

MODERN CUSTOMER SERVICE

ARE YOU OUTPACING YOUR
EXECUTIVE PEERS?



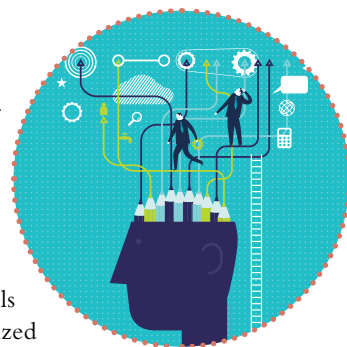
OVERVIEW

Across industries and business operating models, companies believe they are generally doing a good job serving their customers and that they are doing better than their competitors. Is executives' optimism based on capabilities or wishful thinking?

For the most part, even companies using sophisticated technology to provide consistent access and answers across channels still view customer service through a traditional lens of serving the needs of the customer—despite its usefulness in marketing, building brand equity, up- and cross-selling and driving loyalty, as well as capturing the voice of the customer for product and service improvement and new product and service ideas. Even when serving customers is seen as a strategic goal for the entire organization, few companies seem to be leveraging customer service as a true organizational strategy. But those that do are reaping the rewards.

As empowered and informed customers increasingly come to expect high-quality customer service anytime, anywhere, from any device, omni-channel capabilities and the ability to gather, store and deploy data effectively to best serve customers will grow in importance, as will the ability to measure success. Indeed, those companies—many in industries such as high technology and employing business models such as hybrid B2B/B2C—who prioritize and deploy customer service as part of their corporate strategy and through the use of data analytics are seeing stronger impact.

Companies are in various stages of maturity in providing advanced, modern customer service, which is defined as going beyond standardizing service across channels to achieving personalized customer engagement at every touchpoint. Whether they are just starting, somewhere in the middle or well down the road, companies need to become aware of where they are on the continuum. Only then can they understand how to adapt to new and emerging trends and take the next steps.



KEY FINDINGS

Modern customer service is entrenched in most companies—and many think they’re doing it really well, much better than their peers. Eighty-eight percent of executives say they are making good or excellent progress at offering modern customer service. Indeed, companies are extremely bullish on their capabilities. Seventy-five percent of all executives surveyed believe they are performing better than their industry peers, as do 86% of those who believe they are making excellent progress toward modern customer service. (This may reflect a common cognitive bias known as the Lake Wobegon effect, named after Garrison Keillor’s fictional town, where all the children are above average.)

At the same time, serving customers is not given the weight it deserves—organizations may not be grasping its full importance and impact as part of a corporate strategy beyond customer retention. Customer service is an organization-wide strategic goal for just 38% of the companies surveyed. But some sectors are at the forefront. It’s the most important strategic goal for 48% of technology companies and 49% of B2B2C businesses; and it’s part of corporate culture (42%), customer experience (49%) and/or the mission statement (35%) for communications and telecom companies.

Companies may be reluctant to move outside the customer service comfort zone. While only 11% report that serving customers is primarily or solely the responsibility of the customer service department, only 15% consider it a key component of their marketing message or brand. Many companies see customer service primarily as a post-purchase function. They don’t yet recognize its role in informing and converting potential customers at pre-purchase.

Companies are using newer technologies and striving for a seamless omni-channel experience, but still feel most comfortable with traditional channels. A significant barrier to adding new support channels is cost (43%). Integration challenges such as inability to align with existing systems (44%) and fears about implementation (39%) are also barriers.

Knowledge management is the top investment area for the coming year (51%), as only 35% of organizations currently deploy this capability. Yet organizations across industries and business models are investing in improving their knowledge capabilities because they recognize its importance in delivering what customers want: consistent answers, delivered seamlessly.

Even as many companies begin to see customer service through a strategic lens, measures of success remain primarily the traditional efficiency metrics. Forty percent of the companies surveyed track key customer service performance indicators, which focus on efficiency and satisfaction. For example, time to resolution (40%) and customer satisfaction (38%) are key metrics for all companies. But only 20% consider new customer acquisition, and only 28% consider the impact on sales. Reviewing individual metrics shows that uptake on newer measurement tools such as net promoter score (22%) and customer effort score (37%), which are strong predictors of customer retention rates, is uneven. This indicates that companies are struggling to make the connections among retention, revenue and spending, even as they are beginning to recognize the importance of customer effort on loyalty.

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