



The good

the bad

the ugly

2019 global customer service insights



## Executive summary

Bad service. We all know what it feels like. The kind that leaves you waiting endlessly on hold, wondering if your call really is important. The kind that makes you groan in frustration at annoying emails and clueless chat conversations. The kind that makes you want to tweet your anger to the world – then take your business elsewhere.

Of course, bad service is something those other brands deliver, not your company... right? Wrong.

We surveyed 12,500 respondents to better understand perceptions of customer service in 2019. To capture different perspectives, we polled three groups: customer-facing employees, the leaders who oversee them, and, of course, customers. We asked respondents about their top frustrations, what role technology plays in improving service, and how sophisticated organizations are in their approach and delivery of service.

And we found some major discrepancies between how brands think they do and how they are actually perceived. Both leaders and employees tend to overestimate the quality of service they provide – and underestimate the negative impact poor service can have.

## Contents

<b>Executive summary</b> .....	<b>2</b>
<b>The key to good service? Great people</b> .....	<b>4</b>
<b>The bad news: Things look different from the top</b> .....	<b>7</b>
<b>The ugly truth: Service shortfalls will cost you, big time</b> .....	<b>9</b>
<b>The new wave in service is already here</b> .....	<b>13</b>
<b>Conclusion</b> .....	<b>16</b>
<b>Methodology</b> .....	<b>17</b>



## So, what do the findings say about the state of service right now?

### The good

#### Customers and service providers agree on what matters most

Customers, employees, and leaders all agree: the three most important aspects of service are a fast response, knowledgeable service agents, and a quick resolution to the issue. In fact, 95% of customers are looking for some degree of proactive communication from the companies with which they do business.

### The bad

#### Business expectations don't match customers' realities

Leaders and employees tend to be overconfident in the quality of customer service their business provides. Those at the top have a particularly inflated view of how their organizations are doing. Leaders are four times more likely than customers to rate the level of service they provide as excellent.

### The ugly

#### Customer service shortcomings carry a cost

Customers expect service that's quick and easy. When they must wait too long for a response or resolution, they quickly and easily become frustrated. And that can pose great threat to a business. Three out of four customers have stopped using an organization's services because of a poor customer service experience.

Delivering superior service starts with being honest about what's wrong and identifying solutions – including the right technology. **We learned that businesses are investing in Artificial Intelligence (AI) and chatbots to speed up service**, recognizing the importance of evolving their current capabilities to meet changing customer demands. **Two-thirds of employees agree that chatbots will speed up processes.** Meanwhile, **78% of business leaders currently use or plan to introduce AI for customer service** and see many benefits in doing so.

Bad service happens, and it carries a major cost. But it doesn't have to happen to you. By taking a hard look at the service you provide and keeping an open mind on ways to improve it, any organization can go from bad to good – and even great.

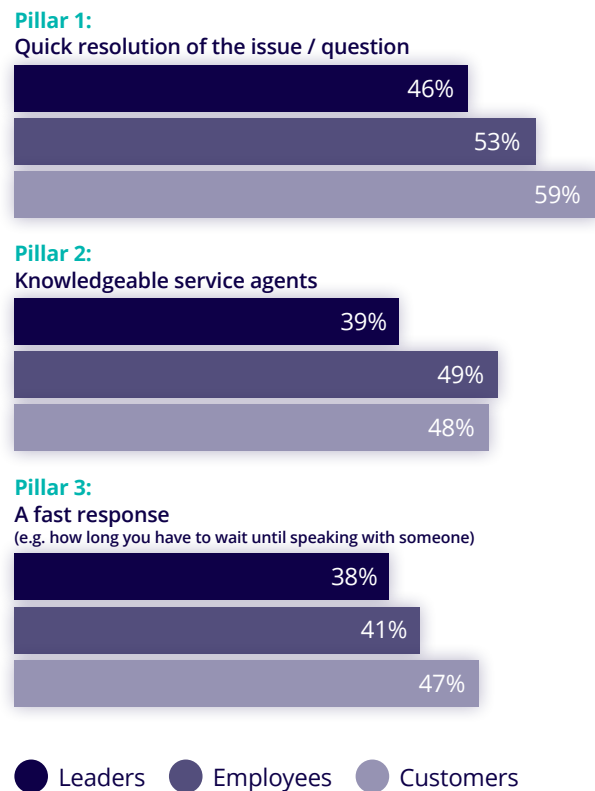
# The key to good service? Great people

What does outstanding customer service really mean? When asked to describe in their own words what they consider to be fantastic customer service, customers, employees, and business leaders all highlight service that is quick and helpful. Customers want answers to their problems. They look for friendly, polite agents who will listen and understand. Knowing what qualifies as great service, organizations should focus on these important aspects of customer service to live up to customer expectations and consistently deliver high-quality experiences. And it becomes clear that agents are one of the top drivers of superior service.

