



Customer Service: Make Every Conversation Count

A report by FM Outsourcing

Introduction

Across the world, rising energy and fuel costs have triggered a rapid rise in inflation.

These difficult economic conditions are already beginning to cause problems for businesses as well as their customers, and the situation shows no sign of easing.

With consumers facing significant financial pressures, it's highly likely that people will become more selective about the businesses they buy goods and services from going forward. However, this should not be seen as a race to the bottom with low prices placed above all else.

In difficult times such as these, businesses will understandably be looking for ways to lower their expenses in order to keep costs down for customers.

However, while scaling down customer service functions may seem like an easy saving, this is not wise. In fact, it is more important than ever that businesses are doing everything they can to set themselves apart from their competitors in the eyes of their customers.

Indeed, the July 2022 UK Customer Service Index revealed that although six in 10 consumers believe low prices will become more influential when choosing where to shop and what to buy in the next two years, a third would still be prepared to pay more to guarantee good service.

This year and beyond, every conversation that businesses have with their customers will really count. But what do consumers really want when it comes to customer service?

In this report, we'll identify:

- Why excellent customer service is so important to ongoing business success.
- What makes a good customer service conversation according to customers themselves.
- How different sectors are currently faring when it comes to their customer service offerings.
- Key considerations for maintaining high standards of customer service now and in the future.

About FM Outsource

FM Outsource provides tech-led, high-quality customer care for some of the UK's top companies.

More than just a contact centre, we're a partner for growth. Using our team's decades of expertise, we help clients transform their businesses by boosting efficiency, fostering brand reputation, and providing first-class customer service.

FM Outsource started in 2012, answering social media queries for one client from a small, shared office space in Greater Manchester. Since then, we've become 24/7, multilingual, and omnichannel, and we even launched a sister company, Gnatta, to create our own cutting-edge customer service technology.

Now, we work with numerous household name brands to manage their contact centres and communication strategies, providing excellent customer care to every customer.



Key findings

To find out how businesses can make sure every customer service conversation counts, we spoke to 1,000 people aged 16 and over about their experiences with, and attitudes towards, customer service, as well as their preferences and pet peeves. Here's what we found:



86% of consumers said their **relationship with a brand has been negatively impacted** by a poor customer service conversation.



Nearly a third (31%) of consumers have told friends or family to avoid a brand following a negative customer service conversation, and **26% have left a critical review online.**



Short waiting times (61%) and the swift resolution of a query by an operator (60%) are the two main components of a **good customer service conversation** according to consumers.



48% of consumers said telephone was the channel most likely to deliver a positive outcome. Chatbots were seen as most likely to deliver an unsatisfactory outcome (36%).



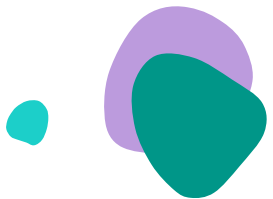
More than half of consumers across all sectors have **avoided contacting customer service** on at least one occasion due to a bad previous experience.



Nearly half (44%) of people would be happy to deal primarily with **AI-powered customer service bots**, provided the technology progresses sufficiently.

Chapter 1:

Why customer service is so important



Frustratingly, research has shown that the number of businesses that view customer service as a cost is actually on the rise. In today's challenging business environment, this is an extremely risky strategy.

The level of damage that a poor customer experience can cause should not be overlooked.

When asked whether a conversation had negatively impacted their relationship with a brand or business, 86% of respondents agreed.

Nearly half (47%) of people said they have stopped purchasing from them altogether, while 41% said they have reduced their spending.

The impact is not limited to their own relationship with a brand, either.

Bad customer service interactions can have a ripple effect: nearly a third (31%) of consumers have told friends or family to avoid a brand following a negative customer service conversation, and 26% have left a critical review online.

While some companies may not like to view customer service as an essential business function, the truth is that their reputation is intrinsically linked to the customer experiences they provide.



Our research found that 80% of consumers believe that poor delivery of customer service reveals a brand's general lack of care towards its customers.

Only 11% said that it is unrelated.

This is highly significant, as it has been shown that 68% of [consumers](#) will not buy from companies that do not care about them.



Q | What is most likely to have a positive impact on your opinion/perception of a business or brand?

Efficient customer service:



Customer reviews:



Recommendations from friends/family:



Delivery of product/service:



Price:



Conversations with sales reps:



Customer loyalty programmes:



Social media presence:



Advertising:



Personalisation:



Of course, while poor customer service has the potential to wreak havoc on a business's reputation, the reverse is also true.

When asked what's most likely to have a positive impact on their perception of a brand, efficient customer service was the most highly cited response (50%). In contrast, price (32%), social media presence (18%), and advertising (15%) were all cited much less frequently.

Ranked just below efficient customer service were customer reviews (49%) and recommendations from family and friends (44%).

