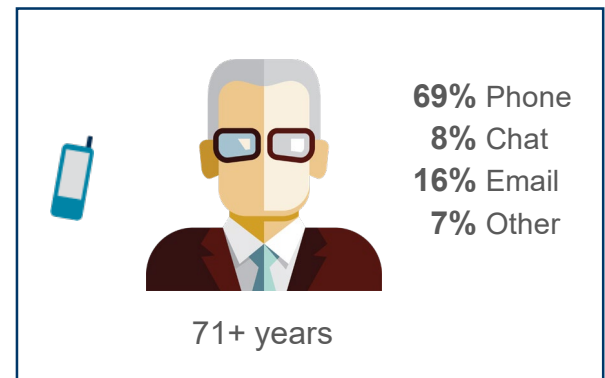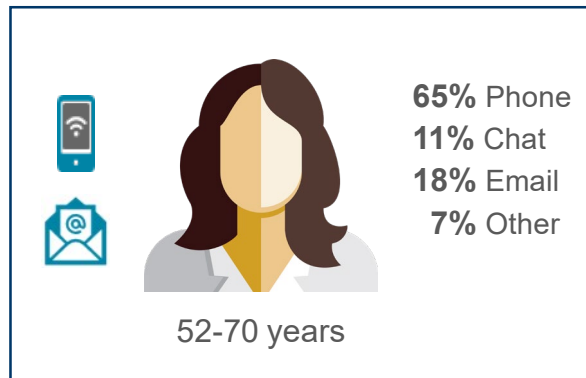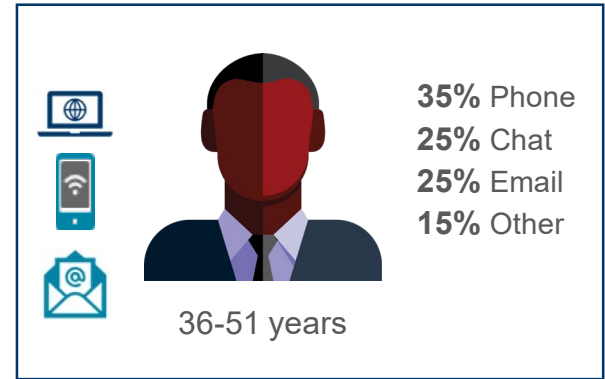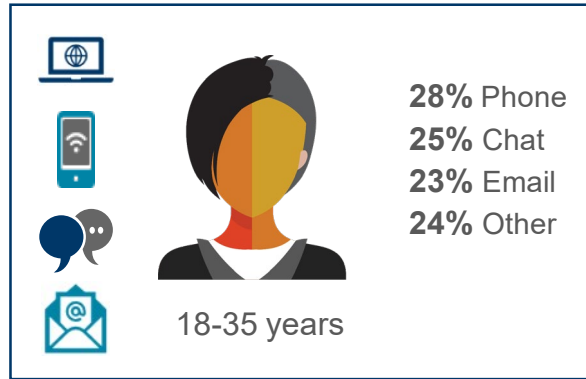**15%**

