

# The Emerging Role Of Social Customer Experience In Customer Care

May 2013

## Executive Summary

Consumers are changing how they communicate in their daily lives, and they are increasingly leveraging social technologies such as online communities, and social communication channels such as personal social networks and microblogs for customer service. Companies are adjusting to the changing behaviors of their customer base, because if they do not, their customer satisfaction scores are at risk, and customer loyalty and revenue targets have the potential to be affected. This Technology Adoption Profile (TAP) explores current customer experience trends — including executive goals, customer experience strategy, and challenges to better align customer experience strategy with customer service operations. It examines the rise in demand for social customer service, the maturity of these communication channels, and realized benefits for responding to changing customer needs around social channels.

## Customer Experiences Are Increasingly Important, Yet They Often Miss The Mark

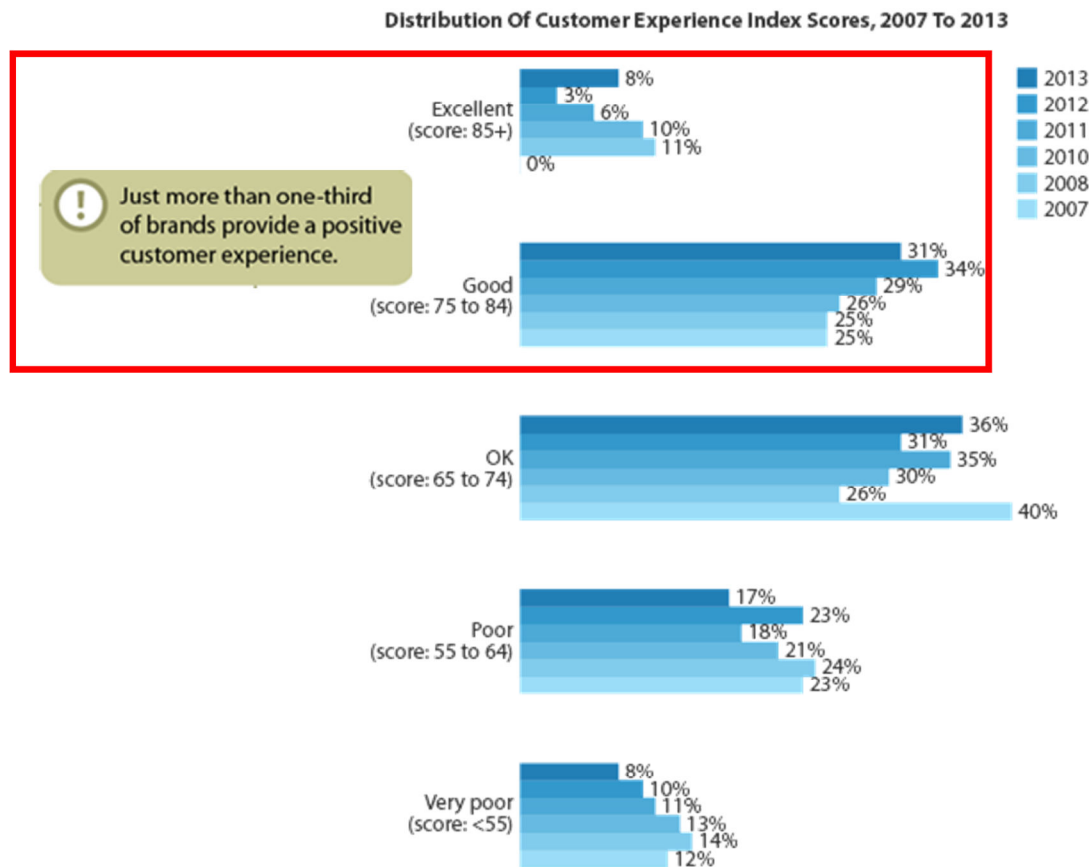
The customer experience is a measure of how your customers perceive their interactions with your company. It's not the measure of a single interaction, but a measure of the sum of all experiences a customer has with a company over the duration of their relationship — from awareness through discovery, attraction, interaction, purchase, use, customer service, and advocacy. As organizations compete to attract and retain their client base in an increasingly competitive environment, Forrester has observed a new focus on customer experience as a brand differentiator. As a result, the importance of customer experience is rising — Forrester found that 75% of survey respondents use customer experience as a way to differentiate from their competitors.<sup>1</sup>

