

State of Customer Service Experience 2015

Companies Struggle to Meet Expectations
for a Seamless Omni-channel Customer
Service Experience



With communication platforms more fragmented than ever, many companies are struggling to deliver a consistent and seamless customer service experience across channels. In the State of Customer Service Experience 2015 report, The Northridge Group finds that each customer service channel has its purpose, but the biggest expectation gap lies in social media, despite its promises of speed and engagement. Based on a survey of more than 1,000 U.S. consumers, the study provides a roadmap for how companies can turn social media into the glue that binds together customer touch-points as part of a holistic omni-channel customer service mix.

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Introduction

New and promising channels through which brands can nurture customer relationships continue to expand and evolve. Customers can now interact with brands instantly through email, live chat and self-service, and they can even do so publicly through social media. These channels hold tremendous potential for elevating customer service support and follow-through, but every company that uses them must also shoulder the responsibilities that come with delivering attentive, first-class customer service.

Implementing a broader, more accessible, responsive and consistent customer service experience through new technology should not be approached as a cost burden. Rather, it is an opportunity to use this more complex, omni-channel environment to attract new customers and cultivate loyalty among existing ones. Particularly in the case of social customer service, the current customer service landscape also offers powerful new ways to listen to customers and gain valuable insights into how to best support them.

Customers tend to contact companies when they have a problem with a product, service or experience. It is well-known that providing outstanding service to your customer at this “moment of truth” can result in higher levels of customer loyalty than if they had never had the problem in the first place. While customers should be able to transition between channels seamlessly to receive the support they need, The Northridge Group

State of Customer Service Experience 2015 report demonstrates that customers are switching between self-service, phone, email and social not because they want to, but because they often have to as they work to get their issue or inquiry resolved. Therefore, it is critical to not only understand what issues your customers are experiencing, but also how your customers are using each channel. Doing so will ensure the service experience is tailored to your customers’ specific needs.

The rise of new technologies and platforms for communication is transforming the way that companies interact with their customers. No longer is communication a one-way street—or even a two-way street. Today’s customer service environment is omni-dimensional, and thriving within it requires responsiveness, strategic discipline and the ability to leverage best practices.

To uncover what it is that consumers expect from a customer service interaction, The Northridge Group conducted a survey of more than 1,000 consumers. The intent was to understand customer expectations across different channels and identify any gaps in what consumers expect and their actual customer service experiences.

Companies need to first understand how customers want to interact with them before they can bridge communication gaps within and across channels.

In The Northridge Group study, customers report that companies are meeting basic customer service expectations, but it's likely that customers have come to expect poor service. Sixty-one percent of customers have to interact with a company on more than one channel to get their issue resolved, and one-fifth have to contact them on three or more channels. The customer's path to resolution is far from effortless, and these findings reveal a significant opportunity for companies that would like to leverage customer service as a differentiator in the marketplace and a source of competitive advantage.

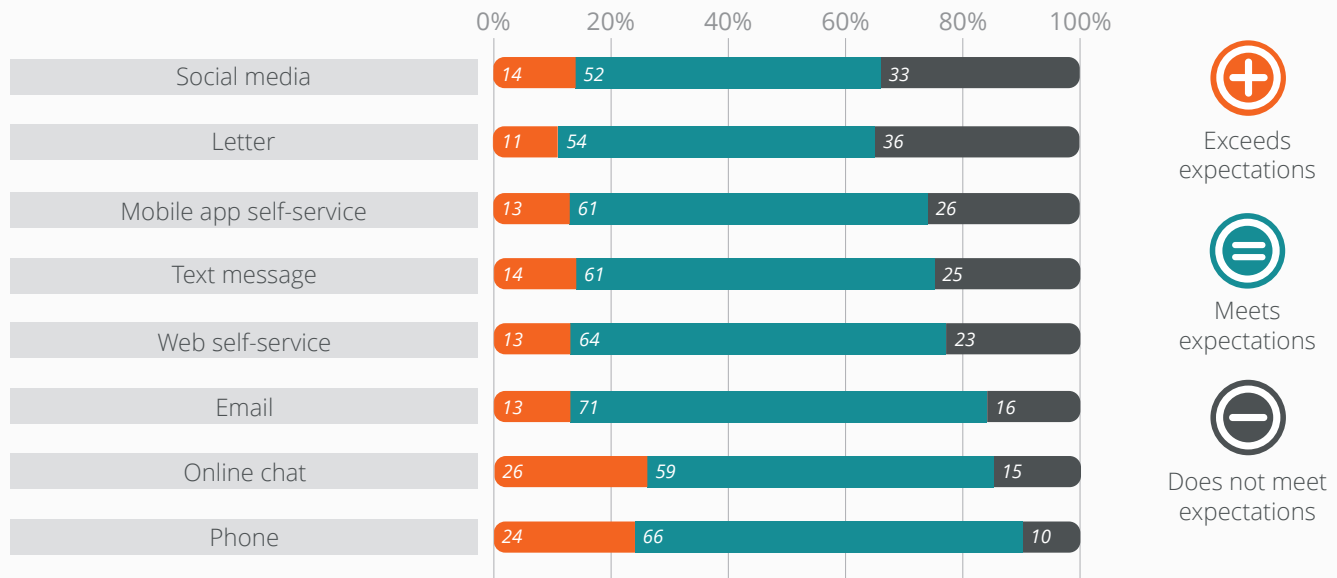
While improving this omni-channel experience is a key priority for most companies, many are struggling to understand how to expand their service strategy to include social media. This challenge is understandable given the complexity that comes with the social channel: Customer expectations for engagement vary significantly, and it carries more risk due to its public nature. The Northridge Group study finds that consumers are definitely using social media as a customer service channel and frequently as a point of escalation, so it is imperative that companies find the right level of engagement for their specific customers on this burgeoning channel.

Key Findings

- » One-third of consumers who contact a brand on social media never get a response.
- » More than 40 percent of consumers expect resolution within one hour when using social media as a customer service channel.
- » One-third of consumers who have used social media for customer service say the channel does not meet expectations.
- » Forty-seven percent of people plan to use social media next year the same or more than they currently do as a customer service channel.
- » Of all channels, social media has the lowest percentage of issue resolution and follow-up, with only 13 percent and 9 percent, respectively.
- » An equal number of consumers (22 percent) use social media to share positive and negative experiences about a brand.
- » More than twice as many consumers use social media as the primary channel for making comments (8 percent), questions (7 percent) and complaints (6 percent) over problem resolution (2 percent).
- » Sixty-three percent of consumers have to engage with a brand two or more times on social media before a customer service inquiry or issue is resolved.
- » Despite the immediacy of social media, only 13 percent of consumers get a response within minutes.
- » Only 2 percent of consumers use social media for urgent customer service issues.
- » Twenty-six percent of consumers turn to social media when they can't reach a rep through another channel—the highest of all reasons—indicating that many use social as a last resort.
- » The phone is by far the most popular contact channel for urgent issues, with 77 percent of consumers calling companies with urgent issues or inquiries.
- » Two-thirds of consumers (66 percent) say the phone is the fastest channel for issue resolution, followed by online chat (15 percent) and email (10 percent).

