Gladly

2022 Customer Expectations Report

Reimagining Customer Service To Drive Customer Loyalty and Revenue

Introduction

The pandemic has seen ecommerce's preexisting growth accelerate like never before. But with so much consumer choice, customer loyalty is more fleeting than ever. Plus, the looming end of third-party cookies means customer acquisition is about to be even more expensive.

The fight over customer acquisition is a losing battle and product differentiation is no longer enough to win customers. Experience is now the basis of brand differentiation. To compete and grow the business, B2C brands need to shift their focus from customer acquisition to customer retention – and customer service is where customer loyalty is lost or won.

Gartner research found that "customer effort," a customer service measurement of how easy it is for customers to resolve their issues, is 4x more predictive of customer loyalty than customer satisfaction (CSAT) scores. And yet, customer service has been woefully overlooked. **Consider that 58% of consumers would rather stand in line at the DMV than go through the frustration of contacting a live customer service agent.** The message is clear: <u>customer service is the keystone of customer loyalty</u>.

But not all customer service solutions are created equal. Read on to learn what makes customer service the keystone of customer loyalty and how to drive customer loyalty from customer service.
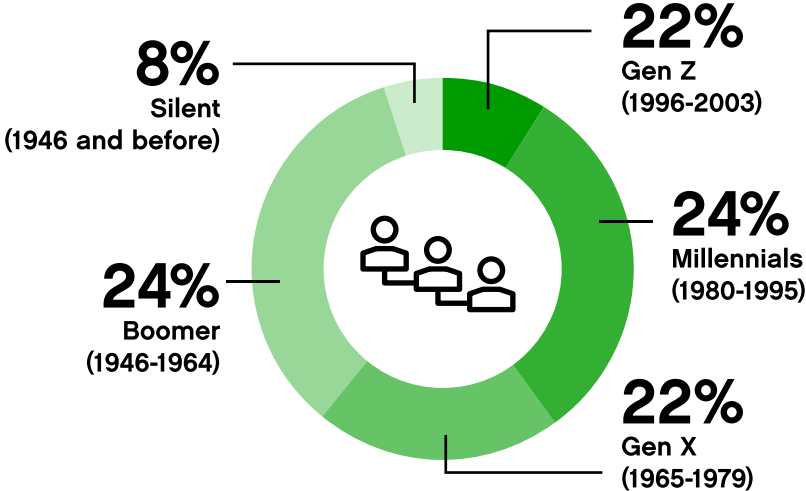
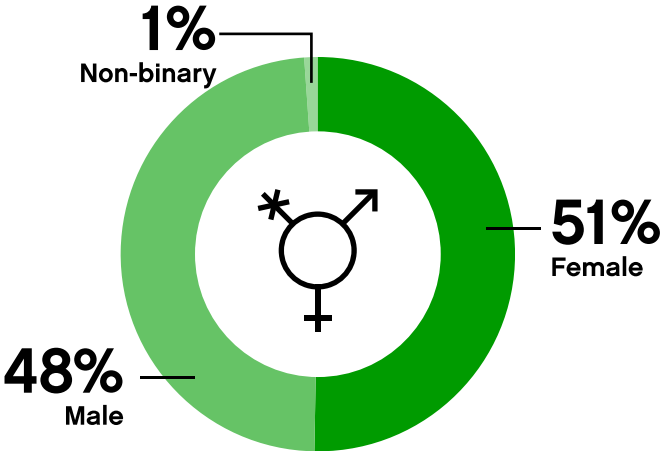## The following information was gathered by surveying 1,500 respondents who:

- **Made an online purchase in the past year (~March 2021 to March 2022)**

- **Contacted customer service in the past year (~March 2021 to March 2022)**

- **Made a purchase in a physical store OR made a purchase online during the past three months**
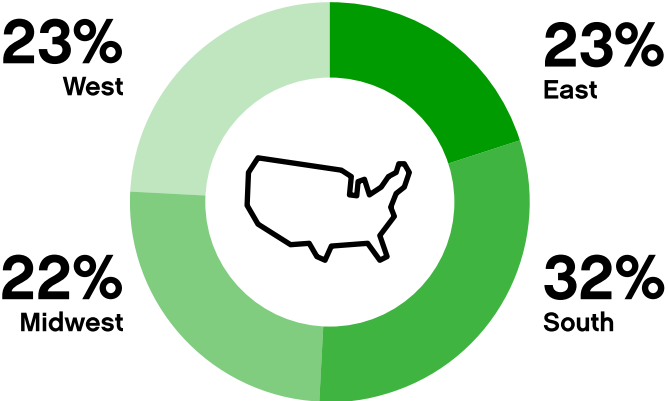
Customer Survey Methodology and Demographics