Email
12%

Digital channels
12%
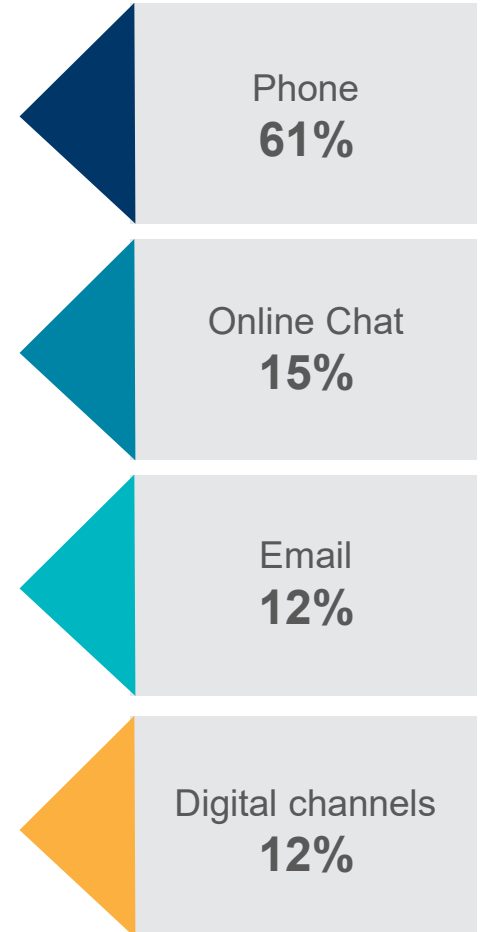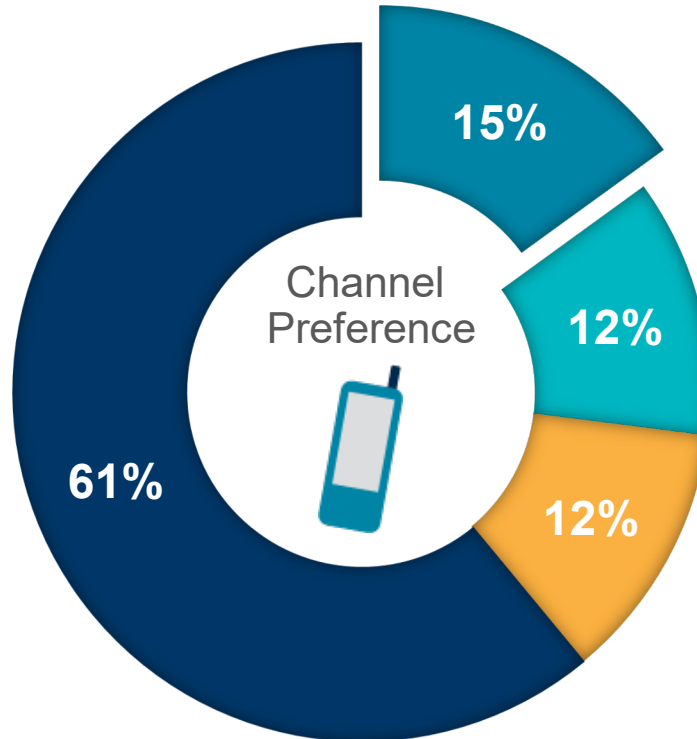
Understanding generational channel preferences can help drive investments to improve customer experience.
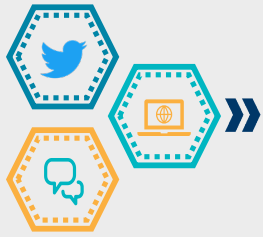
## Channel Preference by Generation

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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.

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
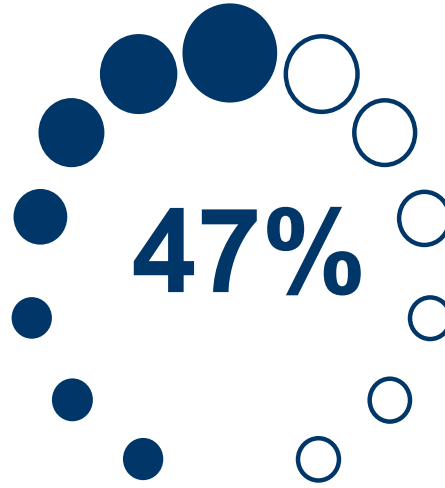- **16%** Email
- **7%** Other

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.

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74%
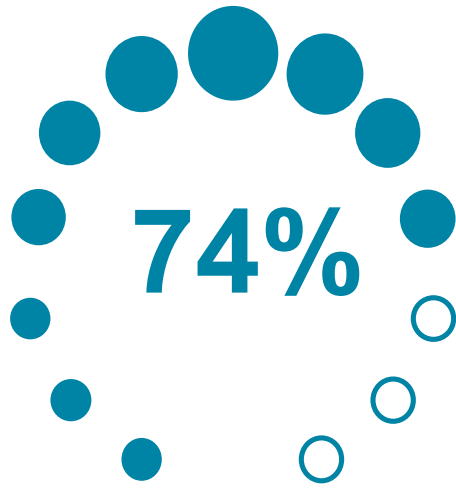
More than **SEVEN-IN-TEN** consumers addressed a customer service issue or inquiry by phone in the past year.

