

THE CHANGING FACE OF RETAIL:
**What Modern Consumers Expect
From Retail Customer Service**



What does it mean to be a “retailer” in 2021?

What may have been standard just ten years ago, no longer holds true. In the past year, big box retailers were forced to become direct-to-consumer brands overnight. Many businesses closed their store fronts and focused on online operations. Subscription services, personalized products and flexible marketplaces are now sought after by modern consumers. And, most importantly, customers no longer see relationships with retailers as transactional — they see brands as an extension of their identity.

That’s why delivering an exceptional customer experience, and building relationships with consumers, is imperative for business success.

Kustomer went out and surveyed over 500 American consumers to understand how their expectations of retail customer service have changed over the past 18 months, and the business impact of a poor customer experience. In this report we explore why brands can’t afford to skimp on customer service, and the importance of delivering consistent, omnichannel service throughout the customer journey.



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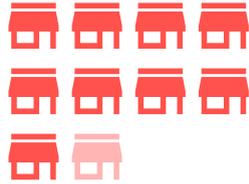
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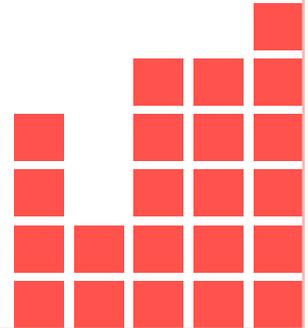
90%

of consumers would not shop with a retailer again if they provided bad customer service



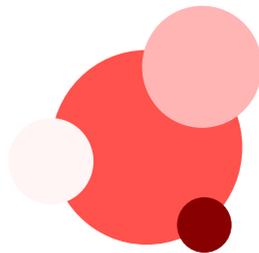
93%

of consumers think retail customer service should be more convenient



87%

of consumers get frustrated when they can't contact customer service on the channel they prefer



89%

of consumers expect retailers to proactively reach out to them if there is a problem with their order



83%

of consumers think they should be treated better by a retailer for being a loyal customer



Most important when customers are choosing where to shop:

- 1 Price
- 2 Product Quality
- 3 Customer Service
- 4 Shipping Policies
- 5 Overall Reputation
- 6 Return Policy

How the Retail Customer Service Landscape Has Shifted



85%

of consumers plan to continue shopping online more often after the pandemic is over

At this point it goes without saying, but the world shifted online rapidly in 2020. According to our research, 71% of consumers reported shopping online more frequently during the past year. But what is more insightful, is how many of those respondents will continue to shop online more frequently once the world goes back to business-as-usual. Of those who report an increase in online shopping, a whopping 85% plan to continue shopping online more often in the future.

This opens up a massive opportunity for online businesses, but they must be prepared to deliver an exceptional online experience to match their in-store one. And unfortunately, right now, they are not delivering. Eighty-two percent of consumers have had a bad customer service experience with at least two retailers in the past

year, and 93% of consumers think contacting retail customer service should be more convenient. This is up from 78% in 2019, meaning that consumers think customer service has been moving in the wrong direction.

The pandemic caused an uptick in inquiries for many businesses, even if their sales were down. Consumers had more questions while they could not shop in-store, and many retailers were running into hiccups when it came to shipping and fulfillment. Because of this, 42% of consumers think their time is not valued by retailers, with that number growing to 52% for consumers 65+. These individuals may not have shopped online previously, and needed more assistance than younger consumers, leading to their frustration at inevitable wait times.