Gladly partnered with Stitch Market Research to conduct an online survey in the U.S. among 1,500 respondents, ages 14 and older, who had shopped online and contacted customer service in the past year. The survey was fielded from March 29, 2022, to April 7, 2022. Data collected from the survey was weighted by age, gender, and ethnicity to ensure an accurate reflection of the demographic makeup of the U.S. population.

8%
Silent
(1946 and before)

22%
Gen Z
(1996-2003)

24%
Millennials
(1980-1995)

24%
Boomer
(1946-1964)

22%
Gen X
(1965-1979)

Age

1%
Non-binary

51%
Female

48%
Male

Gender

23%
West

23%
East

22%
Midwest

32%
South

Region

01.
Customer Loyalty Begins, or Ends, With Customer Service

Two-Strike Rule:

42% said they would stop buying from a brand altogether after just two bad service experiences

Customer Loyalty Begins, or Ends, With Customer Service

There's no better time than now to put your resources and energy behind customer support and build the best possible customer experience for your brand. Customer service interacts with customers before, during, and after purchases, making it the most influential factor of customer experience.

And each customer service interaction is an opportunity to either win or lose customers.

Forty-two percent of consumers would stop buying from a brand altogether after just two bad service experiences.

Not only does bad customer service turn away existing customers but it can also turn off prospective customers. Disgruntled and disappointed customers are now more likely to express their frustration with a brand on social media. **Similarly, 59% of consumers would recommend a brand to a friend because of its customer service.** So, whether it's coming from satisfied, happy or not-so-happy customers, testimonials are more persuasive than any form of advertising.

59%
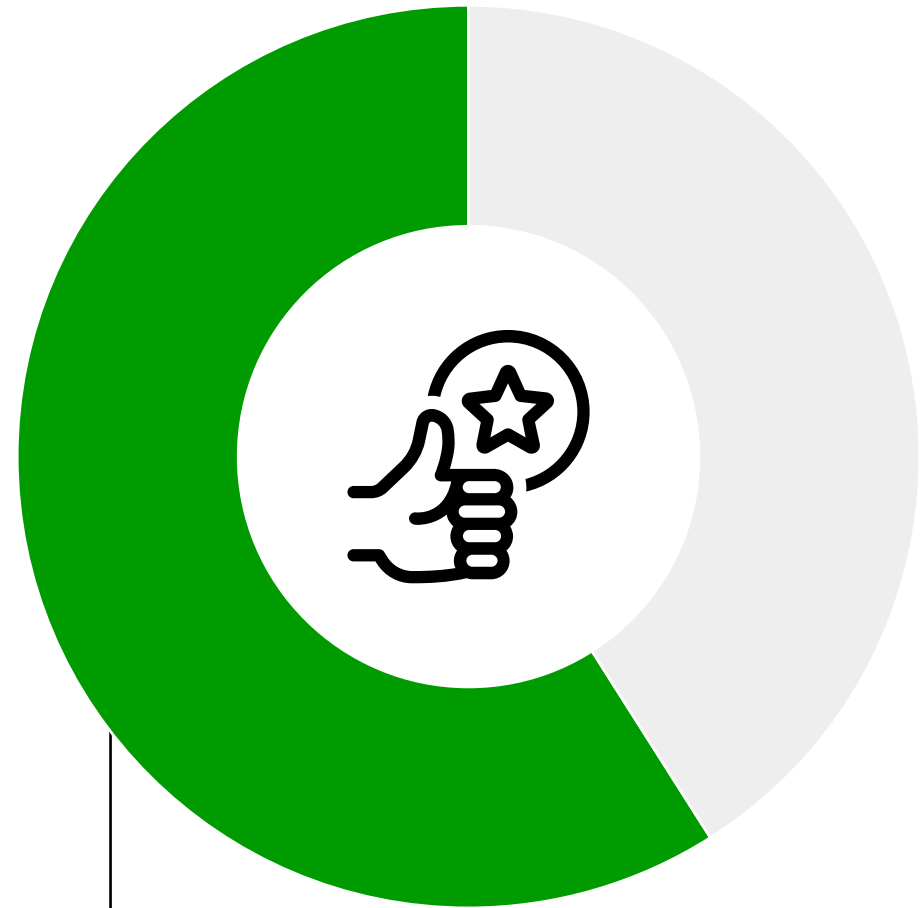
of consumers would recommend a brand to a friend because of its customer service

