# The Customer is Always Right

A retailer's guide to supporting customers at a time when they are more informed than ever before

*Customers are using more touchpoints to talk to their favourite brands than ever before. This report explores how merchants can best respond to these demands whilst managing responses and tone of voice.*

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# Foreword

## IMRG

*Customer support is becoming an ever-more complex operation. The days of just answering queries over the phone have gone. Today, customers expect to be able to change orders, receive refunds and have their complaints heard, all in one conversation and over the channel of their choice. Maintaining control and oversight is important, not only to control costs, but also to maximise the cross-sell–upsell opportunities. Customer service isn't just a cost centre, it can drive commercial returns.*

*The plethora of communications channels available to our customers is making customer service ever-more complex and, arguably, democratic. Social media conversations provide customers with a platform, and, potentially for the brand, ambassadors.*

*Getting these conversations wrong can be a very public failure, while getting them right can have the same power to delight and exceed expectation. As transactions can increasingly be carried out across these channels, merchants need to be able to defer decision-making to the point person in the conversation. Speed is of the essence; positivity can benefit the brand and customer; it's a brave new future.*

Andrew McClelland, Consultant, IMRG

## Zendesk

*We often say "the customer is always right", but what does that really mean for brands? For retailers, it's not simply about giving a refund or a promotional discount. To sustainably deliver on customer expectations, businesses need to be thinking about how they're setting up their customer experience – and your customer service teams are the front line for this.*

*When it comes to customer experience, businesses are competing with every customer experience a consumer has ever had. Brands like Uber, Netflix and Amazon have raised the bar on what a seamless and convenient customer experience can look like. The good news is that delivering on these rising customer expectations is well within reach for companies of all sizes. It's why we've partnered with IMRG to look at how combining a strong culture with flexible and agile technology platforms can help brands better understand their customers and position themselves to be the new leaders in customer experience.*

Daniel Bailey, Head of North West Europe, Zendesk:

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# The modern customer

The axiom "the customer is always right" has been with us since the mid- 20th century. Business leaders have always tried to caveat this to seemingly protect the bottom line. Yes, they may always think they are right, but this misses the point.

Any B2C brand must understand their customer (or potential customer), manage expectations appropriately and treat them with respect; even when they are wrong.

Today, customers are better informed, or misinformed, than ever before. Digital channels have democratised the availability of information and allowed customers to research any element of their relationship with brands. This might include product research, peer group recommendations and reading up on their rights when something goes wrong. Even disputes can now be handled by online platforms outside of the brand's customer support network.

We know customers research or discover products online before making a purchase in any channel. A survey by media agency UM[1] states that this was as high as 73% in 2018. Increasingly, social media is the channel by which research and inspiration takes place, with Global Web Index reporting as many as 43% of consumers behaving in this way.

However, it is worth reviewing the sources of revenue that online retail sees. According to IMRG's latest Quarterly Benchmark[2], this isn't the whole story. Currently only about 1.5% of sales come via social media. Over 15% come from email and over 50% from search.

So, what we are seeing is an increasing complexity in how customers speak to brands, and this doesn't always tally with how they purchase. It is important for brands not to confuse the two. After all, we haven't even spoken about shops.

What is clear is that customers are better informed than ever before, have more tools available to them for communicating with the brand and an increased expectation as to what they get in return.

The days when retailers only communicated one-way are long gone; and probably for the better.

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# The web of communication

Communications channels for consumers are getting ever broader. Some channels are used so the customer feels they can have a voice. Others provide users with the expectation of a conversation. A challenge for brands is to decide where the conversation takes place. Every customer will have a different idea about where the two-way communication will take place. However, it is always sensible for the merchant to suggest taking complaints 'offline'. This is normally shorthand for a more private channel, such as email or telephone. Social media, Facebook and Twitter, for example, are often used by customers wanting a megaphone for their plight, believing that this will equate to a speedier and more beneficial response from the brand.
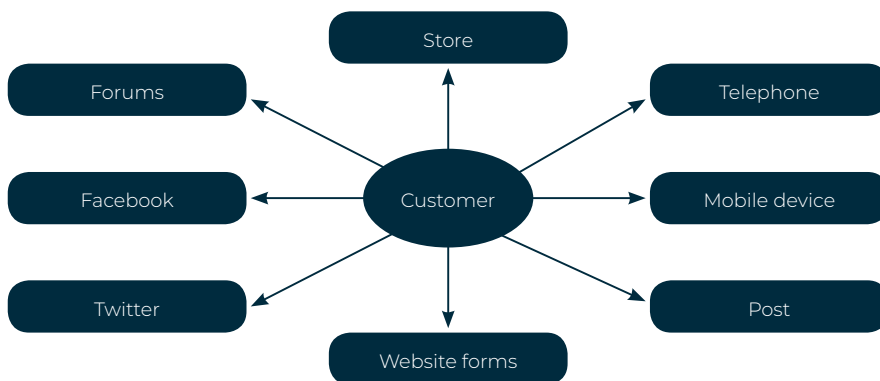