## 3 pillars no service organization can do without

When asked to rank the top three most important aspects of customer service, customers, employees, and leaders were all in agreement. In order, all respondents agreed that the three key pillars are quick resolution of the issue, knowledgeable service agents, and a fast response. The emphasis on a quick resolution and a fast response indicates that speed of service is top priority. Customers want swiftness through the whole interaction; from first contact to resolution. The emphasis on knowledgeable service agents indicates that customers perceive human involvement as critical to a successful resolution.

**Figure 1**  
The most important aspects of customer service for leaders, employees, and consumers



### Speed up your service

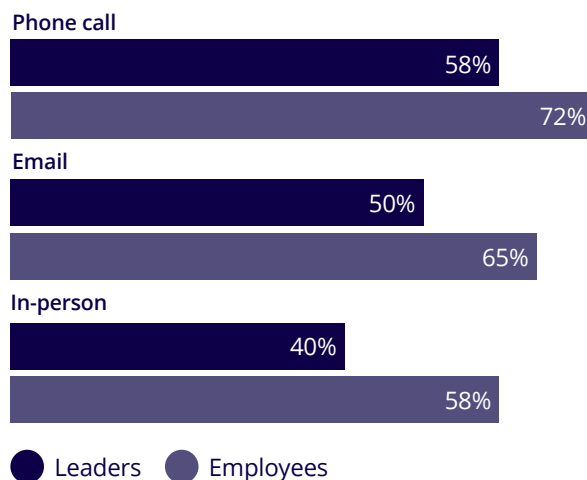
Customers make it clear: Speed matters. So how do you provide quicker resolutions? Start by streamlining and automating your processes.

## Human interactions still reign supreme

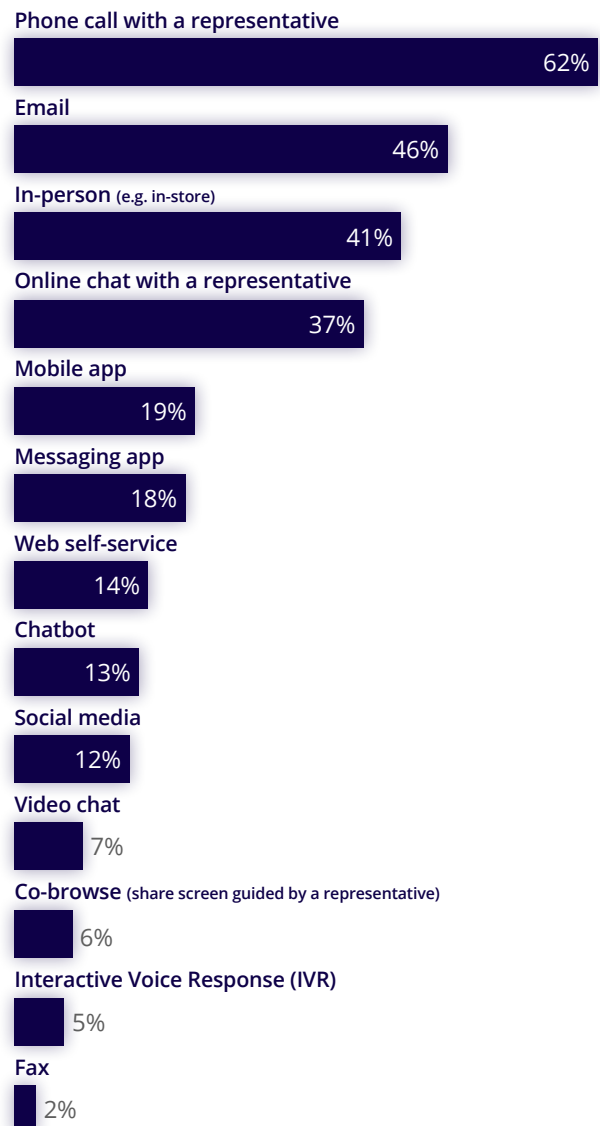
More than half of service leaders (55%) say they provide omni-channel service, and of those, 60% offer more than four channels. Yet even with so many channels available, it seems that many customers and organizations still rely on traditional interaction channels. The top three most popular channels that customers use, according to both employees and business leaders, are phone call with a representative, email, and in-person (or in-store).

When asked which channels they would prefer if given a choice, customers also chose phone call with a representative (62%), email (46%), and in-person (41%) as their ideal channels. What becomes clear is that customers still see an agent as necessary to successful service outcomes.