47%

Almost **FIVE-IN-TEN** consumers needed to make multiple contacts to resolve their most recent customer service issue.
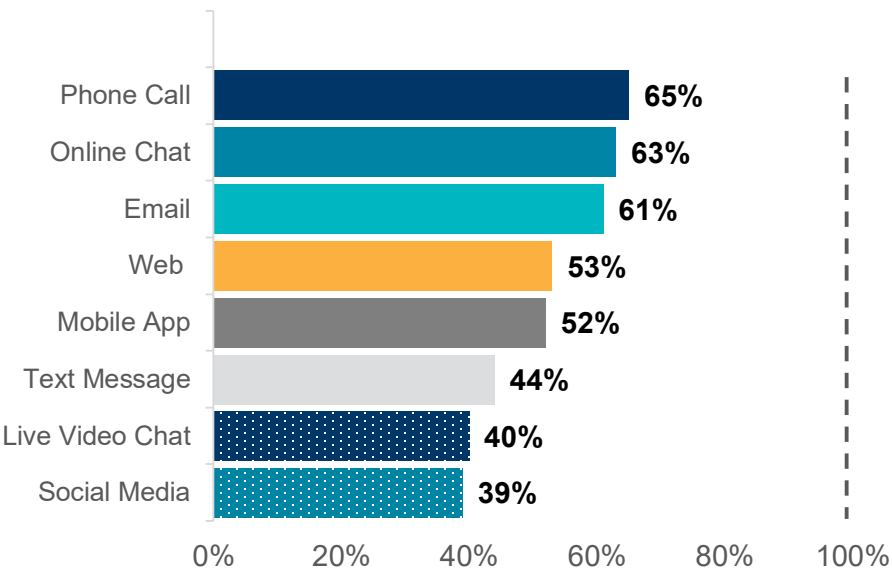
31%
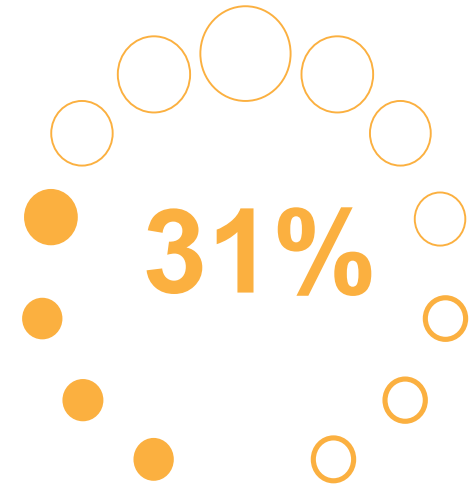
Nearly **ONE-IN-THREE** consumers report that it was not easy contacting a business to handle their last customer service issue.