71%

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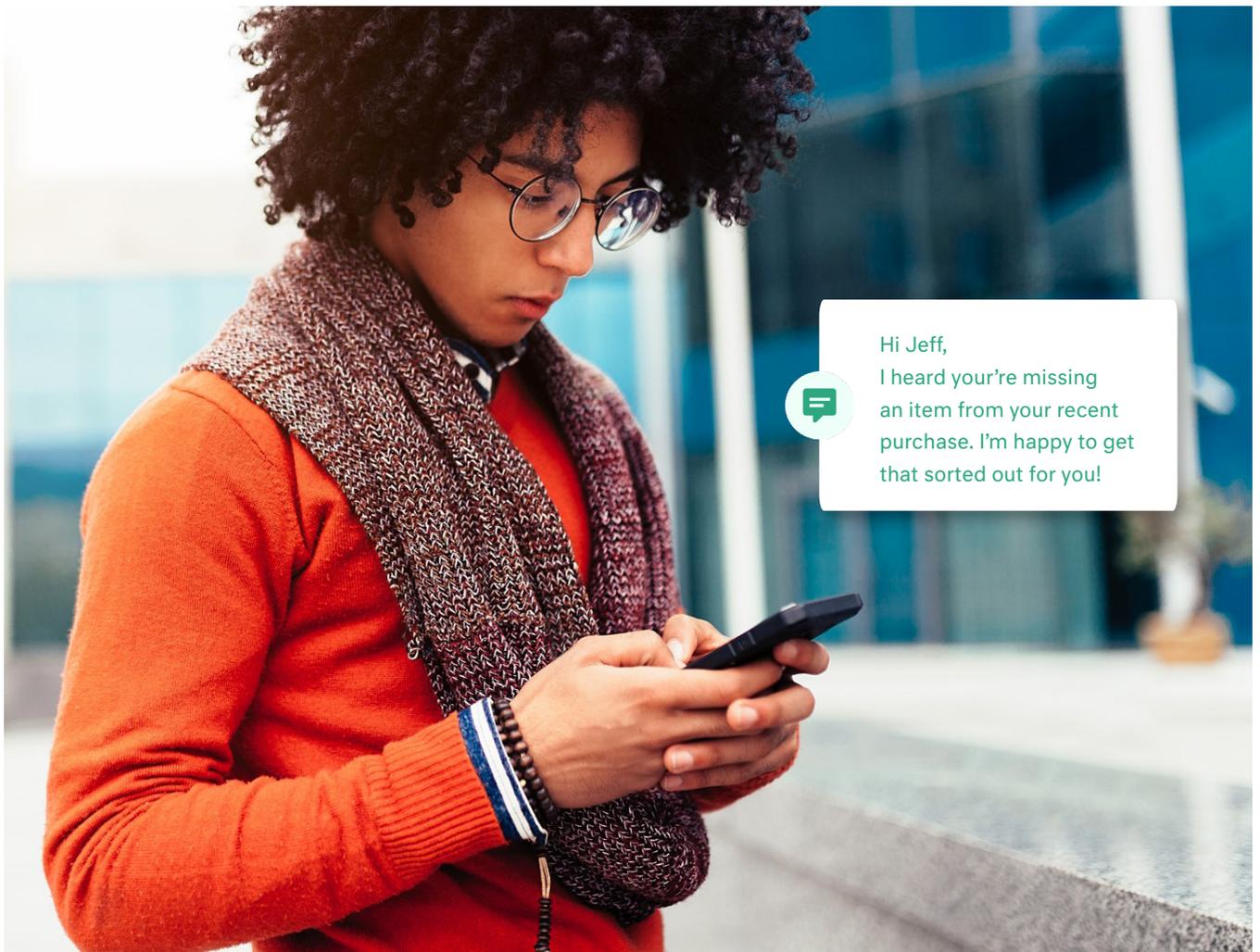
42%

of consumers think their time is not valued by retailers, with that number growing to 52% for consumers 65+

On average, most consumers get annoyed after waiting just four minutes for a response from customer service, and **64% of consumers would never shop with a retailer again if they abandoned a customer service conversation before being helped.** It is imperative, then, for customer service organizations to improve efficiency without impacting effectiveness.

Support teams are bogged down with manual, routine tasks that consume agents' time and effort, and result in long response and resolution times that frustrate customers. Currently 50% of customer service agents' time is spent searching for information

and performing repetitive, manual tasks. This is no longer sustainable. Retailers should tap into the power of artificial intelligence (AI) to eliminate the menial, repetitive, and time consuming tasks with intelligent automations that can detect intent, collect relevant information, automate agent interactions, and route conversations based on customer data or request type. Intelligent chatbots are now able to deliver contextual and personalized information that feels human, and can seamlessly hand off to agents when necessary. With the right technology agents can focus on building relationships with customers and fixing complex issues in a timely manner.



Hi Jeff,
I heard you're missing an item from your recent purchase. I'm happy to get that sorted out for you!

