

The Netomi Pulse Report

STATE OF CUSTOMER SERVICE IN 2021

We asked 700+ U.S. consumers what they think about customer service today. They told us what they expect from the companies they do business with and gave us useful clues on how smart companies can turn customer service into a competitive edge .

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It's the Always-On, **Instant Response**, Multi-Channel Customer Service Era

More than ever before, customer service is a crucial ingredient for building a thriving business.

In an era where switching from one seller to another take seconds on apps or the internet, customer service increasingly serves as a core function responsible for driving profitability. Thus, today like no other time before truly excellent customer services presents a remarkable opportunity for the companies to grow.

All of this is because customers have increased expectations for how they are treated. With high speed data everywhere and information flowing like water, customers today have far less patience than predecessors who were accustomed to much slower information transfer and transactions. At the same time, customers increasingly expect personalized service - to be recognized and to be understood and remembered. The three key components of successful customers service are now immediacy, convenience, personalization. The modern customer demands to be appreciated and respected. If you waste their time or treat them badly, they will swiftly take their business elsewhere or - worse still - air their grievances on social media.

This represents a seismic shift; For decades customer service was usually a resolution center and viewed as an afterthought by most large brands. Too frequently service meant long hold and resolution times, unfriendly representatives, and inconsistent and inconvenient interactions. When a customer had to contact a company with a problem or concern - or even to try to pay for an upgrade - their view of the brand was likely to be diminished.

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With the rise of the always-on economy, a new standard of customer service has emerged. Amazing customer service like the Starbucks barista learning sign language to better serve a customer (1) or Trader Joe's delivering food to an elderly man during a snowstorm (2) is fun but not sufficient. Now it's more about how companies treat every single customer in today's fast-moving, short-attention-span, on-demand society.

The Netomi Pulse Report Findings

We surveyed over 700 U.S. Consumers... Here's What We Found

We set out to understand exactly how customers perceive customer service today, and their outlook and expectations for the future.

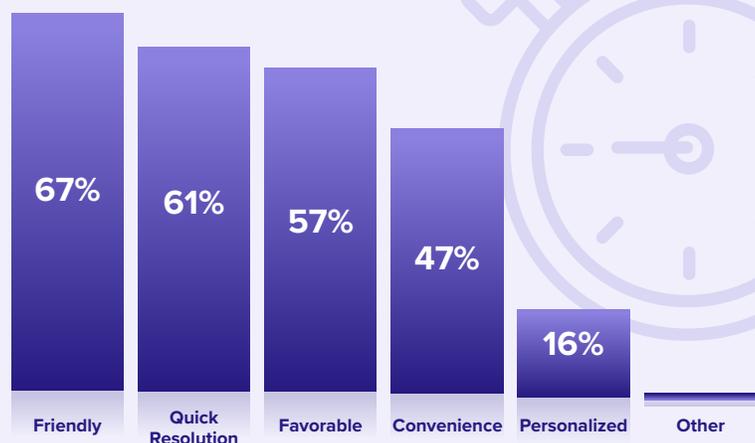
What does “good” customer service actually entail? What exactly do people want when it comes to customer service? It turns out that your customers have a very clear understanding of what they want...and what they don't.

1

FINDING 1: Friendliness and speed are the most important service attributes.

What's important to you when it comes to customer service?

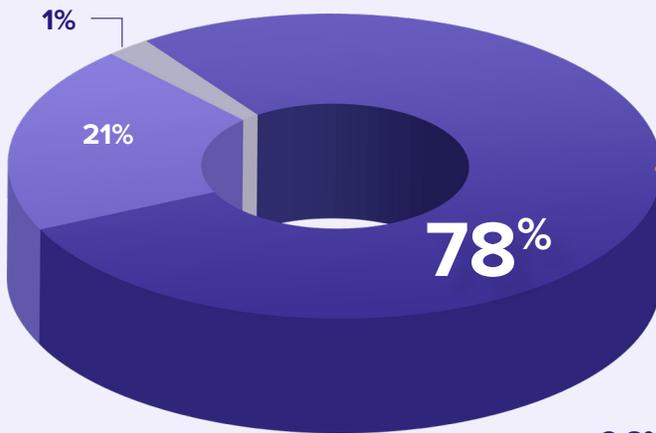
Consumers believe that excellent support is defined by having a **friendly** representative (67%), **quick resolution** (61%), favorable outcome (57%), is convenient (47%) and is personalized (16%).



