Resolution revolution

Customer service insights report

Contents

Executive summary

Over the course of 2020 and into 2021, the shape of customer service has fundamentally changed – and there is likely no going back. **Customers are thinking differently about how they obtain and satisfy their service needs.** And at the same time, **businesses are devising new strategies for how to connect with and serve their customers.**

The pandemic has acted as a catalyst for these shifts. But the implications on customer perceptions and behavior, as well as overall customer service strategy across businesses, will be lasting. Based off the responses from 12,700 business leaders, agents, and customers, we uncovered the following key findings around the current and future states of customer service:

1. Service is becoming available on new touchpoints, but it doesn't always offer final resolution.

Customer service continues to evolve to become more accessible as businesses expand support across new service touchpoints. This new level of greater omni-channel support gives customers more choices for how they want to access service, however they often can't get the answers they're looking for on these newer channels. **In fact, 80% of businesses even admit that the quality of service provided across all channels is not the same.** This often results in customers having to repeat information and resort to using more traditional channels, such as the phone, to resolve their issues.

2. Self-service is on the upswing, but there's much room to improve.

Customers and businesses still have low expectations for self-service – even though they're using it more. Today, **82% of consumers are willing to use self-service, but 46% don't expect it to work**. However, the future of self-service is bright despite these low expectations – and the impact is likely to be lasting. 45% of customers state that they are more likely to use self-service today than before the start of the pandemic. And 75% are asking for businesses to make it better. This presents an opportunity for organizations to change perceptions about self-service and start providing better experiences.

3. New forms of AI and automation will pave the way for the future of customer service.

The effects of the global pandemic will be long-lasting in a post-coronavirus world. Customers want their issues resolved faster than ever before and businesses are looking to simplify experiences for employees and customers alike. Adopting new forms of AI and automation will continue to play a critical role in the future of customer service as **85% of businesses expect to invest in AI technology in the next few years**. This will continue to change the way that service is delivered across both agent-assisted and non-agent-assisted channels.

The changing shape of customer service

The resolution revolution in service has already begun. Customer service has evolved to become more accessible as businesses expand support across new touchpoints. Customers want quick and easy resolutions on the channel of their choice, and they are increasingly willing to abandon the businesses that don't provide this level of service. In 2019, 55% of businesses were providing some form of omni-channel service.

68%

Fast-forward to 2021 and 68% of organizations are now providing omni-channel service.

As the COVID-19 pandemic forced many companies to move to fully digital customer service models, we – unsurprisingly – have seen an acceleration in this trend.

Are enterprises ready to adapt to this revolution? Despite all of the momentum for providing omni-channel experiences, many businesses have hit a new plateau as we continue to move into a digital-first era. In the past, many organizations were striving to be present and available on the channels where their customers are. Now, this has shifted to providing consistent service quality across different channels and ensuring a resolution is readily in reach. Businesses are moving beyond working to offer service on many different channels. **The next movement in customer service in 2021 – and likely for years to come – will be around consistency, continuity, and faster channel resolutions.**
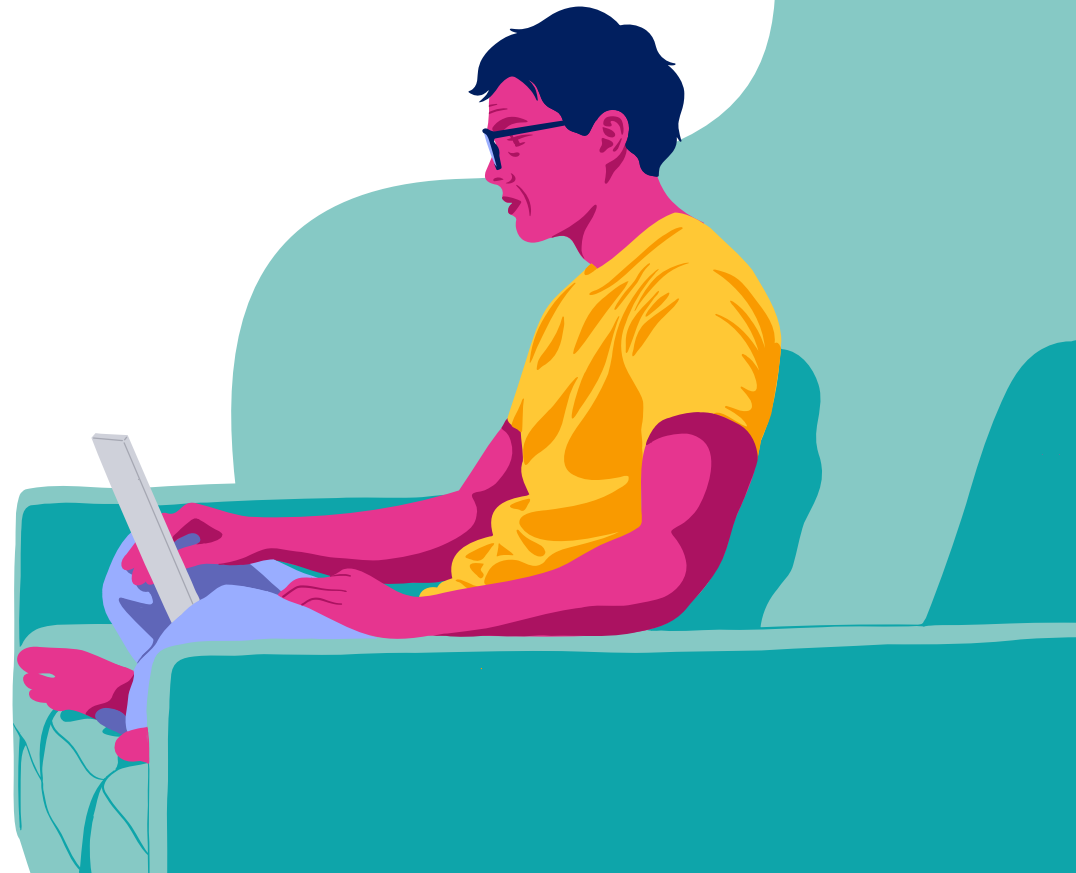
The era of channel explosion