The Changing Role of Retail Customer Service

When you think about the traditional role of the retail customer service agent, you often think of them as a post-transaction problem solver. Consumers want to know: Where is my order? How do I make a return? I ordered duplicate items, can you help me cancel? In 2021, that is no longer the case. Consumers reported contacting retail customer service quite evenly throughout the buyer journey:

24% contact often during the transaction process

23% contact often after making a purchase

22% contact often before making a purchase

This means that the role of the customer service agent is changing. Forty-eight percent of surveyed consumers expect customer service agents to provide consultative support before buying a product online, and 47% expect customer service agents to know about and recommend products to

them. Where this data becomes particularly interesting is when separated by demographics. Sixty-four percent of consumers under 55 expect customer service agents to take on the role of a product expert, answering questions or suggesting alternatives, compared with only 37% of those 55+.

This means that the tides are shifting among younger consumers, and businesses must prepare for this new role of the customer service agent now. In fact, 82% of consumers report that they expect to be treated the same by online and in-store retail customer service. Therefore they may see these one-on-one consultative conversations as necessary in an online environment.

Additionally **89% of consumers expect retailers to proactively reach out to them if there is a problem with their order.** This number is up from 82% in 2019, meaning that simply being reactive will no longer satisfy the consumer. Whether it is a winter storm delaying a shipment, a sizing

issue with a shirt they ordered, or a mislabeled item, proactive outreach is not only a nice benefit, it is now an expectation. Modern consumers see doing business with a retailer as a mutual relationship. If they are going to be spending money with you, they expect you to care about their business. That's why 83% of consumers think they should be treated better for being a loyal customer, up from 73% in 2019.

To create these meaningful relationships, companies need to adopt technology that allows them to see customer history, issues and behavior in context, no matter the platform. Look for a CRM platform that can power bulk messaging, targeting specific customer segments based on your unique data, like orders, location, or CSAT. In no time your customer service team will turn from a cost center into a profit center.

83%

of consumers think they should be treated better for being a loyal customer

Why Retailers Can't Afford Bad Customer Service



90%

of consumers would not shop with a retailer again if they provided bad customer service



51%

of consumers report complaining directly to the retailer after having a bad customer service experience



67%

would completely abandon their purchase if they had a poor customer service interaction during the purchasing process



93%

of consumers would recommend a retailer to a friend after a good customer service experience

We often hear about boycotts of brands due to certain policies, lack of social responsibility, or controversial decisions. But the silent boycotts that happen by individual consumers who've had poor experiences with a retailer add up quickly and can threaten a business' bottom line.

A whopping 90% of consumers would not shop with a retailer again if they provided bad customer service, up from 78% in 2019. On top of that, 67% would completely abandon their purchase if they had a poor customer service interaction during the purchasing process. This means it is not only imperative to provide fast and convenient customer service after a transaction, but also before a purchase is even made, to ensure you aren't missing out on valuable business.

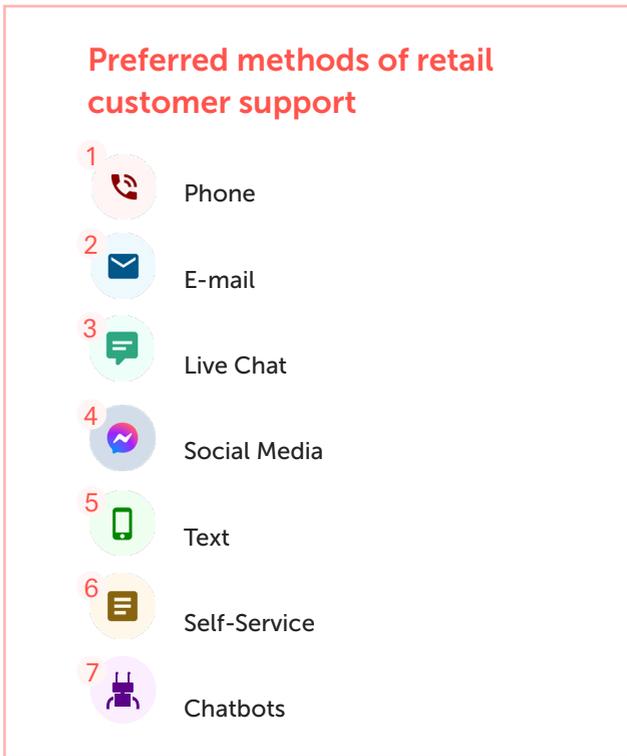
The real conundrum is knowing when you're letting down your customers. Only 51% of consumers report complaining directly to the retailer after having a bad customer service experience, meaning nearly half of unhappy customers may go unnoticed without the