For Customer Support, Biggest Expectation Gap Lies in Social Media

How would you rate the customer service for most companies on the following channels?



Source: The Northridge Group State of Customer Service Experience 2015

When customers have an issue or inquiry with a company, they want to resolve it quickly and effortlessly. Organizations are meeting consumers' basic expectations across all customer service channels, perhaps influenced by their experiences. One big exception to this observation is social media.

One-third of social media users say that the customer service they receive on social media sites does not meet expectations—the worst of all channels except postal mail.

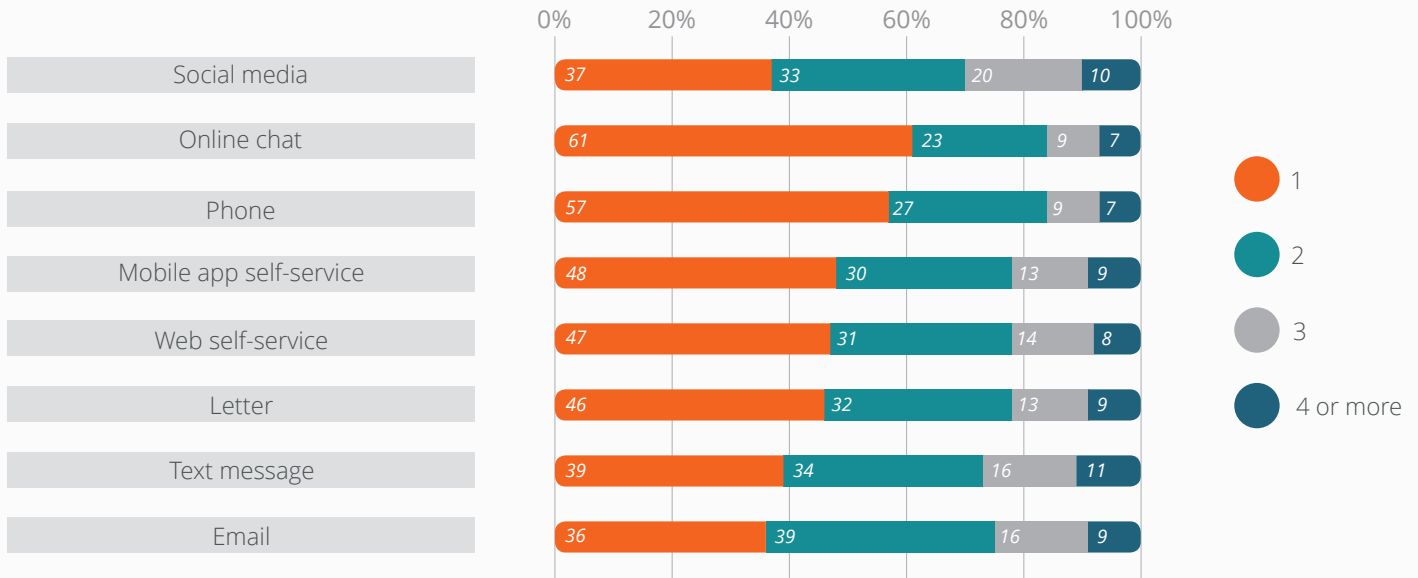
Social media has promise as a medium for delivering timely, effective customer support—holding new potential for companies, especially those that would like to leverage customer service as a differentiator in the marketplace.

When people experience problems with products and services, they don't want to jump through hoops to get help.

Yet, 63 percent of people who use social media to contact a company for support have to engage with the brand two or more times before a customer service inquiry or issue is resolved. And out of all the customer service channels, social media has the lowest rate of issue resolution (13 percent).

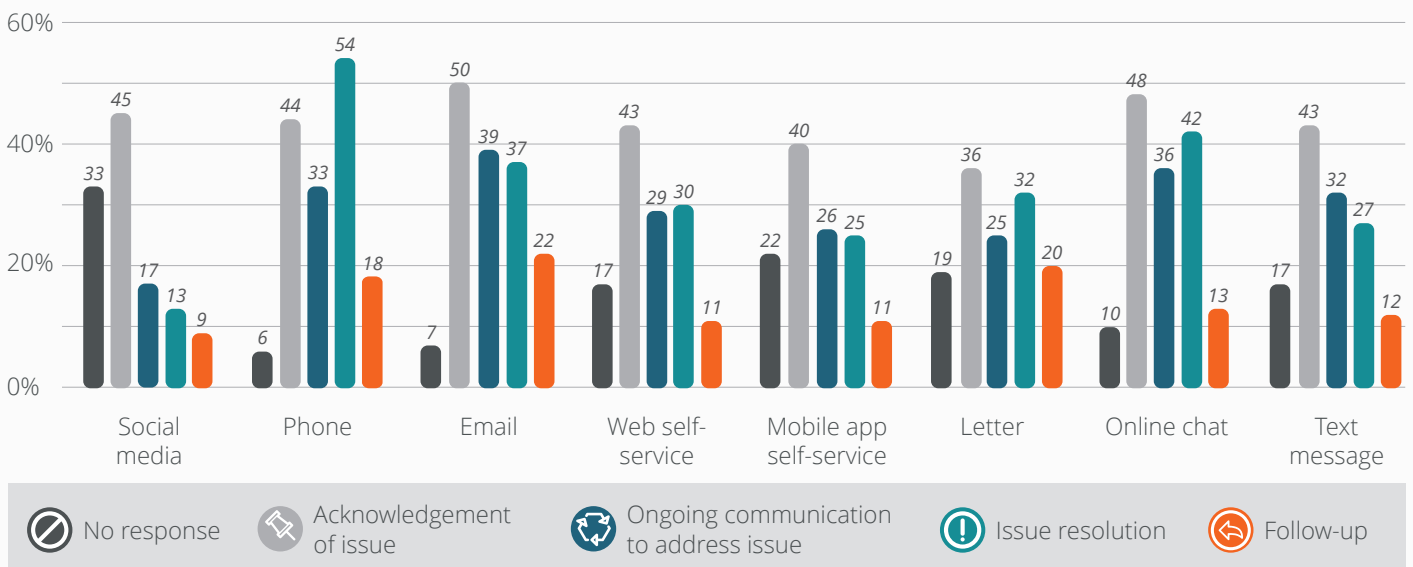
Other new technology such as mobile app self-service and text message are also rated as the channels with the slowest resolution rate, next to postal mail.

Typically, how many times do you need to engage with a company on the following channels before a customer service issue or inquiry is resolved?



Source: The Northridge Group State of Customer Service Experience 2015

What kind of response do you usually get when you contact a company about a customer service issue or inquiry on the following channels?