Not only has the number of organizations providing omni-channel experiences grown, so too has the average number of channels on which they provide service. **Over 70% of business leaders now say they are supporting more than four channels** – compared to 60% in 2019. This explosion of channels indicates that organizations are prioritizing being more available by meeting customers on their preferred methods of contact. The challenge, however, is that service isn't the same across the channels. In fact, **80% of business respondents even admit that the quality of service they provide differs based on the channel.**

This disconnect can have significant implications on overall customer engagement and operational efficiency. We see this as **only one-third of businesses share that they believe they understand customers well or very well**. And the top frustration (28%) expressed by agents is the need to prompt customers for information they've already supplied on another channel. Limited visibility across channels and separate, siloed systems was deemed one of the primary culprits.

When asked what would increase effectiveness on their customer service teams, however, businesses shared their top three wants:

1. **Gaining greater visibility into specific customer needs** (31%)

2. **Breaking down channel silos** (27%)

3. **Augmenting cross-team collaboration** (25%)

Center your strategy around your customers

If you are a business leader or customer service employee and your organization already provides service on five or more channels, congratulations! You are in the majority. Now it's time to take it a step further: Is the service you provide on all of those channels consistent? Can customers seamlessly move from one channel to another without losing context of their request?

This level of service requires moving from a traditional channel-first approach to a customer-first approach. You can achieve this by using business architecture that centralizes all logic, decisioning, and context related to every aspect of your customer service. Businesses that have seen the greatest success put the customer journey at the center of their strategy. This allows context and history to be carried across all service touchpoints – regardless of the channel.

# What's most important when providing omni-channel experiences?

Businesses overwhelmingly declared that cross-channel continuity is becoming more important to their strategy. Underscoring this importance, they rank being able to seamlessly continue the conversation exactly where a customer left off on a different channel as the number one priority.

This has become significantly more important over the past year – rising from eighth most important in 2019. And among all leaders, 50% now consider the ability to seamlessly continue the same conversation as one of the most important aspects of customer service, compared to only 22% in 2019. Unfortunately, despite its importance, there's room for improvement – only 15% of business respondents consider providing this seamless experience to be one of their organization's greatest strengths.
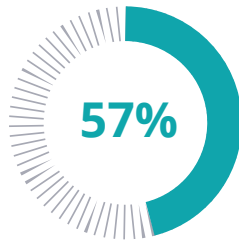
What customers care about in customer care

Customers were asked to rank the most important aspects of service experiences. Speed, accuracy, consistency, and low effort are the four main themes that emerged.
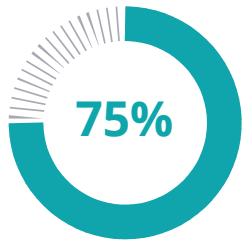
75% of customers choose a fast, final resolution as the most important aspect of service.

57% of customers believe that accuracy in responses is most important.

Among these themes, the chief concern that customers share is how quickly their issue can be resolved.

With customers' primary focus on resolutions and accuracy, it's clear that speed doesn't just mean how quickly the customer can access service – it means how efficiently they can get their issues accurately resolved.

When it comes to receiving consistent service, **52% of customers consider receiving the same quality of service across all methods of contact to be among the most important aspects of customer service**. The trouble here is that while 54% of business respondents also rank consistent service across channels as one of the most important aspects of service, only 20% consider this to be one of their greatest strengths.

Continuity also ranks high among aspects of customer service that matter most to customers. And coming in just below receiving consistent service across all channels, **51% of customers would also like to pick up the conversation where they left off, even if they switch channels**. Businesses are attuned to what customers expect in this regard – with 50% of leaders also ranking this among important aspects of customer service. The challenge now is delivering on it.
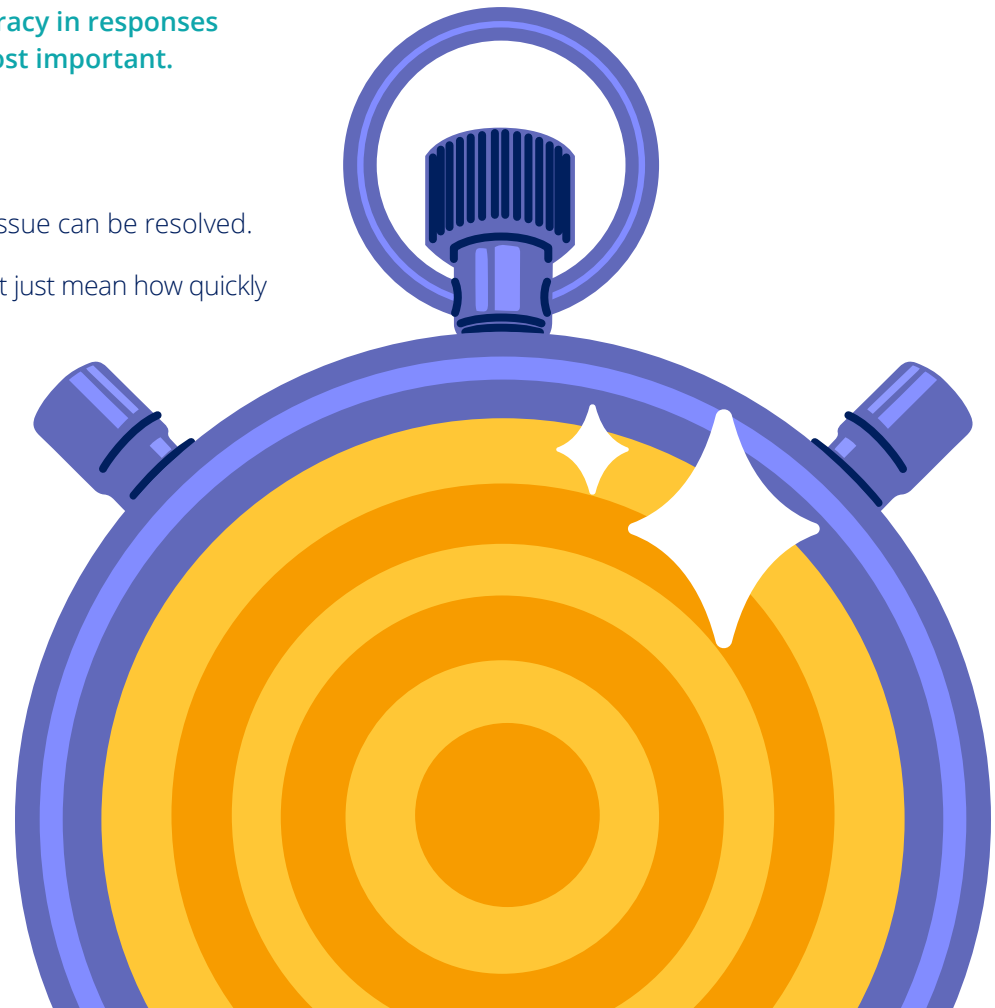
Customer expectations (and frustrations) are on the rise