**Figure 2**  
Most popular channels customers use



**Figure 3**  
Customers' preferred channels for contacting customer service



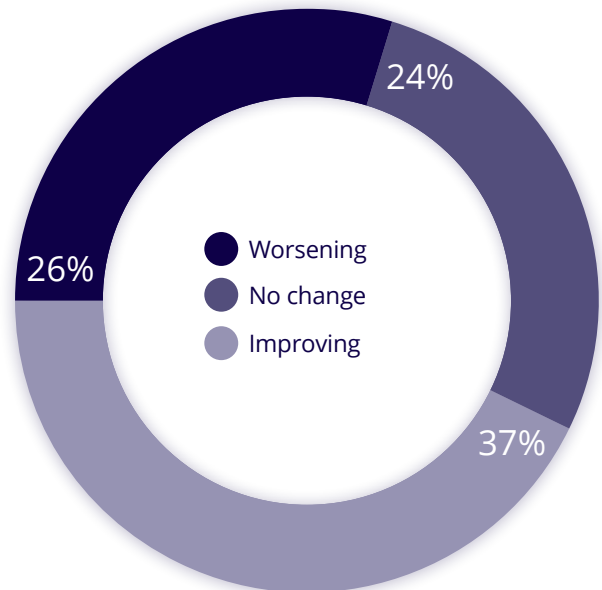
### Optimize service on every channel

To optimize service in the call center – and across other channels – your emphasis must be on driving efficiency and equipping agents with the right tools and information to deliver quick, knowledgeable service in every interaction.

## Consumers are skeptical of new tech

Only 13% of customers expressed interest in using chatbots to contact customer service. This is likely because customers are torn about whether new tech will improve or worsen service. As you can see in Figure 4, 37% think that new technology like chatbots, AI, and automation are improving customer service, but 50% think that this technology will result in no change or will even worsen service. This means that half of customers have a bleak outlook on the potential benefits new technology may promise. Perhaps this is due to the concern that technology is going to replace the knowledgeable agents that customers value so highly, or they have not yet had a positive experience where technology added value.

Figure 4  
Customers' perspectives on the impact of new service technology



### Convincing the non-believers

Businesses wishing to take advantage of chatbots, AI, and the like need to overcome customers' negative perception of the potential value of new technology. They should focus on implementing technology to augment and improve their agents' abilities.

# The bad news: Things look different from the top

As customers demand service that is quick and personalized, organizations must raise the bar on the customer service they provide. Ninety-five percent of customers are interested in some degree of proactive communication from companies they buy products and services from. Thirty-eight percent want a moderate amount or lots of proactive communication, and another 37% want occasional proactive contact that is tailored to them. This means that customers are putting greater emphasis on both proactive and personalized communication.

And yet, both business leaders and employees recognize the current lack of proactiveness. More than one in five employees (21%) and one in four leaders (26%) consider their lack of proactive communication among the top customer service challenges within their organizations. **As most customers seek some level of proactive communication, businesses must overcome this challenge and transform from a reactive approach to a proactive one.**

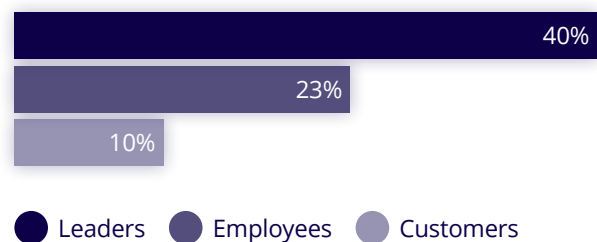
## Businesses are overconfident, but under-delivering

Everyone's heard the saying, "the customer is always right." It's a mantra of service for a reason. Whether or not the customer truly is right is beside the point – customers wield the buying power, and therefore, keeping customers satisfied is essential to business success. That's why customers' perceptions of service matter most.

While business leaders demonstrate a high degree of confidence in their customer service offerings – with 81% of leaders considering service as a key

differentiator – customer perceptions tell a different story. We asked leaders and employees to rate the quality of service their organization provides, from terrible to excellent. Then we asked customers to rate the quality of a typical experience on the same scale.

**Figure 5**  
Excellent rating of customer service quality

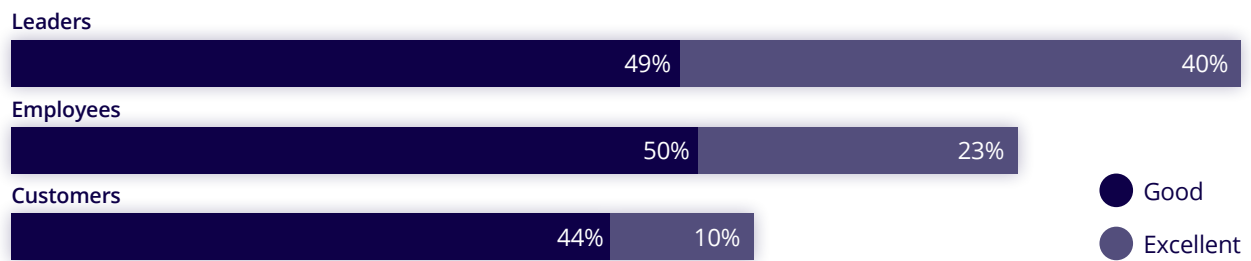


The gaps here – with more than two times the number of employees and four times the number of business leaders as customers deeming the quality of service as excellent – highlight that businesses in general are overconfident about the service they provide.