proper measurement and reporting in place. Many customer service organizations primarily report on efficiency metrics such as average handle time or first response time. While these often contribute to customer happiness, as consumers aren't waiting endlessly to be helped, metrics like customer satisfaction (CSAT), net promoter score (NPS) or customer effort score (CES) can illuminate how your customer base feels about the support they received.

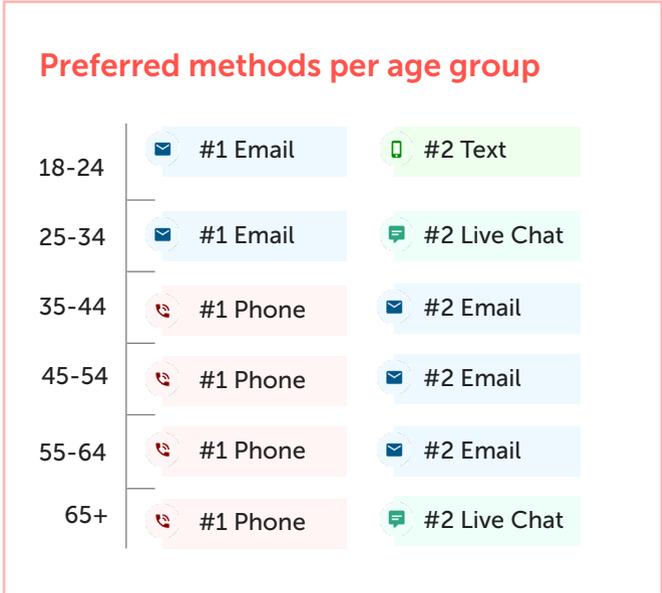
Unfortunately damage to a business doesn't simply stop with the individual consumer. Twenty-seven percent of consumers report either posting on social media after a bad experience with a retailer and/or posting an online review. They also typically tell at least two friends or family members after a bad experience. This means customer service can be the difference between a lifelong customer and one lost to the competition, or the difference between a resounding endorsement and a PR nightmare. The good news is, 93% of consumers would recommend a retailer to a friend after a good customer service experience.

The Omni-Experience Imperative

As was previously mentioned, 82% of consumers report that they expect to be treated the same by online and in-store retail customer service. The lines between in-store and online are quickly blurring, but unfortunately a “digital” experience is complex in its own right when it comes to customer service. The channels that customers prefer to use continue to grow, and the channels they lean on most heavily shift on a daily basis.