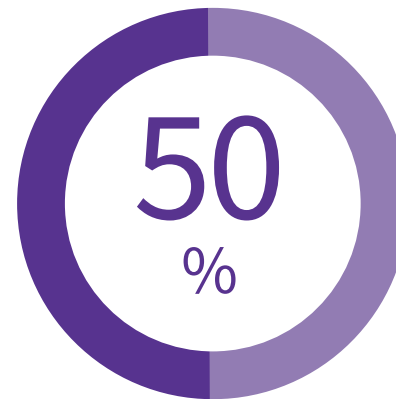




Given that customer service interactions directly lead people to leave reviews online or share their opinions in real life, it's clear that treating customer service as a cost centre instead of a growth opportunity can have a significant impact on customer acquisition, not just retention.

And, with the UK Customer Service Index's January 2022 report finding that the highest number of customers ever had experienced a problem in 2021, and the number of customers who made a complaint increased to 13.1%, up from 10.5% in the previous year, consumers are interacting with businesses' customer service functions more than ever.

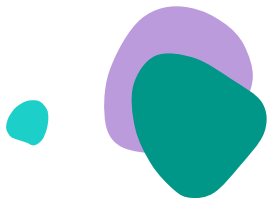
This makes it imperative that businesses ensure every conversation counts.



50% of respondents said that efficient customer service was the most likely to ensure a positive impact of their perception of a brand.

Chapter 2:

The good, the bad and the ugly



But what actually constitutes a positive customer service conversation according to customers themselves?

When asked what they believe are the three main components of a good conversation when it comes to customer service, the vast majority of people said short waiting times (61%) and having their query dealt with quickly and effectively by an operator (60%).

Surprisingly, the specific channel through which these conversations are conducted was significantly less important to people than the quick resolution of their issue: 39% of people said they value having the option to speak to a trained customer service operator on the phone, 23% said they appreciate a wide range of channels, and 22% said they look for 24/7 availability.

The content of the conversation itself was also seemingly less important.

Only around a third (32%) of people said they believe the pleasant demeanour of the operator is an integral component, while 19% find personalisation makes a difference.

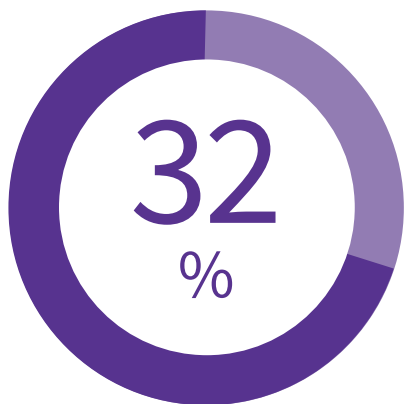
However, it is clear that consumers are still keen to have a conversation with a human operator when they have a problem, regardless of channel.



Fewer than one in 10 (9%) of respondents said they look for the ability to solve a problem themselves, and only 2% like to have the ability to solve queries via automated responses.

Similarly, when asked for the three main components of a bad customer service conversation, long waiting times (57%) and lack of satisfactory resolution to query (42%) were the two most popular responses, followed by not having the option to talk to a human (34%).

Things that would undoubtedly cause temporary frustration for the duration of the conversation, including unpleasant operator demeanour (23%), repeating information multiple times (18%), dealing with multiple agents in one interaction (15%), and a lack of personalisation (14%), were all cited much less frequently.



Only around a third (32%) of people said they believe the pleasant demeanour of the operator is an integral component.

“Our research would suggest that, ultimately, consumers are simply looking for the swift, effective first time resolution of their problem or query.

While it’s increasingly important to offer customers a wide range of choice of channels and availability, the quality of conversations must not be compromised as a result of spreading agents too thinly.

If customers are finding their query remains unresolved, the fact they were able to contact the company outside of work hours will be of little consequence to them.

Businesses need to ensure that operators are empowered to provide a satisfactory first time resolution across every customer service channel, with the right technology and resourcing in place to enable them to do so.”



**Martin Brown,
CCO of FM Outsource**



Q What do you believe are the three most important components of a good conversation when it comes to customer service?

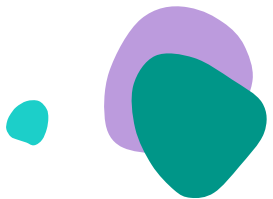


Q

What do you believe are the three main components of a bad conversation when it comes to customer service?



Chapter 3: Channels



Although the specific channel through which a customer service conversation takes place was deemed less significant overall than the successful resolution of their query, that's not to say that channel is unimportant, or that consumers view all channels equally.

