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2022 DIGITAL-FIRST CUSTOMER EXPERIENCE REPORT

BUSINESS + CONSUMER

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May 2022

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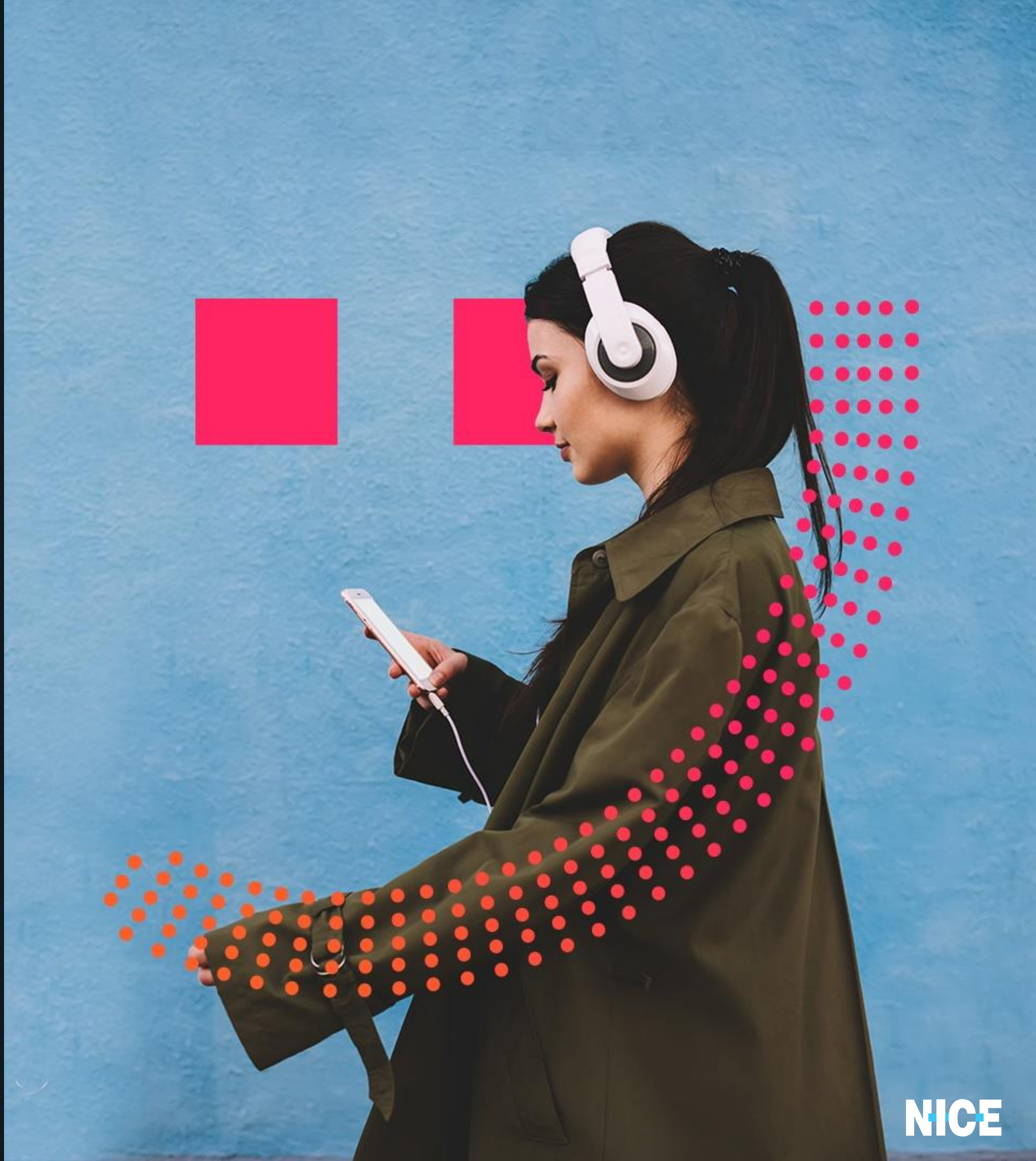

Introduction & Methodology

Over the past several years, we've seen a rapid shift in customer expectations for better service experiences across a greater number of digital channels. Right at the point where the perception was that consumer demands had reached a more predictable state, they have continued to accelerate beyond expectations. Working side by side with businesses of all kinds, we see that meeting consumer preferences has become increasingly challenging for businesses, as a result of the growing volume of service interactions and the growing number of consumer digital channels in play. Organizations are looking for insights and research to guide their planning and to make sure they have technology in place to meet consumer preferences for digital service, and to identify priorities for improvement that will make the biggest difference for the customer experience they deliver.

We embarked on this survey from two perspectives, the business and the consumer, for precisely these reasons. We wanted to bridge the gap between the two sides of the conversation and identify key differences and potential blind spots, many that businesses may not even be aware of. In turn, this would help organizations to better understand consumer preferences in order to improve customer experience and loyalty and to set priorities for their digital roadmap.

With a complete picture of consumer expectations in the market, businesses can now respond to and plan for better experiences via digital channels, understand how willing consumers are to use self-service capabilities, and critically – uncover what consumer expectations are in digital channels, driven from their everyday experiences.

Methodology

We commissioned a survey of 1,320 respondents, with 1,000 consumers and 320 senior decision makers from Customer Care, Customer Experience, Contact Center IT, and stakeholders between Director level and C-suite in Strategy departments. All of the business respondents work in companies with more than 1,000 customer service agents.

On the consumer side, the respondents were split between age 19-57 across Gen Z, Millennials and Gen X, all with an annual household income of $100,000 or more. Respondents on both sides of the survey were split equally between the United States and the United Kingdom. The survey was completed by Global Surveyz, an independent survey company, and took place during Q1 2022.

The respondents were recruited through a global B2B research panel and invited via email to complete the survey. The average amount of time spent on the survey was 5 minutes and 50 seconds for businesses, and 5 minutes and 20 seconds for consumers. The answers to the majority of the non-numerical questions were randomized, in order to prevent order bias in the answers.

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Key Findings - The Disconnect Between What Consumers Want and What Businesses Believe

01 There are serious knowledge gaps between businesses and consumers

In an era where the Voice of the Customer is everything, we highlighted some critical gaps for today's businesses. Currently, just 31% of businesses offer customer service via chat, yet 52% of consumers prefer chat to other channels. 11% of businesses are prioritizing making self-service smarter, despite 36% of consumers wanting this as a priority. In terms of how consumers get support, 46% of consumers say they go to Google search first thing, yet only 15% of businesses estimate it as the first step for consumers. It's time for businesses to get to know consumer behaviors for self-service better.

02 Consumers are crying out for more self-service channels from businesses

81% of consumers say that they want more self-service options, despite behind the scenes businesses believing this number is at 60%. This 21-point gap is a huge risk, where businesses are not putting enough emphasis on their need to grow self-serve capabilities. Proving this demand from the consumer, 95% of businesses are seeing a growth in self-service requests, with 34% of consumers citing faster response times as their number one benefit. The #1 request from consumers to improve self-service capabilities is that customer service will be smarter (34%) – having the ability to digitally address more complex tasks than are currently being handled.

03 Improving digital channels to meet consumer demand is high on the agenda for today's businesses

Chat is a top digital channel preferred most often by consumers (52%) however only 31% of businesses offer chat as a primary channel. Businesses recognize the importance of expanding and investing in digital channels significantly in 2022, and are looking to expand chat capabilities (47%), as well as service via company website (44%), and the ability to offer better visibility in search results (42%) as their top three priorities. Chat is also the top channel that needs improvement, according to 54% of businesses. Two emerging channels for customer service—social media and mobile applications—are channels where companies don't think they are ready to provide service, either because they're not offering it yet or, if they are offering it, they recognize that service is not yet good enough.

04 Urgent action needed: Consumers are more at risk than businesses think

Businesses consider that the majority of consumers are very satisfied with self-service tools. However, in reality – just 15% of consumers would say the same. Businesses need to consider how quickly poor digital experiences put them at risk for losing customers. The survey reveals that businesses underestimate how quickly consumers will abandon brand. 41% of consumers say that they will look to the competition after just two poor digital interactions, while 25% of businesses predict consumers will leave that fast, believing that it will take three or more poor interactions to cause a consumer to abandon a brand. 95% of consumers say that customer service has an impact on their brand loyalty, citing easy access to digital channels, online self-service, and professional agents as important factors. Consumers who contact support more frequently are even more likely to cite the importance of digital channels.

BUSINESS FINDINGS

Digital CX Priorities

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Primary Channels Offered for Customer Service, by Country

The top channels through which companies offer customer service are e-mail (56%), messaging channels (51%), and Google search results (40%).

Only 31% of businesses offer customer service via chat, yet later in our survey we see that 52% of consumers prefer chat (see figure 13).

We also highlighted some interesting cultural differences. Messaging channels are more popular in the UK, offered by 61% of companies (compared to 42% in the US).

In contrast, chat and social media are more popular in the US, offered by 36% and 33 respectively (25% and 19% in the UK).

*Question allowed more than one answer and as a result, percentages will add up to more than 100%