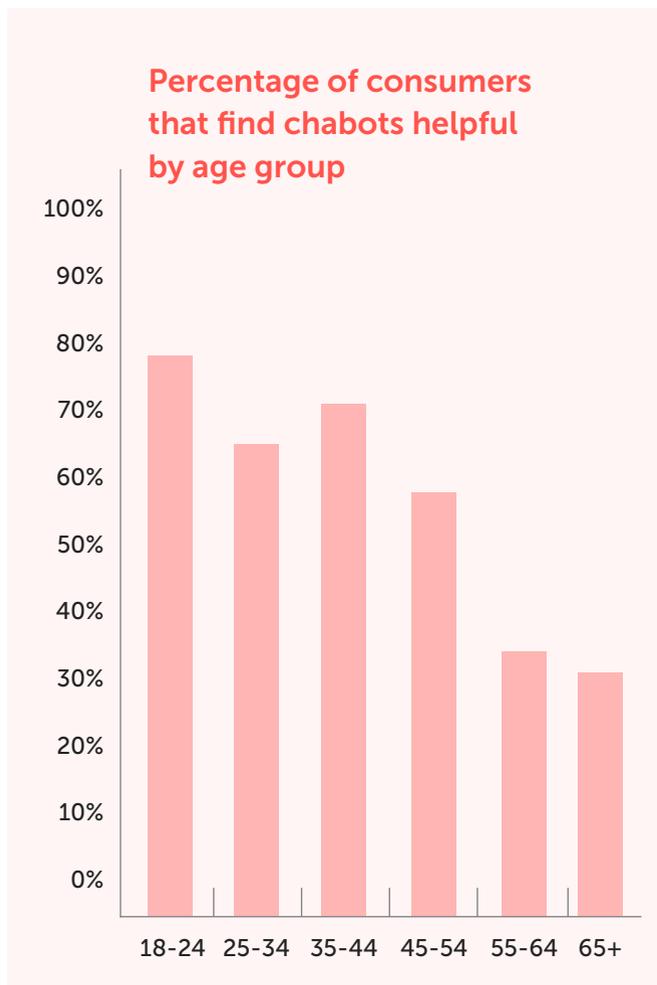


The two channels that have been around the longest — phone and e-mail — still reign supreme in the consumers’ eyes. However, different generations prefer different ways of communicating.



Younger generations continue to veer away from phone as the top method of communication with brands, towards digital-first channels like e-mail, text and live chat. Interestingly, the older generation also preferred live chat as a top method of communicating with retail customer service. This makes sense when we think about the experience for a new online shopper. An individual may find the perfect birthday present for their grandson, but have a question about whether batteries are included. Instead of trying to track down a phone number or e-mail for customer service, there is a chat widget right on the page where they are shopping that can allow questions to be answered effortlessly. Chat allows you to instantly meet your customers where they are, making a lack of technical knowledge unproblematic for first-time online shoppers.

While chatbots ranked low on the list of preferred methods of communicating with retail customer service, 46% of consumers find chatbots helpful for retail support, and that number grows significantly with younger generations.



As younger generations begin to age, it will be imperative to invest more heavily in self-service tools like chatbots. This demographic has grown up with Google in their back pockets, and are used to finding answers on their own. This “help yourself” mentality thus transfers seamlessly to customer service.

Unfortunately being available on a plethora of platforms is now table stakes, with 87% of consumers getting frustrated when they can’t contact retail customer service on their preferred channel. The real differentiator is seamlessly tying together the experiences that consumers have across all platforms. Eighty-five percent of shoppers get frustrated when they have to switch channels or leave the platform they are currently using to get support, and 84% of consumers get frustrated when they have to repeat information to customer service.

Look for customer service software that can integrate your combination of communication channels in order to capture the free flow of conversations across channels and display the data in a single screen. A best-in-class solution should create a unified home for all your customer data, regardless of the source, not only the data generated from customer conversations.

This ensures that customers have the freedom to move between channels throughout their engagement, and are guaranteed consistency, so each conversation starts where the last ended. Agent collision never occurs when communication channels are integrated, because agents can view the conversation and maintain context even as customers engage through multiple channels. If executed properly, omnichannel support provides a consistent experience for customers at every touchpoint after acquisition.

Predicting the Future Through Generational Differences

Knowing who your business is servicing, and how they prefer to communicate with customer service, is imperative for success. But knowing what younger generations prefer gives organizations insight into what is on the horizon when it comes to CX trends. What may have been the norm fifteen years ago, could still be preferred by older generations, whereas younger consumers are now setting the bar for the customer experience of the future.



The Most Demanding Demographic

Across the board, the age group with the highest expectations when it comes to customer service are within the typical range of “heads of household”: 34-54 years old. They also reported the most decisive and harshest consequences when it comes to poor customer service.

	34-54 Demographic	Overall Average
Expect customer service to provide pre-purchase, consultative support	67%	48%
Expect to be treated better for being a loyal customer	91%	83%
Expect a retailer to know them and personalize how they interact	58%	38%
Think the customer is always right	57%	43%
Would abandon a purchase due to bad customer service	76%	67%
Would never shop with a retailer again if they abandoned their conversation before being helped	70%	64%

Curiously, 75% of this same demographic also report that they think their time is valued and respected by retail customer service, compared to the average of 52%. Perhaps this means that while these individuals have high expectations, and severe consequences when they aren't met, they have them because they've historically had positive interactions with retail customer service. Instead of seeing these stats as threatening, they can instead be seen as a positive sign that consumers expect a lot because they've been given a lot.