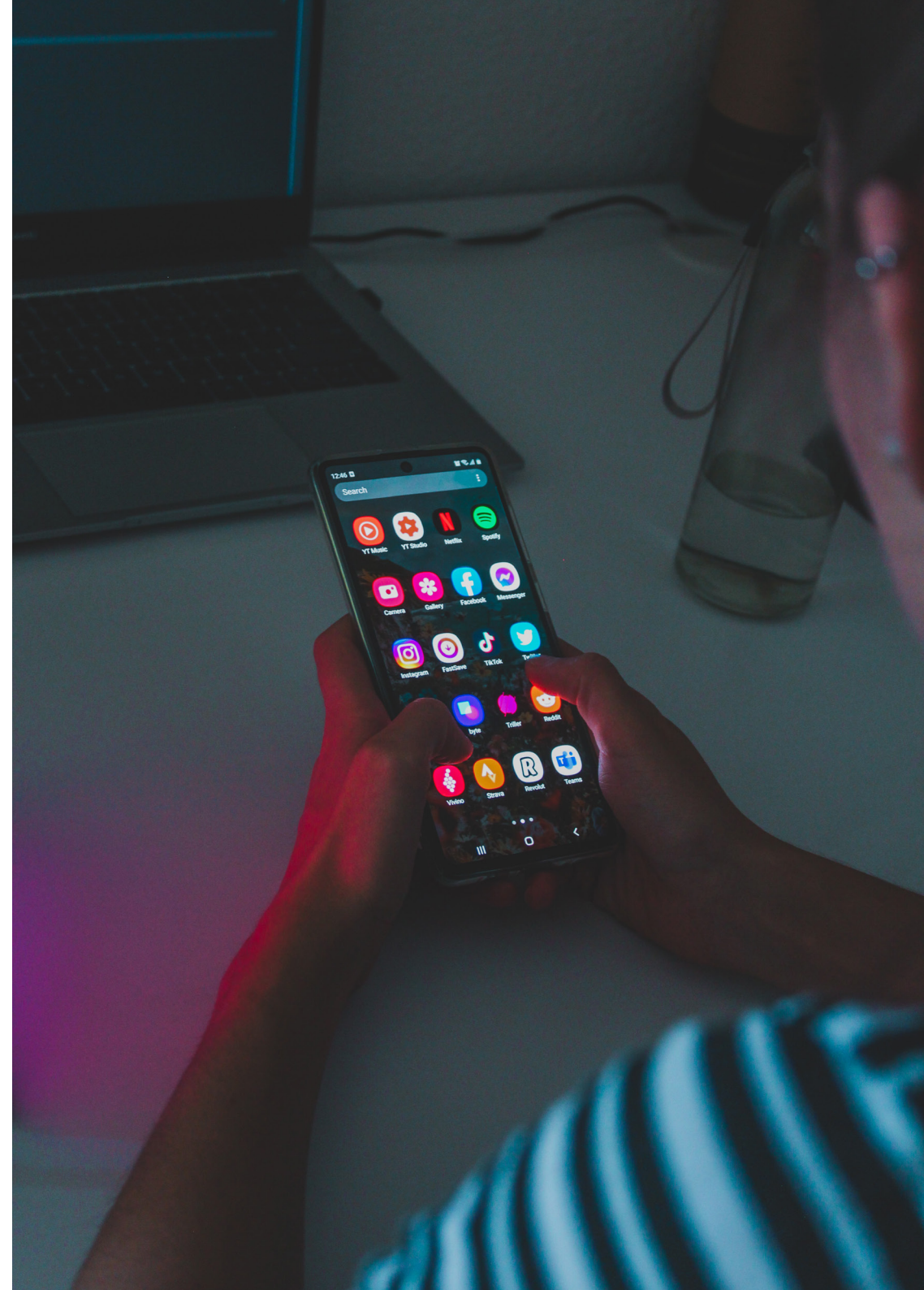
When asked for the channel that they believe is most likely to deliver a positive outcome from a conversation, phone (48%) was by far the most popular response.

This echoes the earlier finding, in which 39% of people said having the option to speak to a trained customer service operator on the phone was one of the main components of a positive customer service interaction.

Respondents treated all other channels with far more scepticism. Around a fifth of people (21%) have found the most success with live chat, another fifth (21%) with email, just 6% with WhatsApp, and 3% with chat bots.

Despite its reputation as a last resort for customers who have been let down by companies via other channels, only 2% of people said that public social media posts are the most likely to deliver a positive outcome.

When asked for the channel they believe is most likely to deliver a poor outcome, chat bots emerged as the least popular (36%), followed by automated speech recognition (21%).



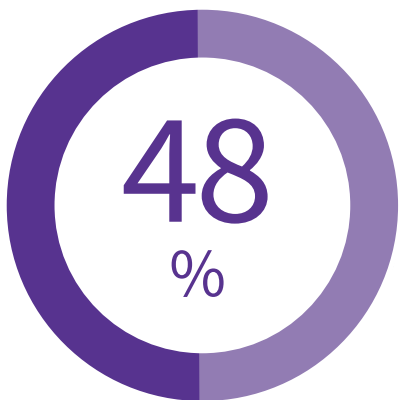
Once again, this would suggest consumers are of the belief that their problem is most likely to be resolved quickly and efficiently if they are able to converse with a human operator.