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

Channel	Percentage
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
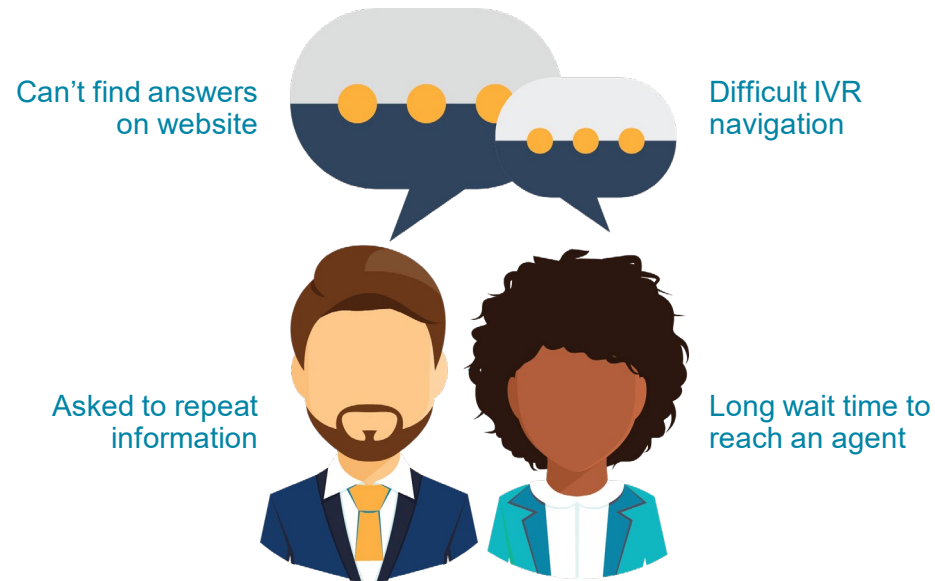
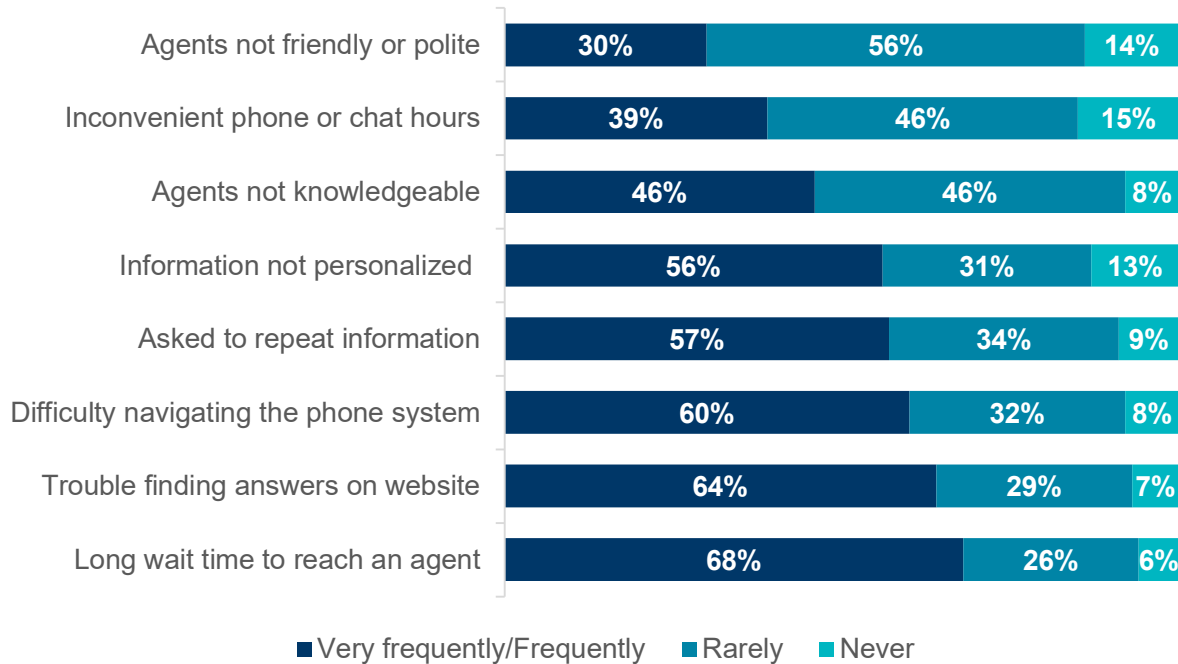# Long wait times, poor websites, and difficult phone systems are the problems consumers most frequently experience when contacting a brand.

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Consumer Experiences with Customer Service Contacts