Figure 1: Customers have more access to communications channels than ever before.

On the other hand, these channels are often used for product queries or even endorsements from brand ambassadors.

So, which channels should merchants monitor or engage with? The answer is probably all of them, but an understanding of broader trends is useful.

Analysis carried out by Dimensional Research[3] found some interesting insight. For service requests, 60% of customers have used email, whilst 58% will use the telephone and 48% live chat.

Telephone and email usage would suggest a more considered query, while SMS, live chat, and possibly social media, are used more when there is a time element involved: "Where's my delivery?", "Is this in stock?", and final reassurance or confirmation about a purchase. Recognising these differences can lead to a sale, whilst delaying response to a complaint will only make things worse.

To complicate matters further, the preference for communications channels also depends on your target customer. Younger generations prefer the instant nature of social whilst older generations look to more traditional forms of contacting a brand. As the spending power of younger generations increases, instant messaging apps are only going to become a more common tool for customers to communicate with brands.
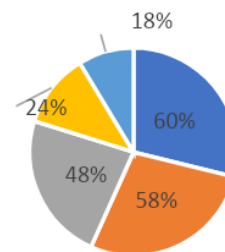


Figure 2 Service requests by communication channel. Source: Dimensional Research, 2018

WhatsApp and Facebook Messenger have over 2.8 billion[4] users and whilst many users have multiple apps, instant messaging (IM) is going to become the tool of choice.
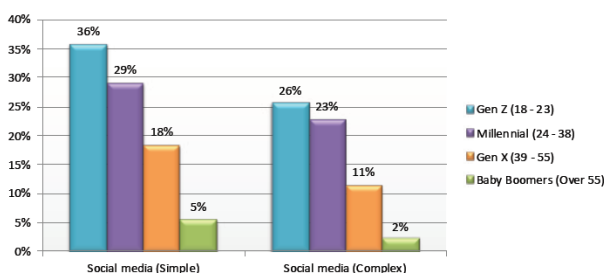


Figure 3: Demographics of those who prefer social media-based customer service contact. Source: Dimensional Research, 2018

It is often the case that one query will be repeated multiple times across different communications channels "just to make sure they have heard me". The challenge for brands is understanding that, whilst we can generalise as to how these channels are used, whoever is charged with picking up the conversation knows how to handle the possible outcomes.

[3]*Quantifying the business impact of customer service. Dimensional Research, 2018*
[4]*State of Messaging 2019, Smooch.com*

Many of these tools are now offering payment solutions and whilst WhatApp payments have rolled out in India[5], additional services such as Tikkie[6] in the Nordics are providing a mechanism for peer-2-peer payments via messaging apps. Social media posts are public whilst IM apps allow for encrypted, secure 1-to-1 communication, which may realise the commercial benefits of messaging apps to merchants.

**Daniel Bailey, Head of North West Europe, Zendesk:**

"With customers turning to more channels than ever to get answers, leading brands are looking at their channel strategy to ensure that they are ready to respond when and where customers want, however, as brands engage on more channels, this doesn't have to mean adding more, complex systems. Having an open system of knowledge sharing and engagement to have a full view of your customer is key to delivering a consistent experience. As customers reach into more conversational channels such as WhatsApp, it also creates opportunities for retailers to shift from reactive support to offering a proactive experience for customers across channels."

