We Are Social: The State of Social Customer Service

How businesses are making social customer service work for them and their customers.

A Research Survey by thinkJar on behalf of Sword Ciboodle.

thinkJar

Executive Summary

Today, 'social' is turning customer service and support on its head. It is fundamentally changing how, where, and to whom people look to for help. This in turn presents both significant challenges and major opportunities for companies looking to succeed in business today. One thing is for sure, doing nothing is not an option. So we thought it would be a great time to take stock; look at how far business have all come; what are they doing, how are they measuring social engagement, what they are leveraging, and find out what matters most for the social-powered business.

Sword Ciboodle, along with leading independent analyst firm thinkJar, surveyed 400 practitioners from around the globe, with representation from more than 10 industry verticals.

The key conclusions drawn were:

- Adoption of social channels is strong; with 59% of organizations having adopted Twitter and 60% adopting Facebook, and almost 85% of those who have adopted one, have adopted both together. However, adoption seems to have been the easy part. Justification, integration, and strategic measurement, continue to be the most challenging aspects of implementing new social channels.
- There are differences in usage of social channels, as well as maturity between organizations based on size, industry, and geography. Analysis and an understanding of the detailed survey data will help to guide organizations in their approach to their own Social Customer Service initiatives. Areas such as organizational readiness, integration of data and process, and finding the right balance between Social Customer Service and more 'traditional' channels is an important part of what companies are wrestling with.
- Best practices in the selection of channels that are offered to customers, whether social or not, usually happen by focusing on user needs and demands. The survey results however indicated that fewer than one third involve users in deployment. Implementation of new channels such as new social ones, continues to happen with little user consultation.
- While organizations still have a hard time justifying their decisions to adopt social, and don't actively track interaction cost via social channels, more than 90% of those surveyed suggested that embracing them is the right thing to do for both the customer and the business.
- The size of the customer service organization is still the best indicator of how it will behave, and the pace at which it will adopt social channels. While smaller organizations are patiently waiting for larger businesses to test the waters, (the only notable exception being new cloud-centered smaller entities), larger organizations on the other hand, continue to use new channels in search of competitive differentiators. Finally, mid-size organizations continue their laggard adoption of tested-and-proven solutions.
- The odds of successfully launching social channels rise considerably when done in an integrated fashion.
- As more and more 'Service Issues' move to social channels, organizations appear to be questioning how the traditional metrics of handle time and first call resolution can possibly continue to be relevant. Survey results

suggest that customer satisfaction and increased loyalty are the drivers for adoption, and measurement of success, while cost or revenue drivers for investment are well down the list.

What does the Future hold?

It is clear: Social media hit the business world like a tornado, and the survey tells us that there aren't many businesses out there that aren't experimenting with some form of social engagement with their customers. Some view it as a great new opportunity to drive satisfaction, loyalty, and differentiation - if they get this right, not only will customers continue to buy from them, they'll become advocates for their brand. And yet, unlike engagement offered via more traditional channels, there's much about social channels that lacks structure, integration and synergy with the broader customer engagement. The traditional communication channels still matter, and companies that crack how to balance the two will set the service standards of today and tomorrow.

Perspective on Research Findings

Customer service has seen plenty of changes over the years: new channels, new tools, new systems, and new methods and purposes – but it has always remained about one thing: finding the win-win model where the customer gets what they need and the organization achieves their goals. What's more, while until recently, the goal for the organization when it came to customer service was often to reduce costs, 2012 is the first year in a long-time where strategic customer relationship management is cited above cost-savings as an overarching goal for customer service.

There are three reasons for this change:

1. Customers have become more empowered;
2. Organizations realized that customer retention is cheaper and easier than customer acquisition,
3. Early indications, based on those leveraging social customer service channels, suggest that the practice is better for organizations focused on customer retention versus cost-savings.

These three reasons were the core of our thesis when starting this research project. We wanted to see how social adoption is changing things, but more importantly how organizations are changing what they do and how they do it. The questions we asked where aimed at use of traditional channels as well as the new social channels, and they focused not only on adoption and implementation but the how and why social

channels were adopted.

This report is not merely focused on how many people are using Twitter or Facebook for customer service (59% and 60% respectively) or how many were not doing anything with social customer service (17%). In fact, one of the most interesting insights was that small and large organizations are almost similar in their adoption and understanding, while the mid-sized customer service organizations have instead shown caution and challenges adopting social channels (as they have in the past for other customer engagement channels).

Social Channel Use

To start with, we need to talk social channel adoption. The empowered user would not exist without the adoption of social channels (both by users and organizations) and they are using them to engage companies, to request customer service, and to ensure they are being heard. While only one percent of customers today use social channels as their first option for customer service, almost 40% of them use it to complete a service transaction they could not do on another channel[1]. Customers are choosing their own escalation policies, and organizations need to be ready for it.