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

■ Very frequently/Frequently ■ Rarely ■ Never

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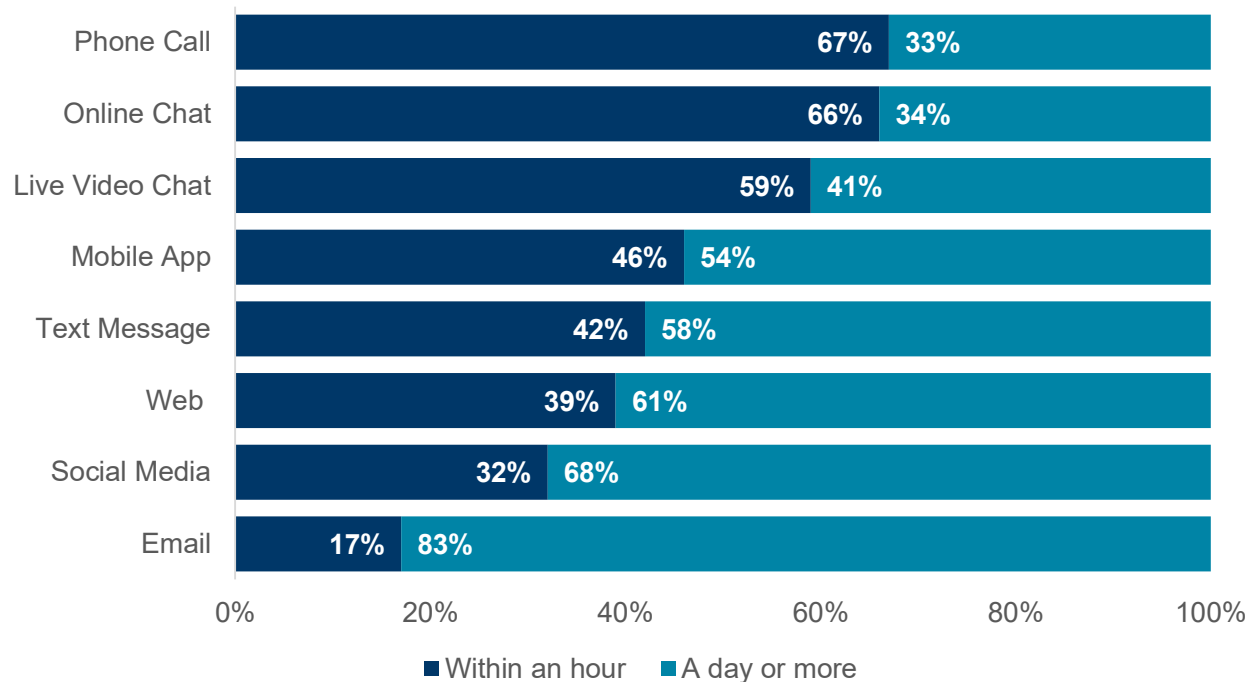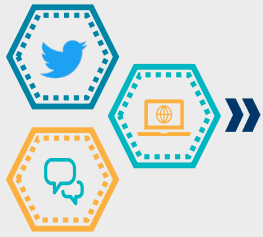
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Phone and online chat are perceived to provide one-on-one human interaction, so consumers have the highest expectations for resolution and speed of response from these channels.

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.

Speed of Issue Resolution
Customers' Perspective

Channel	Within an hour	A day or more
Phone Call	67%	33%
Online Chat	66%	34%
Live Video Chat	59%	41%
Mobile App	46%	54%
Text Message	42%	58%
Web	39%	61%
Social Media	32%	68%
Email	17%	83%

■ Within an hour ■ A day or more

Many consumers report they will make a second contact using a different channel if their issue is not resolved within an hour.

Speed matters!
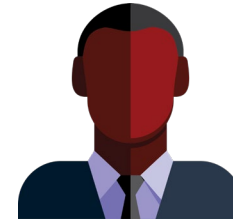
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51%
of 18-35 year-olds

00:59:59

How Many Will Switch Channels Within an Hour?