In today's marketplace, it is not sufficient for enterprises to say they will focus on the customer experience. Clear, specific goals need to be set and resources applied to develop strategies to accomplish them. This focus is translating into real strategic initiatives: 28% say that customer experience is their top strategic priority, and a further 65% say it's one of their top strategic priorities.<sup>2</sup>

Clearly, delivering positive customer experiences is more and more important to organizations today. However, how are companies doing at delivering experiences in line with customer expectations? According to Forrester's data, there is a lot of room for improvement. In 2013 Forrester reported that only 39% of companies earned an "excellent" or a "good" customer experience index rating — an index which measures the ease, usefulness, and enjoyment of doing business with a company. Almost two-thirds of brands were rated as delivering an "OK" to "very poor." And these ratios have not significantly changed in the past six years (see Figure 1).

**Figure 1**

Only A Third Of Companies Deliver Positive Customer Experiences



Base: 112 or more large North American brands scored in Forrester's Customer Experience Index

Source: "The Customer Experience Index, 2013," Forrester Research, Inc., January 15, 2013

**Why Does Customer Experience Matter?**

The gap between good CX strategic intentions and actual performance in delivering valuable experiences has real implications to the top line of organizations hoping to differentiate themselves in the market.

Forrester data shows that good customer experiences are good for business. Positive experiences lead to satisfied customers, which correlate to loyal customers and increased lifetime wallet share for these loyal customers. This ROI can be calculated by correlating customer loyalty and experience over three dimensions: increased cross-sells and upsells, reluctance to switch away from the brand, and recommendations to family and friends.<sup>3</sup>

On the flip side, poor customer experiences incur costs and brand erosion. Seventy-five percent of times, customers will move to another channel when unable to find answers to their questions over the first channel — and those recontact rates incur quantifiable costs. Further, there is an increase in customer defection and brand erosion due to negative social sentiment.<sup>4</sup> More and more, the opinions and commentary made by customers in social channels will have a greater effect on brand reputation.

## Why Is It So Hard To Deliver Good Customer Experiences?

So why is it so hard to deliver customer experiences in line with expectations? It's because many companies have not been able to align the experience that they deliver to changing customer demand. With customer service being the cornerstone of many companies' customer experience strategy, it is important to focus on what customers expect from a successful customer service interaction.

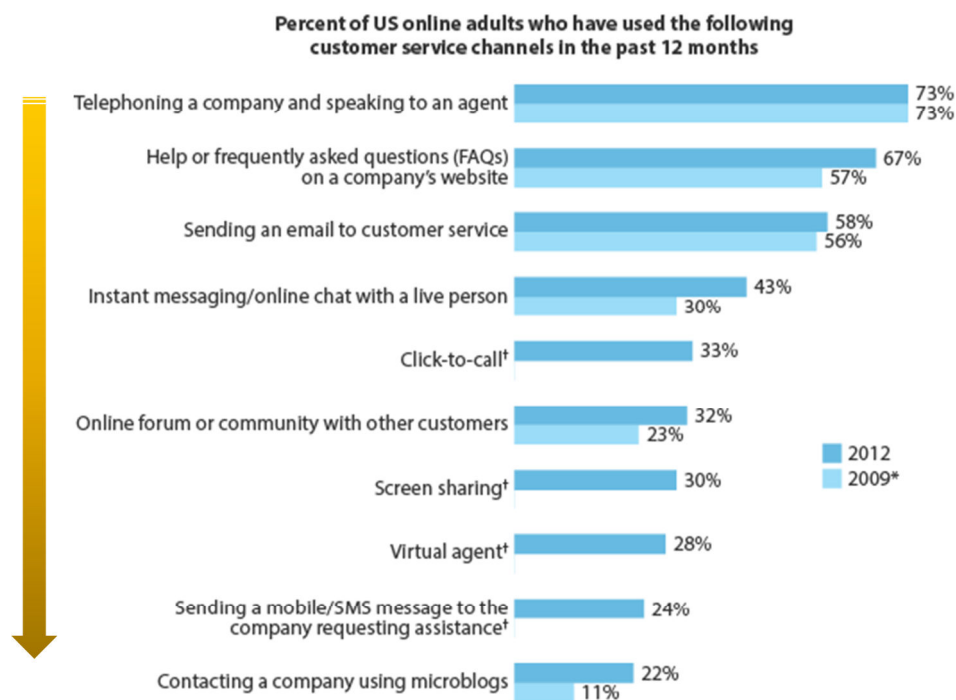
Customers expect efficient, frictionless service. Fifty-two percent of survey respondents say that they will abandon a purchase if they can't find a quick answer to their question; and 71% say that valuing their time is the most important thing that a company can do to provide them with good customer service.