Respondents were then asked for their preferred customer service channel across a variety of sectors, if a positive outcome was guaranteed.

Although phone remained the most popular channel across every sector by some margin, its average score dropped slightly from 48% to 40%.

From this we can infer that, for some, phone is only their preferred channel as they find it is currently the most effective way to resolve a query.

At the same time, chat bots' popularity rose slightly from 3% to 7%.



48% of respondees believe that the phone was the channel that was most likely to deliver a positive response.

“There is a perception amongst the public that chatbots are replacing human operators. But, whilst automation is undoubtedly in our future, the technology still isn’t advanced enough to replace all humans in the industry.

After all, the most popular response to bots is ‘why won’t you speak to me?’ Customers need to be able to reach a human when they want to. That’s why any AI or bot absolutely needs to be interruptible. If they’re not, your customers get stuck in a loop and you risk damaging your brand image when they get frustrated.

Having said all that, bots are fantastic at data gathering, thereby reducing strain on operators and enabling them to provide more efficient customer service support. And features like quick reply buttons enable businesses to engage with customers automatically and deal with simple FAQs.

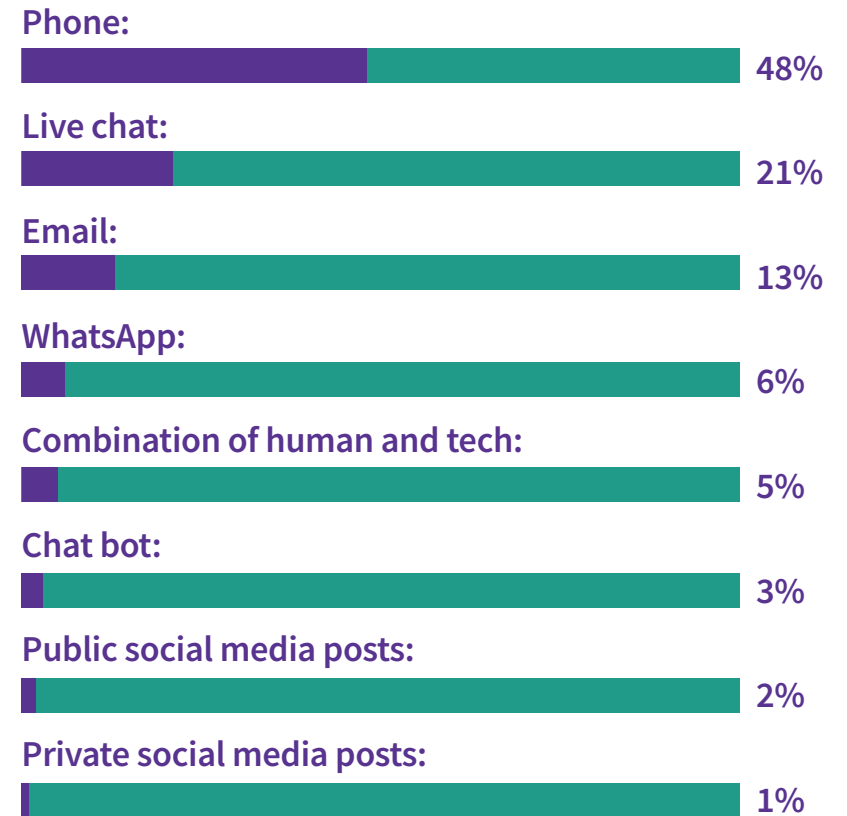
Like any technology, it’s important to recognise its limitations, but businesses can absolutely be using it to their advantage without damaging their relationship with customers. As long as it isn’t your full offering.”