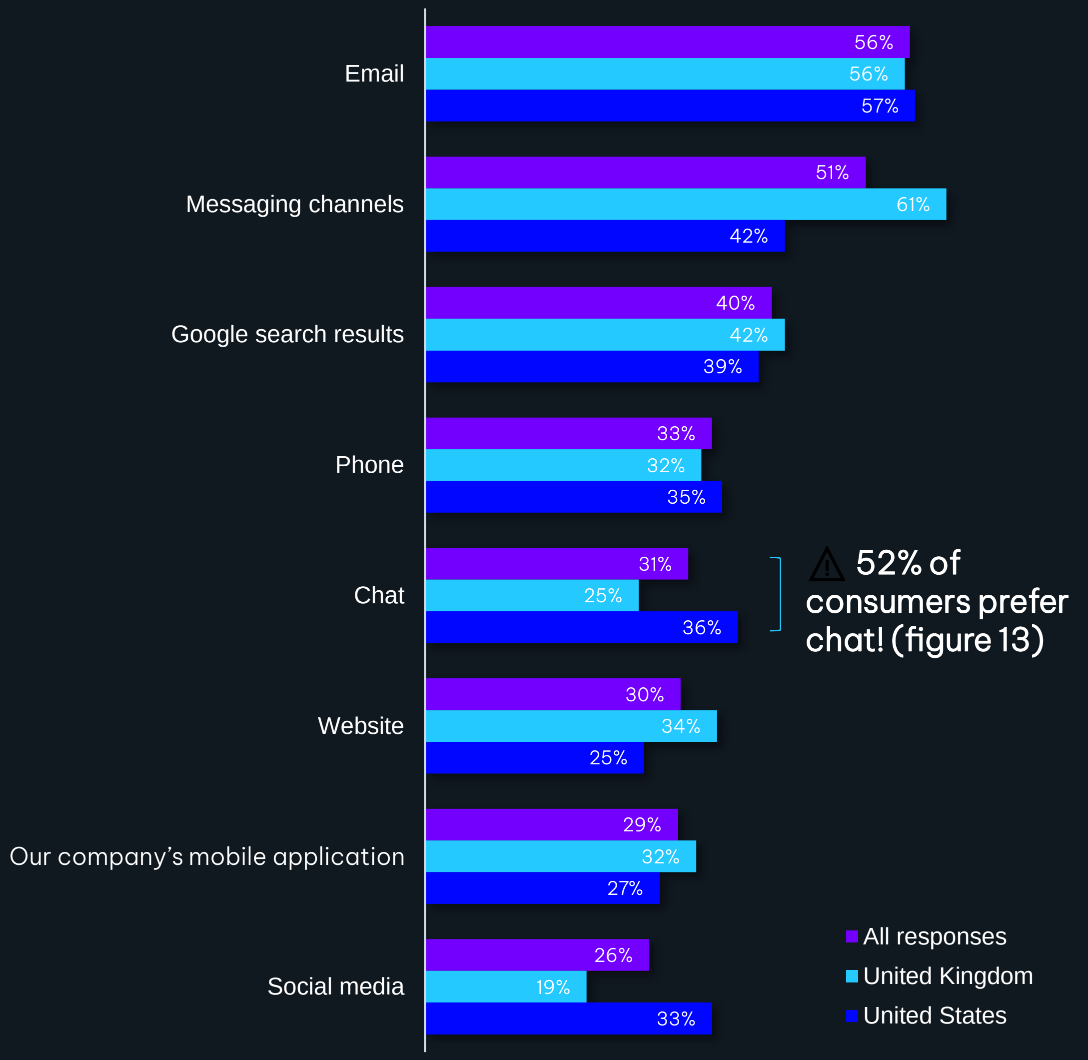

Figure 1 Primary Channels Offered for Customer Service, by Country

Readiness to Provide Customer Service by Channel

93% of companies are offering chat as a digital channel for customer service, but 54% report that it is not good enough yet. 67% of companies feel happy with their current level of customer service offered via messaging channels. In contrast, they are the least happy with their social media service, with just 24% expressing satisfaction. Other priority channels for improvement include email (44%), website (42%), and Google search results (41%).

Figure 2 Readiness to Provide Customer Service by Channel

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Plans to Expand Customer Support Channels in 2022

When looking at the channels in which companies plan to invest and expand, we can see that companies are increasingly recognizing the importance of digital channels, with chat for example called out by 47% of companies as a channel that they will expand significantly in 2022. Other digital channels for expansion according to business respondents will include more service via company website (44%) and better visibility in search results (42%).

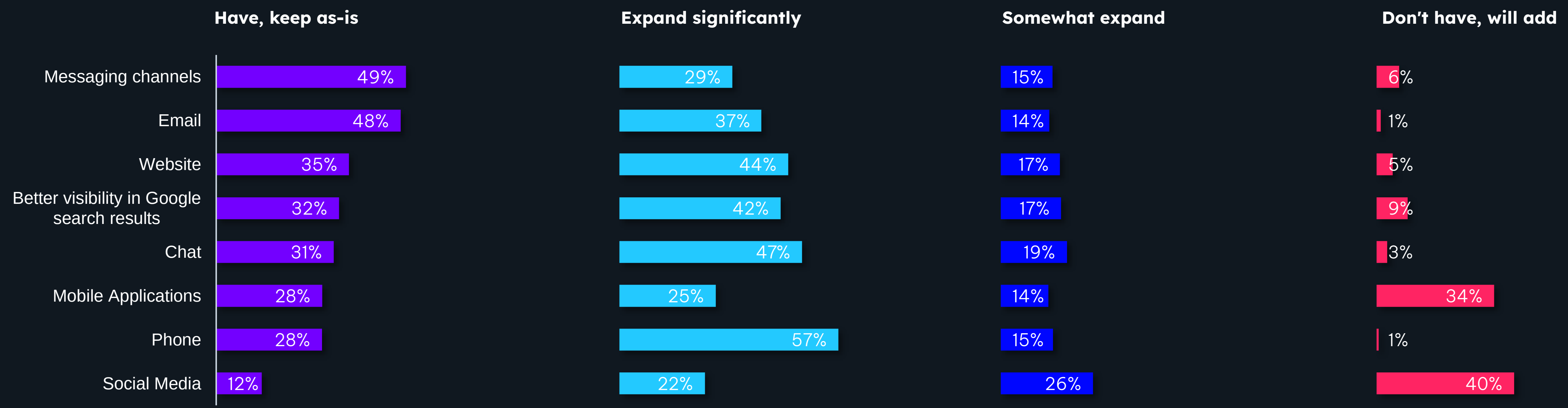

Figure 3 Plans to Expand Customer Support Channels in 2022

Key Areas Consumers Want Improved According to Businesses, by Country

The key areas in which companies believe that consumers want improvement are seeing less bots (25%), more personalization (19%), and search engine support (15%).

The data highlights a clear gap where consumers and businesses do not see eye to eye. Businesses believe that only 11% of consumers prioritize making self-service smarter, yet 36% of consumers say it's important to them (see figure 17), a 25-point gap.

Looking further into the consumer data, just 16% care about less bots, with the real emphasis on smarter self-service. Perhaps it's less about reducing the number of bots, and more about being smarter with the bots' capabilities.

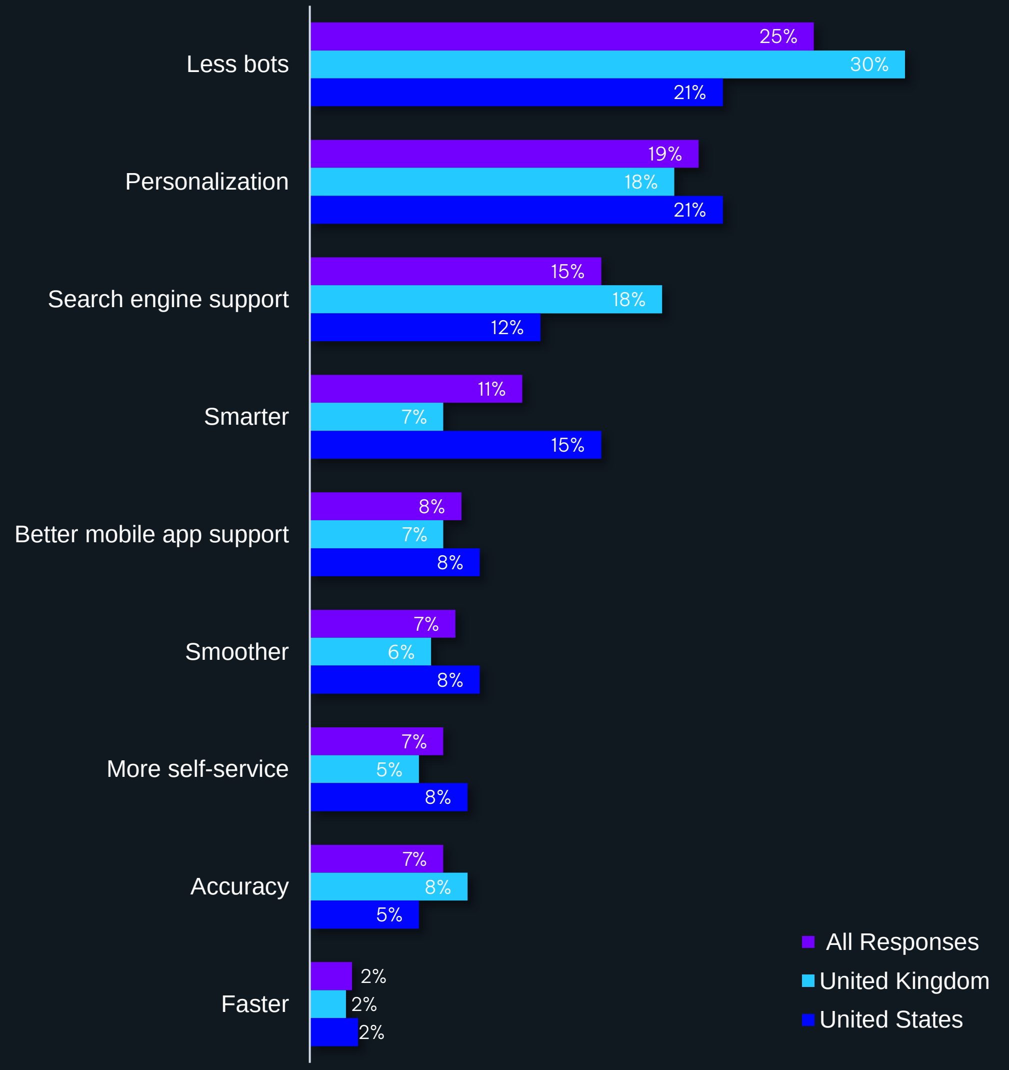

Figure 4 Key Areas Customer Want Improved by Country

Areas to Improve by Primary Channels Offered

We took a deep dive into the data to see how businesses perceive their needed improvements differently depending on which channels they currently rely on the most.

Overall, personalization (more personalized understanding of their histories as customers) is the most important improvement cited by companies offering phone, mobile apps, and chat.

Making interactions smarter (the ability to address more complex tasks than are currently offered, such as password reset) is most important for companies offering social media, chat, and messaging.

Search engine support is most important improvement for companies offering support via their website and messaging channels.

Smoother, seamless transitions to a live agent is important for companies offering social media, messaging, and chat.