Source: The Northridge Group State of Customer Service Experience 2015

Response on Social Media

One-third of consumers who contact a brand on social media never get a response.

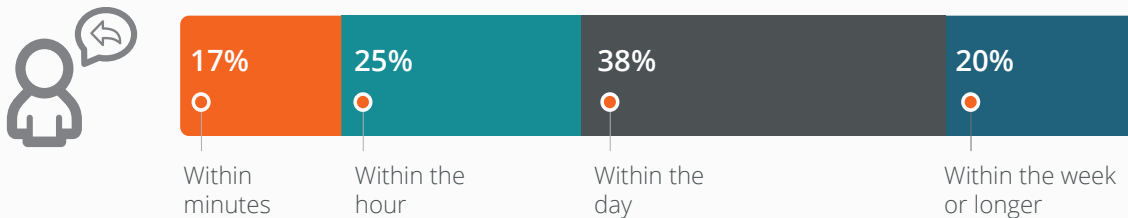
Because of the public and real-time nature of social media, this is surprising. Ideally, virtually every customer who reaches out to a company with a customer service issue or inquiry should at least receive prompt acknowledgement.

Not only should consumers receive an acknowledgement, but they should receive it in a timely manner.

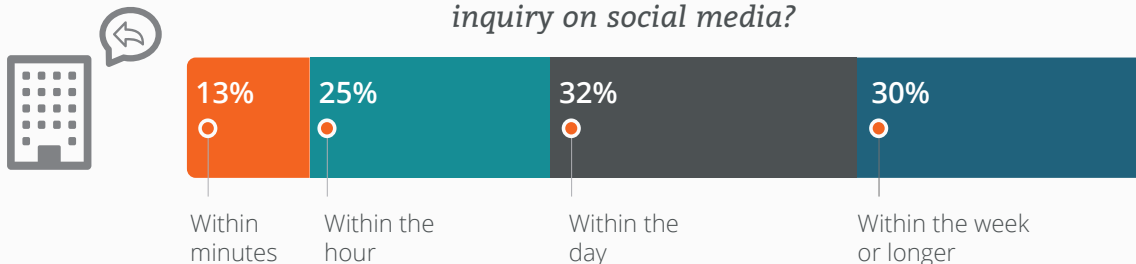
For those customers who do receive a response, they also expect it faster than they get it today.

For example, 42 percent of people expect a response from companies on social media within an hour, while only 38 percent receive one in that time frame. While this is not a huge gap, companies need to remember that customer expectations are influenced by their current experiences, and they are likely to increase as companies begin to deliver more consistently.

How quickly do you **expect** a company to **first respond** to your customer service issue or inquiry on social media?



How quickly **does** a company usually **first respond** to your customer service issue or inquiry on social media?



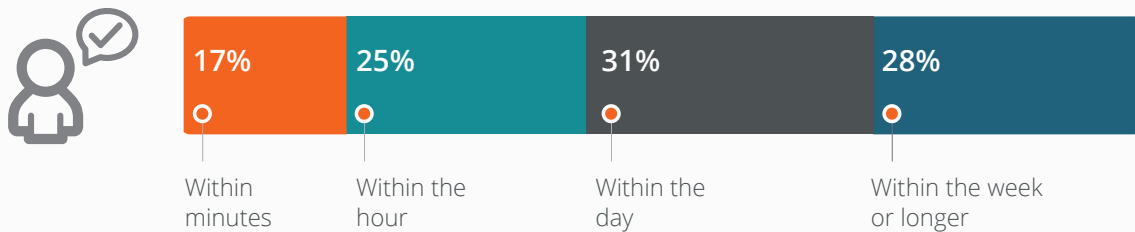
Source: The Northridge Group State of Customer Service Experience 2015

Resolution Rates on Social Media

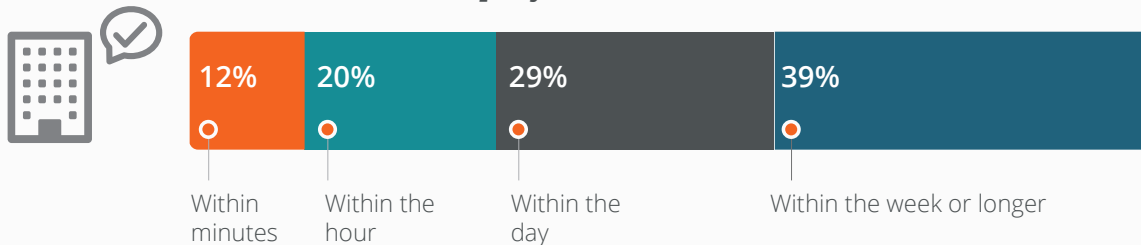
To have a company acknowledge a customer service issue is nice, but resolution is the ultimate goal. In fact, the same number of consumers expect their issues to be resolved within minutes when they use social media as those who expect acknowledgement within minutes. Further, 45 percent of respondents

say brands simply acknowledge the issue. We see that consumer expectations of first response and resolution times are very similar. It appears that consumers do not distinguish between acknowledgement and resolution on social media. Instead, they expect to quickly receive both.

*How quickly do you **expect** a company to **resolve** your customer service issue or inquiry on social media?*



*How quickly **does** a company usually **resolve** your customer service issue or inquiry on social media?*



Source: The Northridge Group State of Customer Service Experience 2015

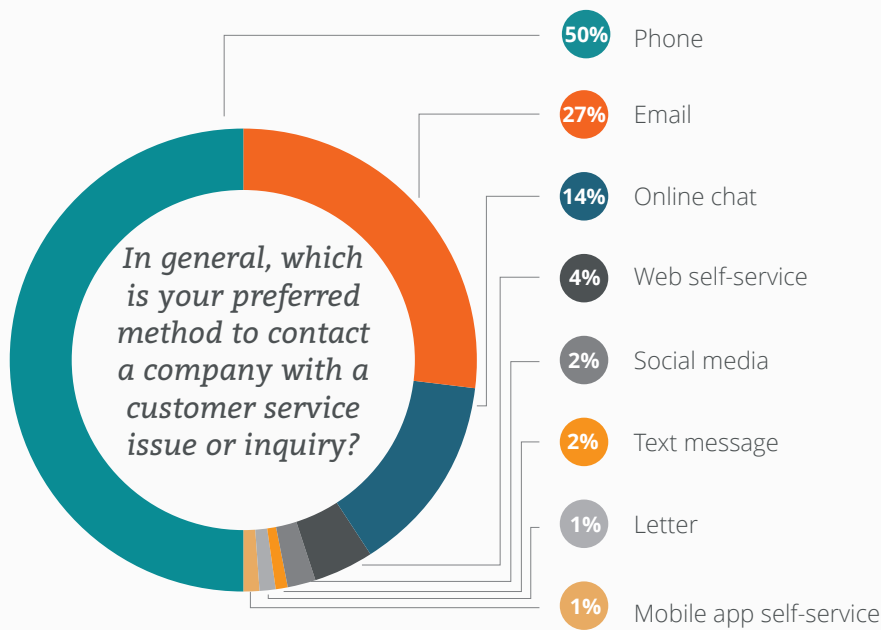
Many customers who might have seen social media as a responsive and transparent communication channel are now feeling disappointed in their customer service experience. If they ever get a response, it often takes over an hour to make contact. While social media is an evolving channel for most companies, those who

embrace it as a critical listening and engagement tool—in addition to one that allows for seamless and effortless customer service resolution—have the opportunity to clearly differentiate their brand in the marketplace.