[5]https://www.finextra.com/newsarticle/34170/facebook-readies-whatsapp-pay-for-indian-launch

[6]Payment Methods Report 2019: European Payments Council

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# Customer expectations

With myriad communications channels available to customers, brands need to be aware that each one encourages different expectations around response times. We know that the pace of change in the developing world has been driven by speed of communications: we now need to apply that to the customer experience. Email and telephone contacts are well established. However, 67%[7] of customers have used live chat, social media or texting to contact customer service. SMS has been used for some time, especially by delivery companies looking to update customers on their delivery schedule. In terms of response times, the same research showed 85% of social media users expect a response within 6 hours whilst a survey by digital agency Convince & Convert[8] report that 32% of users expect a response within 30 minutes. Analysis by Eptica[9] indicates that response times are typically 27 hours. Twitter users' expectations are even more demanding, with 64% expecting contact within 60 minutes. On average, brands respond to these requests in 31 hours, 12 minutes.
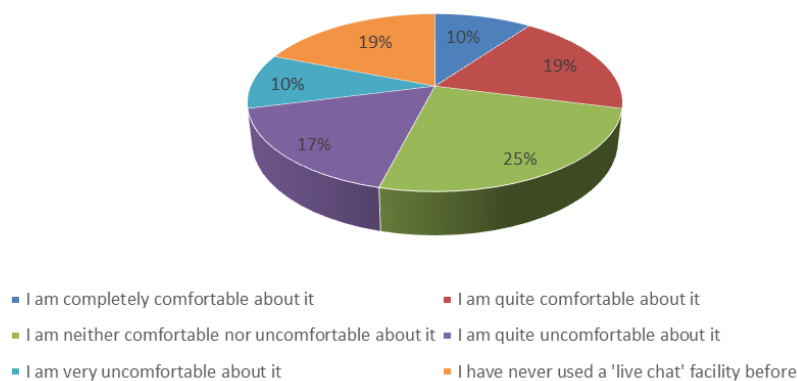


Figure 3: Customer perceptions around the use of AI(Chatbots) in LiveChat conversations.
Source: IMRG/Maru Customer insight survey, September 2019

The interesting addition to the communications arsenal is live chat. Offering a seemingly personal experience, it hasn't taken long for technology to provide solutions where a conversation is possible without a customer service representative present. Known as Chatbots, this technology can work for commonly asked queries, but it is still fairly restricted when it comes to the subtleties of understanding tone of voice, intent and complex solutions. There is a danger that this technology can be blighted in the same way as FAQs. Badly designed FAQs don't appear to offer any answers to situations that a customer might recognise and can enrage an already upset customer.

Likewise, it is not obvious that Chatbots often have the initial conversation with customers contacting via live chat. IMRG research[10] in September 2019 showed that most customers aren't worried or have no strong feelings about its use. However, there are still a significant number of users that are uncomfortable about chat bots talking to them. Perhaps live chat as a description is a touch misleading when it is technology doing the talking.

The key is in offering an authentic experience where technology is providing the solution and having clear rules as to when a human is introduced to the conversation. Bear in mind though that expectations for response times are less than 45 seconds. Afterall, this is live chat, and when do you normally wait this long for a response during a conversation?

Looking across all channels, response times are incredibly important, with 89%[11] of customers saying that a quick response is expected. 97% of customers surveyed state that a poor experience in customer service provision changes their future buying behaviours.

[7]*Quantifying the business impact of customer service. Dimensional Research, 2018*

[8]*The Social Habit, 42 Percent of Consumers Complaining in Social Media Expect 60 Minute Response Time. Convinceandconvert.com.*

[9]*www.eptica.com/retail_infographic_2015*

[10]*IMRG/Maru Customer insight survey, September 2019*

[11]*Quantifying the business impact of customer service. Dimensional Research, 2018*

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# Delivering on your promise

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Customers come to retailers for a wide variety of reasons. Other than product and availability, it is expected that the brand has expertise in the products, range and sector that they are related to. Brands are there to be the trusted experts and to be able to share their knowledge with potential customers. Often this is in the way they curate products, help customers discover, and, most importantly, provide their expertise when requested.

Where there are multiple shopping channels and multiple communications options, customers expect a consistent experience across the retail estate. An IMRG/Maru consumer survey[12] during September showed that 75% of respondents thought that the same company ran a brand's digital and physical channels. 25% don't, which can be a significant risk for brands.

In either situation, having knowledgeable staff is vital to the brand experience. Store staff need to be trained in order to deliver the customer promise on a par with the informed customer, whilst those engaged in remote customer support must be able to have the same knowledge and be able to engage with customers without being able to see the social cues that face-to-face interaction provides.

Social media and live chat increase the pressure to respond whilst email allows for a more considered response. Telephone probably makes it easier for distance customer support to respond appropriately, but the customer won't care and just wants the same experience in every channel.