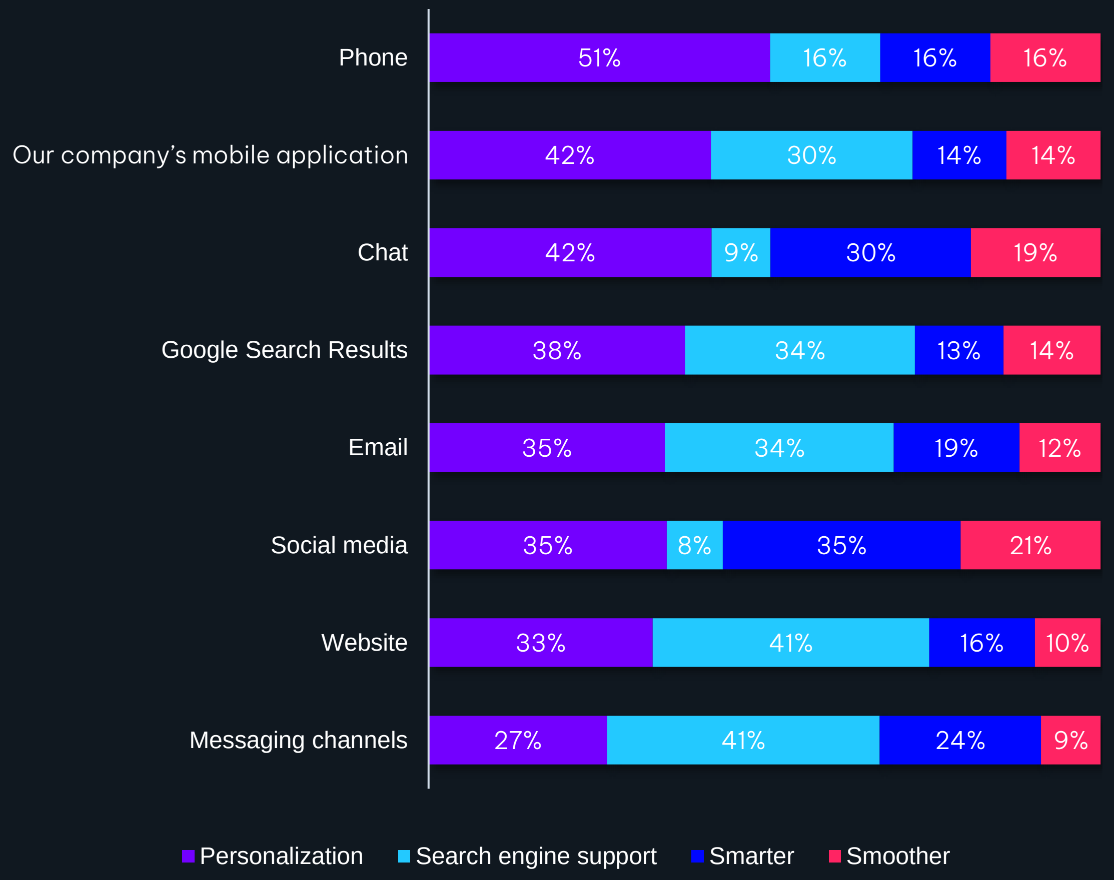

Figure 5 Areas to Improve, by Primary Channels Offered

Self-Service Priorities

Satisfaction with Self-Service Tools Offered, Consumers vs. Businesses

Just 15% of consumers are very satisfied with the self-serve tools they are offered today, and yet when we asked businesses how consumers felt, they estimated 53% are very satisfied – a huge gap.

Furthermore, there's a major difference in how businesses perceive dissatisfaction. 29% of consumers are unsatisfied whereas businesses predict that only 13% are, reiterating that businesses lack understanding of consumer satisfaction levels with self-service today.

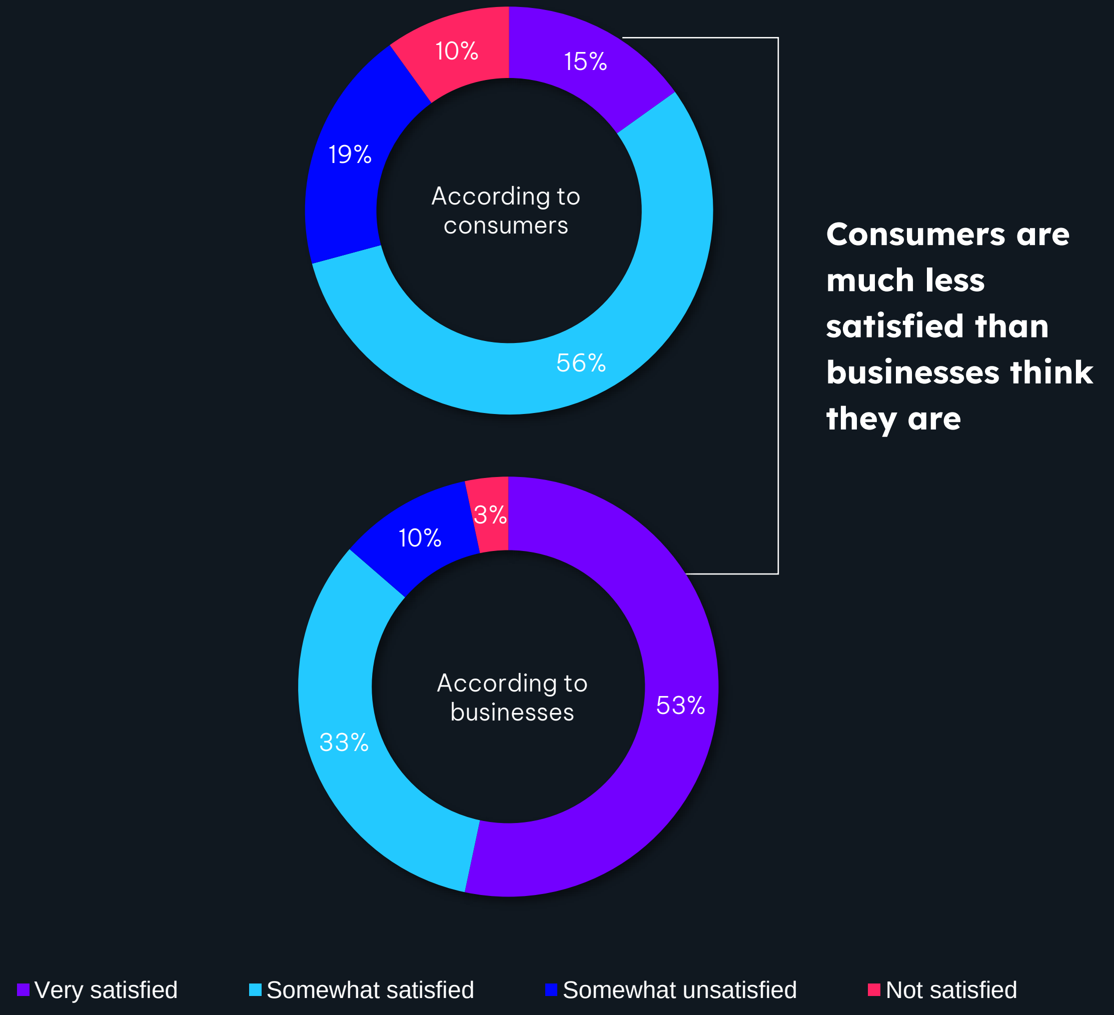

Figure 6 Satisfaction with Self-Service Tools Offered, Consumers Vs. Businesses

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How Much Additional Self-Service Do Consumers Want? Consumers vs. Businesses

Both businesses and consumers agree that additional self-service is needed.

However, consumers put more weight on this, with 81% wanting more self-service, while businesses believe only 60% have this desire.

Businesses are facing a large risk ignoring the 21-point gap in their understanding of consumer demand.

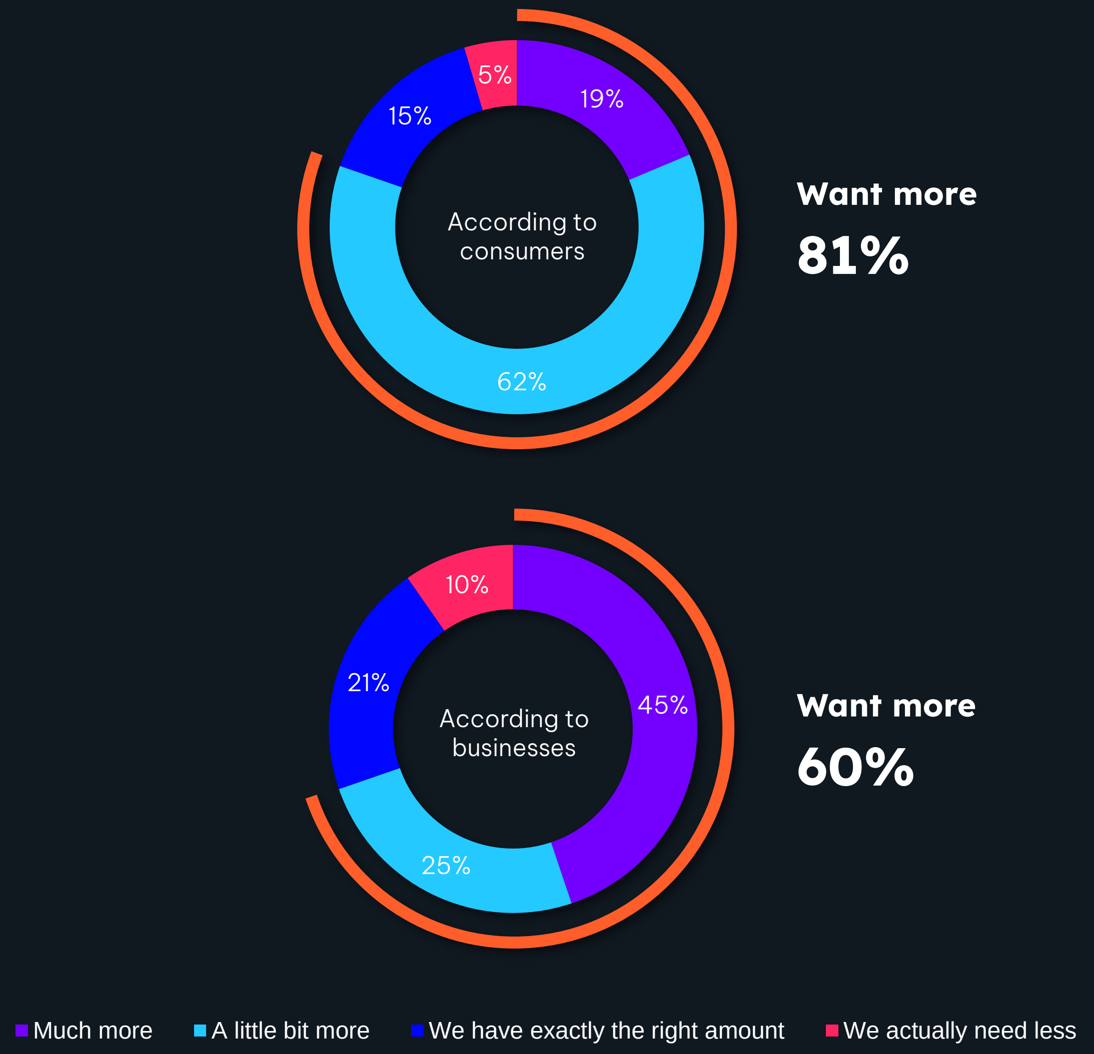

Figure 7 How Much Additional Self-Service Consumers Want, Consumers vs. Businesses Opinions

Growth in Customer Self-Service, 2021 vs. 2020

95% of companies reported growth in customer self-service requests in 2021, compared to 2020, with an average growth of 37% between these two years.

We believe this growth is likely to continue as consumers look to solve easy questions on their own without the need to contact a service representative.