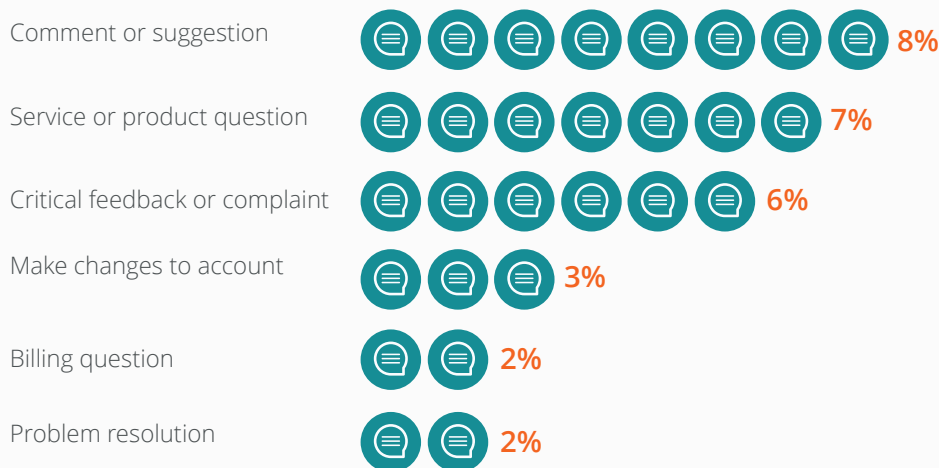
Social Customer Support Not Living Up to the Hype

There has been a lot of hype surrounding social media customer service. We hear about people tweeting at companies that they're stranded in airports, and then they magically get booked on the next flight, or friends who have their product questions answered

immediately when they tweet at a company. Is this what all consumers should expect from their favorite social channels? According to our survey, consumers may expect this kind of responsiveness and resolution, but companies are not consistently delivering.



Social media as a preferred method of contact for the following customer service issues or inquiries:



Source: The Northridge Group State of Customer Service Experience 2015

The optimism customers hold for social media as a productive customer service channel appears to be falling short.

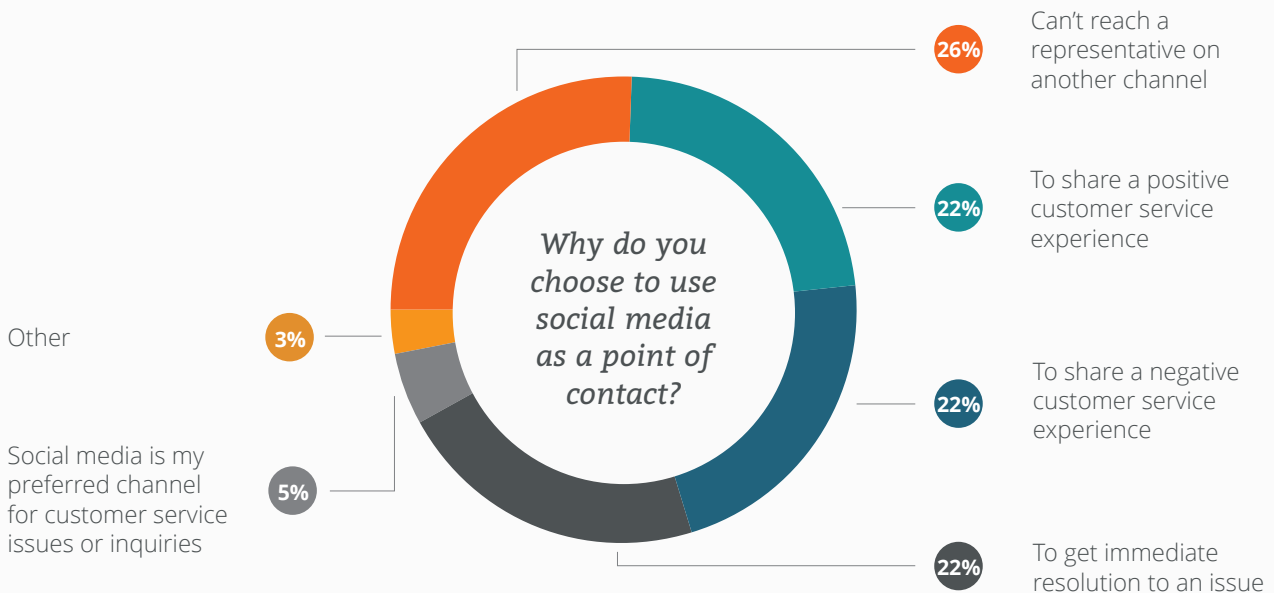
Only 2 percent of people in our survey chose social media as their preferred method to contact a company with a customer service issue or inquiry.

However, when asked which channel they prefer for specific customer service purposes, customers indicated that comments (8 percent), questions (7 percent) and complaints (6 percent) are the most popular uses of social media as a customer service channel. But just because customer service issues raised on social media are still relatively low doesn't mean they don't deserve a timely response. Companies

cannot change the nature of social media, but they can provide customer service through it quickly and effectively.

The key to effectively manage social media customer service is to first engage, but also know when to move sensitive conversations off of social media as quickly as possible to ensure complete and secure issue resolution. Companies should not think of social media as just another channel akin to the phone, but rather leverage its unique insights and effectively engage with the customer. After all, 22 percent of consumers use social media to share positive brand experiences.

The most common reason that people reach out to companies through social media is that the other channels have failed them. Twenty-six percent of respondents reported this, and it's an area in need of immediate improvement for any company prioritizing customer service.