Key to a successful engagement will be a consistent experience across all shopping channels. If a customer is referred from one colleague to another, will the customer have to repeat their requirements to the next colleague?

There is always a risk that performance measurement overshadows these conversations. Yes, efficiency needs to be measured but pressure to get another sale may create a bad outcome.

Most importantly, a customer who has contacted the brand with an issue expects a resolution. Every additional step in the process increases the tension in the engagement. Brands can ensure that those at the frontline of engagement have a defined set of rules around refunds, redeliveries, discounts and mechanisms for saying sorry: the tools for rectifying the problem and leaving the customer feeling satisfied. This might include providing a budget for these activities and perhaps KPIs that more broadly affect the business.

## Building Empathy – in any channel

- Listen carefully
- Smile
- 'Own' the interaction
- Allow them to express their feelings
- Be respectful
- See it through their eyes
- Understand their priorities
- What does a successful outcome look like to them?
- Avoid jargon
- Don't force the conversation
- Show that you care

**Daniel Bailey, Head of North West Europe, Zendesk:**

"Technology alone doesn't create your customer experience. In the best cases, it's combined with a strong culture of empowerment for your teams to support on customer queries. How are you training your teams and building a strong brand voice with them? Where your technology can help you understand the customer better, it's important that it is complemented with a culture of empathy and support to give the best experience."

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[12]*IMRG/Maru Customer insight survey, September 2019*

# Commercial upside to customer support

Often, customer contact is a call for help. Not in the dramatic sense, but more in the style of a request for information, problems concluding a transaction or some reassurance about size/fit/colour. This is the natural world for the retail store assistant. For customer support it can be trickier. With the right tools, these teams can support the customer purchase process, and, through proper training, increase the chances of upsell/cross-sell. A lot is invested in the 'stickiness' of websites, so why not invest in customer support: moving on from viewing them as complaint handlers to a key part of the customer journey.

Yes, there are certain tasks that are more suited to specific channels, but make sure the tools are available to handle every customer requirement. Live chat and social media aren't the appropriate channels for taking payment details, but a customer would understand being passed to a more suitable contact point in this instance.

At the right point in the conversation, and depending on its nature, the opportunity to upsell and cross-sell should be taken. But, a drive for increased sales shouldn't jeopardise a successful customer interaction. Rather, the measure of success should be adjusted to the interaction.

Customer support, through all its channels, provides the brand with a voice, and, probably more importantly, an ear.

Customer support is a great tool for understanding our customers and the service being offered, not the service we think we are offering. Recording the types of inbound queries can give useful insight. If the same queries about a product keep coming in, is there a problem with the information being provided at point-of-sale? Product faults can be tracked and fed back to the buying teams and constant queries about deliveries might justify offering tracked deliveries at lower price points.

**Daniel Bailey, Head of North West Europe, Zendesk:**

"Traditionally, customer support has been thought of as a call centre that is an operational cost for the business. Today, the dynamic of power is shifting from the business to the customer, who can search for content, reviews and competitors online before they even start a conversation with you. This means that your support is more important than ever before – in many cases, they may be the first interaction a customer has with your brand. It needs to be considered as part of your holistic experience strategy – connecting the dots between your in-store, online and support functions. By collecting all of these touchpoints to better understand the customer in order to improve the experience, brands can differentiate themselves and build long-lasting relationships with their customers."

# Loyalty and ambassadors

We often talk about the benefits and uses of social media as a communications channel. What is less well understood are the risks of getting it wrong. In Quarter 3, 2017, Sprout Social[13] published some data around social interactions. Over 50% of users would boycott a brand if they had a poor response. Whilst this doesn't differentiate between time taken to respond or not getting the outcome expected, it does highlight the importance of social as a channel. The same report also suggested that 40% of users would then follow up on another channel if they didn't hear back from the brand. However, this was followed closely by 35% who would boycott the brand.
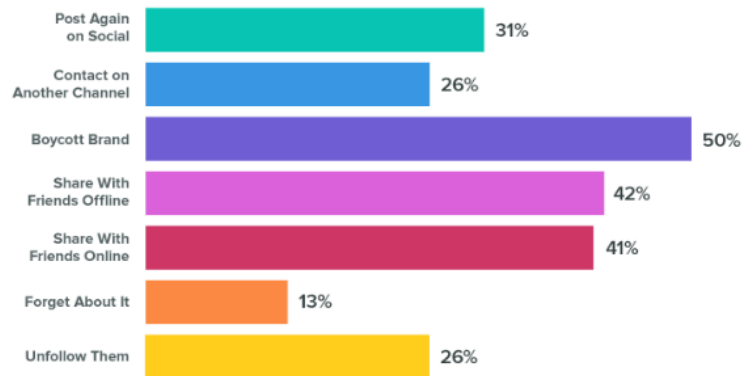


Figure 4: Customer responses to poor brand interactions on Social Media. Source: The Sprout Social Index, Edition XII: Call-out Culture, Q3 2017.