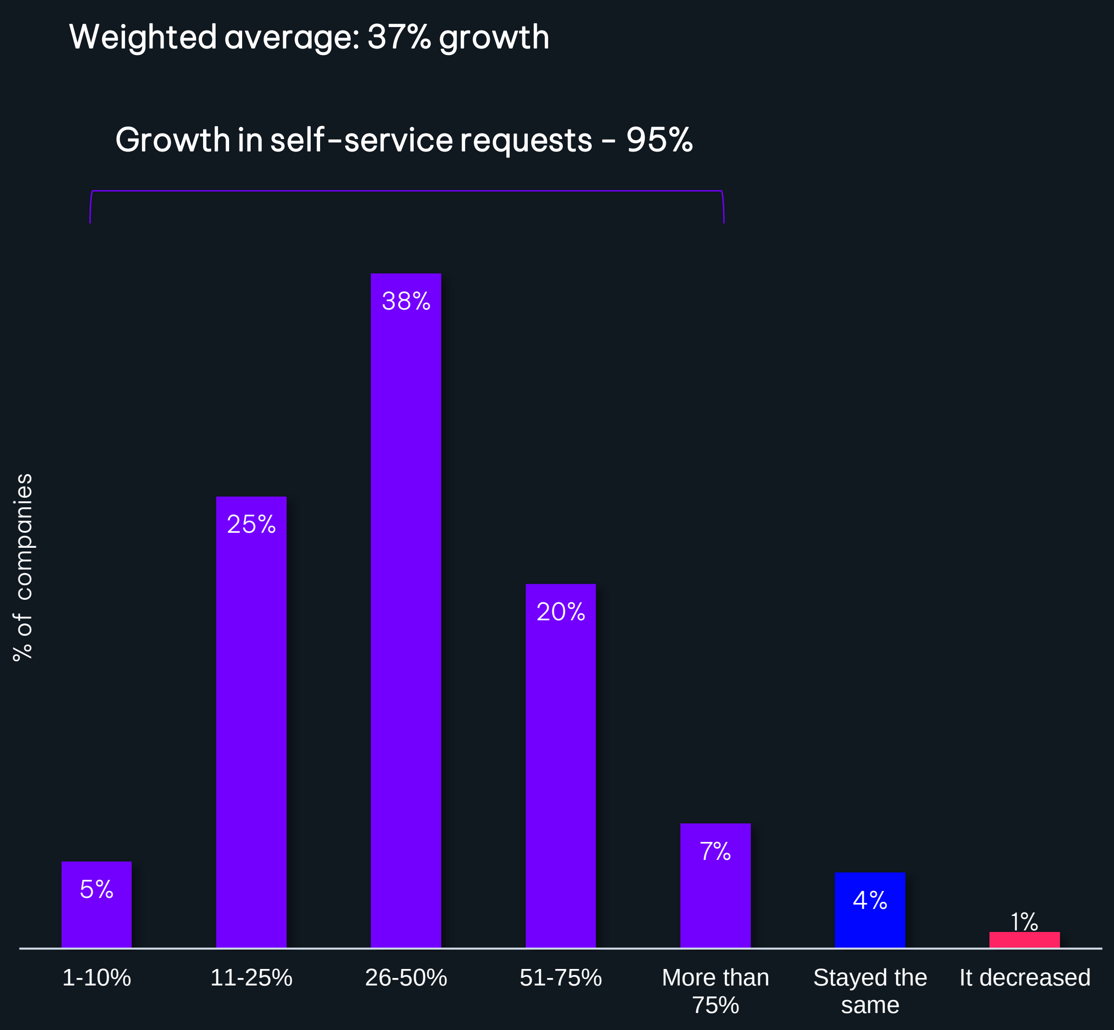

Figure 8 Growth in Customer Self-Service, 2021 Vs. 2020

Top Benefit of Self-Service, Consumers vs. Businesses

100% of businesses and 95% of consumers see benefits in self-service.

Both businesses (24%) and consumers (34%) agree that the top benefit of self-service is faster resolutions.

While businesses ranked accuracy in second place (19%), for consumers it came in fifth place (8%). For consumers, convenience is second place (17%), with businesses having it in third place.

Both businesses and consumers place high value on 24/7 availability.

If we put these rankings together, convenience and 24/7 service combined would come in second place for today's consumers, at 30% combined, and top of the list for businesses, at 32%.

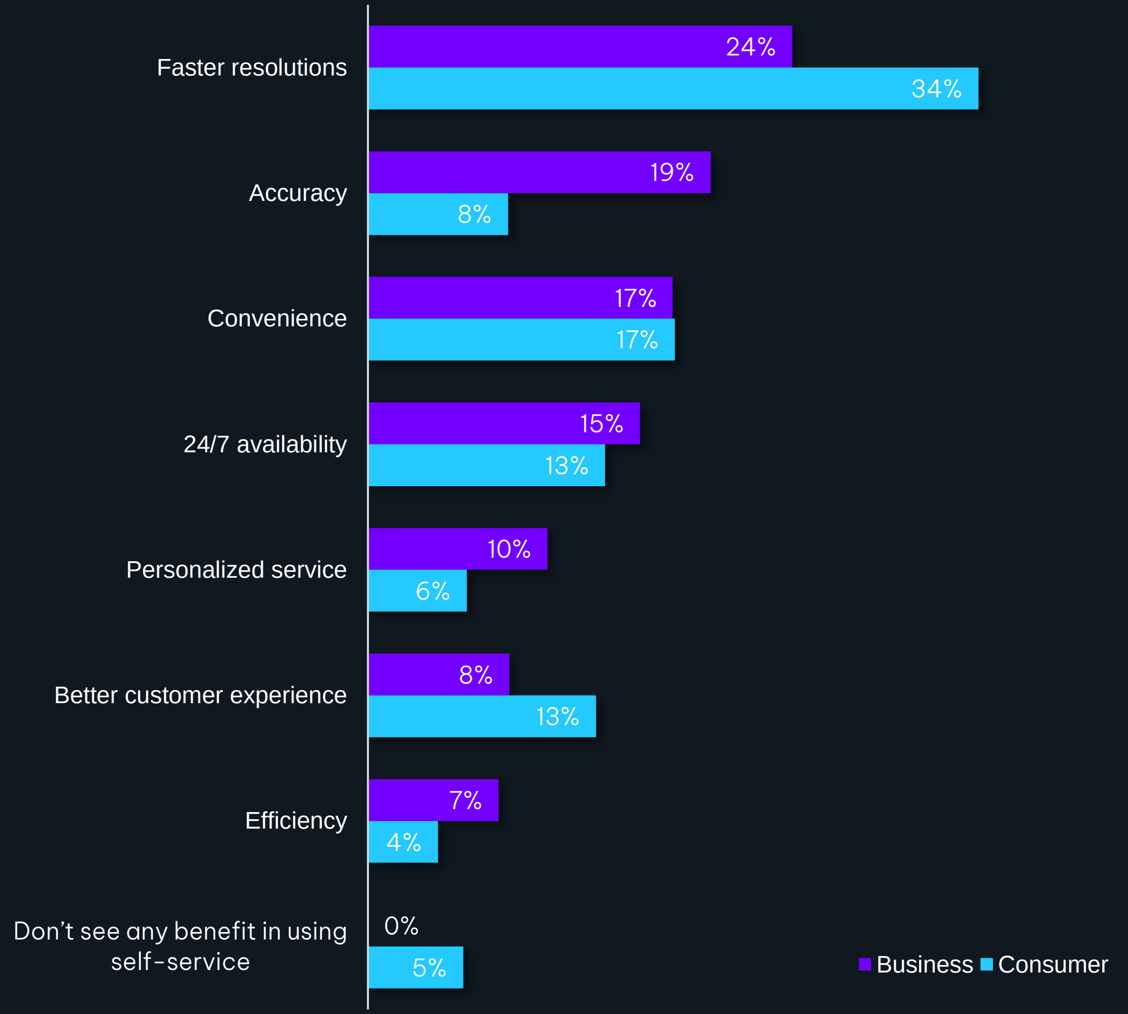

Figure 9 Top Benefit of Self-Service, Consumers vs. Businesses

Google as First Stop for Customer Service, According to Consumers and Businesses

More than half of the time, 85% of consumers go to Google as their first stop for customer service. This highlights the importance for businesses of prioritizing search optimization for customer service issues to be present on page one of Google.

Yet only 15% of businesses believe that Google is consumers' first stop, when in actuality, for 46% of consumers Google is always is the first thing they do.

*Percentages do not add up to 100% due to rounding up of numbers

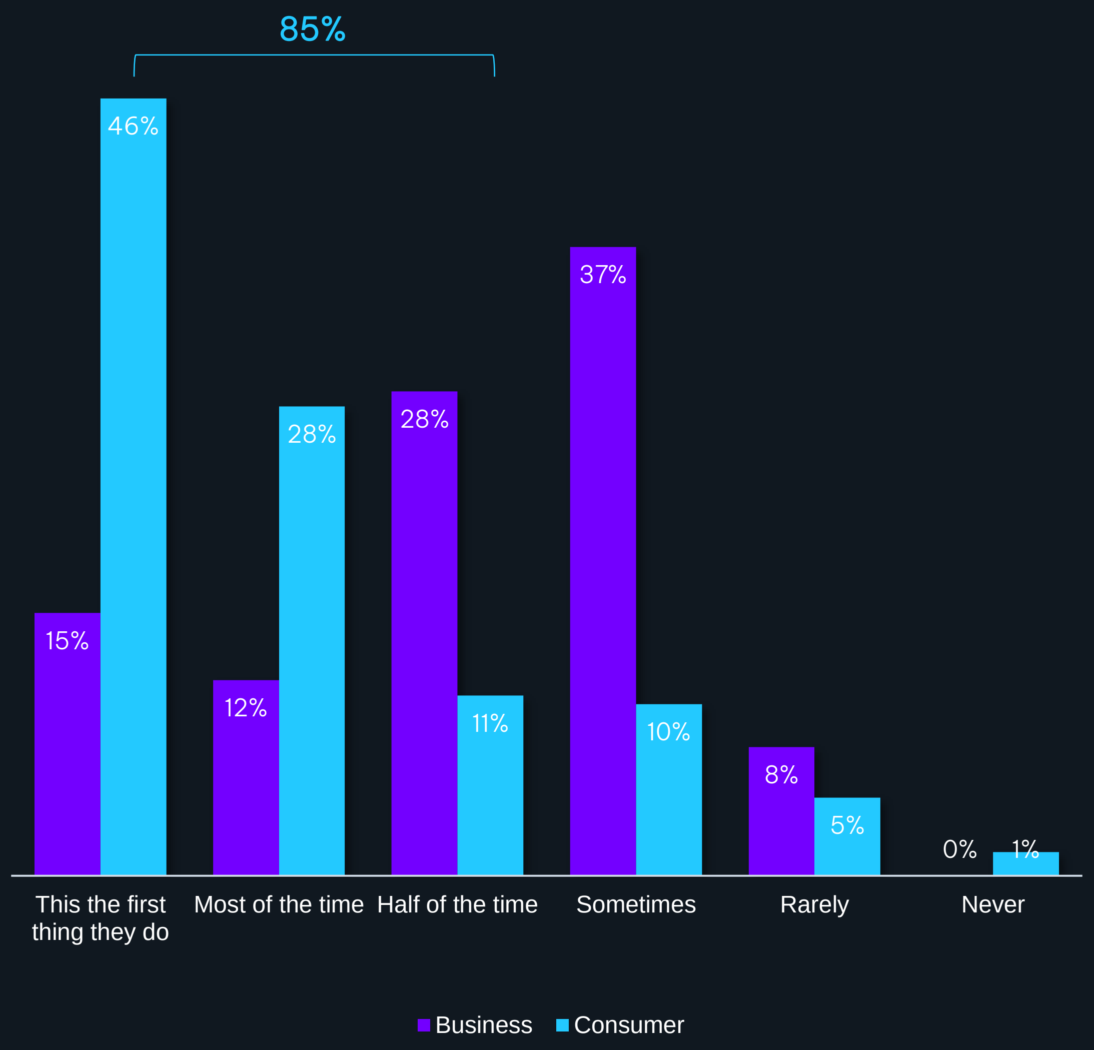

Figure 10 Google as First Stop for Customer Service, According to Consumers and Businesses