27%
of 71+ year-olds

46%
of 36-51 year-olds

30%
of 52-70 year-olds
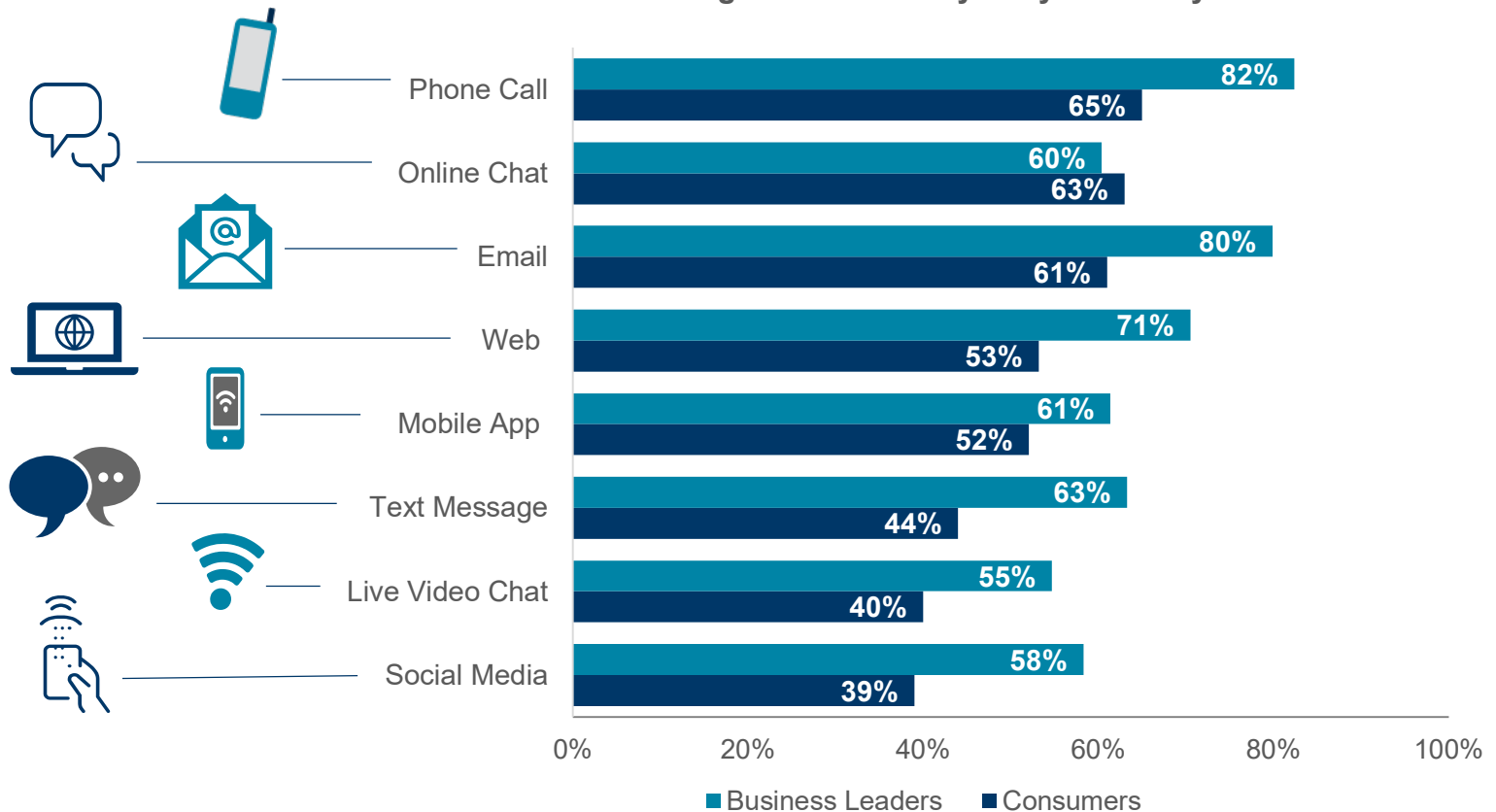
Low customer effort drives brand loyalty, streamlines processes, and reduces costs. Yet, only ONE QUARTER of businesses measure this actionable metric.
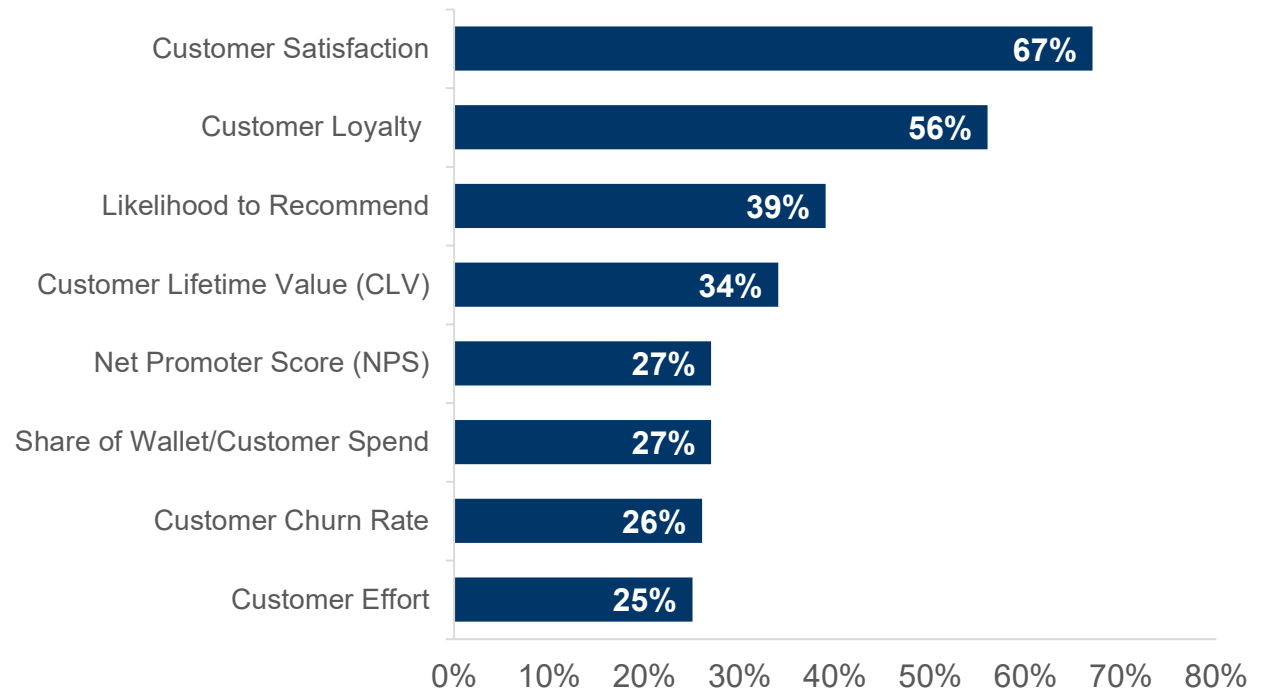
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With only slightly more than half of consumers reporting a first contact resolution, too much consumer effort is being required for issue resolution. As digital channels prove more effective, consumers' expectations will increasingly be met through these channels, improving the overall customer experience.