The power that consumers feel with social is their ability to share their grievances with a wider audience. In part, this is driven by a belief that it will prompt a faster response from the brand. This dynamic can also work for a retailer. Many searches on user generated content or review sites will highlight customers who complained and then promoted the business, usually for the way in which the complaint was handled but often leading to product/brand endorsement.

Insight from Dimensional Research[14] analysis shows that 67% of complainants who have a good customer service experience go on to recommend the brand to others. 54% of the same sample have purchased more products from that brand. Combined, this insight shows that not only does investment in good service satisfy the initial issue, it goes on to drive incremental value for the business. Delivering more income from existing customers, developing brand ambassadors and driving customer acquisition.

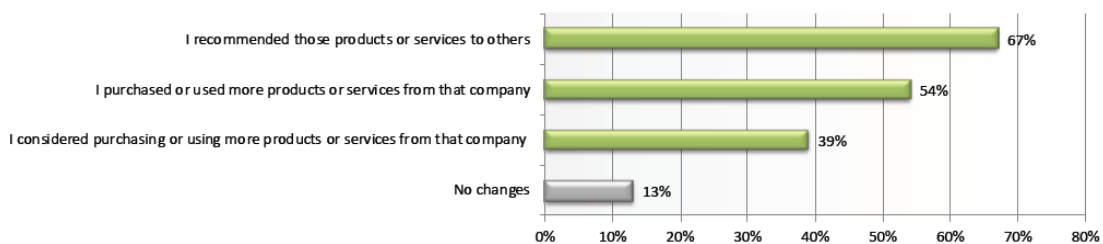Surely, a good definition for an ROI on loyalty.



Figure 5: How good customer service changed your relationship with the brand. Quantifying the business impact of customer service. Dimensional Research, 2018

[13]The Sprout Social Index, Edition XII: Call-out Culture, Q3 2017.
[14]Quantifying the business impact of customer service. Dimensional Research, 2018

![imrg](imrg logo)

Daniel Bailey, Head of North West Europe, Zendesk:

"At Zendesk, we see each customer queries as an opportunity to engage with our customers and learn from their feedback. For brands that are putting customer experience at the heart of their strategy, there is an opportunity to build ongoing engagement and loyalty with a customer. We often talk about achieving a 'full customer view' by connecting siloed centres of data across departments – this helps to ensure that every interaction between a brand and a customer has value and context. It can help to identify areas where a customer query can turn into a sale or proactive service. Once you can achieve this, there's a valuable opportunity to turn an unhappy customer into a loyal ambassador."

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# Conclusions

So, the customer isn't always right, but merchants must be able to listen, empathise and act. The communications tools available to consumers are ever expanding, so merchants need to be able to listen to all of them, respond in line with customer expectation for that channel, and move the conversation to a place where the interaction can be handled appropriately.

This fluidity requires systems that enable a joined-up and consistent experience across all channels. A complainant does not want to have to repeat themselves every time they speak to a different person at the brand.

In transactional communications channels, ensure the support team is empowered to make and enact decisions that will delight the customer. Redeliveries, refunds and discounts should all be available as tools to support. This will require technical systems to support the team member, management tools to track and measure support interactions, and a budget to ensure the business sees delivery of value.

Social media channels can be used for conversational queries, but anything involving personal data, transactions or complaints should be moved, constructively, to more private channels.

Key to successful engagements are well trained staff that can provide guidance, insight and resolution to ever more knowledgeable customers. This requires teams to have sound product knowledge and an understanding of appropriate escalation processes as demands require.

Business should see customer service touchpoints, whether in the digital or physical environment, as business drivers, in much the same way as any other customer touchpoint. Even complaints provide opportunities to engage with customers and whilst we all know some will never be satisfied, the engagements can still provide the business with useful insight, intelligence and opportunities for generating more revenue.