In addition, customers want to use an increasing range of communication channels to interact with customer service organizations. The phone channel, at a 73% usage rate, still remains the most important channel for customer service, yet this is quickly followed by online, text-based, and social channels (see Figure 2).

Communication channel rates have also rapidly changed over the past three years. Some of the channels that have seen a great change are the social channels. For example, overall online communities or forums have grown in usage from 23% to 32%, and microblogs have jumped from 11% to 22% usage. We also see that community support and microblogs are most widely adopted among younger consumers, with an average of 42% of Gen Z, Y, and X online adults using communities, and an average of 31% using microblogs as a form of social support. Additionally, 33% of US online Gen Xers and 23% of US online Younger Boomers also use community support. This explosion of channels and changing channel utilization makes the goal of delivering a consistent customer experience more complex and challenging than ever.

**Figure 2**

Communication Channel Usage For Customer Service Has Rapidly Changed In The Past Three Years



Bases: 7,440 US online adults (18+) / \*Base: 4,623 US online adults (18+)

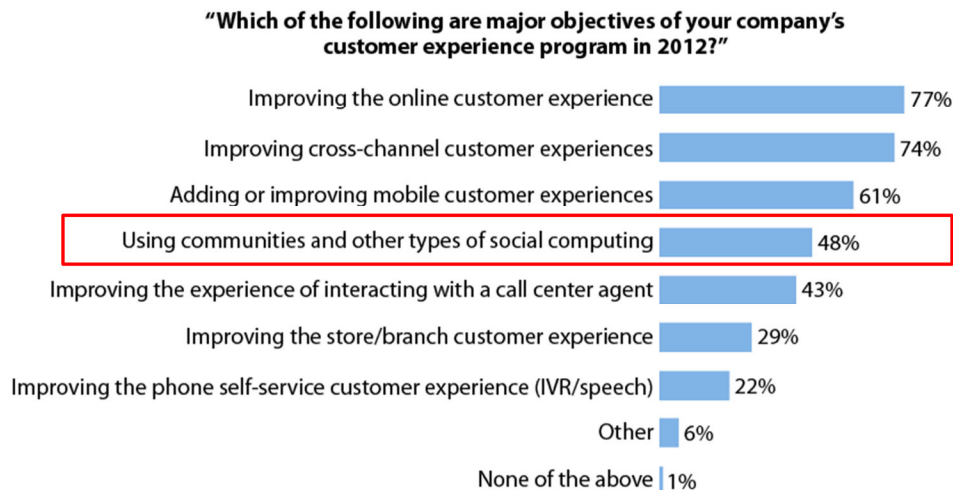
(multiple responses accepted)

Source: "Understand Communication Channel Needs To Craft Your Customer Service," Forrester Research, Inc., March 11, 2013

To provide customer service experiences in line with expectations, organizations need to first understand and then deliver customer service in the way that their customers want to receive it. Clearly there is consumer demand for engaging with customer service organizations over the social channels. Companies are focusing on improving their social experiences, with 48% saying that this focus is a major objective of their customer experience program (see Figure 3).