It would not be an unfair characterization to say that "everyone is doing something social" since it seems that way. In reality, and we have seen this in many studies, there is a 60% or more use rate. We found 75% of those surveyed were using social channels of one form or another. The word adoption is not appropriate since the vast majority of the social customer service projects are not structured, strategic, or long-term – most of them seem to be stuck in the pilot or testing phase right now.

When we looked into proper use of social channels for customers (that is, programs with well-defined processes to support the channels), we found that only one-third of them had better or equally defined processes and the rest had not yet defined their social processes. We also saw little change in those numbers, although more definition, when we set out to compare the work done in relation to the length of time they had been deployed in social. All data indicates that the majority of the work to be done in the next two-to-three years will be defining social processes in concordance to the existing customer service implementation.

The goal, as we have learned in past implementations, for customer service adoption of any channel is to define the processes, embed them into daily operations, and know end-to-end how they work for each process, in every instance,

including exceptions. This is how we consider a new channel adopted and well defined in customer service. Two facts are certain:

1.   Today there is roughly two thirds of organizations that are piloting or testing social with no well-defined processes (regardless of the length of time they had deployed them);
2.   Conversations with most of the customer service organizations we find in our research indicates that 2012 is the year of "understanding what social means for customer service".

Users Choose What Channels to Implement...

The speed at which both new channels were created and customers adopted them has changed in the past few years. As we just discussed, social channels showed up en-masse and with neck-breaking speed. Organizations were mostly "forced" by their own customer base, to embrace the new channels for customer service.

We wanted to explore the differences between making a decision for social channels and non-social channels. Most channels were chosen, per the respondents, based primarily on customer requests. In fact, when organizations contemplate introducing a new service channel or initiative, we are reassured to find that customer input into this decision is as important as insight from other third party sources; more than half of those surveyed highlighted customer influence. That said, companies also recognize that there are other important influencers to consider: Second to customer influence was that of competitive differentiators or pressures and/or research followed by analyst reports. Interestingly however, it seems those surveyed only take consultant's recommendations about a third of the time.

When deciding whether to offer a new support channel, who or what impacts your decision?

- Customer request **65%**
- Competitors do it **56%**
- Research/Analyst reports **56%**
- Consultants advice **37%**
- Companies we do business with do it **36%**
- None of the above **8%**

Selecting any channel, at least for those organizations that chose to answer the survey, comes down to addressing them all equally: if a customer needs it, if it fits the business, if it can give us competitive advantage, we will adopt them. The data shows most implementations are to keep competitors at bay or to satisfy customer needs – and we look for third parties to support the decisions we make with whatever data we can find.

Decisions today are based on limited data available and responding to both competitive forces as well as customer demands while the justification for deployment is sought from analysts' reports and firms. The resulting implementations are, at least initially, far from strategic and mostly equivalent to each other, leaving innovation behind in the race to carry the same influence as other factors. Ideally, consultants that have done the work directly, as opposed to analysts that are simply retelling stories as told to them, would be responsible for suggesting and recommending which channels and how to adopt them – but that won't come for a while longer to this market. In the interim, implementations and adoptions should continue to be used as labs and pilots to learn better ways to manage them.

... But Users Have Little Say on How to Implement Those Channels

All that said, looking at internal processes designed to guide implementation, our survey responses paint a different picture. Teams (without the assistance of customers) made the decision to implement service using social channels, in 80% of the cases. Co-creating teams (those that work together with customers), made it a fifth of the time, and even traditional methods of collecting customer's perspectives like surveys and market research projects were used only 35% of the time. Interestingly, consultants were asked to collaborate with the organization to implement the new channel properly many more times than users.

When selecting a specific new channel for your customer service solution, who drives your decision?

80% Internal team decision

35% End-users via surveys and market research projects

24% Consultants and systems integrators via consulting projects

20% End-users via co-creation projects

15% Analysts and pundits via inquiries

4% Other

Organizations implementing Voice of the Customer and similar initiatives express their focus in customer-centricity and in listening to customers, but the data we collected shows otherwise. Even though the stated purpose of implementing social is engaging with customers and working with them, the results for the different social channels did not change much; relatively speaking – 80% of the decisions and work are done by internal teams.

Bain and Company did a study that showed that while 88% of organizations thought they were doing a good or better job at delivering on customer experiences, just 8% of their customers agreed with them[2]. The results uncovered in this survey simply confirm that. Customer-centricity is spoken far more often than implemented – and we now have the data to support those statements.

Justifying Channel Adaption? That's Messy...