Brands that invest in making their customer service enjoyable are rewarded by customers in the form of lifetime value, repeat business, and most importantly, revenue growth.
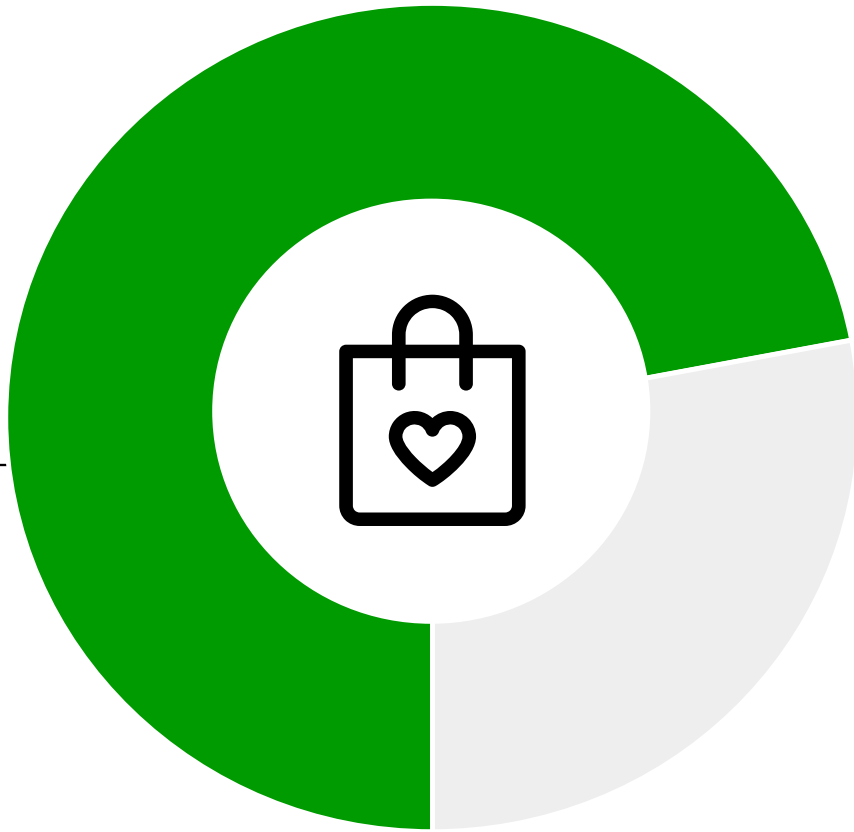