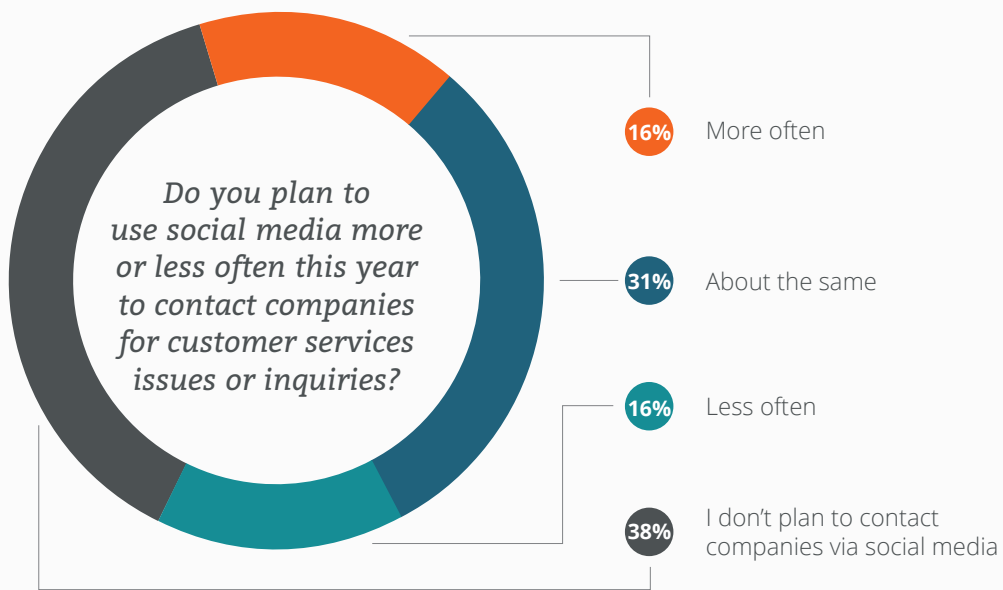


Source: The Northridge Group State of Customer Service Experience 2015

Mixed Feelings About Social Media In 2015

According to our survey, 47 percent of people plan to use social media next year the same or more than they currently do.

Thirty-eight percent do not plan to use social media, and only 16 percent plan to use it less often. This is clearly an evolving channel, and these numbers indicate that companies have work to do if they want to help their customers get the most out of social media channels for customer service.



Source: The Northridge Group State of Customer Service Experience 2015

Companies that want to improve their customer experience overall need to embrace social media as part of their overall omni-channel strategy and leverage it for insights and engagement opportunities. By nurturing relationships with customers who like to

use social media and strengthening the foundation of this channel, companies can clearly demonstrate their commitment to meeting their customers at their channel of choice.



When Customers Want Problems Solved, They Still Reach for the Phone

In the face of uncertainty, we inevitably cling to what we know and trust. It is also much easier to resolve a more complex issue when talking directly to a customer service representative to ensure a full understanding of the issue through a two-way dialogue. However, companies still have a long way to go to make the other channels more user-friendly, and customers will continue to migrate to the other channels as usability improves. The phone still promises consumers immediate attention and the chance to speak with a real person to resolve their customer service issue.

Right now, half of consumers prefer the phone to any other channel for customer service issues. Email is the second-most popular (27 percent), online chat is third at 14 percent, and all other channels make up the remaining 10 percent.

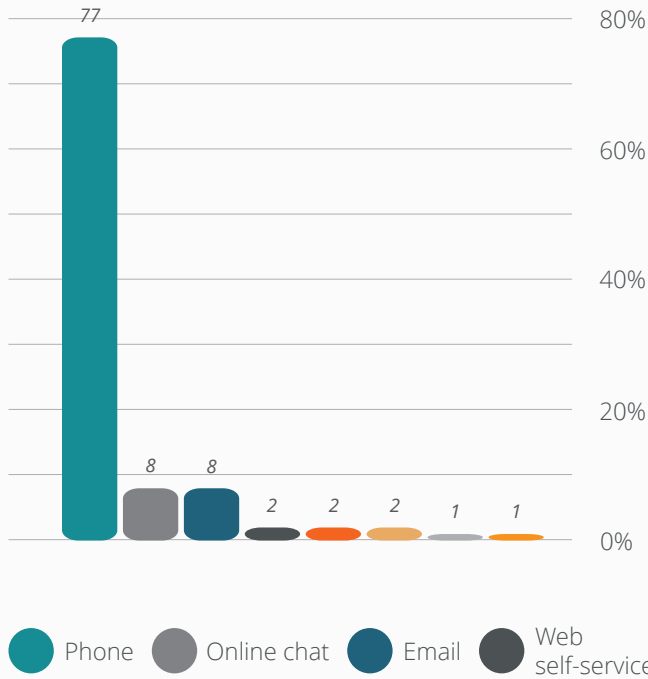
When something needs to be taken care of right away, people are even more likely to pick up the phone.

Seventy-seven percent of consumers place a call when the issue is urgent, likely because they report the same-day resolution rate to be the highest of all the channels (82 percent).

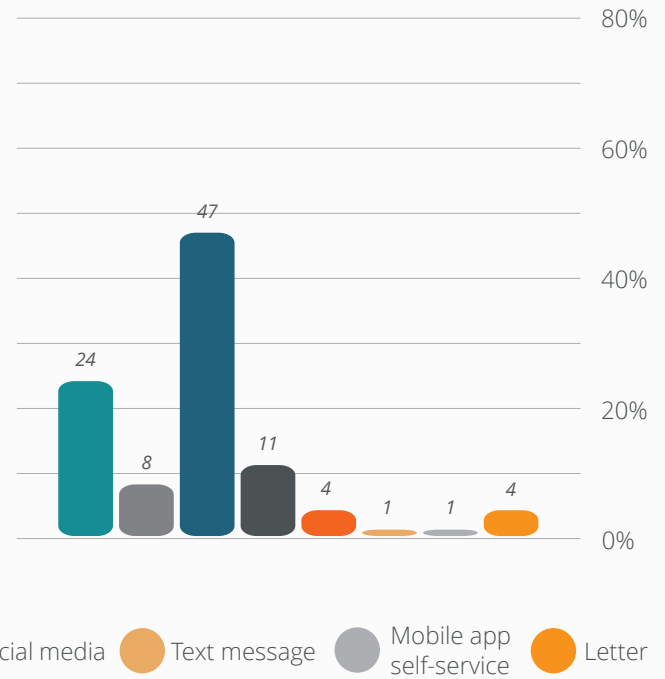
It is important for companies to recognize the value of the phone channel and make it easy to access a customer service representative. There is nothing more frustrating than having an urgent issue and digging through multiple layers of a website to find a phone number.

The call center is still the primary channel that people use for customer service issues. The biggest reasons for the telephone's continued popularity are higher resolution rates and people's familiarity with the technology. The telephone is currently perceived as the fastest and one of the least-challenging methods

If you have an **urgent** customer service issue or inquiry, on which channel do you contact a company first?



If you have a **non-urgent** customer service issue or inquiry, on which channel do you contact a company first?



Source: The Northridge Group State of Customer Service Experience 2015

to resolve a customer service issue. Two-thirds of consumers rate phone as the fastest channel for issue resolution with a company.