Knowing throughout customer service history that organizations must justify projects within a year or less of their deployment and that the ROI must be "proven" to exist before the project is approved, we were expecting to find an overwhelming majority saying they had achieved the expected results; near 80% would've been a tad high, 70% is more in line with expectations. The majority of the organizations (54%) however are not yet sure if they have reached their objectives (compared to 40% that did).

When asked what were the benefits received, increased customer satisfaction (29%) and meeting customer expectations (17%) are the top two answers. It is fairly certain that this is based on commonly held beliefs that meeting customers' expectations, and increasing their satisfaction, are what drives customer retention; a myth that is being dismissed by recent research but as we can see, still being held as true. Measurement of customer satisfaction, loyalty, and other intangible benefits (when aggregated) counts for 67% of the justifications, while cost reduction counts for just 10% and increased revenue a mere 2%.

This is in line with organizations using intangible results as justification for CRM and customer service projects for the past 20+ years over metric-driven revenue increased or costs reductions. It is indeed alarming that after all this time, we cannot focus on metric-driven reasons and we continue to use fuzzy metrics as we justify implementations and customer service initiatives. It is troublesome because the benefits of adopting social channels are there. We are starting to see them come through for the early adopters – albeit most of them

won't publicly announce them since they are a competitive advantage. There is no need to recur to intangible benefits to justify the deployment.

Top 5 Primary Benefits of Social Customer Service:

1 Increased Customer Satisfaction

Meet Customer Expectations **2**

3 Intangible Benefit

Increased Loyalty **4**

5 Reduced Cost of Customer Support

New channels offer some nice benefits. New channels will help to balance the load of customer communication requests across channels, serve more customer populations with different needs and desires, and raise satisfaction. The ability to provide customers that may not have sought service through other channels a place to go is a nice value-add to any customer focused organization.

Size Really Matters

When it comes to customer service – it is not the complexity of the solution, but size that makes the most difference to segments leveraging 'social'. Size of the contact center is what matters the most when it comes to making decisions, implementing them, and living with their consequences. We analyzed all our answers in relation to the size of the contact center[3] those surveyed were running, and we found some interesting insights.

Contact centers in smaller organizations don't show interest in deploying unassisted channels for customer interactions. Their adoption rates for IVR (phone automation) and web self-service are nearly half of the adotpion rates

of larger organizations. By contrast, we also saw noticed that contact centers between 500 and 1,000 agents had the most diverse deployment of automation channels when compared to other channels
(80% for IVR and 92% for self-service).

There are two reasons for this:

1. Smaller organizations use personalized customer service as a competitive advantage;
2. The costs of automation are more than what smaller organizations can afford to invest – especially when compared to other needs in the contact center.

The economic factors are not usually what come into play when we talk to organizations – but they certainly are a consideration when making channel deployment selections.

We also see organizations with more than 500 agents have the largest ratio of kiosks deployed. Even though kiosks are not the most common deployment, we are seeing more and more of them being deployed among retailers, travel, hospitality, government, and financial services companies. Meanwhile, contact centers with more than 1,000 agents support face-to-face-operations in a larger ratio to other channels than the smaller ones.

Over time, customer service organizations learn what works and what doesn't, and they setup their solutions accordingly. While automation is a great tool to have in any customer service solution, smaller organizations figured that the results are not worth it, that money can be spent elsewhere and the same can be said of kiosks. Similarly, larger organizations understand that more personalized support does not buy them anything in return – and support personalization is part of a larger solution.

> *35% of organizations between 100 and 500 agents have not started to implement social.*
> *40% of those with more than 1000 agents have been doing it for the past 2 years.*

When it comes to social channel adoption, the size of the organization also shows interesting insights: Just 53% of smaller organizations have begun to implement social in the past 12-24 months versus over 40% of those with more than 1,000 agents who have been doing it for the past two years or so. The most interesting data point however, was that 35% of organizations between 100 and 500 agents have not even started to implement social (versus 24% for the smaller ones, and 18% for the larger ones).

Standard Channel Use

The migration from multi-channel to cross-channel is just beginning. We found (as expected) virtually everyone doing what has been done for some time: ok-to-good multi-channel implementations and old-and-proven single-channel and silo approaches to multi-channel.

When we asked them which channels (standard, not social) they supported, we saw a very interesting data point: Phone and Email are basically, the same. Yes, it is true—the phone is not going anywhere, but the replacement is not coming from a similar channel rather from the one that most benefits the organization. Email works great for both customers and customer service organizations since it is focused on effectiveness (deliver the right information at the right time), it can be automated (faster, more accurate responses), it is information heavy (it can support a three-page email as well as a single paragraph), and more important – setting expectations of service is simple. The medium can do well with fewer agents handling more issues in a similar time as phone or virtually anything else. Email is gearing up to become the phone of the next 20 years.