Martin Brown,
CCO of FM Outsource

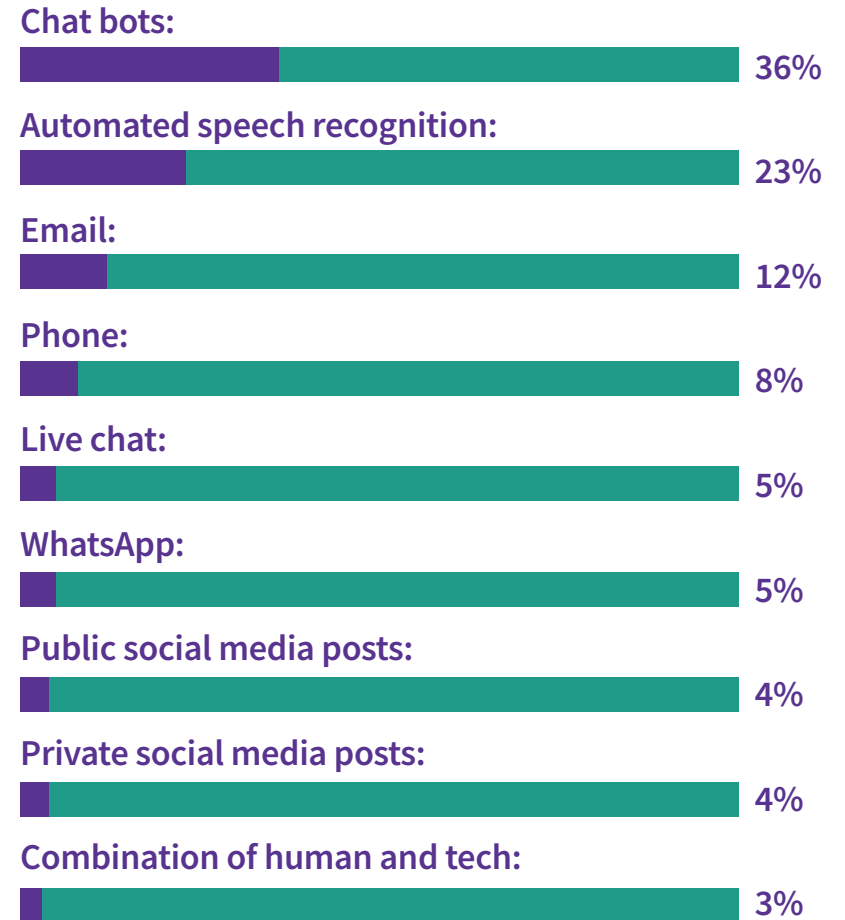


Q | Channels most likely to deliver positive conversation





Q Channels most likely to deliver poor outcome

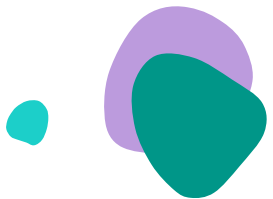


Q Preferred channel if positive outcome guaranteed

	Phone	Chat bot	Live chat	Automated speech recognition	Email	WhatsApp	Private social	Public social	Combination of human and tetch
Grocery retail	45%	5%	22%	1%	14%	2%	1%	1%	6%
Health and beauty retail	37%	12%	23%	1%	14%	3%	1%	1%	5%
Fashion retail	37%	7%	26%	3%	15%	2%	2%	1%	6%
Technology retail	38%	6%	24%	5%	16%	3%	2%	1%	5%
Travel	41%	7%	23%	2%	17%	3%	1%	1%	5%
Hospitality and leisure	40%	6%	22%	4%	15%	4%	2%	1%	5%
Banking	40%	7%	23%	3%	13%	3%	3%	1%	5%
Logistics	38%	7%	24%	4%	16%	3%	1%	3%	5%
Utilities	41%	7%	22%	4%	13%	3%	2%	1%	6%
Insurance	40%	7%	22%	3%	14%	3%	2%	3%	5%

Chapter 4:

Sector focus



According to the research, there is a marked difference not only in the standard of customer service offered across different sectors, but also how often consumers are engaging with certain sectors' customer service teams.

When asked how likely they are to contact businesses in particular sectors, around half (49%) of people said they were either likely or very likely to contact banking and utilities companies, while a quarter (25%) of people said that they would be very likely to contact grocery retailers – the highest proportion.

Meanwhile, only a third (33%) of people said they would be likely or very likely to contact fashion retail businesses. Fashion retailers were also the sector that most consumers said they would be unlikely or very unlikely to contact, at 27%, compared with just 10% of people regarding banking companies.

This is likely because banking, utilities, and supermarket businesses are also those that people are most likely to buy goods or services from in the first place, as they are largely a necessity. However, while they are contacted with similar frequency, the quality of care that they offer to their customers differs greatly.

Respondents were asked to rate various business sectors' quality of customer service delivery from good to poor based on their experience.



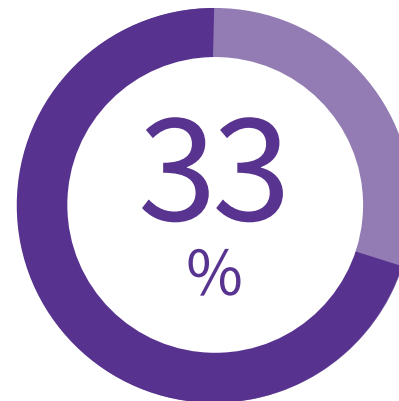
The utilities sector was most likely to be rated poor or extremely poor (25% vs average of 17%), whereas banking and grocery were most likely to be rated as good or very good (49% and 50% respectively, vs average of 42%).



On the other hand, they were most likely to say they'd had a positive or multiple positive experiences with the grocery and banking sectors (36% vs average of 30%).

These findings were echoed when respondents were asked to rate each sector's reputation when it comes to customer service, therefore taking into account the experiences of other people they know, and those they've read in online reviews, as well as their own.