The Silent Future

We've already discussed that the younger generation prefers digital-first methods of communication such as text and live chat over phone, and that they have a much larger appetite for self-service and chatbots than older generations. But they also seem to have lower expectations than all other generations.

Only 15% of consumers 24 and under believe that the customer is always right (compared to a 43% average), signaling that this age-old saying may be falling out of style, and younger consumers are coming to the table with more empathy than other generations. Additionally, only 62% of those 24 and under think they should be treated better for being a loyal customer, compared to an average of 83%, and only 31% would abandon a purchase due to a bad customer service experience, compared to an average of 67%.

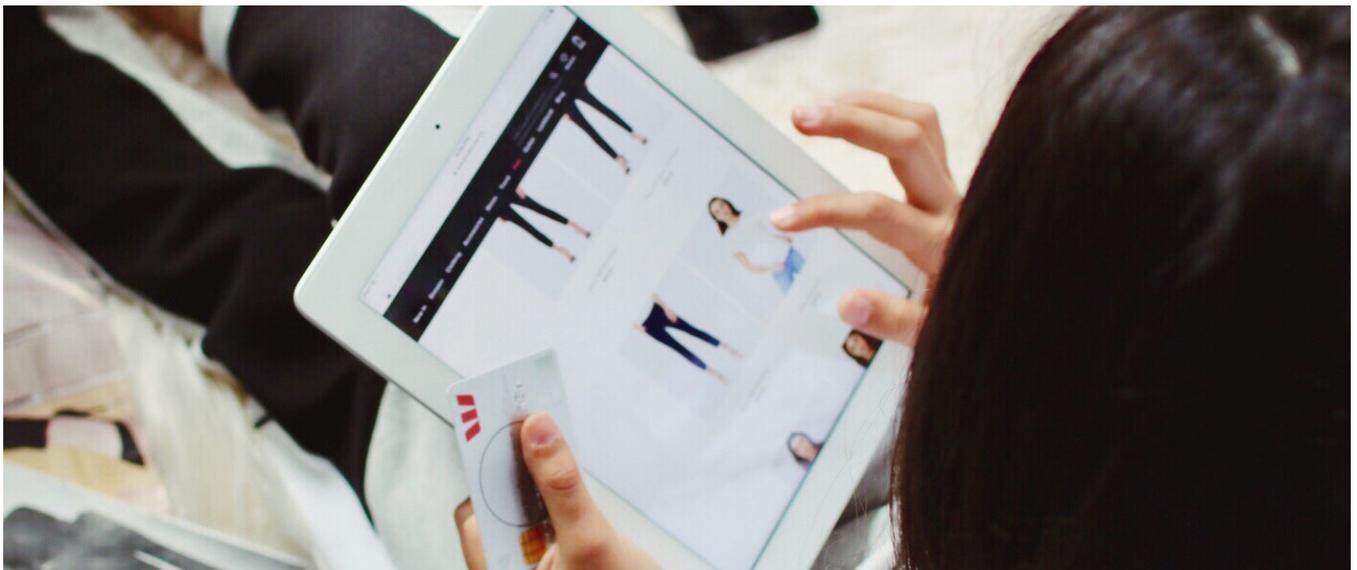
However, compared to other generations, this lack of expectations also directly aligns to a lack of communication. While the majority of older

demographics all reported that they would reach out to a retailer after a bad customer service experience, the majority of consumers under 25 reported that they would take no action at all. That means negative experiences with the “heads of household of the future” may easily fall under the radar, and negative brand associations could build up over time. It's thus imperative to measure customer satisfaction and get ahead of problems before it is too late.

The good news is, 77% of consumers under 25 report that they are willing to spend more money for good customer service, compared to an average of 62%. This means that while younger consumers may be more forgiving when it comes to customer service, they still value it highly, and there is a huge opportunity for organizations to leverage customer service as a differentiator.