IVR adoptions have also risen, spurred by better speech recognition (faster, more contextual, and better at more complex situations) and artificial intelligence elements being adopted in larger numbers. Organizations are beginning to see that IVR, web self-service, and email all have a specific purpose at some time or another and for different purposes – the nature of multi-channel is quite well represented.

Regional and Cultural Skews and Biases

Biases and skews are what most surveys uncover by cross-tabbing data and focusing on the questions being asked. Cultural and geographic biases are not so easy to work with. While it may be possible to change an organization's culture, changing an entire country or region is not feasible. Reporting on these biases supports the need for organizations to include

them in their planning and execution. When looking at the adoption of standard channels, we see a significant change in the adoption of self-service – where almost 20% fewer organizations in the UK support web self-service as a service channel.

Additional research[4] on the effect of self-service on British people[5] tells us they are against the concept of serving themselves. Among the reasons cited in the many articles: they prefer the person-to-person interaction, they consider it part of the experience of being serviced. In addition, and contrary to what we have seen in the US, urban and younger populations are not inclined to use self-service machines as often as they are in the US. Another bias we found in the adoption of technology is related to how long respondents have been providing customer service using social channels. When comparing the US and the UK, we found that the Americans have been using social channels for customer service a tad longer and have fewer respondents who confess that they are not ready (or interested) in providing customer service via social yet.

Additional research proved this time that the difference in data comes from the American attitudes towards social. Social has been pushed further along in United States than across the Atlantic. This leads to more people, both consumers and organizations, better disposed towards it. The demand from customers and the need to keep up with competitors (see previous sections) leads more US-based companies to offer social as a result – earlier and with more emphasis.

Finally, another skewed observation was the benefits claimed by both respondent panels in why their selection of social channels. While many claim customer satisfaction as the number one reason, there are interesting discrepancies in the search for additional revenues and/or a reduction in costs. While some organizations in the UK claim an interest in generating revenue out of providing social customer service, no companies in the US claim to be after more money. In addition, when looking at the results for cost savings, we see American companies more interested than UK companies in saving money.

Resorting to conversations with companies on both sides recently, the reasoning for these discrepancies becomes clearer. In the US, customer service organizations are, at least in the majority of organizations, considered cost centers and their main goal is not just to provide customer satisfaction but also to generate it at the lowest cost possible. In addition, customers' expectations when being serviced are usually to never be "sold to" or told about special offers. That is part of the service expectations that Americans have. In contrast in the UK service expectations are different[6]. Our research indicates that most European citizens, not just British nationals, consider appropriate offers part of the service experience. An increase in revenue, by increasing customer satisfaction and matching the customer to an appropriate offer, is not an uncommon event. In addition, most organizations consider customer service an essential part of doing business – not just something that they must do.

A final discrepancy we noted when comparing answers between both countries: organizations in the UK don't perceive, yet, social channels and social customer service as a good thing for their customers or even for the company in larger

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numbers (almost double) than the US. When looking at the other differences we uncovered in this report in regards to perceptions for social channels, this is neither unexpected nor alarming. We believe this is bound to become equal over a short period of time as adoption and understanding of the value of social increases in the UK led by wider adoption.

Conclusion

There is a lot of data and findings covered, but essentially they all point to one operating model for customer service organizations moving forward: a cross-channel implementation supporting all channels equally and effectively is the only way to go. Social has not changed that game, it has only amplified it – and organizations need to continue the strategies implemented for previous channels with the new and emerging social ones.

To stay the course, it is essential that customer service organizations make sure to keep customer needs in mind, to develop simple solutions that address all channels, to adopt and support strategic solutions, and continue driving towards fast and effective resolutions on first contact.

Regardless of channels, that is a winning formula.

Footnotes:

1. http://www.convinceandconvert.com/social-media-monitoring/70-of-companies-ignore-customer-complaints-on-twitter/

2. http://hbswk.hbs.edu/archive/5075.html

3. For reference, nearly 40% of customer service organizations questioned have less than 100 agents, 23% between 100 and 500, 12% between 500 and 1,000 and 20% over 1,000 agents.

4. http://news.bbc.co.uk/2/hi/8399963.stm

5. http://www.independent.co.uk/news/uk/home-news/selfservice-or-merely-selfserving-the-revolution-at-the-tills-2059363.html

6. http://globalservices.bt.com/LeafAction.do?Record=Self_Service_solutions_uk_en-gb&fromPage=Furl

Methodology

This study was conducted jointly between Sword Ciboodle and thinkJar. The survey was produced and hosted on an online site (open to everyone) and panelists were asked to self-qualify as practitioners of customer service.