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Brand Loyalty

Bad Customer Service Impact on Brand Abandonment, Consumer Vs. Businesses

Consumers are at greater risk than businesses think when digital experiences are provided.

Consumer likelihood to abandon a brand after several poor experiences is similar for both digital and non-digital (phone) customer service. However, businesses don't see how fast consumers will leave after poor digital experiences.

41% of consumers will abandon a brand after two bad digital interactions, whereas 25% of businesses think that consumers will leave that quickly. The majority of businesses (66%) predicted that in most cases it will take three or more bad interactions to cause a consumer to churn.

While businesses may perceive that consumers are more patient with poor digital customer service, there is a gap of 23 points. 34% of businesses who believe that consumers will leave after one or two experiences, and the majority of consumers--57%--saying they'll leave.

The majority of both businesses and consumers predict brand abandonment will happen fast when receiving bad non-digital customer service (compared to a poor digital customer service).

*Percentages do not add up to 100% due to rounding up of numbers

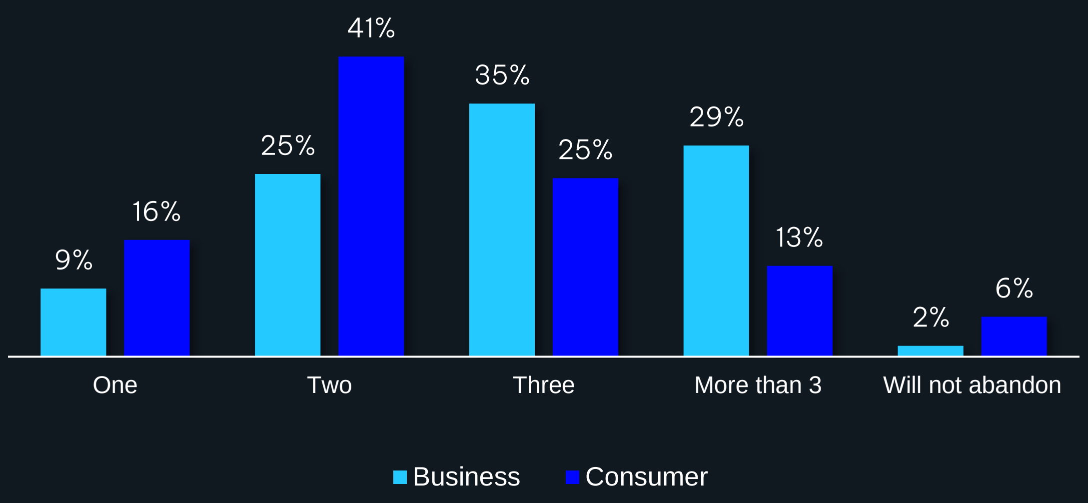

Figure 11 Digital Customer Service

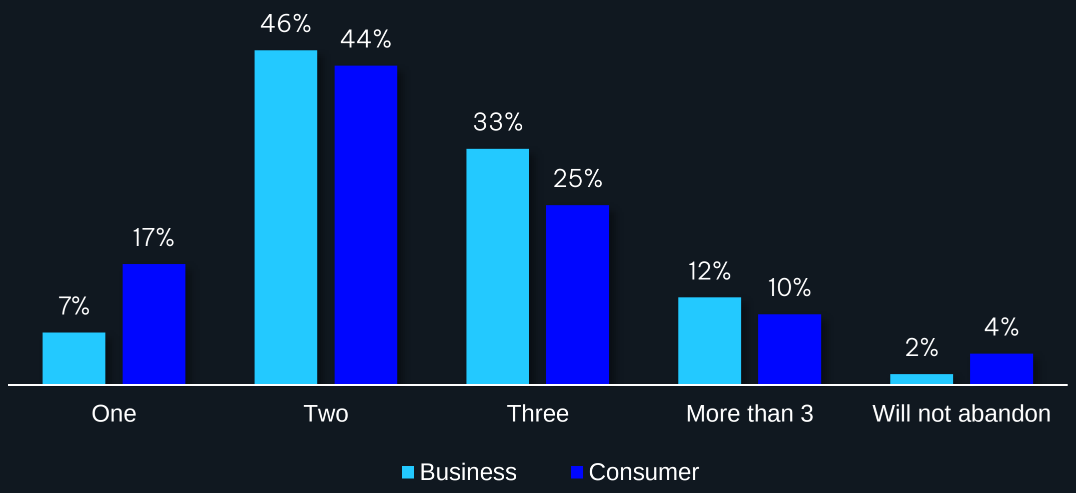

Figure 12 Non-Digital Customer Service

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CONSUMER FINDINGS

Consumer Digital Channel Preferences for Customer Service

The top digital channel for consumers is chat (52%), followed by email (47%) and self-serve via the company's website (33%).

Comparing UK and US preferences, the order of preferences is the same for consumers in both countries. However social media and messaging are more widely preferred in the UK, and company mobile apps and Google search results are slightly stronger among US consumers.

*Question allowed more than one answer and as a result, percentages will add up to more than 100%

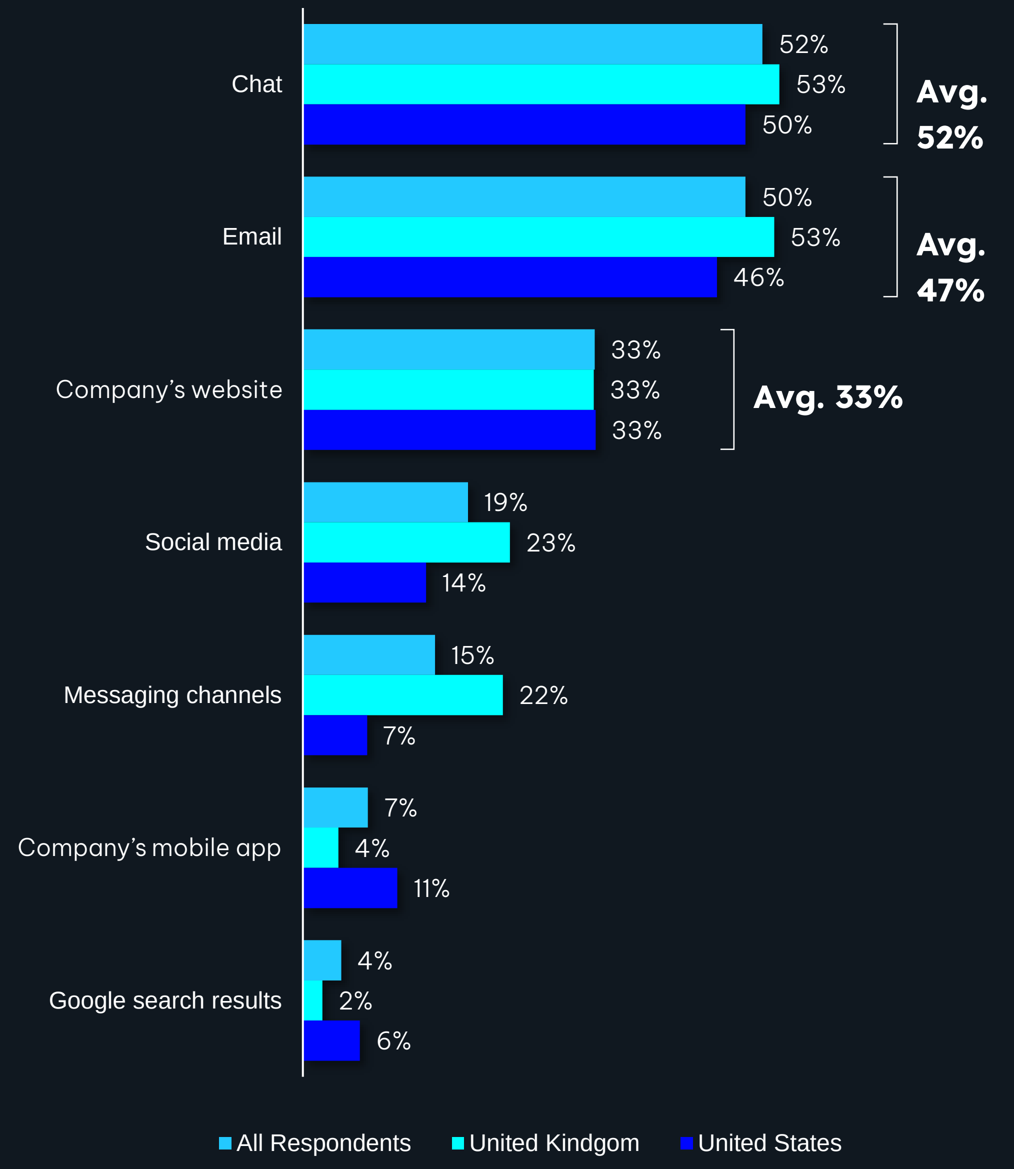

Figure 13 Consumer Digital Channel Preferences for Customer Service

Self-Service: Consumer Satisfaction and Attitudes

Consumer Satisfaction with Self-Service by Age

69% of consumers are at least somewhat satisfied with the self-service tools offered today.

We're not seeing significant differences between different age groups, although younger age groups are marginally more satisfied. It's important to think about how older consumers usually have greater spending power so this demographic should not be ignored.