**Figure 3**

Almost Half Of The Companies Surveyed Are Looking To Improve Their Social Experiences



Base: 86 customer experience professionals  
(multiple responses accepted)

Source: "The State Of Customer Experience, 2012," Forrester Research, Inc., April 24, 2012,

To further investigate the tie in of customer experience and customer service via social channels, Lithium asked Forrester Consulting to conduct a custom survey of 50 North American enterprises that use social customer service — either servicing customers through social media networks, enabling social support between customers, or engaging customers to submit product ideas.

What we found is that companies are investing in social channels specifically for customer service. When customer service decision-makers were asked which communication channels were important for providing customer service, the phone channel led with 88% of the respondents indicating that it's their most important channel. However, social channels did not lag far behind, with 64% saying that it was very important to invest in online communities, and 52% saying the same about public social channels.<sup>5</sup>

## Get Your Social Customer Service Right By Focusing On Strategy And Execution

We know that companies are increasingly looking at enhancing their customer service operations in order to stay competitive in an increasingly difficult business climate, and that social is a real area of focus for many companies. As companies look to roll out their social customer service operations, it is important to focus on the core strategy to be upheld in all interactions, and the operational details.

Historically customer service organizations have been managed as cost centers, whose strategy was disconnected from other operations. We are now seeing more companies align their customer service strategy with their customer experience strategy. This alignment is especially needed for the social channels, which have more public

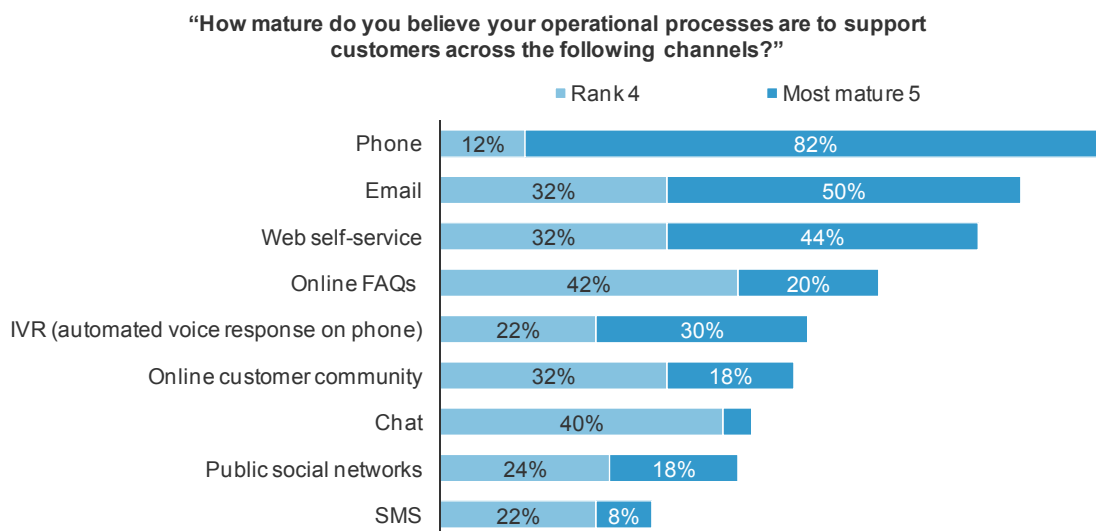
channels than voice or digital channels. And companies are already focusing on this alignment, with 84% of respondents indicating that their customer service strategy is very well aligned with their overall customer experience strategy, and 14% saying that they are in the process of aligning their strategies.

### Focus On Operational Execution

With a myriad of potential channels for customers to engage with for customer service come a myriad of experiences. New emerging channels, like social, tend to have lower satisfaction ratings than the more established voice and digital channels. This is due to the fact that companies are still in the process of defining and adopting best practices over the newer channels (see Figure 4).

**Figure 4**

Maturity Is Still Lacking In Nascent Customer Service Channels, Such As Social



Base: 50 US enterprise customer experience or customer service managers  
(options 4 and 5 are shown out of a scale of 1 to 5)

Source: A commissioned study conducted by Forrester Consulting on behalf of Lithium, March 2013

Companies must deliver the same quality of service over the social channels compared to what is offered over the other digital channels. To do this, customer service organizations should not implement social channels in business process silos, but in a way that delivers consistent experiences across channels, and in a way that supports a customer’s cross-channel journey — capabilities that are less than mature in many companies (see Figure 5).