Most of the questions were a mandatory answer; a few of them were not. The total number of responses was 399, of which 376 were analyzed and found to be complete and sufficient to be included in this report. A few of the answers show fewer than the total number of respondents. Further analysis of the responses also showed uncharacteristic biases or answers that were not coherent with the rest of the report and were removed for reporting purposes. The entire data tables for all questions and responses can be found in Appendix A at the end of this report.

Participants for the study were recruited via traditional email solicitation, (Sword Ciboodle's database of prospects and clients), via social channels (Twitter and Facebook appeals), and via direct solicitation from both entities (thinkJar and Sword Ciboodle). Respondents came from all over the world, with significant representation from the North America, the UK and Australia

We created the survey expecting around 200 responses to give validity to the results. We believe that the insights below represent the state of customer service for early 2012 as presented by these results and corroborated by our independent research into trends and issues in the market. This study will be repeated at the end of 2012 to shed more insights into the progress through this year and to assist customer service organizations planning for 2013 and beyond.

Please see overleaf for specific survey questions and responses.

Survey Results

Q1 — How many employees in your company?

- 24% <100
- 20% 1000 -10000
- 26% 100 -1000
- 30% >10000
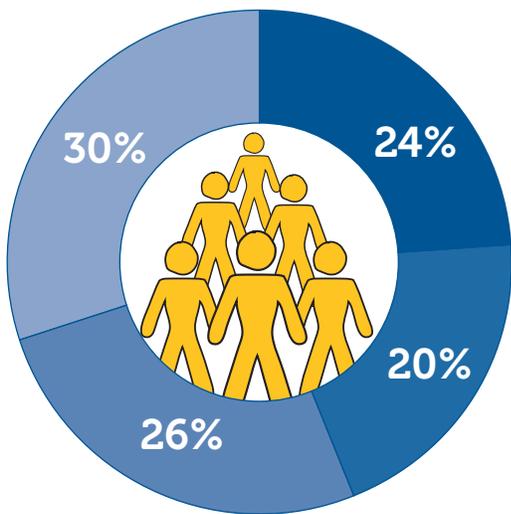
Legend:
- <100
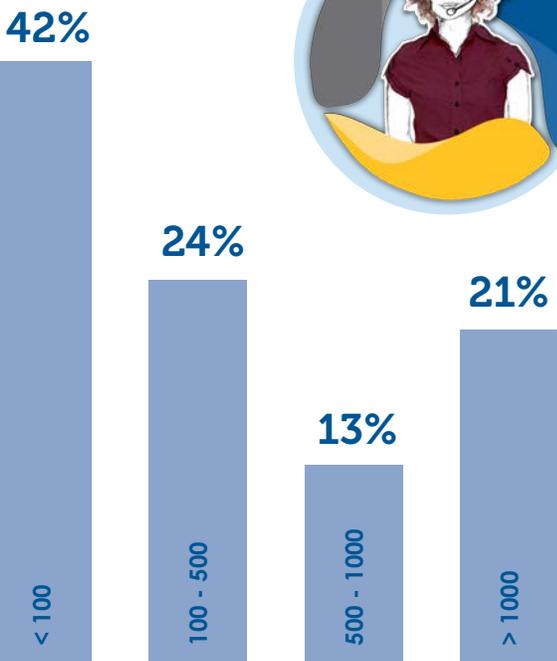- 100 -1000
- 1000 -10000
- >10000

Q2 — Which of the following industries best describes your company?

- **28%** Financial Services
- **28%** Professional Services & IT
- **26%** Other
- **6%** Telecommunications
- **3%** Government
- **3%** Manufacturing
- **2%** Energy, Utilities, Waste Management
- **2%** Travel and Leisure
- **1%** Transportation Services
- **1%** Non-Profit

Q3 — How many agents in customer service?

- 42% < 100
- 24% 100 - 500
- 13% 500 - 1000
- 21% > 1000

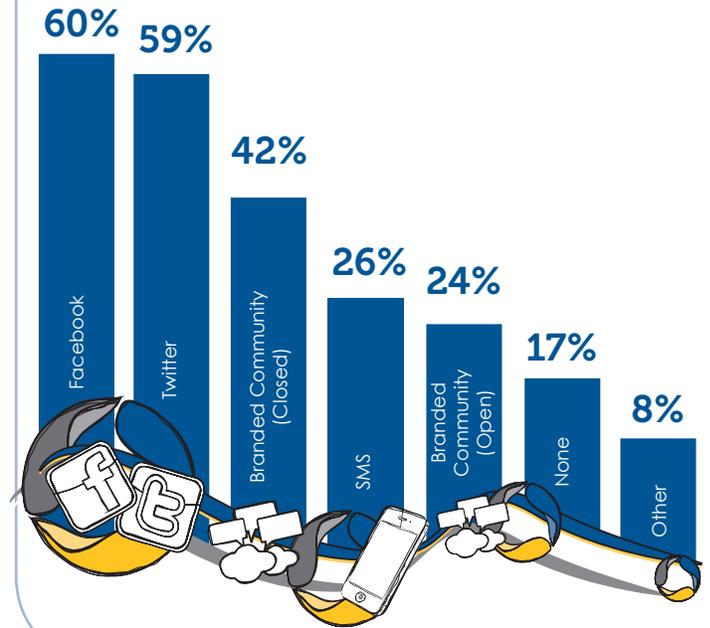## Q4 — Which department would you consider yourself most closely aligned with?