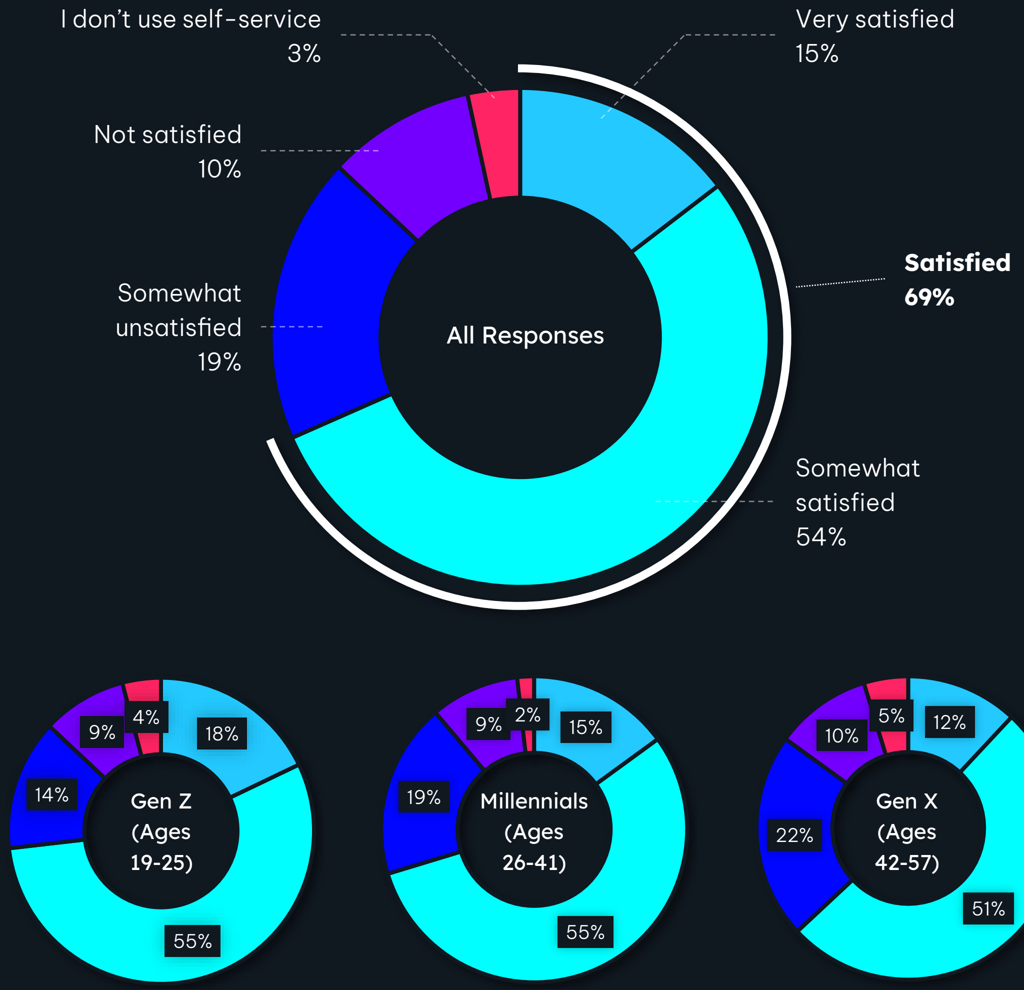

Figure 14 Consumer Satisfaction with Self-Service by Age

Do Consumers Want More Self-Service?

81% of consumers want more self-service, with 19% saying they want much more.

This data highlights the gap between what businesses consider consumers want, and what consumers actually do want. Just 60% of businesses think consumers would like more self-service (a 21-point difference).

*Percentages do not add up to 100% due to rounding up of numbers

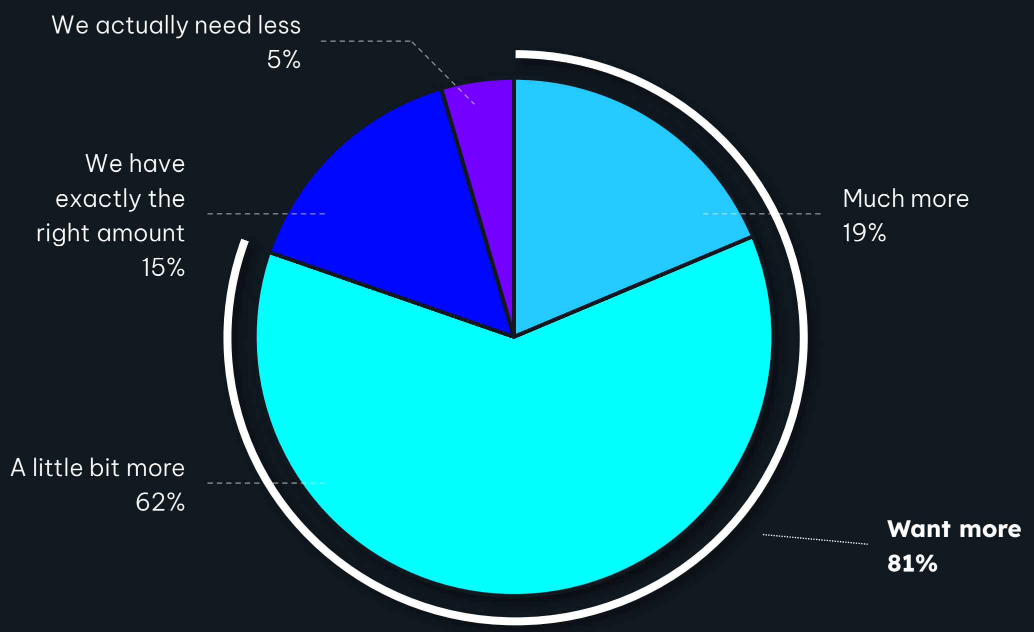

Figure 15 Do Consumers Wants More Self-Service

How Often Have Consumers Contacted Companies, Last 12 Months

On average, consumers in the survey contacted the customer service department of a company 3 times over the last 12 months.

Weighted average: 3

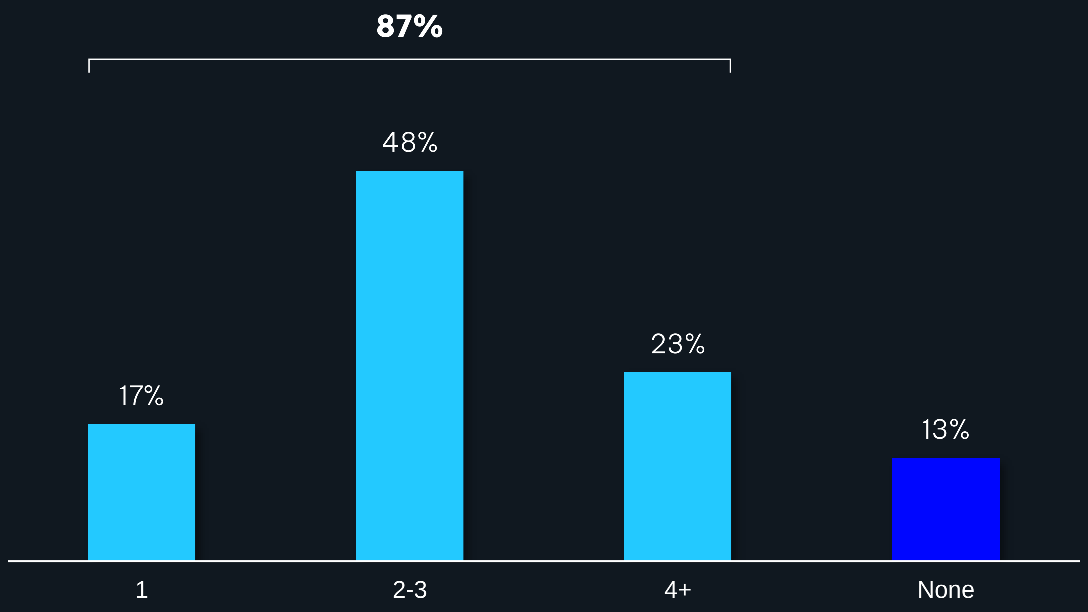

Figure 16 How Often Have Consumers Contacted Companies, Last 12 Months

*Percentages do not add up to 100% due to rounding up of numbers

Improvements Needed in Self-Service According to Consumers

The #1 request to improve self-service capabilities is that customer service will be smarter (34%) – having the ability to digitally address more complex tasks than are currently being handled.

Interestingly, this grows with the frequency of contacting customer service. The more you contact customer support, the stronger the wish to see it get smarter. 35% of those who contacted customer service 2 or more times wanted smarter capabilities, and this drops to 29% amongst those who contacted support only once.