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FINDING 2: Everyone today says customer service is important.

We found that over **96% of U.S. consumers** say having **good customer service is important** to them, with 82% reporting it is extremely or really important.

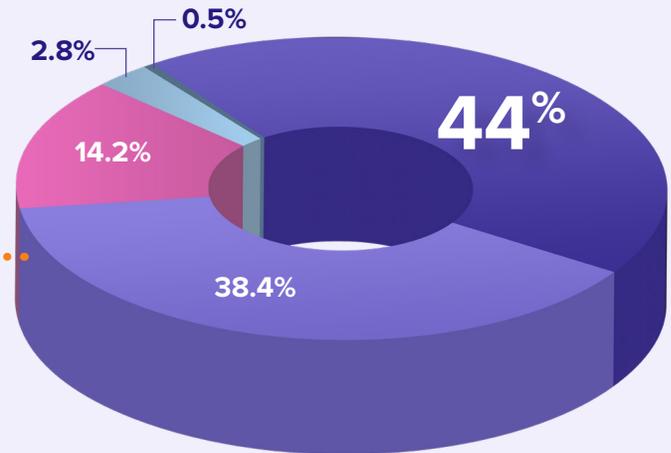


Do you expect good customer service?

- Yes, it's fundamental to earning my loyalty and business (78%)
- Companies should offer great service, but it's not required (21%)
- No, customer service does not matter (1%)

How important is customer service to you?

- Extremely Important (44.1%)
- Very Important (38.4%)
- Important (14.2%)
- Somewhat Important (2.8%)
- Not Important (0.5%)

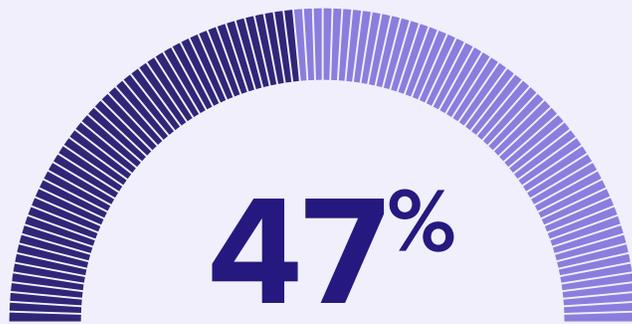


“ A quick resolution is more important to a consumer, than a favorable outcome ”

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FINDING 3: Speed and convenience are must-haves, while personalization is less critical.

Today, nearly half (47%) of people expect fast, convenient support, while only one quarter (23%) expect customer service to be personalized.

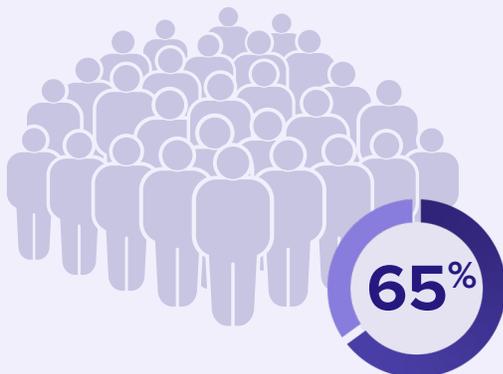


This underscores the premium people put on their time

Customers demand quick and seamless experiences. While personalization will always be important, it's first response rate and average handle time that will define how good customer service is defined by your customers.

FINDING 4: Expectations for customer support are on the rise

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Over 65% of people surveyed report they have higher expectations for customer service today than they did 3-5 years ago

This indicates that this is not solely a small, but loud, segment of the population where **there is a shift in expectations**. It is fundamentally important to a large and growing population, and will be increasingly critical for companies' long-term success.