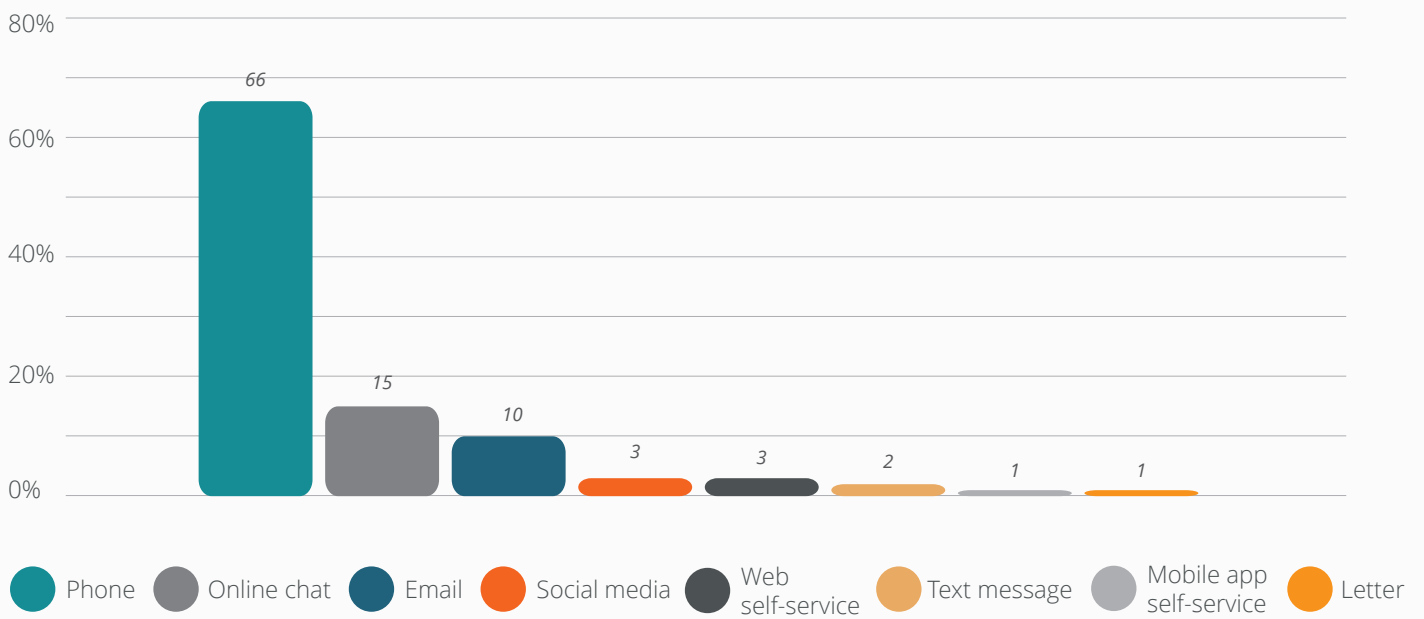
Even as other customer service channels evolve, the call center experience will remain fundamental to best-in-class companies' issue-resolution processes and central to most customers' brand experiences.

The key to success is to provide the information and services the customer needs on each channel in an extremely easy-to-use and consistent manner.

This will enable them to interact with your company on the channel of their choice. The better their experiences are across all channels, the more likely a customer is to migrate to the channel that is best-suited for their specific needs.



Which one of the following channels provides the *fastest* resolution from customer service?



Source: The Northridge Group State of Customer Service Experience 2015

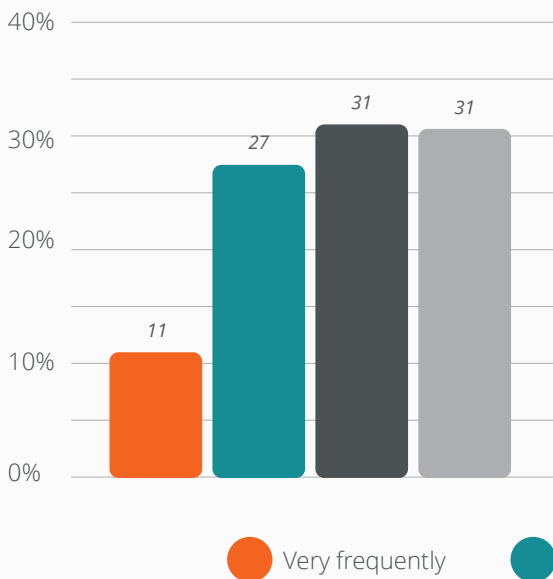
Social Media Should Complement the Call Center, Not Compete With It

Social media has only recently evolved to include customer service interactions. It started with fun and friendly social interactions, and it has since expanded to include communication forums to make information easier to access. Today, it is quickly becoming an engagement tool used for feedback and escalations. When it comes to solving real problems for customers over public and highly fluid platforms like Facebook and Twitter, challenges and limitations for both parties become clear: character limits, security concerns and public relations issues, to name only a few.

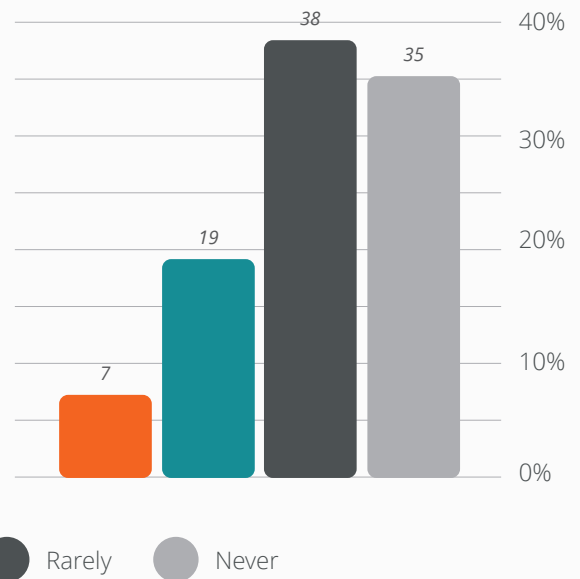
Tellingly, more than twice as many people say social media is their preferred method of contact for comments, questions and complaints over problem resolution.

To resolve many billing or service problems, companies often require sensitive information, and a back-and-forth interaction will take place while service representatives validate identity, look up product data and answer follow-up questions. This type of deep-dive problem-solving is difficult—if not impossible—to perform on social media. For these types of issues, it's clear why consumers prefer the phone or chat as a channel.

How often do you post **positive** feedback on social media about a company?



How often do you post **critical** feedback on social media about a company?



Source: The Northridge Group State of Customer Service Experience 2015

Many companies fear that social media is a breeding ground for customer complaints and opt out of the channel altogether or don't make it a priority. In fact, more people frequently post positive feedback than critical feedback on social media (38 percent versus 26 percent). Social media platforms offer companies the opportunity to reinforce and show appreciation for those who are touting the positives of your company and to effectively address those that need assistance. Brands who are proactively engaging with customers on social media—rather than just fielding complaints—will find the most success in amplifying a positive brand image.

Given their fundamental differences, there's no reason to think that social media will ever surpass the telephone as the primary customer service channel; however, that does not minimize the importance of this communication channel. Customers use social media differently than call centers, and this presents an opportunity for companies to engage with customers on a new level while also gaining valuable feedback and data insights. Rather than compete, social media and call centers should complement one another to deliver the most robust, responsive and effortless customer service strategy possible.