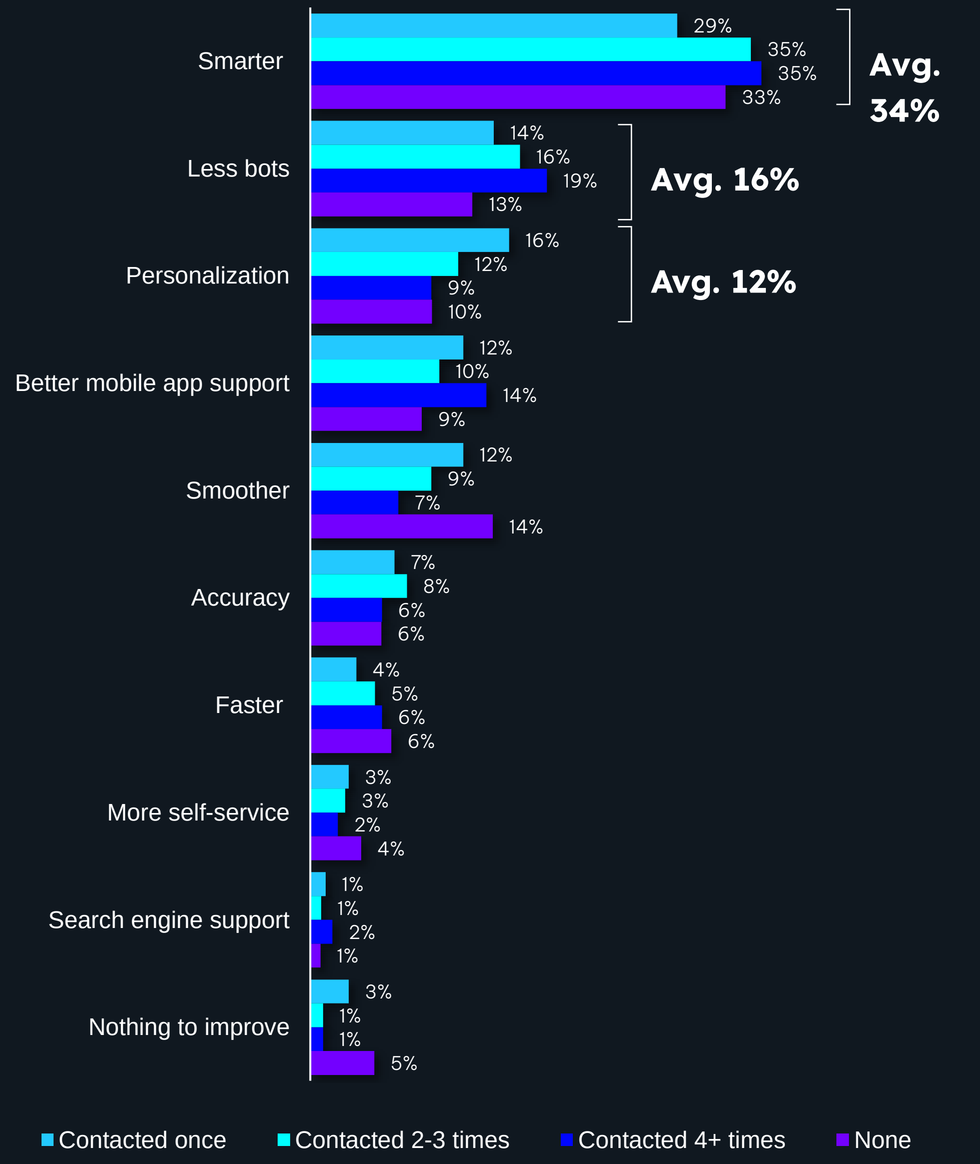

Figure 17 Improvements Needed in Self-Service According to Consumers

*Percentages do not add up to 100% due to rounding up of numbers

How Often Do Consumers Use Google Search to Resolve Service Issues?

Almost half (46%) of consumers go to Google as their first stop in resolving customer support questions and problems. Consumers are trying to self-serve, and yet just 32% of businesses are happy with their search engine visibility (figure 3). The remaining 68% are either looking to expand capabilities or have no strategy in place to reach consumers on this channel. Businesses need to consider their search engine strategy to support these consumers better. reach consumers on this channel. Businesses need to consider their search engine strategy to support these consumers better.

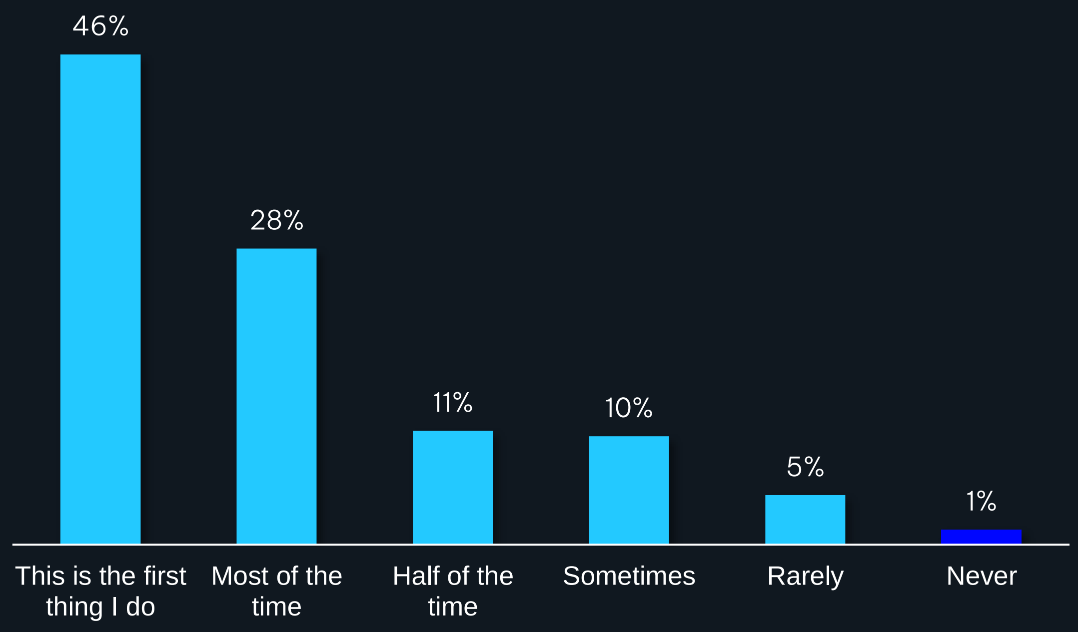

Figure 18 How Often Do Consumers Use Google Search to Resolve Service Issues?

*Percentages do not add up to 100% due to rounding up of numbers

Consumer Loyalty

Top Factor of Customer Service Impacting Loyalty

95% of consumers said customer service has an impact on brand loyalty.

The most important factors in determining loyalty to a brand according to consumers are that businesses have professional agents (29%), that consumers can access self-service online (22%), and that consumers can easily get service using a digital channel of their choice (21%).

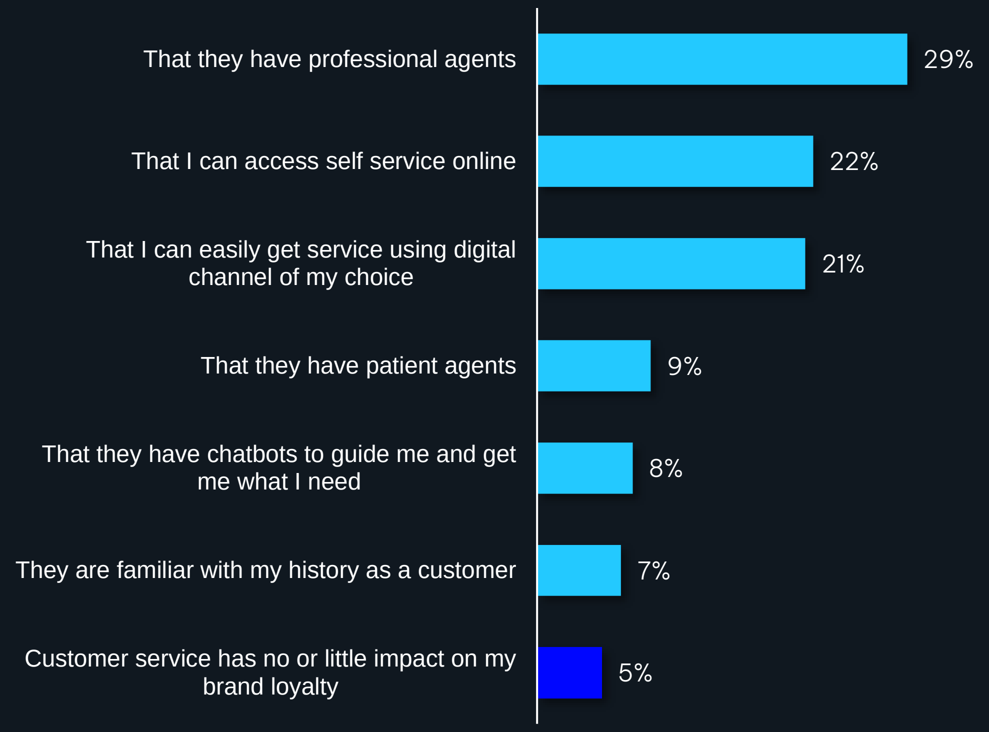

Figure 19 Top Factor of Customer Service Impacting Loyalty

*Percentages do not add up to 100% due to rounding up of numbers

How Contact Frequency Determines Top Factors for Brand Loyalty

Access to digital channels is even more important for consumers who frequently contact customer support. If they need you a lot, they need digital.

This is shown in the data. Having easy access to service using digital channels is clearly more important to consumers who have had 4 or more instances of contact with service departments over the past 12 months.

Figure 20 How Contact Frequency Determines Top Factors for Brand Loyalty

*Percentages do not add up to 100% due to rounding up of numbers

How Many Negative Interactions Does It Take for Consumers to Abandon a Brand?

95% of consumers admitted that a negative interaction with customer service can lead to abandoning a brand. In the majority of cases, it only takes two negative interactions for a consumer to switch to a competing brand.

No matter where a business is delivering a service, the company needs to pay attention to customer experience. Consistency across digital, phone, agent-assisted and self-service is critical, as all of these interactions impact brand loyalty.

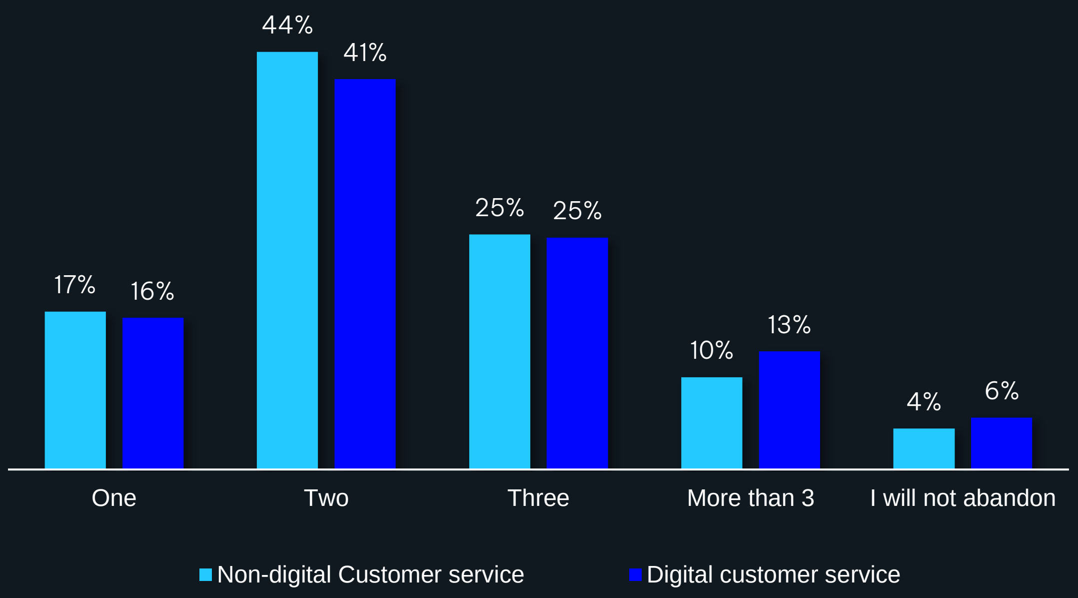

Figure 21 How Many Negative Interactions Does It Take for Consumers to Abandon a Brand?

*Percentages do not add up to 100% due to rounding up of numbers

Top Frustrations for Consumers When Interacting with a Customer Service Agent

99% of consumers have reported experiencing frustrations when interacting with customer service agents.

The top frustrations are waiting on hold (63%), having to repeat information (51%), and not getting the issue resolved quickly (37%).