The stakes are high when it comes to delivering exceptional service. Customer expectations are rising around receiving fast, final resolutions. Anytime a customer is not able to resolve their issue quickly or get their questions answered upon first contact, you risk them becoming annoyed, having a negative view of your brand, or at worst, terminating their relationship with your brand all together. The bad news: Many customers still experience friction when seeking service.

When asked about the current frustrations that customers face when contacting customer service, **55% share that they normally have to contact a business more than once to resolve their issue**. This shows that there are significant missed opportunities to resolve issues on the customer's channel of choice the first time around.

Not only do many customers have to contact a business multiple times to resolve an issue, but 54% must also use more than one method of contact. **Businesses are falling short on delivering effective, consistent service experiences across all channels – highlighting the need for better omni-channel service**. It doesn't matter how many channels you're on if your customers can't get true resolutions.

As a result of these frustrations, customers often have to repeat themselves. Repetition rose to become the top frustration for customers as compared to 2019. This suggests that context and history is not being carried across service touchpoints – leading to a disjointed experience overall.

We asked customers what frustrates them during typical customer service experiences.

Top five customer frustrations:

1. **Having to repeat information**

2. **Slow responses**

3. **Takes too long to resolve issues**

4. **Inconsistent service quality from channel to channel**

5. **Lack of visibility into process**

Customers won't stand for subpar service

Poor service can ruin a customer's day – and ruin a business' relationship with that customer forever.

In fact, 27% of consumers said that they felt like their entire day had been ruined by bad service, and **1 in 10 cried or nearly cried**.

While caring about your customers' satisfaction and happiness alone is motivation enough to strive to provide quality service, there is even more at stake when service falls short of their expectations.

77% of customers will walk away if they receive poor service – slightly up from the 75% we saw in 2019. What has increased more notably is the frequency at which customers say with certainty that they'll abandon the organization upon a poor service experience. From 2019 to 2021, there was a cumulative 10% increase in the number of customers who said they would always or often stop using a company that provides poor customer service. This means that customers are becoming more discerning and are willing to seek out a competitor if an organization's service isn't up to snuff.

Service teams strive to deliver rapid resolutions

Above all else, service teams are dedicated to driving rapid resolutions for their customers. They are increasingly cognizant of the frictions that customers face – and many of these friction points challenge their departments as well. It comes as little surprise then that many of the challenges they face often align to the top frustrations of customers themselves.

Business respondents recognize that customers must repeat the same information multiple times, lack visibility into the progress of their issue, and receive inconsistent service across different channels. These customer frustrations are driving businesses to improve their service offerings to address key areas, as seen in the sidebar.

We asked business leaders and agents which challenges their organization's current customer service department face.

Top five challenges for customer service departments

1. **Customers must repeat themselves**

2. **Lack of visibility/process**

3. **Inconsistent service quality**

4. **No proactive communication**

5. **Too long to resolve**

How businesses measure success is changing

As far as customer service goes, one of the best indicators is customer satisfaction. A satisfied customer is the goal. And for those teams providing service, measuring productivity also matters.

Customer satisfaction

When asked how they measure customer satisfaction, 91% of business respondents – leaders and agents combined – indicated that they use some system of measure to gauge this. Customer surveys are often used to measure this.

The way businesses measure success is a good indication of what they value and what they truly find important.

We asked leaders and agents **how their companies measure success** in customer satisfaction.

Customer satisfaction metrics	Business respondents
Customer service satisfaction	33%
Customer satisfaction score	30%
First call resolution	22%
Customer health score	18%
Customer effort score	16%
Net Promoter Score	16%

Respondents chose all that apply.

First call resolution becomes increasingly important

When asked about the measures of productivity that matter most, 89% of business respondents use some measure of productivity to gauge success. 11% do not measure productivity or don't know how their org does. Together, leaders and agents rank service levels, speed to answer, average handle time (AHT), and FCR as the primary measures of productivity. **For leaders alone, FCR ranks as the top measure of productivity – with 41% of leaders relying on FCR above all other measures.**

FCR's importance to business leaders as a measure of productivity as well as a measure of customer satisfaction demonstrates that leaders are committed to solving customers' issues and inquiries upon first contact. As the leading measure of productivity, this means that leaders are rightfully prioritizing resolutions to customer issues over the course of the interaction.

Business leaders are prioritizing customer resolution and addressing customers' most important ask: to receive a fast resolution. This is a far better approach, since rushing to end a conversation without a resolution leaves the customer doubly frustrated: first, because of whatever issue arose, and second, because now they'll have to contact the organization a second time to try to fix it.

How does your company measure success in terms of customer service professionals/agents?