The further from the customer, the more this confidence increases, which is why business leaders giving service a rating of "excellent" nearly doubles the number of employees doing so.



**Figure 6**  
**Three perspectives on above-average service**



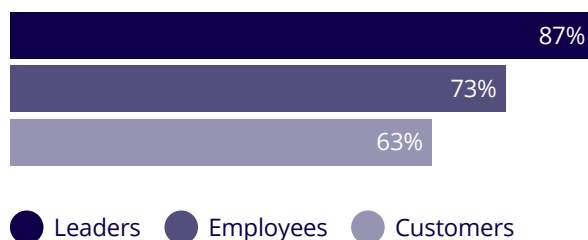
**When asked how their customer service measures up, 71% of business leaders think they provide better customer service than their competitors.**

Not only is this mathematically impossible – but it also demonstrates that leaders are generally out of touch with the market. They are either unaware of how their service stacks up against the competition, or they are so blindly confident that they overestimate the quality of customer service their organization provides.

### You don't know your customers as well as you think

To deliver the kind of service customers expect, you need to understand them. In fact, 63% of customers say that organizations should make getting to know them better a top priority. You can tailor their experiences by knowing who they are and what they prefer, ensuring they receive service that suits their expectations.

**Figure 7**  
**More than half of every audience believes businesses understand customers and their preferences well:**



All respondents (leaders, employees, and customers) were asked to rate the level of service businesses provide – either the business they work for, or ones they interact with. Most business respondents think service is generally good (either good or excellent). Just over half of customers would agree.

While it's encouraging that nearly two thirds of customers feel confident in how well organizations understand them, businesses – both employees and leaders – are still overly confident in their familiarity with customers. The 24% gap between business leaders and customers is revealing. **While you might believe you understand your customers, you may not know them as well as you think – and those at the top overestimate their familiarity to a greater degree than employees.**

### Close your knowledge gaps

Nearly a third (32%) of customers are frustrated that businesses don't understand them and their needs. To improve your approach to understanding customers' preferences, identify where gaps may exist, engage your customers to get the answers, and consolidate the information in a centralized place that agents can easily access.



# The ugly truth: Service shortfalls will cost you, big time

Eighty-eight percent of employees said customer service is considered a high priority within their business. But there's a difference between saying and doing. Despite it being a top priority for most businesses, organizations continue to face many obstacles when it comes to executing on customer service. Customers feel frustrated with service shortcomings, and much is at stake for businesses that don't provide the level of customer service they expect.

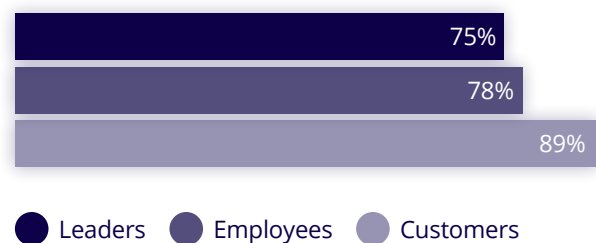
## The real price of sub-par service

Poor customer service can pose some serious threats to a business. It damages brand reputation and can lead to customer attrition. Customers have little tolerance for poor service. If they have a poor customer experience when making a purchase, 46% typically tell people they know, and 44% will stop the purchase and seek a different provider. Even with so much at stake, a third of employees (33%) face no consequences for providing poor service. **This means businesses may want to consider holding employees more accountable for the quality of service they provide, while also empowering their employees with the right technology and training to deliver faster, more personalized outcomes.**

## Brand reputation

The quality of customer service has direct impact on brand reputation. Customers, employees, and business leaders all recognize how poor customer service influences the brand. **Eighty-nine percent of customers say that a company providing poor customer service damages their impression of the brand.** While employees and leaders alike slightly underestimate the damage poor customer service can do, 78% of employees and 75% of business leaders think that providing poor customer service has a negative impact on the brand. And the ramifications of a negative brand reputation can affect your bottom line.