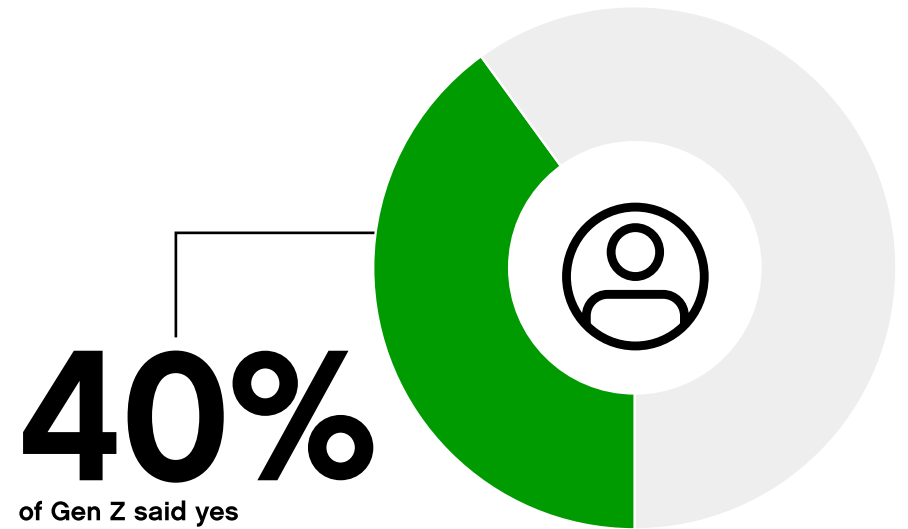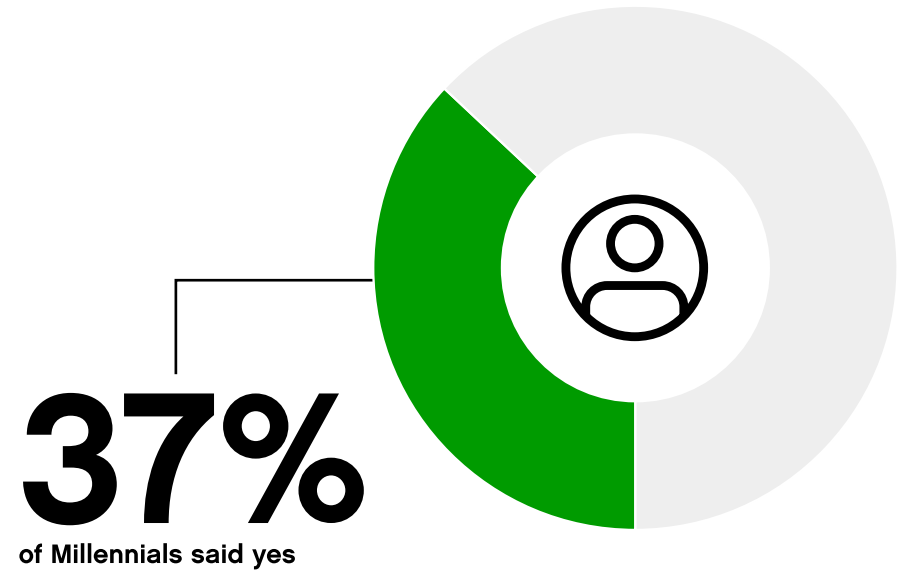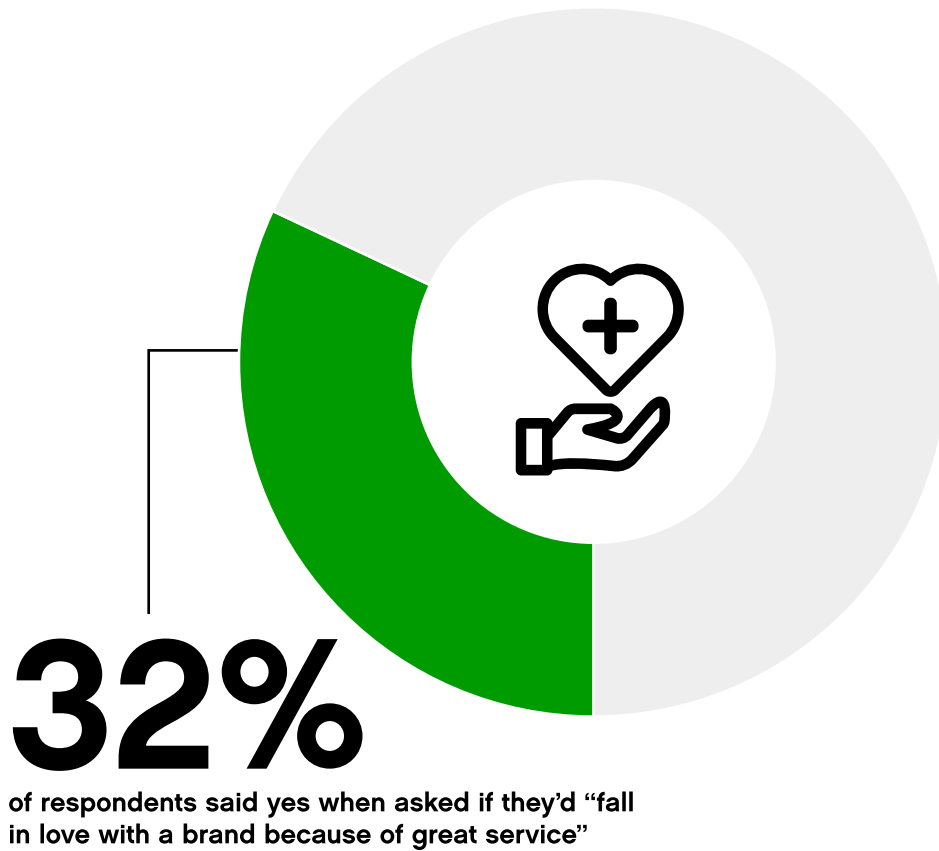
72%
of shoppers are willing to spend more with a brand that provides a great customer experience