Measures of productivity	Business respondents
Service levels	33%
Speed to answer	31%
AHT	31%
FCR	30%
Agent turnover	22%
After call work	22%

Top agent frustrations could be solved by automation

Customers aren't the only ones that experience frustrations or points of friction in service interactions – agents also experience a wide range of frustrations. **28% of leaders share that their employees need to prompt customers for information they already supplied on another channel and that agents must enter the same information manually in different places.**

Other top frustrations include having to pass customers between teams (27%) and lack of historical context into customers' past interactions (26%). All of these friction points are aligned with what customers shared around having to often repeat themselves (37%) and that service takes too long (37%).

Friction leads to frustration

The five friction points highlighted in the sidebar often lead to tension that causes frustrations on both the agent side and customer side. They draw out customer interactions, leading to dissatisfied customers and higher costs.

Don't let friction get in the way of simpler service experiences for customers and agents. Putting people at the heart of your strategy and using the latest advancements in AI and automation can help to eliminate these sticking points.

We asked business leaders which customer service challenges cause frustration for customer service professionals within their organizations.

Top five frustrations:

1. **Prompting customers for information they've already supplied on another channel**

2. **Manually entering the same information in different places**

3. **Passing customers between teams/departments**

4. **Lack of historical context on the customer's past interactions**

5. **Lack of information about self-service on the website**

Things still look different from the top

The first step to improving any issue is to first acknowledge that it exists. And while customer service leaders and agents are not deluded into believing that their organizations provide impeccable service, they are certainly overly confident in the quality of service they do provide. After all, it's the customer who determines the quality of service – not the agents or business leaders. That's why perception is still a key challenge that service organizations must strive to overcome.

When asked specifically about the quality of service that organizations provide, **leaders and agents tend to rate the service they provide as excellent or good more often than customers do**. For leaders, 86% believe they provide excellent or good service. And when compared to agents, 13% more leaders rate their organization's service this way. This overconfidence of leaders becomes even more apparent when compared to the 64% of customers who rate the quality of service that organizations provide as excellent or good. We saw a similar paradigm in 2019, when service leaders were four times more likely to rate service as excellent than customers – with 40% of leaders saying they provide excellent service, and only 10% of customers experiencing excellent service.

The inflated sense of confidence that leaders have in the service they provide is also highlighted by the fact that:
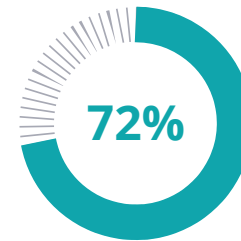
72% believe their organization provides better customer service than their competitors.

This perception is one to be leery of – especially when businesses admit that their departments face several challenges and that the service they provide varies by channel.
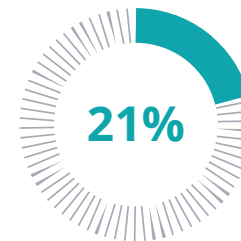
21% When asked about the challenges their departments face, 21% of business respondents don't believe that their organization has any.

Based on the many frustrations that customers face, it seems highly unlikely that a fifth of organizations would be immune to such challenges. This is just one example of the disconnect between business perceptions and service realities.

The shift to self-service

Don't just phone it in

While many customers prefer to call, it's clear that many feel as if it's their only choice to receive reliable service. This is an opportunity to improve the quality of service offered outside the call center and give customers the ability to resolve issues via the channel of their choosing. Improving the level of service on other channels that actually result in resolutions can help improve efficiency, drive down costs, and ultimately boost customer satisfaction.
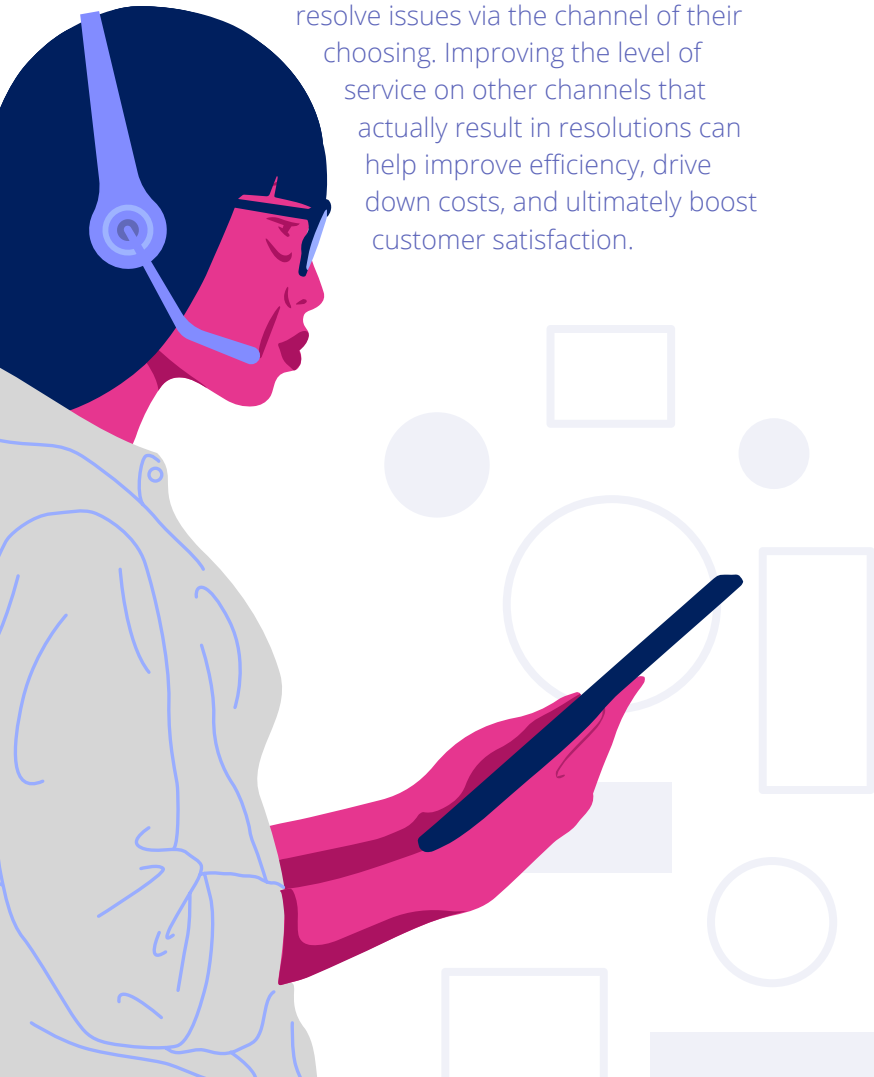
Before modern-day contact centers existed, customers essentially had two options to receive customer service: go to a physical location for in-person assistance or dial up the call center. Despite all the advancements in technology and contact options, these methods continue to be most popular with consumers – especially the phone. Many customers still default to calling when an issue arises. But in a world with so many options for accessing service, what is keeping customers from using other channels?