Best Practice Strategies for Creating an Omni-Channel Customer Service Experience that Exceeds Expectations

As social media evolves, it is another reminder that the customer is in control of which channels they use to engage with your company. With many brands still faltering as they attempt to integrate social media into their overall customer service strategies, companies should take this opportunity to step back and evaluate the overall effectiveness of their omni-channel strategy.

Those companies that conduct the necessary

customer-centric research, leverage user-centric design principles, and embrace the concept of seamless interactions across all channels will enjoy a competitive advantage. Social media remains a useful piece of the puzzle, as it offers functionality that call centers, email and self-service lack—including higher levels of ongoing engagement and the opportunity for your loyal customers to become your brand advocates within their social networks.

Omni-Channel Strategy

Each customer service channel has its purpose. The nature of your business, the customer's preferences and the complexity of the issue all intersect to determine which method of communication is used. However, there are some common trends:

- » About 60 percent of customers prefer the phone for billing or problem resolution
- » A quarter of respondents prefer web self-service for account changes
- » Twelve percent of consumers opt for online chat for service or product questions
- » Twice as many respondents prefer social media to share comments, suggestions or complaints, rather than asking service or product questions

- » More than one-third of consumers choose email when sharing feedback with companies

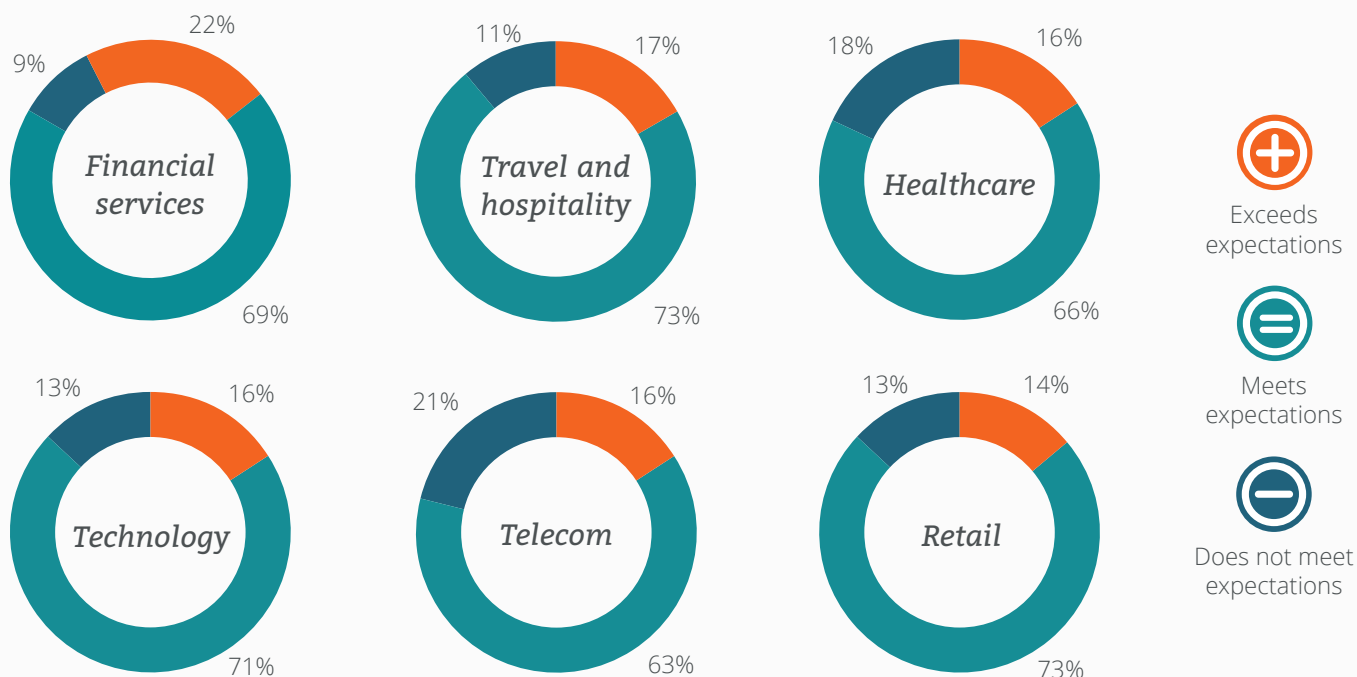
Web self-service is most commonly used to gather basic product or service information and fulfill common transactions. Email and phone are used for more complex questions or issues, and customers often turn to social media when frustrations escalate or they want to provide the company with feedback about their products or service. The key for brands that would like to understand holistic customer experience is to seamlessly connect those interactions across channels and leverage the key business insights that are gleaned.

Ahead of the Pack

The financial services industry is currently leading the way in developing robust self-service capabilities that allow the customer to move more transactional activities seamlessly to the web and mobile apps, providing expanded service hours and agent support when needed. This enables them to deepen customer relationships and cross-sell when appropriate.

Companies within the financial services industry more consistently exceed customer expectations (22 percent) as compared to other industries (14-17 percent), indicating that their focus in recent years to deliver a more seamless omni-channel experience is having an impact. Less than 10 percent of consumers report that financial services customer service is not meeting their expectations.

Are you satisfied with the overall customer service across channels for each of these industries?



Source: The Northridge Group State of Customer Service Experience 2015

Expertise & Authority

Social media has been traditionally handled by the marketing or public relations departments; however, best practices indicate the need for a strong partnership between these teams and customer service organizations. Given that many of the customer service social media interactions are escalations, it is important to have representatives supporting this channel with strong customer service experience and authority. It also requires a delicate balance of

personalization with attention to detail on what is said in a public forum. Therefore, the social media customer support specialists should not only have the ability to resolve issues just as your call center, email and online chat personnel—they should be among the top performers of your entire customer service talent pool. They also need to have the expertise on the new and evolving requirements of this channel so they can effectively deliver on the customer expectations.

Response Times

Because customers use different channels for different types of customer service issues, there are some rules of thumb for response and resolution times. While there are always exceptions, these trends should help your organization assess your own priorities and allocate resources accordingly. Here are best-practice response times for the most popular channels:

- » Phone: Answer within 30-60 seconds consistently
- » Email: Acknowledge receipt within the hour if personalized, or within minutes if automated
- » Social: Engage within minutes, and take the conversation to another channel if necessary



These standards are evolving and typically don't vary too much between industries, but be realistic. If your customer service resources are lacking, be sure to acknowledge the most urgent issues quickly and work on

incremental progress. Once you set your standards, stick to them and hold yourself and your team accountable for the rules you set within your organization.

Resolution Times

While initial response times are important, resolution times are absolutely critical to delivering a great customer experience. The goal is to resolve the issue on the initial contact—a feat that best-in-class companies can deliver over 80-90 percent of the time. They do so through intense process analysis, providing information and tools to their frontline representatives, and empowering them to take care of the customer. The ability to solve issues on the first contact is highly dependent on the nature of the issue and the related complexity.