With an enjoyable experience, brands not only have the potential to increase revenue but overall brand affinity, too. More than ever, customers are driven toward loyalty if their customer service experience is positive. **Nearly a third of consumers (32%) would "fall in love" with a brand because of great service.**

This effect is particularly strong among younger generations – **37% of Millennials and 40% of Gen Z consumers agree.**

37%
of Millennials said yes

32%
of respondents said yes when asked if they'd "fall in love with a brand because of great service"

40%
of Gen Z said yes

02.
Radically Personal Customer Service

Radically Personal Customer Service

According to Twilio, even as 88% of B2C companies identify personalization as essential to their customer engagement strategy, personalization continues to elude brands of all sizes.

As customers' expectations for personalized service grow, traditional customer service platforms aren't keeping up. And that's for one reason: legacy service platforms are not designed to serve customers. Instead, they manage tickets and cases based on task types. **Seventy-three percent of consumers want to be treated like a person, not a case number.**
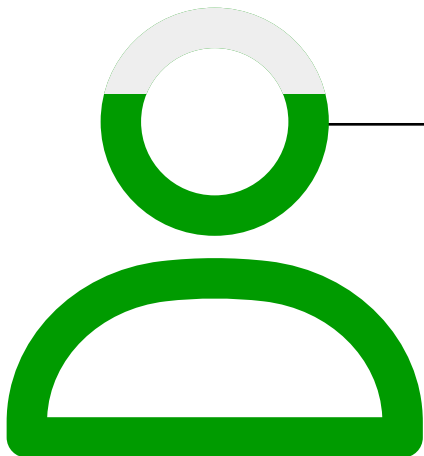
73%
of consumers want to be treated like a person, not a case number

Radically Personal Customer Service

The two essential components of personalization are recognition and memory. Historically, customer service software only enabled recognizing customers for whom they are, knowing their name and their contact details. Memory involves knowing the customer's history, past experiences, and recalling new information.

For retail and ecommerce this includes customer purchase history, prior customer service inquiries, and product and communication preferences. **Sixty-six percent of consumers prefer brands that know them and can recommend things they would like. This is even higher for Millennials (81%) and Gen Z (79%).** To truly know your customer well enough to personalize their service experience requires both recognition and memory.

Leading brands view customer service as an ongoing conversation personalized to each customer that can pick up from where it left off, regardless of the channel where it started.