**Figure 8**  
Respondents that agree poor service negatively impacts a brand



## Attrition

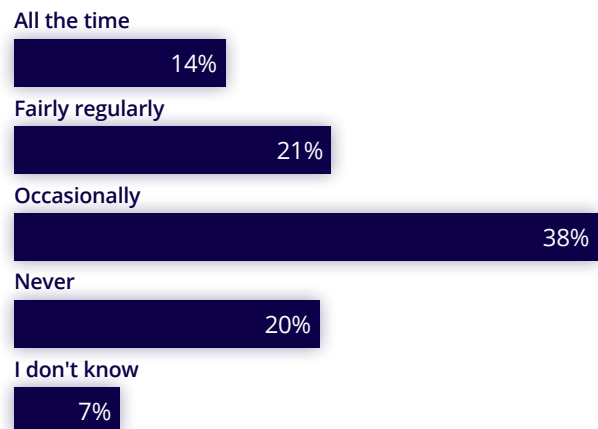
Customer service is a major part of the overall customer experience. **And when experiences don't live up to expectations, customers are not afraid to vote with their feet. Three out of four customers (75%) have stopped using an organization's services because of a poor service experience.**

Businesses are aware that poor customer service is costing them big time. In fact, more than a third (35%) of business leaders believe their organization loses customers all the time or regularly due to poor service.

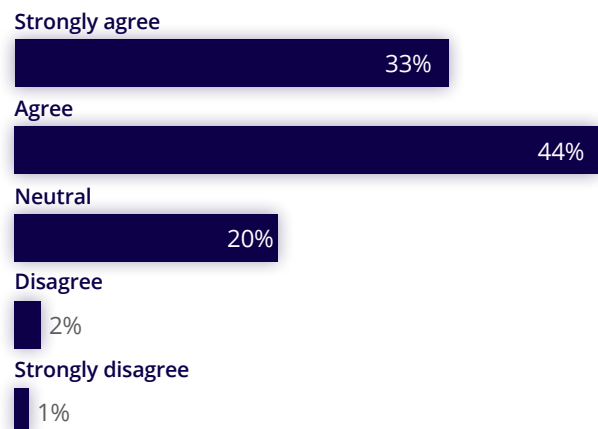
### Use service to drive customer loyalty

The quality of customer service influences how loyal a customer is likely to be. Seventy-seven percent of customers agree that customer service quality is a major determining factor in their loyalty to a business. This means that high-quality customer service will work in your favor, just as poor service will work against you. *It's up to you: will your customer service drive customer loyalty, or will it drive customers away?*

**Figure 9**  
Leaders' ratings on how often their business loses customers due to poor service



**Figure 10**  
Customer ratings on customer service quality as a major determining factor of loyalty



## Do you know what's driving your customers crazy?

Avoiding poor service starts with understanding what drives your customers crazy. And those frustrations are felt on both sides of the customer service equation: the businesses providing the service and the customers seeking service. When customers, employees, and leaders were asked about the frustrations customers experience when contacting customer service, all three audiences consistently ranked three frustrations among the top: repetition, lack of transparency, and inconsistency.

### Top customer frustrations

For customers, their top three frustrations include taking too long to receive service (82%), having to repeat themselves when switching between channels or agents (76%), and not knowing the status of their query (64%). The fact that so many customers are frustrated with wait times is particularly concerning when you consider that a quick resolution and a fast response are two of the three most important aspects of customer service.

### Businesses empathize with customer frustrations

These common challenges identified by those on the customer side and business side demonstrate that some organizations are still failing to deliver the type of omni-channel service that customers expect. Providing omni-channel service is not just about providing service on multiple channels like email, phone, chat, and web – it's about ensuring the experience across those channels is connected and consistent.

Figure 11

Top four frustrations with service according to customers, employees, and leaders

Customers	Employees	Leaders
1 Duration	1 Lack of transparency	1 Repetition
2 Repetition	2 Repetition	2 Lack of transparency
3 Lack of transparency	3 Inconsistent experiences	3 Inconsistent experiences
4 Inconsistent experiences	4 Reactive approach	4 Reactive approach

## How to make every channel your best channel

Customers are quick to notice disconnected experiences, which highlight your organization's lack of sophistication when providing customer service. Omni-channel service can help organizations overcome these common challenges by:

- Ensuring experiences are consistent on every channel
- Maintaining relevant customer information even when switching between channels or agents
- Providing customers with visibility into where they stand