- Business Development/ Sales — 19%
- Marketing/ Communications — 15%
- Information Technology — 24%
- Customer Support/ Service — 33%
- Admin/ Ops — 9%

Q5 — What standard service channels does your organization support? (select all that apply)

- Phone **93%**
- IVR **57%**
- Email **92%**
- Web self-service **75%**
- Kiosk **17%**
- Face-to-face (Branch/Store) **46%**
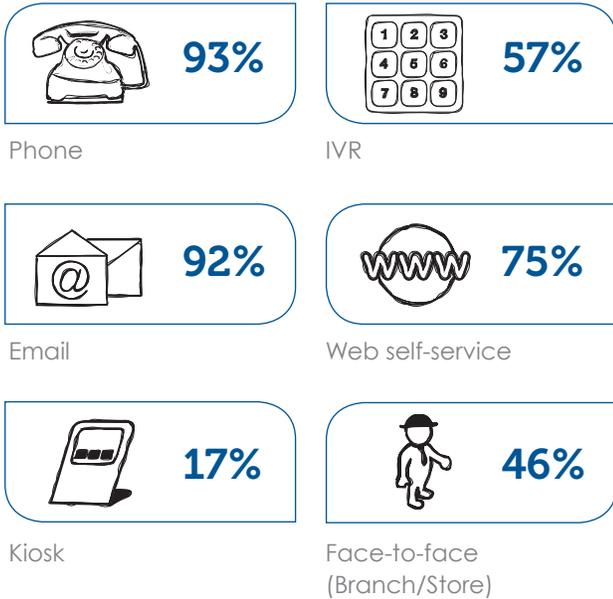
Q6 — What social service channels does your organization currently support? (select all that apply)

- Facebook **60%**
- Twitter **59%**
- Branded Community (Closed) **42%**
- SMS **26%**
- Branded Community (Open) **24%**
- None **17%**
- Other **8%**

Q7 — When deciding whether to offer a new support channel, who or what impacts your decision? (select all that apply)

- Customer request **65%**
- Competitors do it **56%**
- Research/Analyst reports **56%**
- Consultants advice **37%**
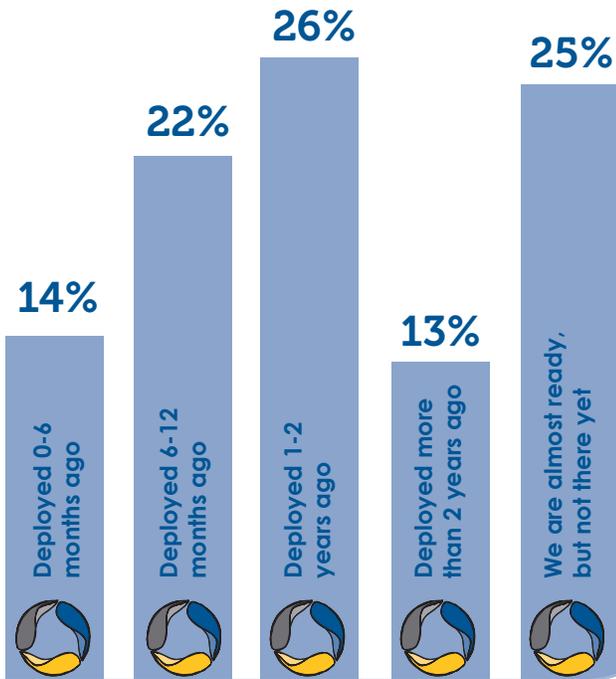- Companies we work with do it **36%**
- None of the above **8%**

Q8 — When selecting a specific, new channel for your customer service solution, who drives your decision? (select top two)
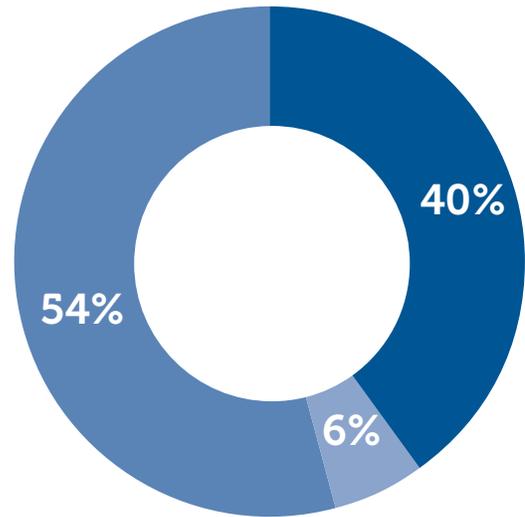
- **80%** Internal team decision
- **35%** End-users via surveys and market research projects
- **24%** Consultants and systems integrators via consulting projects
- **20%** End-users via co-creation projects
- **15%** Analysts and pundits via inquiries
- **4%** Other

Q9 How has your organization been providing customer service using social?