In an effort to scale customer service, automation is critical, but it needs to be implemented in a way that complements, rather than undermines, personalization. **Fifty-seven percent of consumers want to be able to easily transition from a chatbot to a live customer service agent, when necessary.**
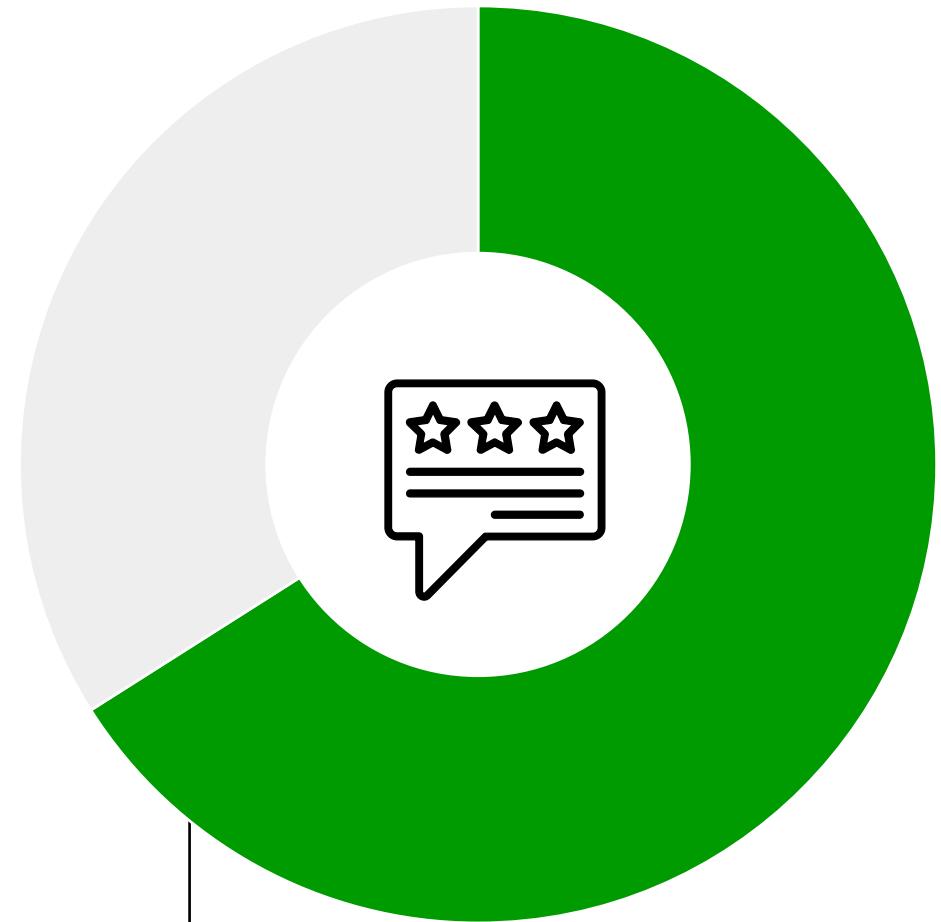
66%

of respondents said they'd prefer brands that know them and can recommend things they would like

03.
# Pillars of Customer Service That Power Customer Loyalty

45%

of shoppers are buying more often directly on websites

When it comes to fostering a customer service team, many ecommerce brands scramble to find the solution that will put them on a path to success. But the shoppers returning time and again to their favorite retailers do so because they trust those companies have their best interests at heart, an important lesson for brands.

While it takes more than just a few operational tweaks to win over customers' trust, a holistic approach to support can deliver on customer expectations. Here's how to achieve personalization and quality service in order to meet the modern shopper's needs.