For 50% of customers, they select the phone because they think it's the only way they can effectively resolve their issue.

The trouble is, even for customers who don't consider the phone to be their top choice, sometimes they feel as if they have no other choice. 18% of customers say they don't receive adequate service on the channel of their choice, so they end up using the phone. Of these customers, **32% are told that they need to call someone, while 22% could not get a clear answer or resolution using their preferred channel**.
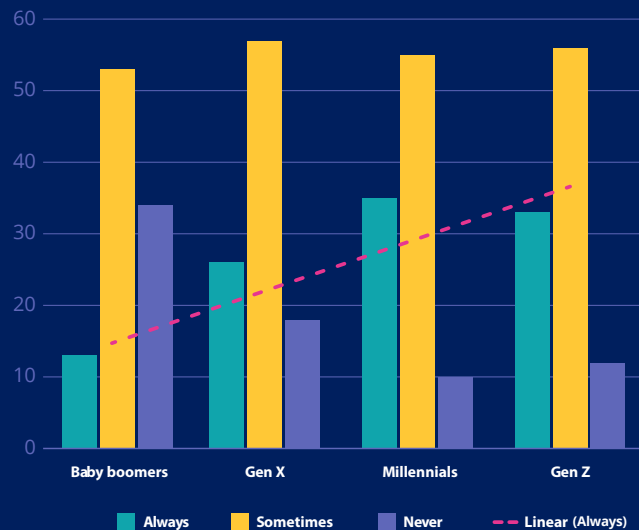
Customers also shared how often they have attempted to contact a business via another channel before ultimately calling. The findings were profound. 60% of the time customers prefer another channel other than the phone as their first choice of contact.

This missed opportunity to contain 60% of inquiries adds greater effort for those customers who attempted service through their preferred channel before dialing in – and could be costing your business. As these alternative modes of contact pick up in popularity, customers are more likely to be loyal to organizations where they know they can receive service on the channel of their choice.
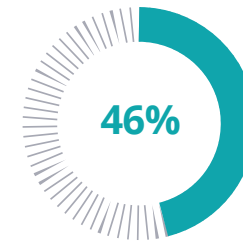
Younger generations are adopting self-service

One of the leading areas of opportunity lies in self-service, where usage is on the rise. Across all customers surveyed, **82% are willing to use self-service when given the option**. In fact, 27% said they always do. **Younger generations, including millennials and Gen Z, are even more inclined to use self-service than Gen X and baby boomer customers.** This shows a change in customer preferences that will continue to become more prevalent as these generations increase their buying power and seek out service more frequently.

What is holding traditional self-service back? **While many customers are willing to use self-service options, 46% don't expect these options to work.** The fact that only 3% of customers rank chatbots as one of the top channels for receiving service also demonstrates the low popularity of traditional self-serve methods.

46% don't expect self-service options to work.

Truth be told, these customers have reason to be skeptical. The former generation of self-service and chatbots were often very elementary in their abilities. Perhaps they could process certain, predefined requests, but they lacked the intelligence and sophistication to be able to deliver resolutions for any inquiries more advanced than hours of operation or the nearest branch/store location.

We asked customers how regularly they would choose to use a self-service option.

|	Baby boomers	Gen X	Millennials	Gen Z
Always				
Sometimes				
Never				
Linear (Always)				

Not your parents' chatbot

The current generation of chatbots, also known as intelligent virtual assistants (IVAs), have come a long way. IVAs provide self-service that works – backed by AI and equipped with natural language processing, sentiment analysis, and case management. It even enables customers to receive answers and true resolutions without agent involvement. And for those who have given these more advanced self-service options a try, they are seeing excellent results. Among those customers who generally experience excellent service, 46% always choose to use self-service – considerably higher than the 27% of the general customer population who always use self-service.

Adapting to a digital-led future

We asked customers and businesses to share their perceptions on what they think customer service will look like in the future. **The future of customer service will be defined by consistent and continuous omni-channel service that will enable customers to receive the resolutions they expect – without needing to call.** As businesses invest in advanced service technology, including AI and automation, service will continue to become simpler for customers and agents alike. These technologies will equip businesses with the necessary foundation to scale and provide efficient, resolution-oriented service.

We also cannot ignore the profound impacts of COVID-19 around the world. In the short term, 61% of businesses saw an increase in contact volume. Beyond the short-term effects of the pandemic, 60% of business respondents believe it will have long-term consequences for customer service. Some long-term effects include businesses offering service on more channels than before and moving toward digital-first models. In fact, 60% agree that COVID-19 has shown that they must be digital-led.

Investment in self-service continues to accelerate

45%
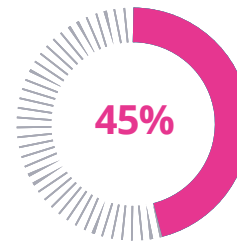
Due to their experiences during the pandemic, 45% of customers are more likely to use self-service than they were before.

However, the data on self-service adoption suggests that a different version of self-service will likely be required to meet the challenge.