**Daniel Bailey, Head of North West Europe, Zendesk:**

"Customer experience is taking centre stage as a core part of retailers' business and growth strategy. Bringing together a top-down focus on customer-centric process, the right technology for engagement, and empowered teams that can focus in on the customer is a winning formula for retailers to build a customer experience strategy that creates a long-term advantage and value to the business."

# Additional Information

## About IMRG

For over 20 years, IMRG (Interactive Media in Retail Group) has been the voice of eretail in the UK. We are a membership community comprising businesses of all sizes – multichannel and pureplay, SME and multinational, and solution providers to industry.
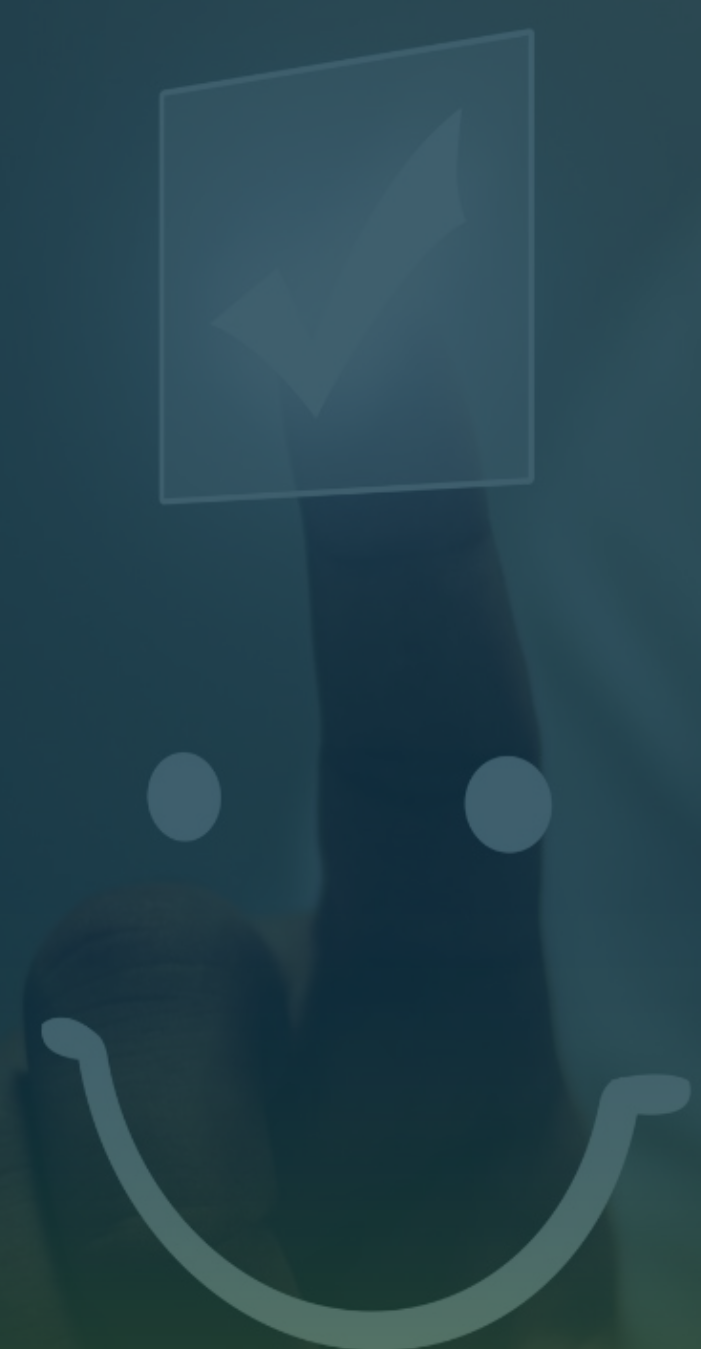
We support our members through a range of activities – including market tracking and insight, benchmarking and best practice sharing. Our indexes provide in-depth intelligence on online sales, mobile sales, delivery trends and over 60 additional KPIs.  Our goal is to ensure our members have the information and resources they need to succeed in rapidly-evolving markets – both domestically and internationally.

www.imrg.org

## About Zendesk

The best customer experiences are built with Zendesk. Our customer service and engagement products are powerful and flexible, and scale to meet the needs of any business. Zendesk serves businesses across hundreds of industries, with more than 145,000 paid customer accounts offering service and support in over 30 languages. Zendesk is headquartered in San Francisco, and operates worldwide with 17 offices in North America, Europe, Asia, Australia, and South America.

Learn more at www.zendesk.co.uk