Today, retailers and ecommerce brands need a new approach to customer service. The world's leading B2C brands are focused on three things:
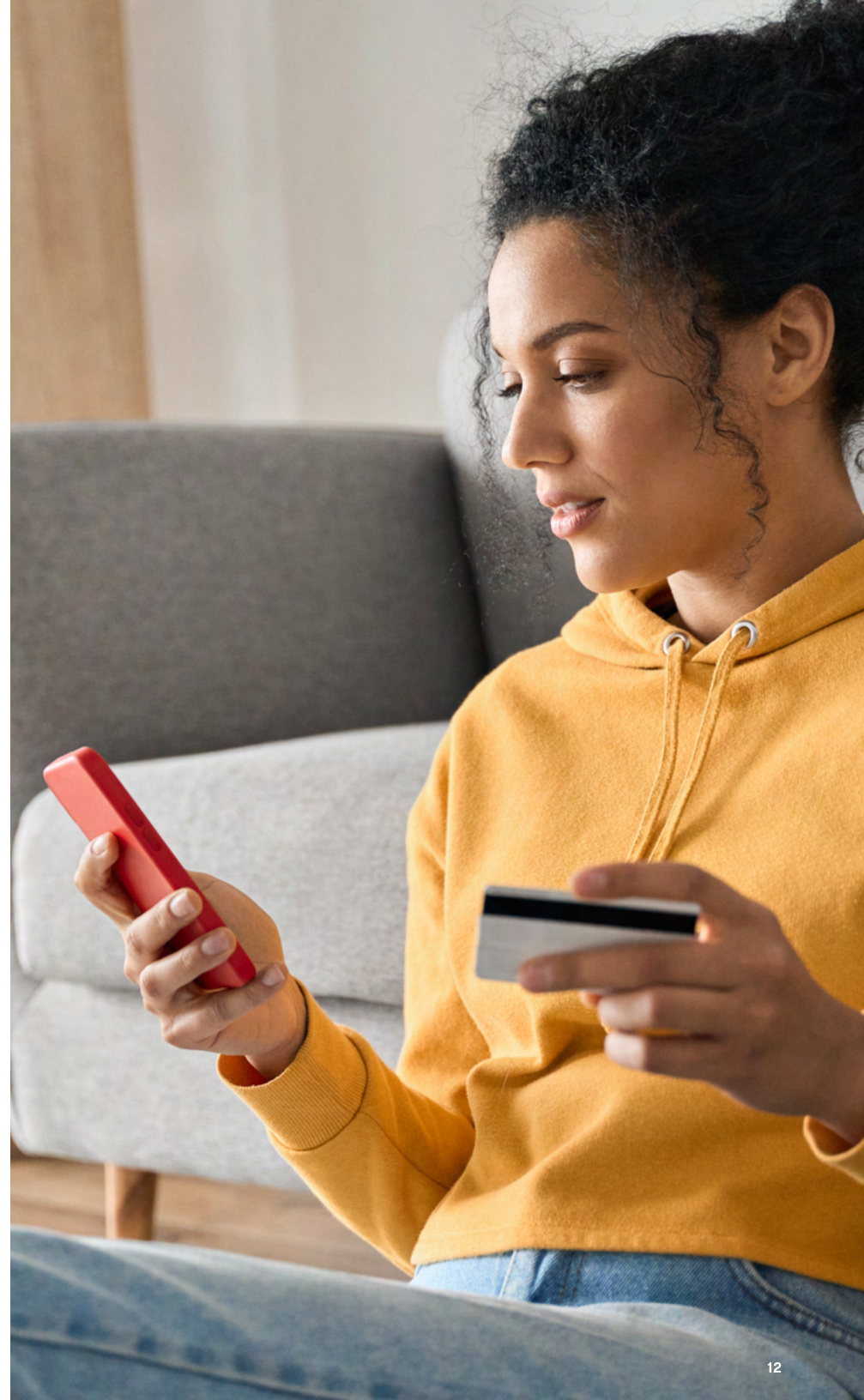
Creating a Channel-Independent Experience

Forty-two percent of customers ranked reaching customer service agents on their preferred channel as the most important attribute of the customer experience. For customers, a seamless customer service experience means being able to use any channel they prefer to reach out to customer service and switch between channels without having to repeat any information they already shared.

Look for customer service platforms that have the most communication channels — email, SMS, chat, WhatsApp, Facebook Messenger, voice, etc. — already built-in. You also want to be mindful of reliability, especially for voice, as traditional solutions rely on third-party telecommunication vendors that are more susceptible to network disruptions and connectivity issues.

## Phone is still the #1 preferred method of contact

Email comes in the #2 slot just above chat

Closing the Customer Trust Gap

Businesses build trust on honesty and consistency through transparent messaging and authentically caring about their customers. But McKinsey research found that 44% of consumers don't fully trust digital services. Given this low level of trust, it is not surprising that consumers often want to restrict the types of data that they share with businesses. **Forty-four percent of shoppers want brands to know their names and past purchases, but those brands only.** In other words, customers are willing to share their data with brands if their first-party information is used abiding by their permissions.

The trust gap represents a massive opportunity for brands to build goodwill with customers through reliable, consistent, personalized customer service that meets expectations.