Customer service organizations must also equip their social customer agents with the same customer and product information that agents handling voice and digital interactions have access to. That way, social agents can fully and reproducibly address a custom’s question on first contact. For example, customer service organizations should allow a customer to start a conversation on a forum. If their question is unanswered after a period of time, the question must be escalated to an agent who can resolve it; otherwise the unanswered questions will lead to customer dissatisfaction.

**Figure 5****There Is Room For Improvement In Delivering Customer Service Via Social Channels**

Base: 50 US enterprise customer experience or customer service managers

(options 1, 2 and 3 are shown out of a scale of 1 to 5)

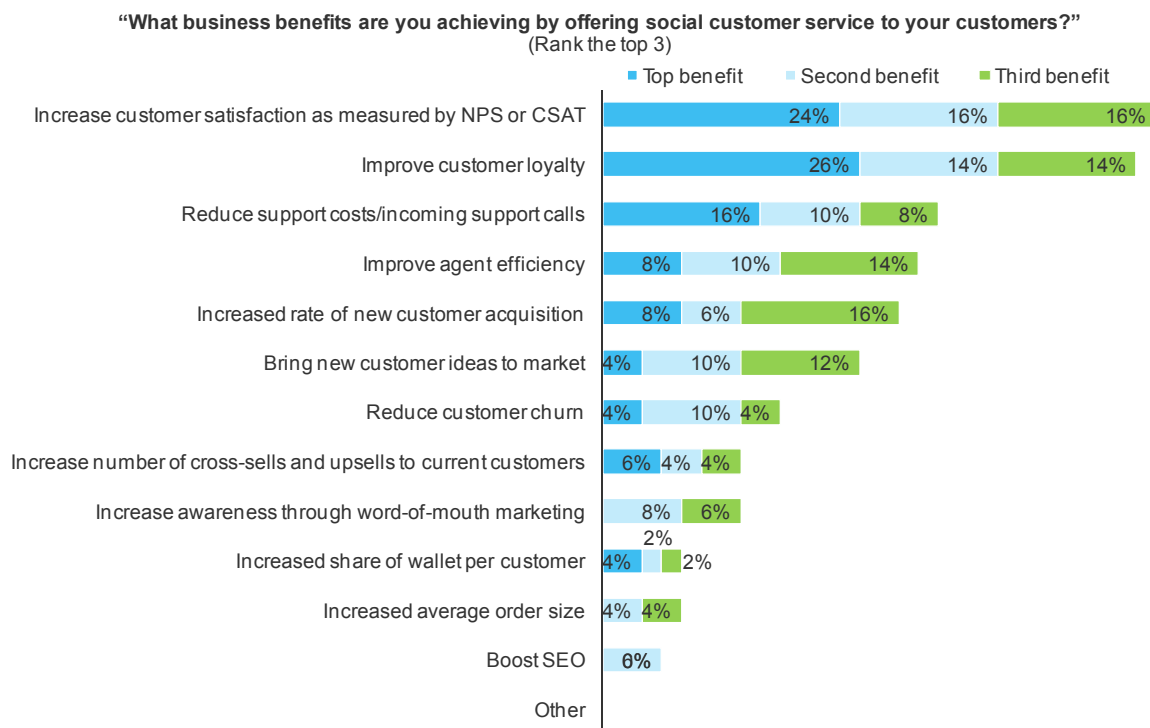
Source: A commissioned study conducted by Forrester Consulting on behalf of Lithium, March 2013

Customer service organizations should also dedicate customer service agents to specific channels. The skill set that is needed to handle a customer’s complaint over the phone is very different from what is needed to handle a customer’s complaint over a text-based channel like email or chat, or even a social channel like Twitter. Agents supporting digital channels must have excellent written communication skills and be able to efficiently handle large volumes of written interactions. In addition, agents focused on social channels must be cognizant that these communications are public and a reflection of the company’s brand, and must be able to follow strict style and communication guidelines set forth by their marketing organization. Forrester data shows that dedicating agents to specific communication channels already occurs, with 16% of agents being dedicated to a single channel for optimal productivity and quality of service, and another 49% of agents dedicated to channels of the same type such as digital channels or social channels.<sup>6</sup>