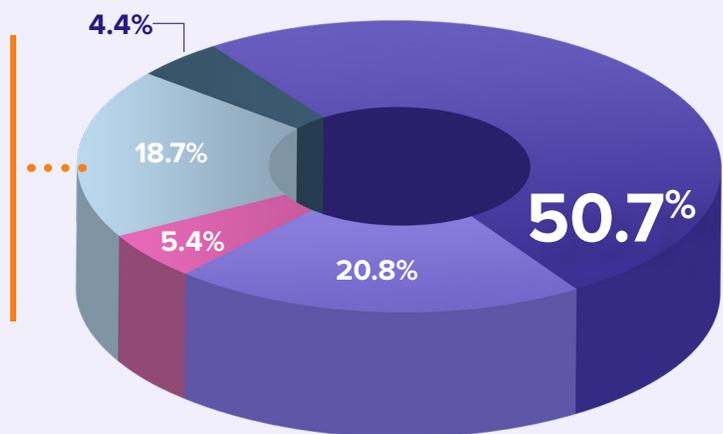
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FINDING 5: Consumers' higher expectations are not being met

Organizations have been putting more emphasis on customer service years. Many companies have been trying to improve their support, whether it's live chat or more robust online wikis and self-help. Even so, more than **50% of U.S. consumers have not seen any improvement** in customer service over the last 12 months, and 23% have reported that customer service has grown slightly or significantly worse.

In your opinion, how has customer service changed over the last 12 months

- It has stayed the same (50.7%) ●
- It has improved slightly (20.8%) ●
- It has improved significantly (5.4%) ●
- It has gotten slightly worse (18.7%) ●
- It has gotten significantly worse (4.4%) ●



FINDING 6: Few consumers find customer service convenient



Only 10% of people surveyed believe that customer service is convenient today

This is perhaps due to the increasing number of channels where service is delivered and the expectation of instant responses and rapid resolutions. **Nearly 46%** of people report that **customer service is frustrating or slow** which is especially jarring in our on-demand, instant gratification society.

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FINDING 7: Consumers cite waiting as the biggest source of frustration



We found that nearly half (44%) of people said waiting for a response is a major source of frustration

When it's common to access breaking-news from around the world instantly on our phones, hail a ride to the airport with a click of a button and receive near split-second social praise and acknowledgment when a picture is posted, **the idea of waiting is unpalatable**. This is especially true if a customer is waiting to address an issue or problem.

FINDING 8: Failure to resolve issues on first contact is a mortal service sin

8

What are the reasons customer service is frustrating?

Furthermore, 60% of customers report that not getting their issue resolved during first contact is a primary reason that customer service is failing. Having to contact a company multiple times for the same issue, many times via multiple channels, is no longer acceptable.



“Companies must focus on decreasing first response time and average handle time to delight customers”

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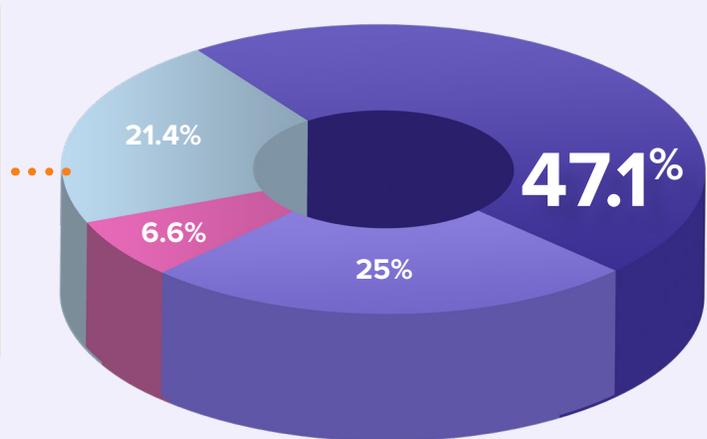
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FINDING 9: Customer service impacts how much customers spend and whether they will churn.