Once again, the utilities sector was the most likely to be rated poor or extremely poor (32% vs average of 20%), while grocery and banking were the most likely to be rated good or very good (45% and 43% respectively, vs average of 38%).



Only a third (33%) of people said they would be likely or very likely to contact fashion retail businesses.



Similarly, when asked whether they have had a negative customer service interaction with businesses in various industries in the past 12 months, respondents were most likely to say they'd had a negative experience or multiple negative experiences with the utilities sector (20% vs average of 15%).

On the other hand, they were most likely to say they'd had a positive or multiple positive experiences with the grocery and banking sectors (36% vs average of 30%).

These findings were echoed when respondents were asked to rate each sector's reputation when it comes to customer service, therefore taking into account the experiences of other people they know, and those they've read in online reviews, as well as their own.

Once again, the utilities sector was the most likely to be rated poor or extremely poor (32% vs average of 20%), while grocery and banking were the most likely to be rated good or very good (45% and 43% respectively, vs average of 38%).

These findings were echoed when respondents were asked to rate each sector's reputation when it comes to customer service

“Our findings show that, as far as consumers are concerned, the utilities sector currently offers the lowest standard of customer service.

While the nature of their business means that they will naturally have many people needing to contact them with a range of queries, this is no excuse for providing poor quality customer support as other widely contacted sectors fared much better in the research.

Citizens Advice recently announced that the number of calls regarding issues with energy suppliers to its consumer service helpline had soared since June 2021, when firms began going bust due to high global gas prices.

According to Citizens Advice, the average waiting time to speak to an energy firm is now around six and a half minutes, up from just under four minutes the year before.

With the price cap set to rise again later this year, it’s likely that energy suppliers will be inundated with queries from worried customers.

They really need to start scaling up their customer service functions now, with a focus on reducing wait times, if they are to improve their service quality by the time the price cap rises again this autumn.”



Gary Lloyd,
Head of Operations at FM Outsource

The research also revealed that across every sector, more than half of consumers have avoided contacting customer service departments altogether on at least one occasion.

The most common reasons for consumers to avoid contacting a business’s customer service department are that it requires too much effort (21%), that it takes too long (12%), and that a previous problem went unresolved (11%).



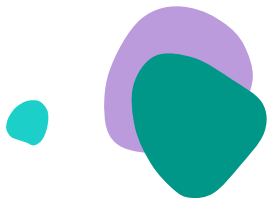
This suggests that most customers who have avoided contacting customer services, have done so due to a previous negative interaction, again highlighting the vicious cycle that can be triggered by poor quality customer service.

More dangerous than a complaining customer – a silent one. If customers are choosing not to air their complaint directly with the business, this means the business does not have a chance to rectify the issue.

The customer is then more likely to share a negative experience with family and friends, and possibly online too.



Chapter 5: Lessons for the future



Technology

It's widely agreed that customer service, like almost every other industry, will increasingly be driven by technological innovations. It's predicted that technology, including automation and AI, should lead to improvements in working conditions for agents, as well as the efficiency and quality of the service offered to customers.