### Respondents Believe That Not Investing In Social Technologies Carries Risks

Our respondents indicate that there is a real impetus for adopting social channels, despite the challenges customer service organizations face in delivering customer service in line with expectations. When asked about perceived risk of *not* adopting social technologies in customer service in the custom survey, 56% of respondents feared that they will be left behind from a technology perspective and will be at a competitive disadvantage; 48% fear delivering poor customer experiences; 46% worry about inconsistent customer service delivery; and 40% fear customer dissatisfaction and defection.<sup>7</sup>

Conversely, respondents have found tangible business benefits by offering social customer service. When asked about the most important business benefits achieved via social customer service, respondents cited increased NPS or CSAT scores, improved customer loyalty, and reduced costs (see Figure 6).

**Figure 6****Companies Achieve Business Benefits By Offering Social Customer Service To Customers**

Base: 50 US enterprise customer experience or customer service managers

Source: A commissioned study conducted by Forrester Consulting on behalf of Lithium, March 2013

**Conclusion**

Changing consumer behavior is forcing companies to redefine the experience that they deliver to their customers. Delivering optimal customer experiences has quantifiable business value. Yet delivering experiences in line with customer expectations is not easy.

Social customer service is becoming increasingly important. Customers are increasingly using online communities and social media channels to seek service from companies. Companies are cognizant of this change and are investing in these channels. However, to provide positive social customer service experiences, companies must define their customer experience strategy and ensure that their customer service operations are aligned with and support their company strategy. Processes that customer service organizations follow must allow for effortless service; they must be consistent across social, digital, and voice-based communication channels and must allow customers to move between channels. And agents focused on social channels must be equipped with the right information to deliver customer service in line with expectations today and in the future.

## Methodology

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This Technology Adoption Profile was commissioned by LithiumTechnologies. To create this profile, Forrester leveraged its North American Technographics® Customer Experience Online Survey, Q4 2012 (US); North American Technographics® Customer Experience Online Survey, Q4 2009 (US), and Forrsights Software Survey, Q4. 2012. Forrester Consulting supplemented this data with custom survey questions asked of 50 organizations that offer social customer service in North American enterprises with 1,000 employees or more. The auxiliary custom survey was conducted in March 2013. For more information on Forrester's data panel and Tech Industry Consulting services, visit [www.forrester.com](http://www.forrester.com).

## Endnotes

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<sup>1</sup> Data points are from the following Forrester report. Source: "The State Of Customer Experience, 2012," Forrester Research, Inc., April 24, 2012.

<sup>2</sup> Data points are from the following Forrester report. Source: "The State Of Customer Experience, 2012," Forrester Research, Inc., April 24, 2012.

<sup>3</sup> Three key findings found: an increase in incremental purchases, lower churn, and new sales driven by word of mouth. Source: "The State Of Customer Experience, 2012," Forrester Research, Inc., April 24, 2012.

<sup>4</sup> Source: "The Business Impact Of Customer Experience, 2012," Forrester Research, Inc., March 26, 2012.

<sup>5</sup> In a Forrester study commissioned by Lithium of 50 US customer experience or customer service decision-makers, 64% of respondents said that it was important or very important to provide customer service via online customer communities, and 52% said that it was important or very important to provide customer service via public social networks.

<sup>6</sup> Base: 272 North American enterprise network and telecommunications decision-makers. Source: Forrsights Networks And Telecommunications Survey, Q1 2013, Forrester Research, Inc.

<sup>7</sup> For space reasons, the data cited here is not featured in a graphic. Respondents were asked: "What are the perceived risks of not adopting social technologies in your customer service organization?" in the same study commissioned by Lithium of 50 US customer experience or customer service decision-makers.

### About Forrester Consulting

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