As the adoption of these channels is likely to continue past the end of the pandemic, many businesses are now fast-tracking efforts to improve their self-service offerings. This is reflected in the fact that **57% agree that they will increase their investment in self-service and automated customer service technology within the next two years**. The increased investment in self-service will likely result in more sophisticated and reliable self-service offerings. Many customers are already open to using such solutions – and the added investment and advancements in self-service offerings will help change its perception and likely boost its popularity.
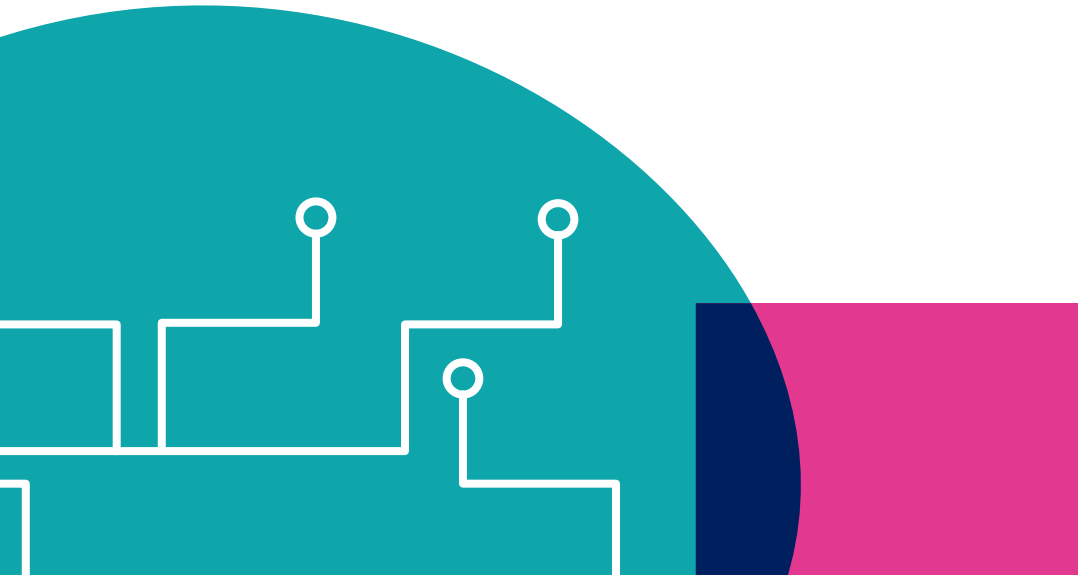
Channel explosion continues to dominate

Within two years, 57% of business respondents also think that they will be providing service on a channel that does not yet exist. This demonstrates how quickly the customer service space is evolving and highlights that businesses will need to adapt to scale and adopt new channels as they arise.

In response to COVID-19, 53% of businesses increased the number of channels they support. Higher contact volumes accelerated the adoption of alternative channels beside the phone. Among business leaders and agents,

56% saw customers contacting them through different channels than pre-coronavirus, and 46% of customers sought out different methods of contact besides the phone.

What's more, 45% think COVID-19 has shown them that these methods are more convenient.

As a result of their service experiences during the pandemic, customers are also expecting businesses to step up the level of service they provide on channels – 67% of customers now think businesses need to improve the quality of service through other channels. For businesses that now operate on more channels than ever before, the challenge is to ensure the consistency of service quality across the board – as well as continue the conversation as they move across them.

Businesses will continue to expand their service using AI and automation

In addition to improving channels, 40% of business leaders plan to introduce AI into their customer service. **Combined with the 45% of leaders who already use AI in their customer service,**
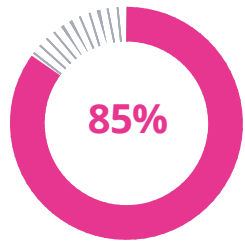
85% of businesses would employ intelligence in their service offerings within the next few years.

There are varying levels of sophistication in implementing AI, but the fact that businesses are adopting it is a promising sign. As AI adoption continues to grow, so too will its ability to solve more complex service requests.

When we asked leaders about the potential benefits they would see from AI, we found that some aspects of service that are most important to customers – faster responses, improved efficiency, and higher accuracy – are at the top. Since reducing costs is also a perennial concern for those in charge of contact center operations, the potential for AI to help in this area is significant.

We asked leaders what they see as the potential benefits of using AI to support their customer service.

Top five AI benefits:

1. **Faster response times**

2. **Improved efficiency**

3. **Higher accuracy in identifying & answering inquiries**

4. **Reduced costs**

5. **Better overall customer experience**
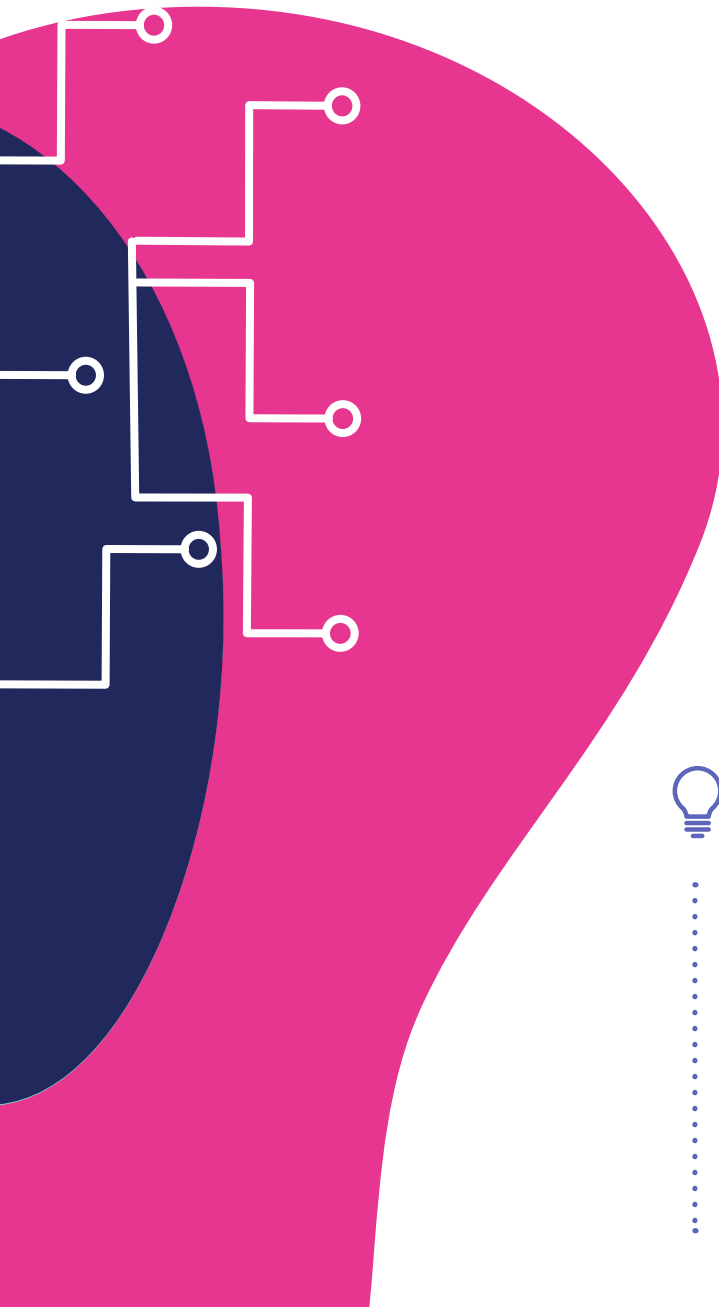
Businesses will adopt a more proactive approach