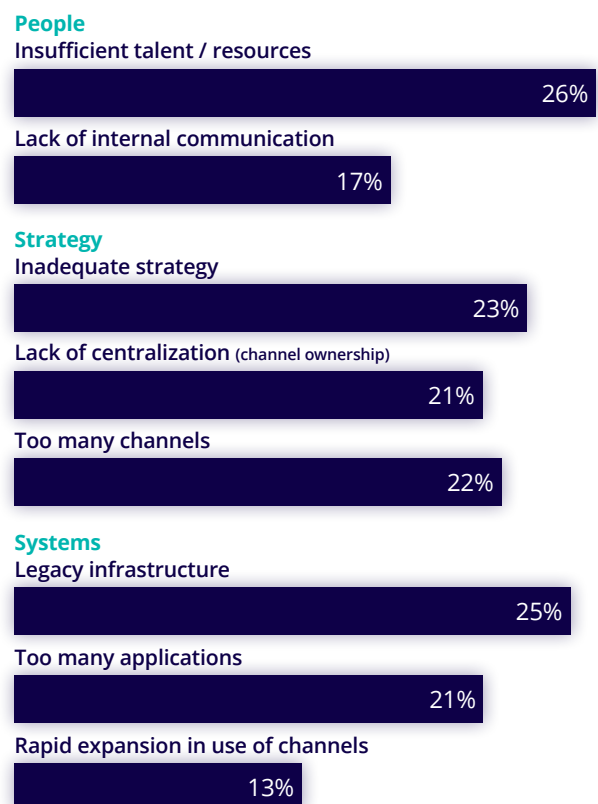
True omni-channel service comes down to a connected experience – connected technology that can communicate across systems, including legacy architecture, and a connected approach that joins each step in the customer journey from first-touch to a successful resolution.

## Barriers to delivering superior service

To keep up with increasing customer expectations, providing omni-channel service is quickly becoming table stakes. As stated above, omni-channel goes beyond providing multiple channel options – it refers to providing **consistent** and **connected** service across all channels. Despite the demands for seamless service regardless of the channel, more than a third (35%) of business leaders said that they do not provide omni-channel customer service.

The challenges that prevent organizations from delivering a true omni-channel experience span across the business – people, strategy, and systems. The people aspect is the most prevalent barrier, with 26% of leaders saying they struggle with insufficient talent. From a planning perspective, inadequate strategy acts as the biggest obstacle, and for systems, legacy infrastructure.

Figure 12  
Barriers to delivering superior service on every channel



## Break down barriers to get results

As the barriers to providing omni-channel service span across the business, it's clear that organizations must take a holistic approach to overcome them. A good place to start would be hiring the right talent, revamping your strategy, and upgrading or replacing legacy systems.

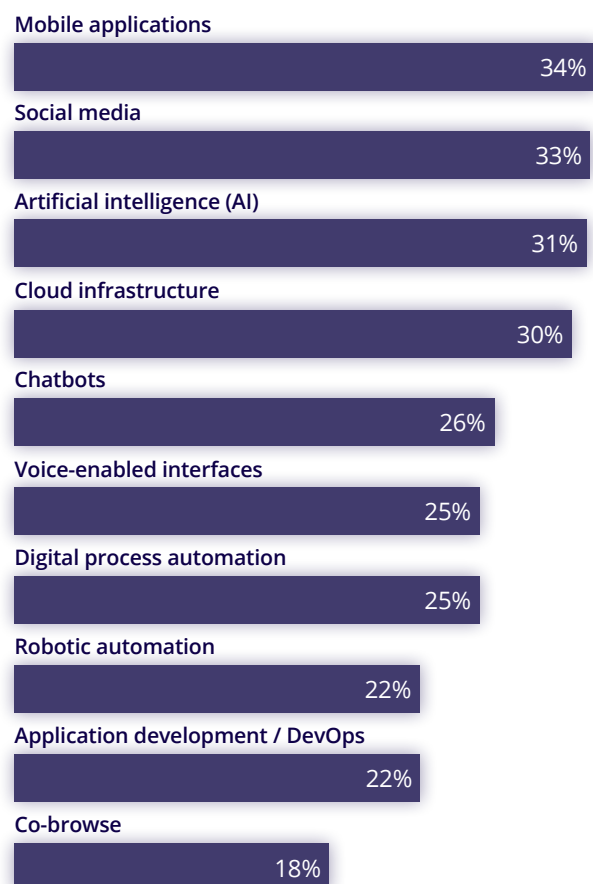
# The new wave in service is already here

Can technology solve some of these problems and close the gap between customer experiences and provider perceptions? It's certainly an important piece of the puzzle. And our survey found that businesses are increasingly interested in adopting more advanced technology to elevate the level of service they provide. **Ninety-five percent of business leaders plan to make investments in more advanced customer service technology over the next two years.** From messaging apps to chatbots to AI, new technology will absolutely change the customer service landscape. The question now is how much?

## Brands are investing in customer-facing tech

Leaders say their organizations are planning to invest in a number of different technology solutions over the next two years to improve their customer service offerings. Topping the list are mobile applications (34%), social media (33%), and AI (31%). In addition to the technology that will support their customer service, many leaders are also looking to expand their channel offerings. Approximately one in four leaders is interested in adding mobile applications (26%), video chat (26%), and chatbots (24%). The emphasis on mobile applications demonstrates that service providers are seeking to adapt to the standard of convenience and efficiency that many digital-first organizations set.