- 14% Deployed 0-6 months ago
- 22% Deployed 6-12 months ago
- 26% Deployed 1-2 years ago
- 13% Deployed more than 2 years ago
- 25% We are almost ready, but not there yet

Q10 For the last channel you implemented, did the benefits after deployment match your expectations?

- 40%
- 6%
- 54%

- Yes
- No
- Not sure yet

Q11 Are service processes well defined for social channels?

- Less defined than standard channels
- Equally defined as standard channels
- More defined than for standard channels

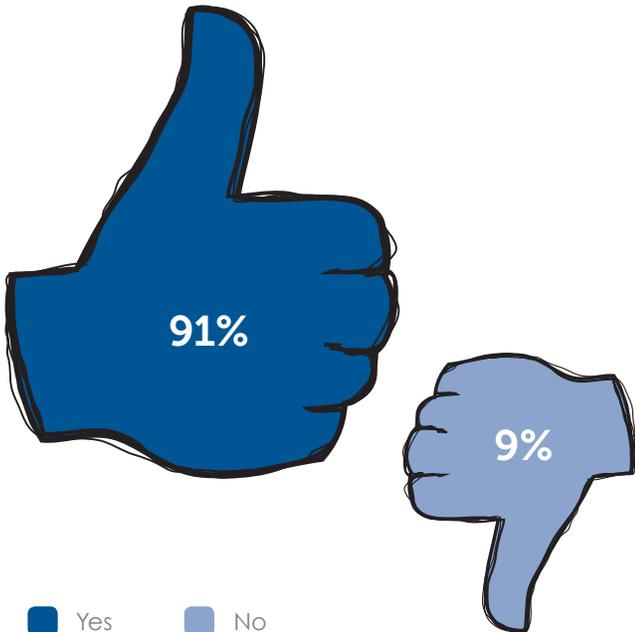0 10 20 30 40 50 60 70 80 %
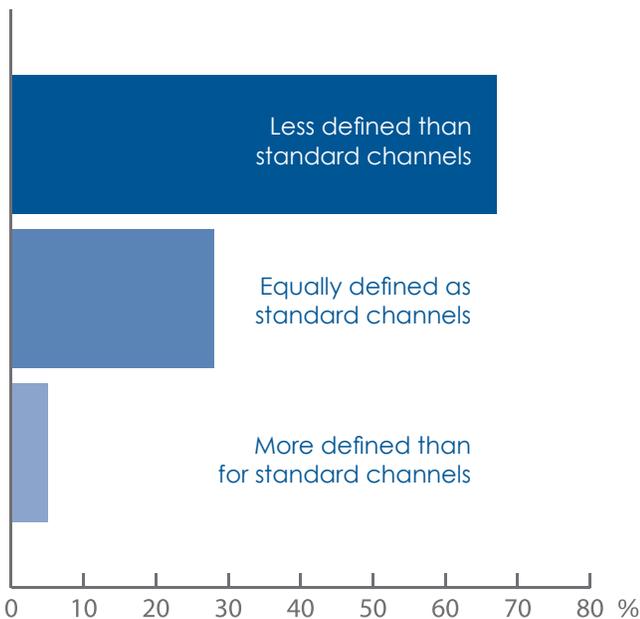
Q12 Do you think providing customer service over social channels is a good thing for your organiztion?