The shape of service is changing. It's clear that customers don't like to wait for service or resolutions once an issue arises. But increasingly, it seems **customers don't want to wait for the moment to arise before an organization starts responding to their needs either**. This moves into the realm of proactive and preemptive service, in which organizations can sense moments of need as they're happening or even before. And this doesn't rely on customer outreach as businesses are the ones taking the first step.
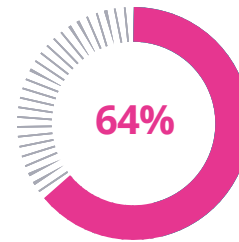
64% of customers are now advocating that companies should provide more proactive service.

And 53% of business respondents indicated plans for their organizations to proactively monitor customer data to draw awareness to potential issues before they arise. For many businesses, new technologies may be required to provide this type of service, including event and pattern detection and machine learning.

Self-driving autonomous service

Service has become increasingly automated over the past decade. We have already seen the shape of service shift from a model where an agent was always required, to a model with self-service options, where customers don't always require agent assistance to resolve their issues. And now, a new category is emerging: autonomous service.

Autonomous service is a major step beyond traditional self-service. This next-generation service harnesses the power of AI and automation to offer the same quality of service across non-agent-assisted channels and proactively resolve issues before they arise. At times, it operates with minimal human intervention. Autonomous service helps customers arrive at a resolution by recognizing the customer and understanding their journey – thanks to AI – then automating the front- and back-end processes to deliver the desired outcome.

Systems of information will be replaced by systems of insight

While businesses are committed to technology investments, they are also committed to making agents' lives easier. As AI and automation take care of labor-intensive tasks, agents can focus on more complex tasks and escalations. They can focus on enhancing customer experiences across every interaction.

When we asked agents which capabilities could help to increase their effectiveness, 31% said a view of all past customer interactions while 27% said a unified view of customer data across all channels. This makes it clear that agents are interested in improving their understanding of customers and their specific contexts. Some of the other top capabilities agents are interested in include an internal messaging app to enable real-time communication with peers, an internal management portal, and a single interface to manage digital messaging interactions.

Overall, each of these added capabilities and tools will help organizations continue to improve the science of service, while also increasing the likelihood that each customer interaction results in a resolution – the first time they contact a business.
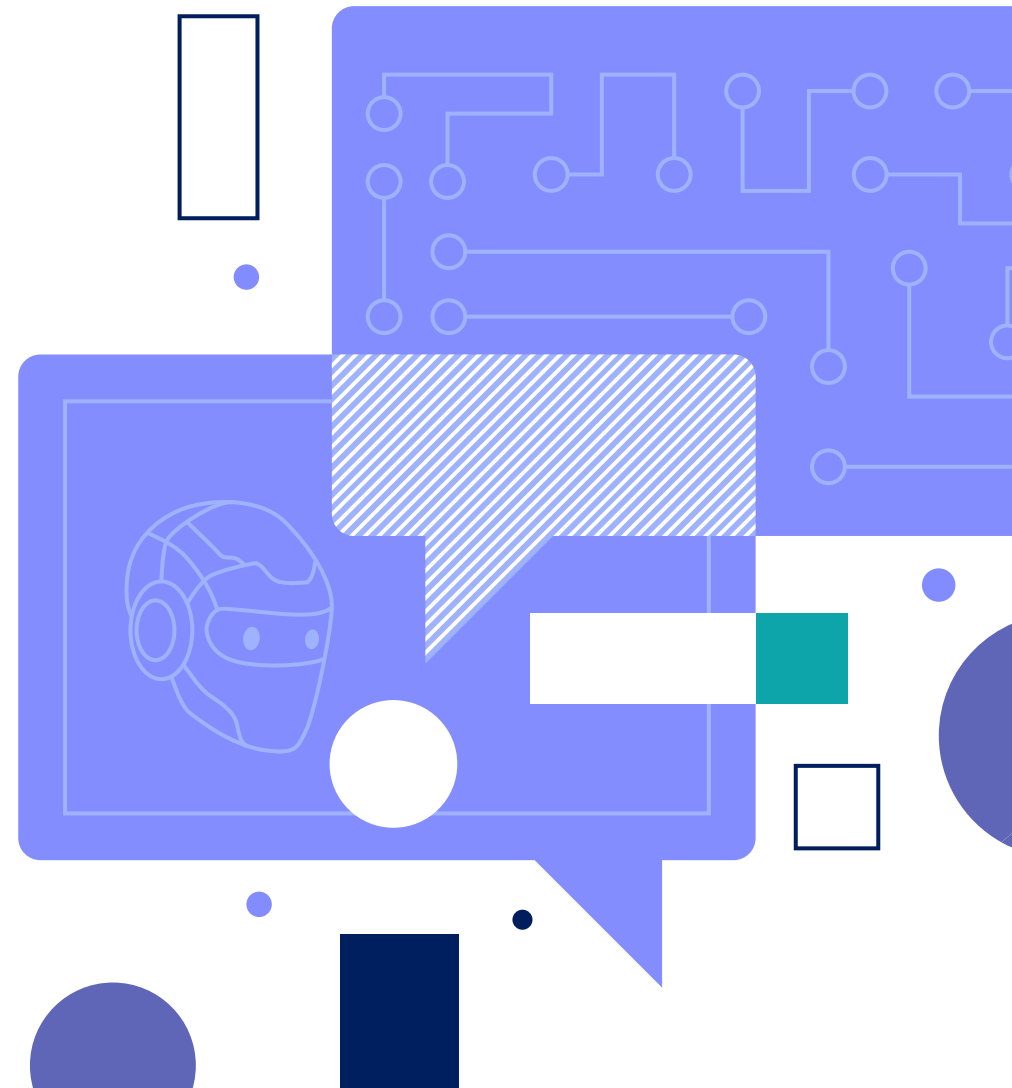
Conclusion