**Figure 13**  
Leaders' intended investments over next two years



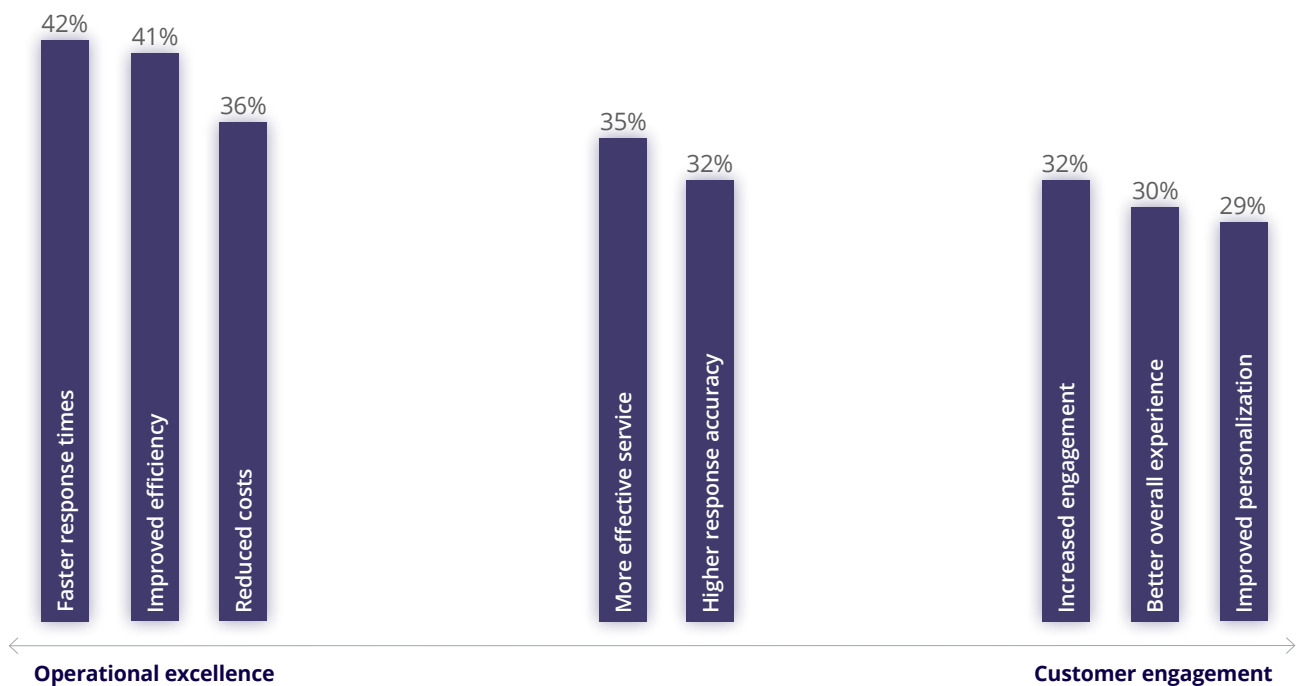
## Can AI really make service smarter?

**Seventy-eight percent of business leaders currently use or plan to introduce AI for customer service.**

They see many benefits to using this technology, including increasing response speed (42%), improving efficiency (41%), and reducing costs (36%). These potential benefits could help customer service providers overcome some of the key pain points that currently act as a barrier to providing optimal service. Since speedy service is the top concern for customers, these investments would help businesses meet customer expectations.

Though leaders slightly favor the operational excellence side (response time, efficiency, cost savings), it becomes clear that they see many potential benefits from AI across the gamut. As an integral piece of customer service, leaders should also pay close attention to the benefits AI can provide for customer engagement (engagement, experience, personalization). **By marrying the operational side with customer engagement, AI can play an important role in helping organizations provide more proactive service – anticipating needs and automating processes to keep customers informed and satisfied.**

**Figure 14**  
**Benefits of using AI to support customer service according to leaders**



The benefits of using AI touch on back-end, operational processes and front-end, engagement opportunities. Some benefits (more effective service and higher response accuracy) are the result of both sides working together.