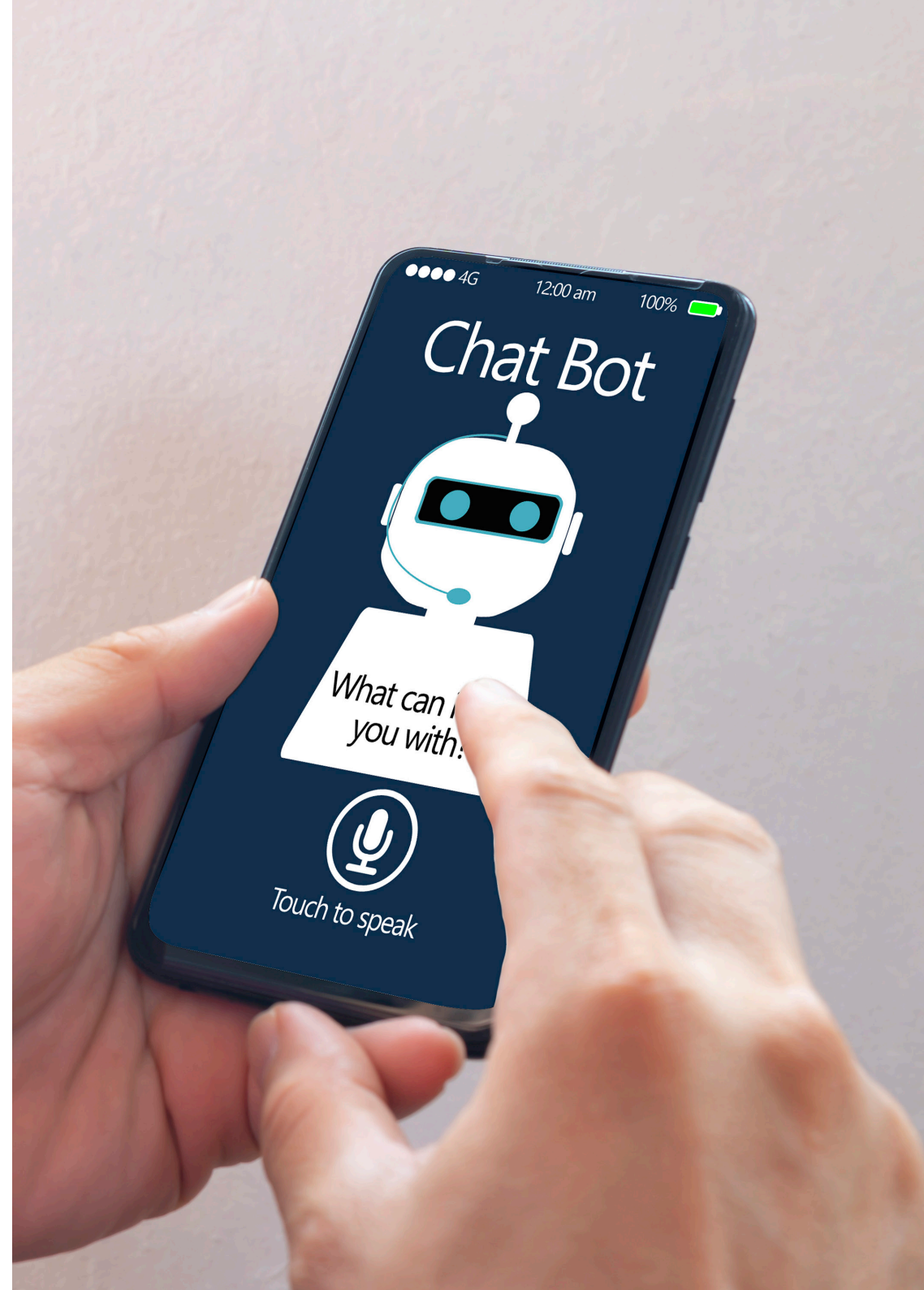
But how do consumers feel about this prospect?

Interestingly, despite a lack of enthusiasm towards chat bots elsewhere in the research, when asked whether they would be happy to deal primarily with AI-powered customer service bots, provided the technology progresses sufficiently, nearly half (44%) of people said yes.

This tells us that many consumers are not inherently against interacting with non-human operators.

However, a significant proportion (36%) said no, and 20% were unsure.

Furthermore, more than a third (38%) of people said that they believe decreasing access to human operators has contributed to a decline in the quality of customer service in recent years, and 30% think improper use of technology has had a negative impact.





On the other hand, 27% believe that wider adoption of technology has led to improvements in customer service offerings.



It's predicted that technology, including automation and AI, should lead to improvements in working conditions for agents

Reputation

The research repeatedly highlights that consumers largely place the blame for poor customer service with the business itself, not with individual agents.

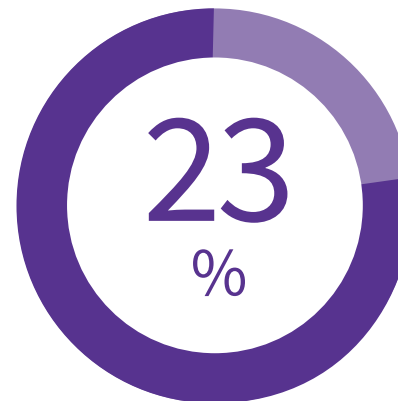
For example, the most widely cited reason for any recent decline in customer service was that companies are not making customer service a business priority (42%), while 38% believe that it is caused by companies taking their customers for granted.

Nearly a quarter (23%) of people said that they believe bad customer service is caused by a lack of financial investment.

Only a third of people (33%) said that they believe any recent decline is down to the poor attitude of customer service agents.

Responses also suggest that even when consumers do have a less than satisfactory encounter with an agent, they still attribute this to failings on the part of the business, with 60% of consumers saying that they believe poor training for employees is the main cause of bad customer service interactions, and 43% putting it down to a lack of employee engagement.

This means that businesses' reputations are on the line with every customer service interaction, and agents – whether internal employees or outsourced – must be treated as integral members of the workforce, whose engagement and loyalty are not overlooked.



Nearly a quarter (23%) of people said that they believe bad customer service is caused by a lack of financial investment.

“Customer service acts as the face of a brand and as such must show genuine empathy towards customer issues. The ease and speed of communication and how customers are spoken to and treated by advisors, help them decide whether that company values their loyalty and repeat business.

Businesses should be thinking of their customer service and marketing functions as one, as just one poor experience can mean the loss of any repeat business and undermine the marketing efforts extended to win the customer in the first place.

With the increase of review platforms and social media there is increased visibility of customers’ frustrations and customer service shortcomings and your consumers are well aware of that.