Always keep in mind, however, customers do not want a wrong answer quickly.

If it's going to take time to deliver the right solution, customer service representatives should explain why more time is needed and schedule a follow-up with a

specific time range and channel. Of course, whenever such promises of follow-up are made, they must be kept. And for complex issues, proactive updates and transparency should be a priority throughout the service process, so that customers are always aware that their issue is still being actively addressed.

When customer service departments work toward improving the effectiveness and the efficiency of their issue resolution processes, measurement is critical. There are various ways that companies can measure first-contact resolution, but only rarely do companies capture contacts across all channels to accurately reflect their multiple interactions with customers. Organizations can drive significant improvements in customer experience when measuring and implementing critical changes across channels.

Elevate Your Customer Service Experience

In this new era of instant information, social sharing and mobile communication, companies will need to have an omni-channel customer service strategy in place to resolve issues in a way that requires the least amount of effort from the customer. There is an opportunity within every industry to stand out from the competition through responsive, consistent and seamless customer service experience.

Because consumers leverage different channels based on type and urgency of their inquiry or issue, the overall customer experience should flow through the channels that best serve the customer's specific needs. Social

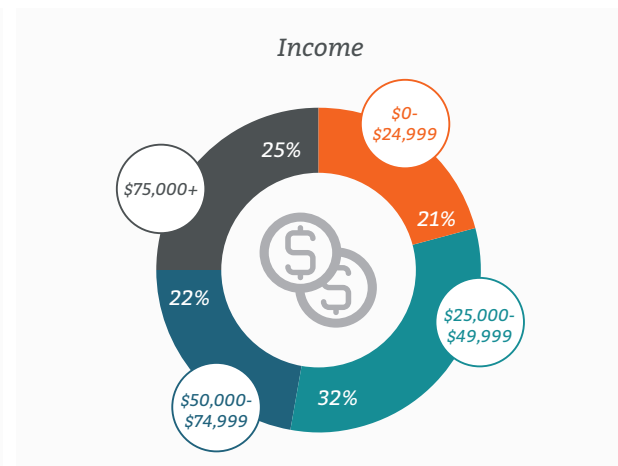
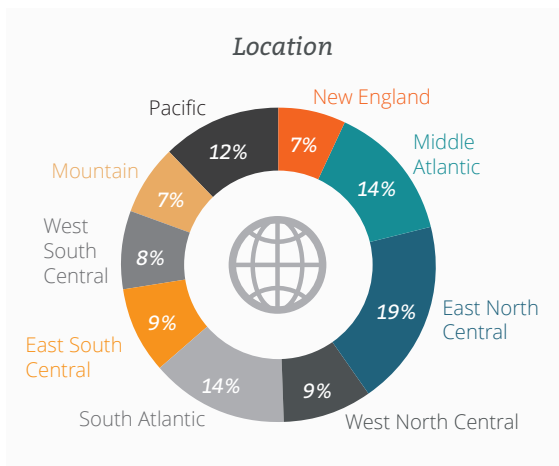
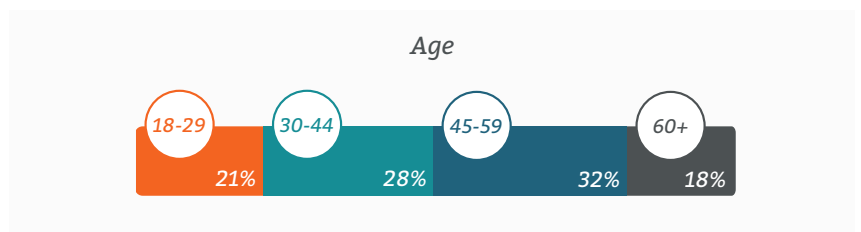
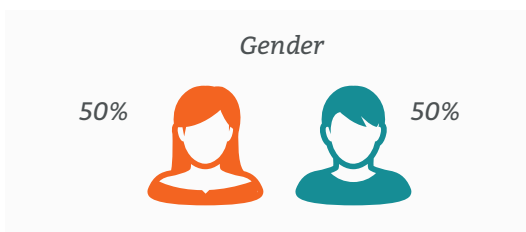
media, while not a customer service panacea, still can be the glue that binds customer touch-points as part of a holistic customer service mix, along with a critical listening and engagement channel. The companies that are the first to successfully deliver a seamless and effortless customer service experience in their industries will stand to gain new customers and strengthen loyalty with existing ones.

To learn more about The Northridge Group, visit us at **www.northridgegroup.com**.

The Northridge Group State of Customer Service Experience 2015 Study Methodology

The Northridge Group State of Customer Service Experience 2015 Study surveyed 1,017 consumers across the U.S. on their expectations and experiences with customer service issues and inquiries in the past year. The survey analyzed consumer behavior and

preferences for contacting companies' customer service departments via phone, email, social media, online chat, web self-service, mobile app self-service, letter and text message. The survey, which has a 3 percent margin of error, was conducted online in March 2015.



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To learn more about how The Northridge Group's holistic approach to problem solving, visit us at <http://www.northridgegroup.com/>

About The Northridge Group

The Northridge Group is a leading management consulting firm specializing in customer experience solutions and business transformation initiatives, utilizing data analytics and business process redesign to deliver results. Founded in 1999, the firm serves clients in the healthcare, telecom, financial services, travel and transportation industries. Using a holistic approach to problem-solving, Northridge provides services for the Fortune 200 and key government agencies at the federal, state and local level.

Contact Us



Pam Plyler

Executive Practice Lead,
Customer Experience and Contact
Center Management

Pam has over 20 years of experience in the development and implementation of strategies to improve customer experience, specifically focused on the effectiveness and efficiency of contact center operations. Pam has successfully executed high-impact, strategic initiatives in all major business verticals, including healthcare, retail, financial services, wholesale and government. As customer experience and contact center practice lead, Pam provides leadership, expertise and insights to clients looking to transform their contact centers and drive toward best-in-class performance in quality and operational effectiveness and efficiency. Pam drives results through her passionate leadership, process re-engineering, technology solutions and organizational design. Pam holds a B.S. in Mathematics and a Masters in Statistics, both from the University of Akron.



Daren Moore

President,
Government and
Enterprise Services

As a member of the Northridge executive team, Daren brings 25 years of experience in telecom and financial management, both within large global enterprises and entrepreneurial ventures. He has successfully built businesses from the ground up, including the organization's processes and applications required to provide complex professional and managed service offerings. The consulting and managed services team he has built have become leaders in their respective spaces. At Northridge, Daren leads the government and enterprise services practice areas with the operational depth required to identify and realize dramatic improvements for our clients in the areas of strategy development, cost and quality improvements, technology assessments and process redesign. Daren has a sharp focus on ensuring we continue to over-deliver and delight customers with our commitment to their success. Daren holds a B.S. in Accountancy from Southern Illinois University.