53%
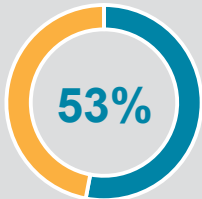
of consumers report a first contact resolution

How Do Businesses Measure Their Customer Service Effectiveness?

Metric	Percentage
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%

One bad customer service experience can cause a ripple effect of challenges for a business.

Every consumer interaction matters!
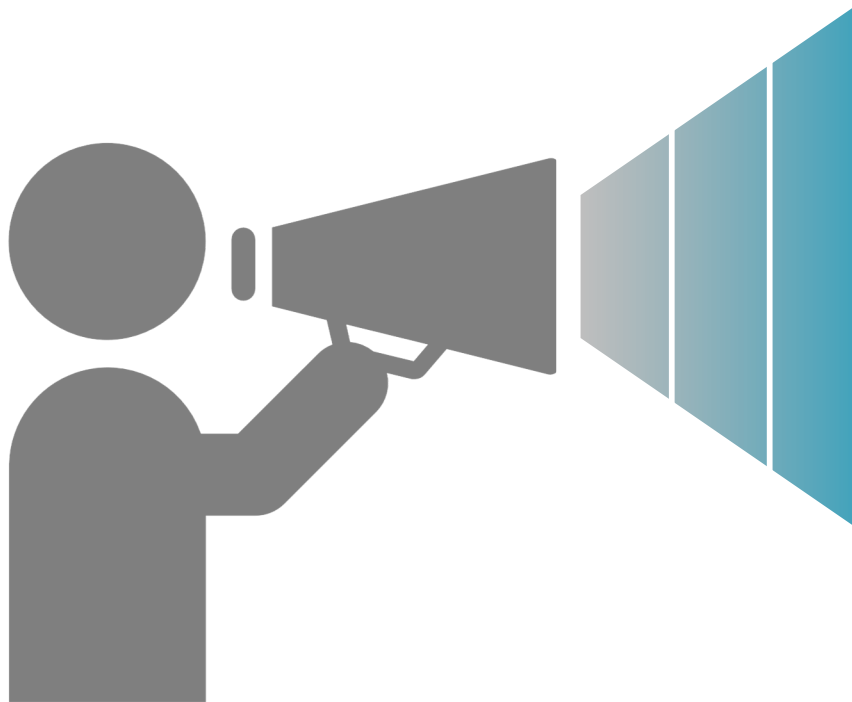
86%

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.

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Top Investment Priorities

BUSINESSES

CONSUMERS

Personalized Service	**1**	24/7 Customer Service
24/7 Customer Service	**2**	Reduced Wait Times
Consistent Omni-channel Experience	**3**	Better Telephone Menus (IVR)

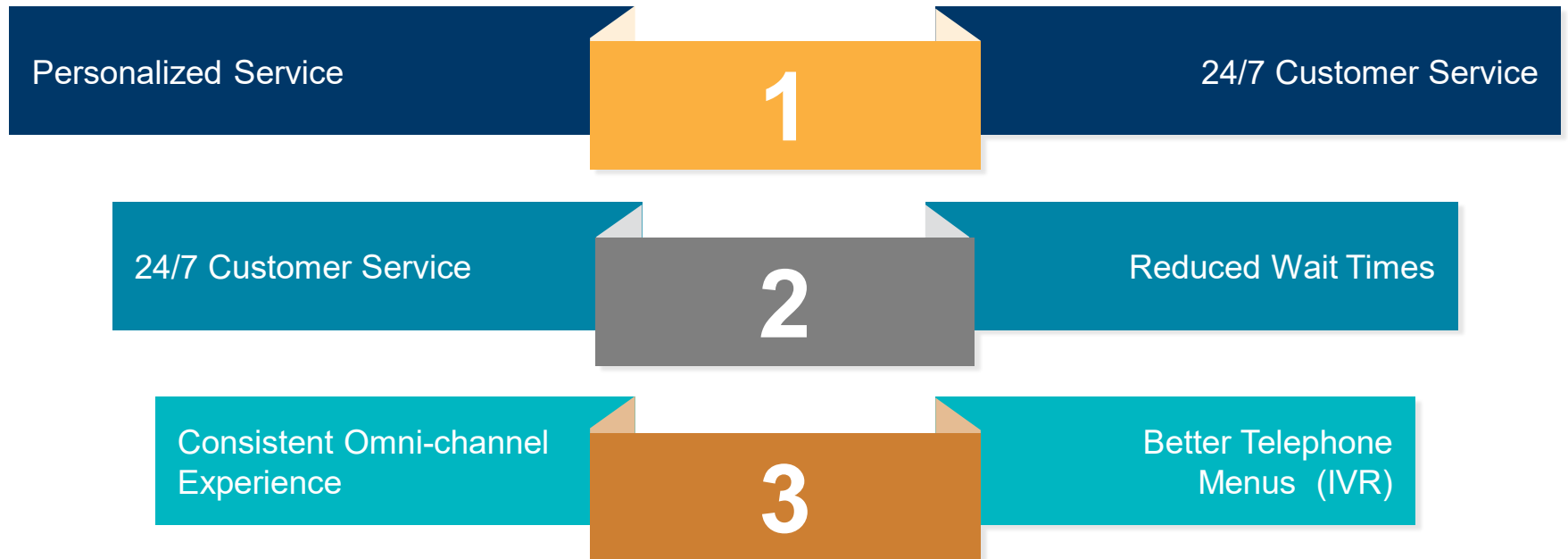# Personalizing the customer experience across all channels is a priority investment for businesses, yet only 60% assess the customer's journey.

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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?

Category	Percentage
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!

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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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