- 11%
- 89%
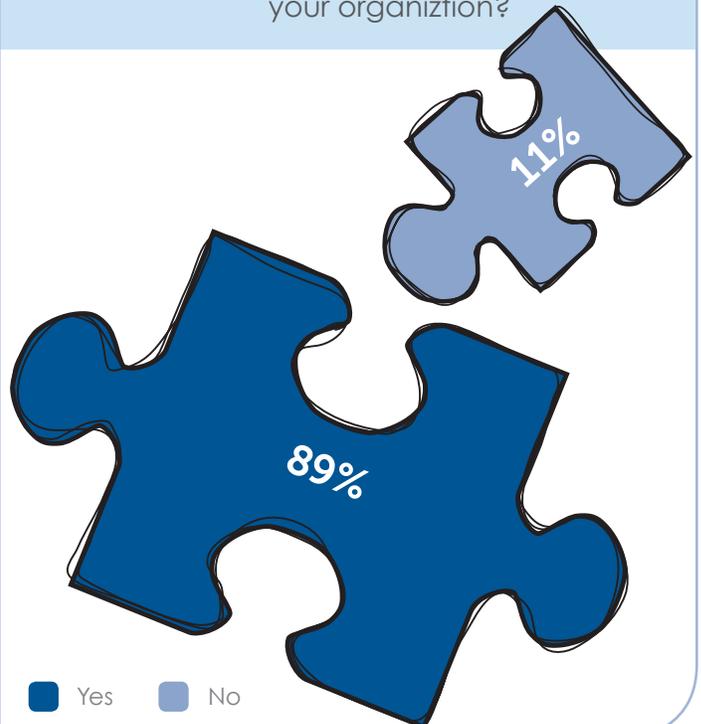
- Yes
- No

Q13

Do you think providing customer service over social channels is a good thing for your customers?

91% (Yes)

9% (No)

■ Yes   ■ No

Q14/ Q15

What was the primary/secondary benefits experienced when using social channels?

■ Primary
■ Secondary

- Reduced cost of customer support
- Deflected phone calls
- Met customer expectations
- Increased revenue
- Increased customer satisfaction
- Increased loyalty
- Intangible benefit
- Not using social channels just yet
- There is no secondary benefit (1st is enough)

0   10   20   30   40   50   %
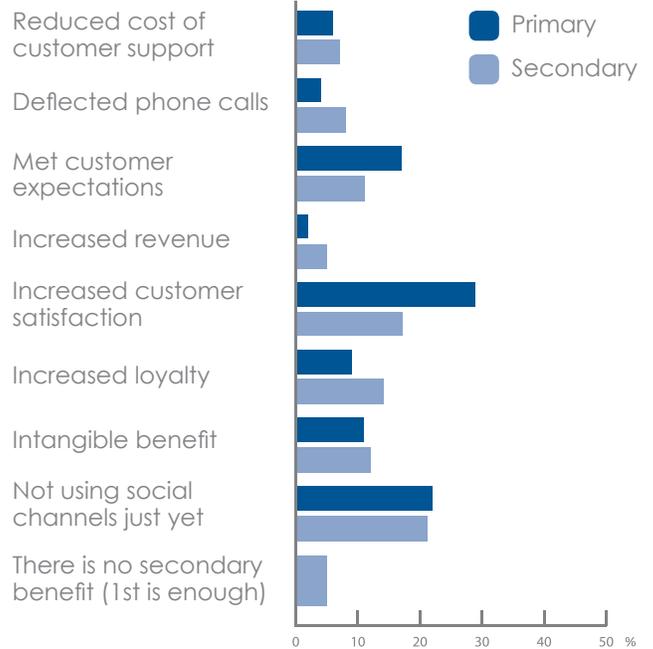
Q16

Do you track the average transaction cost through each channel for each of the activities listed? For example: Do you track the cost of Twitter (column) for customer service (row)? Select each box where you do track costs, or "we don't track".

	Twitter	Facebook	Closed Branded Community	Open Branded Community	Public Social Network	Open Community	We dont track
Customer Service	15%	13%	13%	7%	3%	3%	73%
Technical Support	6%	5%	14%	4%	1%	2%	80%
Field Service	3%	2%	8%	3%	1%	1%	87%
Service with Sales	5%	5%	10%	4%	2%	2%	85%
Proactive Service	4%	3%	3%	2%	1%	2%	87%

About thinkJar

thinkJar is an advisory and think-tank focused on customer strategies. We conduct the research and analysis of the information necessary for our clients to succeed in their planning and implementations of CRM, CEM, CX initiatives. We place special emphasis in helping our customers become social business.

Founded by a former Gartner analyst, Esteban Kolsky, with partnerships and alliances among the most regarded thought-leaders in the industry, thinkJar provides the necessary information to adapt to the social customer and evolve though the social evolution.

http://estebankolsky.com/

About Sword Ciboodle

Sword Ciboodle is a new kind of technology vendor. One that deals in facts and tells you how to build better business through considered multi-channel customer engagement. Talk to us about how our solutions can help you find your social customer engagement 'win-wins'; where your desire to reduce cost meets your customers' willingness to interact differently.

www.sword-ciboodle.com

Contact us

If your organization is ready to take a fresh look at customer service channels or social customer service and needs to ensure that its people are empowered with the right technology to support social customer interactions, email:

info@sword-ciboodle.com

If you would like to discuss how the concepts described in this paper could impact your multi-channel strategy, email:

esteban@estebankolsky.com