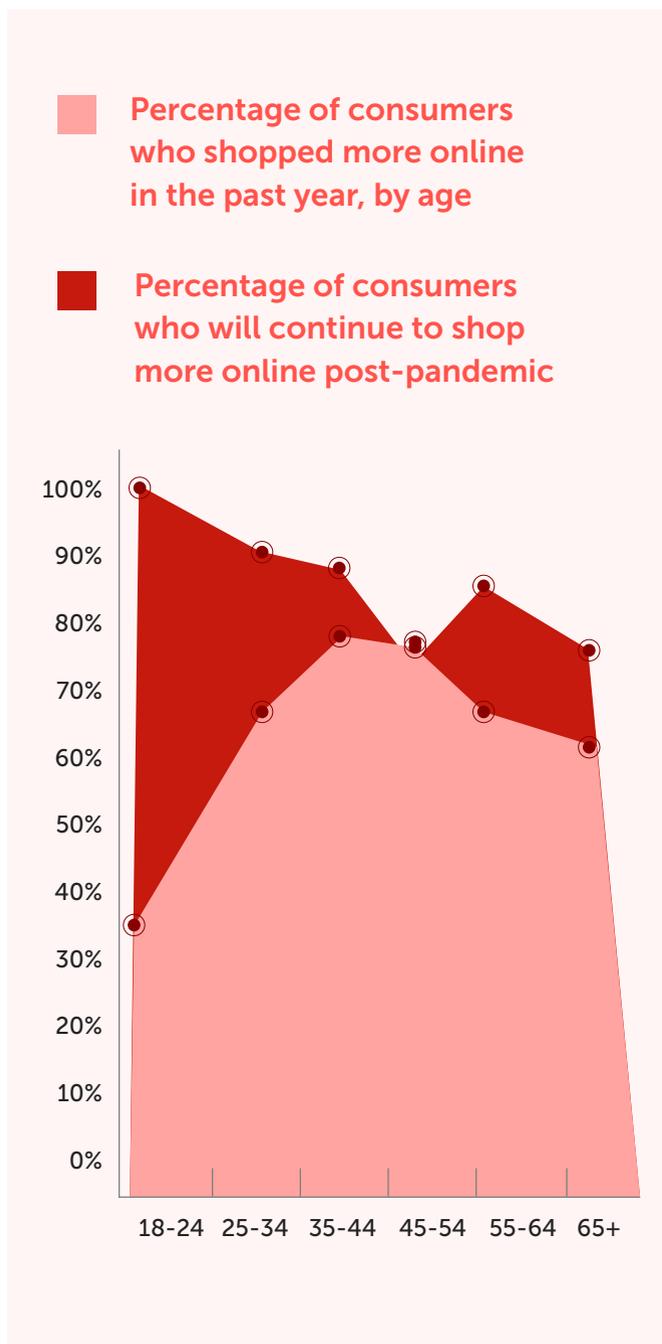
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Prepping For What's To Come

Unsurprisingly, this past year's growth in online shopping directly correlates with how we may assume different generations shopped before the pandemic. And their plans for the future also reflect this:



As these numbers show, younger generations plan to continue to do their shopping in a direct-to-consumer fashion, and retailers should take this into account when planning out their retail customer service strategy. While older generations reported that most of their customer service conversations occur after making a purchase, consumers under 25 had a completely even split across pre-, during, and post-transaction conversations. This means retail customer service organizations must prepare for a “new normal”, where the majority of their customers will be shopping online and require more consultative support throughout the buyer journey.

About Kustomer

Kustomer is the top-rated CRM platform for omnichannel customer experience, helping leading businesses create customers for life. With an advanced, AI-powered, omnichannel customer experience platform, Kustomer delivers a unified single view of the customer, automates manual tasks, and scales easily to deliver the efficient and effortless CX that businesses, agents and consumers love. Today, Kustomer is the core platform of top customer-centric brands like Glossier, UNTUCKit, Ring, Glossier and Sweetgreen. Headquartered in NYC, Kustomer was founded in 2015 by serial entrepreneurs Brad Birnbaum and Jeremy Suriel, has raised over \$174M in venture funding, and is backed by leading VCs including: Coatue, Tiger Global Management, Battery Ventures, Redpoint Ventures, Cisco Investments, Canaan Partners, Boldstart Ventures and Social Leverage.

Want to learn how Kustomer can help you deliver on retail consumer expectations?

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