In fact, according to the survey,
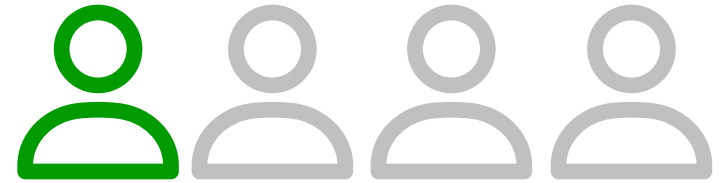
1 in 4 customers

have purchased items that were recommended by customer service agents in the past, with an even higher number (4 in 10) reported specifically for Millennials
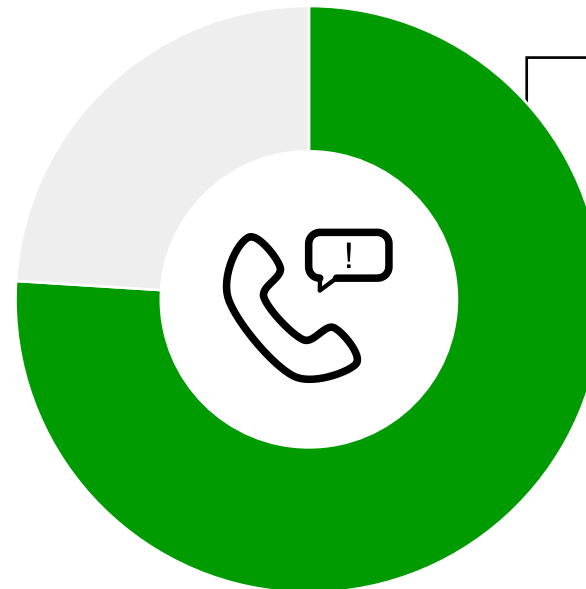
Empowering Customer Service Agents

Customer experience is a direct result of agent experience. Transformation of customer experience begins internally, transforming how customer service agents can track their work, collaborate, and communicate. If your agents are struggling to find answers, switch between channels, or locate customer details, then your customer experience suffers.

Empowering your customer service agents means making it easier for them to perform at their best. When your agents are empowered, they can serve customers proactively. **Consider that 76% of shoppers have asked a customer service agent about a product and 68% of those expect the agent to be knowledgeable enough on the product to engage the conversation.** When done right, it can even lead to another sale with **26% saying they've purchased something that a customer service agent recommended.**
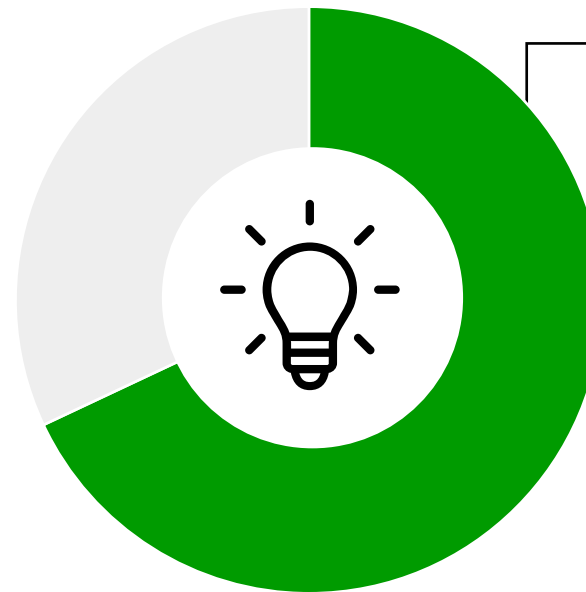
68%
of respondents find it appealing when "the customer service agent is a knowledgeable expert on the brand and product"

76%
have asked a customer service agent a question about a product

Customer Service for Customer Loyalty

Every year, businesses lose $75 billion in revenue from customers who switch to another brand due to inadequate customer service. Customer loyalty has never been more important, but it's also never been harder to earn. The old way of doing customer service is broken and failing brands and their customers.

Gladly reimagines customer service to revolve around people – customers and agents alike. Our award-winning platform is rated the #1 easiest-to-use, replacing tickets and cases with a continual conversation thread, where agents can see their communications with each customer from every channel in one place.

Our out-of-the-box software empowers agents to deliver radically personal customer service that earns customer trust and drives customer loyalty that lasts.

See how Gladly can transform your customer service today: www.gladly.com/get-started