Let's face it – 2020 was a year unlike any other. On a global scale, it has had major implications, including how service is delivered and what customers expect. Accelerated by the pandemic, the fundamental shift for many businesses toward digital-led service will continue to move with great momentum. And it's more than a shift in customer behavior and technology advancements: It's a shift toward customer centricity.

With the channel explosion we continue to witness, as well as changing customer expectations, many businesses have found themselves so consumed with keeping pace that customer journeys got lost in the shuffle. Those businesses that have had the most success adapting to the rapidly changing global environment are the ones who built their strategies around each customer and employee journey – rather than the channel.

Overall, customers want convenience, not conversations. They want to get their answers quickly and easily so they can get back to their lives. And in an effort to make service increasingly convenient for both customers and employees, businesses have an opportunity to adopt new forms of contextual self-service, AI, and automation. They're moving toward proactive (and even preemptive) strategies – unlocking service potential that simply did not exist before.

The future of customer service is all about the resolution. And with the right strategy in place, businesses can offer simplified, personalized service experiences for customers and employees alike.

To learn more about how to deliver simplified, customer-centric service, visit pega.com/service.

Methodology

All figures, unless otherwise stated, are from Savanta Group Limited, a global intelligence business. The research was conducted using an online survey method between November 2020 and January 2021.

Customers

representative of the population aged 16+ per market that have engaged with customer services in the last year

Total respondents: **7,196**

Employees

in a customer-facing job role and work in businesses with 100+ employees
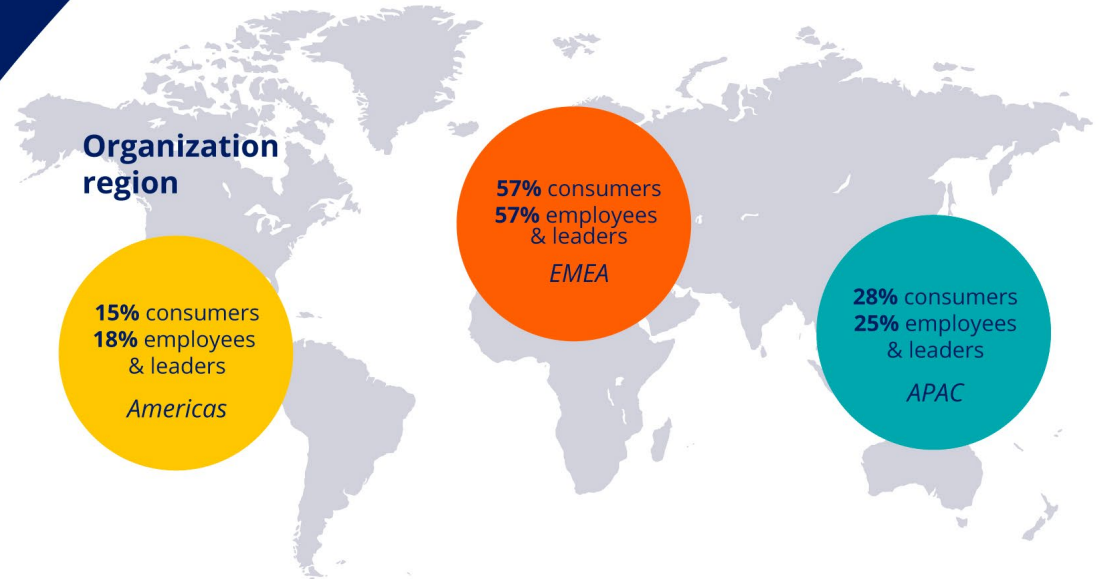
Total respondents: **3,553**

Leaders

director-level and above within businesses with 100+ employees

Total respondents: **1,979**

Industries

- **23%** Healthcare
- **16%** Public sector/Government
- **16%** Financial Services
- **15%** Manufacturing
- **8%** Telecoms
- **8%** Transportation/Logistics
- **8%** Travel/Hospitality
- **5%** Insurance
- **4%** Utilities

Organization region

15% consumers
18% employees & leaders

Americas

57% consumers
57% employees & leaders

EMEA

28% consumers
25% employees & leaders

APAC

About Pegasystems

Pega delivers innovative software that crushes business complexity. From increasing customer lifetime value to streamlining service to boosting efficiency, we help the world's leading brands solve problems fast and transform for tomorrow. Pega clients make better decisions and get work done with real-time AI and intelligent automation. And, since 1983, we've built our scalable architecture and low-code platform to stay ahead of rapid change. Our solutions save people time, so our clients' employees and customers can get back to what matters most.