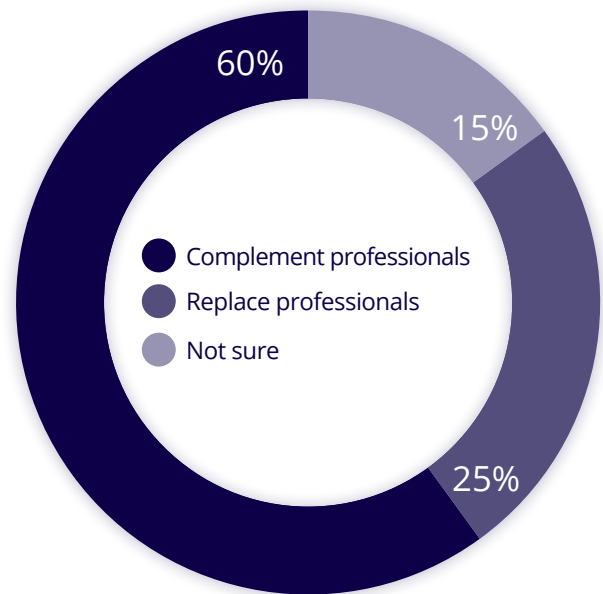
## Why chatbots could be a win-win

More than a quarter (26%) of business leaders plan to invest in chatbots over the next two years. From streamlining service to helping to speed it up, chatbots can simplify the customer service experience for customers and agents alike. Though some agents express skepticism about chatbots or digital assistants replacing them (15%), the prevailing sentiment is that this technology will complement and enable customer service professionals (60%).

Two-thirds of employees agree that chatbots will speed up processes, allowing customer service professionals to focus on issues that require human intervention. Sixty-two percent also believe that chatbots simplify the customer service job. These potential benefits would play into improving overall service delivery. By simplifying the agent's job and speeding up the process, chatbots pose a win-win scenario: happier employees and more satisfied customers.

Figure 15

### Employees' perspectives on the impact of chatbots



### Achieve smarter, speedier service with sophisticated technology

Customer service providers see the value in technology's potential to help them speed up service. To meet customers' growing expectations and to continue to provide superior service, they are interested in implementing AI and chatbots. Even if customers expressed skepticism in how much technology may improve service delivery, both leaders and employees demonstrate confidence. *Leaders see that AI promises potential benefits for the full customer journey – improving customer engagement on the front end, while improving operational excellence on the back end.*



## Conclusion

Just as we all know what bad service feels like, we know what good service feels like, too. It's not just fast and convenient; at heart, it's about feeling valued and understood. That's what builds brand loyalty and customer happiness for the long haul.

As our survey found, many organizations aren't facing the truth about the quality of service they deliver. Here are our top takeaways from this year's research:

- **Businesses overestimate how effective their service really is – particularly leaders.**
- **Leaders, employees, and customers all agree on what constitutes great service, and speed is most essential.**
- **Customers expect service that is personal – this means knowledgeable service agents and service that demonstrates an understanding of their individual preferences.**
- **Leaders should center new technology strategies around employees, focusing on tools that will make it easier for agents to provide quick and helpful service.**
- **Disconnected and disjointed service experiences cause frustration – leading to long wait times and inconsistent experiences.**
- **Many organizations are investing in AI and chatbots – to help improve both operational excellence and customer engagement.**

### Achieve smarter, speedier service with sophisticated technology

Just because you think you are providing excellent customer service doesn't mean you are. What your customers think matters most. So, look at your service from their perspective. Empathize with their experiences and be sure you understand how they really feel. Be open to it all: the good, the bad, and the ugly. Then, transform the not-so-good to great. Deliver the kind of service that fulfills your customers' expectations - and keeps them coming back.



Are you looking to  
deliver exceptional  
customer service at  
scale and at speed?

**Find out how automation  
and AI can help you make  
better decisions and get  
work done - fast.**

**Learn more**

## 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 March 4, 2019 – March 25, 2019. The research was conducted across U.S., U.K., Germany, France, Netherlands, Japan, and Australia with three audiences in each market:

- Customers – (representative of the population aged 16+ per market that have engaged with customer services in the last year) with a total sample size of 7000 respondents
  - Employees (in a customer-facing job role and work in businesses with 100+ employees) with a total sample size of 3,600 respondents
  - Leaders – (director level and above within businesses with 100+ employees) with a total sample size of 1,900 respondents
- 

For those on the business side (employees and leaders), we surveyed respondents across several different industries, including, but not limited to: retail, manufacturing, healthcare, banking/investment, government/public sector, telecommunications and media, travel & hospitality, utilities/energy, and insurance.



We are Pegasystems, the leader in software for customer engagement and operational excellence. Our adaptive, cloud-architected software – built on the unified Pega Platform™ – empowers people to rapidly deploy and easily change applications to meet strategic business needs. Over our 35-year history, we've delivered award-winning capabilities in CRM and digital process automation (DPA), powered by advanced artificial intelligence and robotic automation, to help the world's leading brands achieve breakthrough business results.

For more information, please visit us at [www.pegacom](http://www.pegacom)