Many of these issues could be overcome with better systems, as the majority of these frustrations aren't the agent's fault. While waiting on hold and speed of resolution can be addressed with better self-service tools, having to repeat information can be improved with systems that provide context for agents as consumers move between channels or are transferred to different departments.

*Question allowed more than one answer and as a result, percentages will add up to more than 100%

Figure 22 Top Frustrations for Consumers When Interacting with a Customer Service Agent

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Demographics

Business Respondents

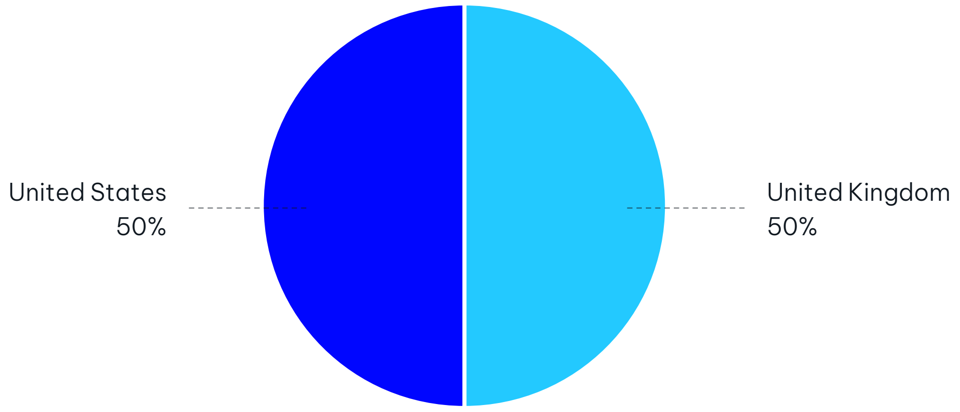

Figure 23 Country

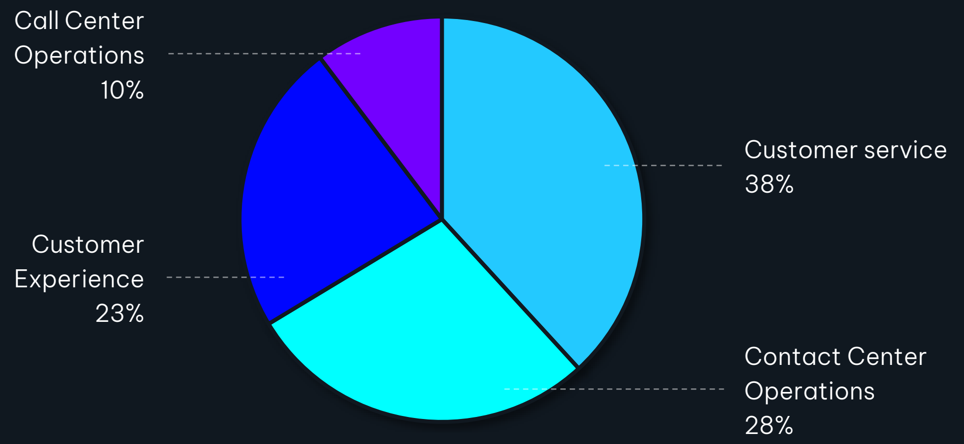

Figure 24 Role

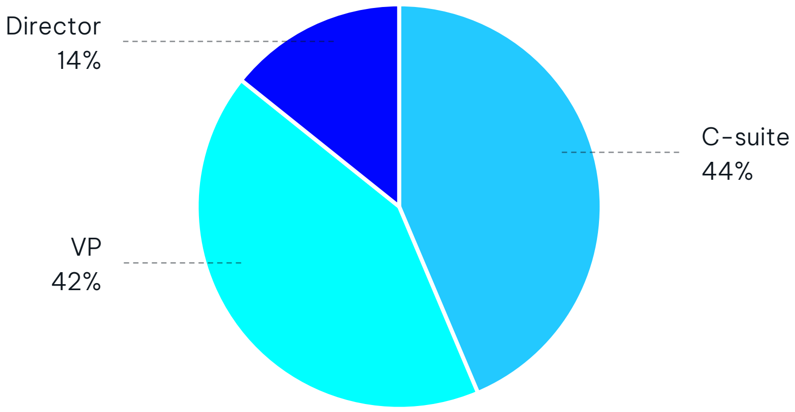

Figure 25 Job Seniority

Weighted average: 14,440 people

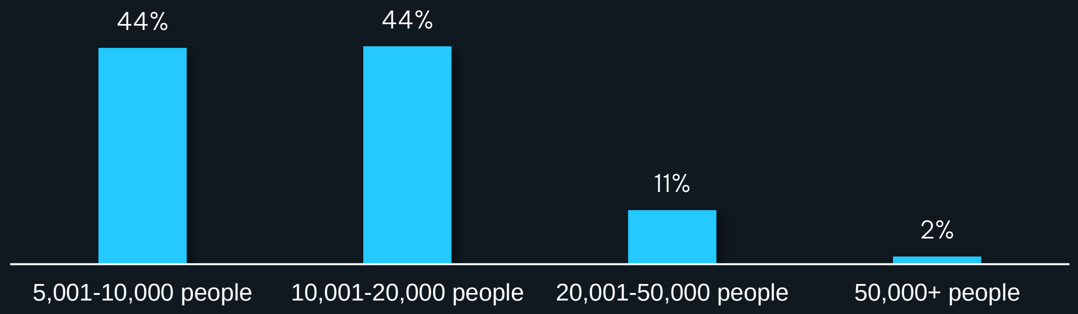

Figure 26 Company Size

Consumer Respondents

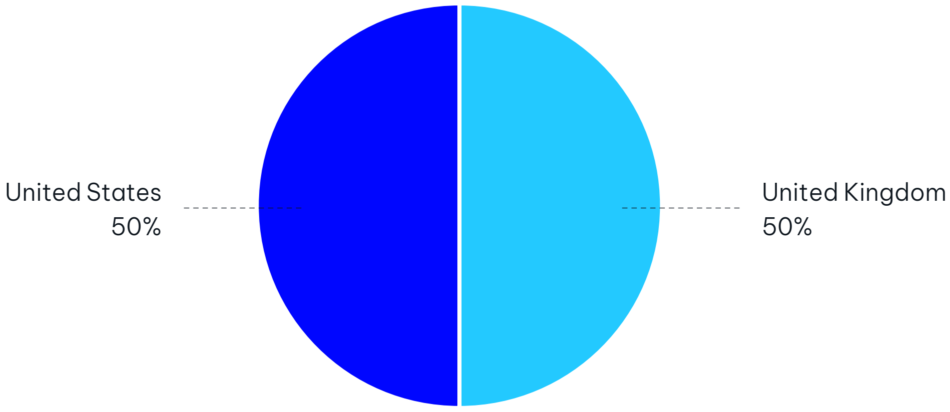

Figure 27 Country

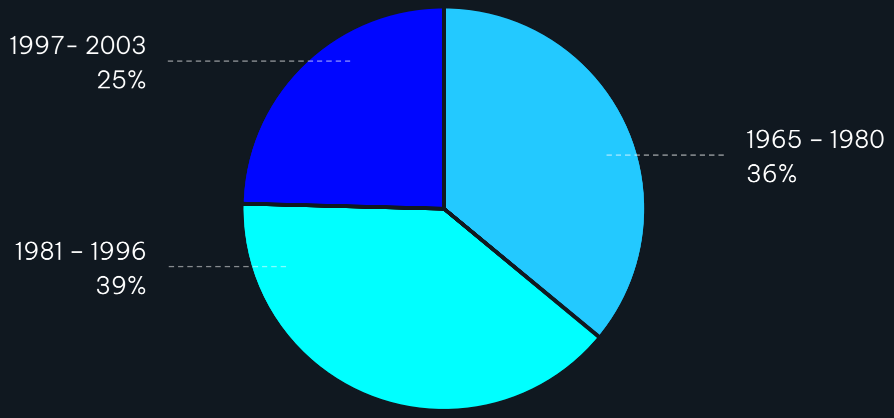

Figure 28 Year of Birth

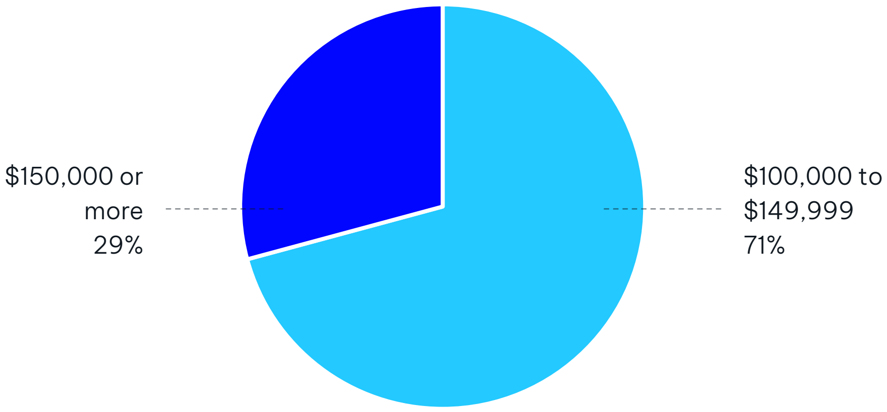

Figure 29 Income

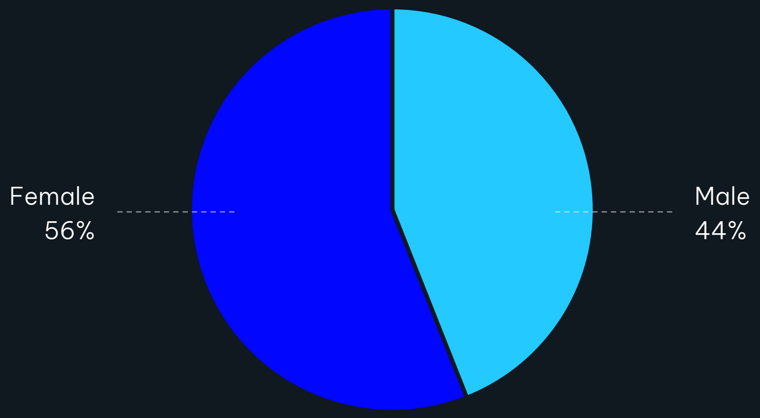

Figure 30 Gender

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About NICE

With NICE (Nasdaq: NICE), it's never been easier for organizations of all sizes around the globe to create extraordinary customer experiences while meeting key business metrics. Featuring the world's #1 cloud native customer experience platform, CXone, NICE is a worldwide leader in AI-powered self-service and agent-assisted CX software for the contact center – and beyond. Over 25,000 organizations in more than 150 countries, including over 85 of the Fortune 100 companies, partner with NICE to transform - and elevate - every customer interaction.

Request a Demo

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