Customer service clearly impacts if a person is willing to do business with a company. In the last year, **78% of U.S. consumers have stopped doing business** with at least 1 company or scrapped a planned purchase based on poor customer service - and **31% reported doing this multiple times**.

In the last year, have you stopped doing business with at least 1 company based on poor customer service?

- Yes 1 time (47.1%) ●
- Yes 2-3 times (25%) ●
- Yes 4 or more times (6.6%) ●
- No, Never (21.4%) ●



FINDING 10: Customer service drives loyalty and earns more business.

10

77% of U.S. consumers believe that good customer service is **fundamental to earning loyalty** and business. Alternately, a **mere 1% of consumers** surveyed report that the quality of customer service **does not matter**. The upshot? Category dominance and long-term viability depend on how well a brand delivers against customer expectations for support.



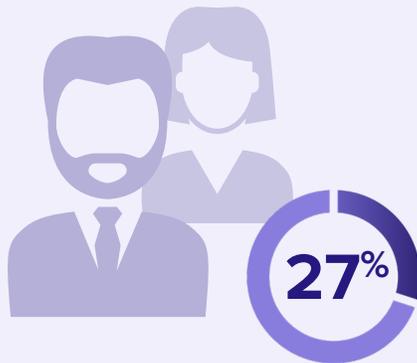
Companies can no longer compete only on price, brand name or product quality

Customer service plays a growing influence on loyalty, repeat purchases and long-term customer relationships. Increasingly, companies are keenly aware of their social media image and are focused on increasing their Net Performer Score (NPS). Customers are more likely to recommend your company - and give you a strong NPS) if your customer service is excellent.

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FINDING 11: Consumer expectations of proactive service are on the rise

Proactive service is the future of customer service. **Twenty-seven percent of customers** expect customer service **to be proactive** today. We believe this will only increase.



Customers love it when brands anticipate their wants and needs.

Successful customer service organizations should shift from reactive to proactive and create ways to surprise their customers and catch them before a problem becomes a pain point. Alert them that an upgrade is available. Tell them that their vehicle is due for service or has a problem. Let them know that they can get a free drink at the bar after they check in if their room is not yet clean. Proactive customer service transforms the act of service from preventing a disaster to providing a delightful experience. Be the hero.

Build brand love **with AI**

Changing the rules of the customer service game

Conversational AI has matured at just the right time for companies to adopt it within their customer service organizations to meet these quick-rising demands, while simultaneously boosting agent productivity. A virtual agent can now do repeatable knowledge work at near zero-marginal cost. Queries like order status, refund requests, troubleshooting and care, flight status, inventory checks and more can be resolved in a split second, rather than being routed to overwhelmed agents. Your human agents can focus on the things that matter - high-touch, highly-emotional and high-risk issues. The result is a perfect combination of human and machine intelligence that powers the organization that sets the bar for service.

About Netomi

Netomi is the first AI platform for customer service that allows businesses to activate, manage, and train AI to automatically resolve tickets, enhance agent productivity and provide a world-class customer experience. It's a channel-agnostic platform that multiplies a company's workforce by giving valuable time back to support agents, and delights their customers with faster resolutions. Backed by Index Ventures and Y Combinator, Netomi has offices in Silicon Valley, New York and India.

Let's talk about how AI can turn your customer service into a competitive edge.

Get in touch at
info@netomi.com

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References: Shep Hyken: An Amazing Customer Service and Leadership Story to Learn From (<https://hyken.com/customer-service-3/amazing-customer-service-leadership-story-learn/>); Survey Junkie Blog: This Trader Joes Customer Service Story Will Make Your Day (<https://blog.surveyjunkie.com/this-trader-joes-customer-service-story-will-make-your-day/>); Marketwatch: The average American will spend 43 days of his life on hold (https://www.marketwatch.com/story/the-average-american-will-spend-43-days-of-his-life-on-hold-2016-02-04?link=MW_popular)

Methodology: Netomi conducted an online survey of 778 U.S. consumers 18 years and older.