Nowadays one bad experience can very quickly have a negative, irreversible impact on brand reputation. This is something that brands need to consider carefully, the customer experience cannot be undervalued.”



Kirsty Robinson,
Head of Marketing at FM Outsource

Interestingly, around a third of consumers (32%) believe that the increased visibility has led to an improvement in customer service, and a quarter (25%) think the increasing popularity of social media has had the same effect.

Customers are clearly aware that businesses recognise the need to protect their reputation online.

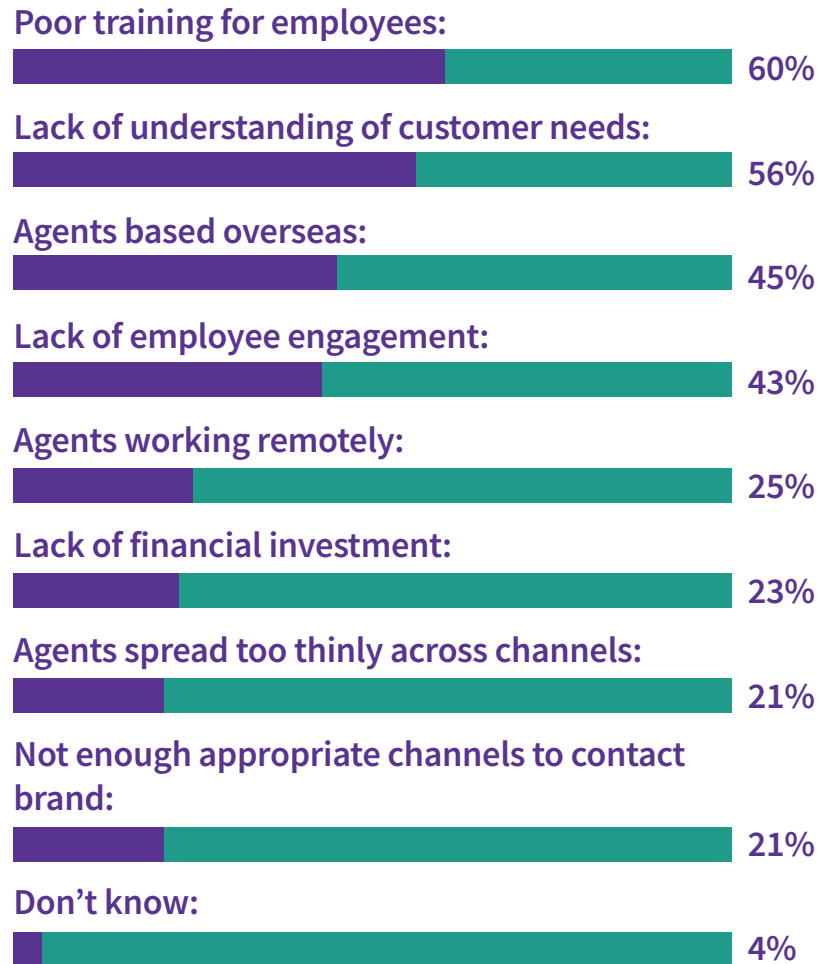
However, it’s vital that they don’t think that businesses are only providing a good level of service for their own gains, as this could lead customers to believe they are inauthentic and insincere, negating any commercial benefits.

External factors can, of course, play a role in the level of service delivered to customers, and this is something consumers are conscious of.

A quarter (25%) of people put recent declines in customer service down to pressures caused by Covid-19.

However, while some people may make allowances for extenuating circumstances such as these, it’s likely that any goodwill extended to businesses by customers as a result of the pandemic will now be waning, so companies need to ensure that standards are back up to pre-Covid levels as soon as possible.

Q Main causes of bad customer service interactions



Quality

Above all, the research shows that customers value high-quality conversations.

Echoing the earlier findings about what constitutes a good conversation, when asked about recent declines in customer service, 40% of people said they have experienced increasing hold times.

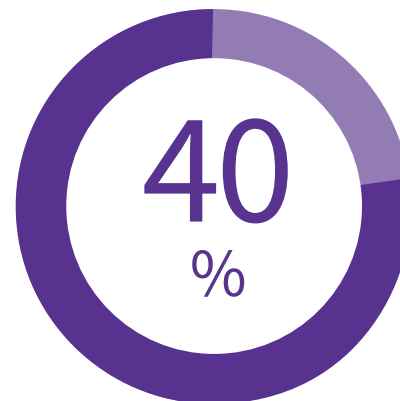
At the same time, when asked about any improvements, 25% of people said that they have noticed an increase in the speed with which queries are dealt with.

This again underlines the importance of quick responses.

The research also shows that consumers believe an over-reliance on offshoring has a detrimental effect on the quality of customer service.

Nearly half (45%) of people flagged agents being based overseas as a main cause of bad customer service interactions, while 33% think increased outsourcing abroad is behind recent declines in the standard of service.

When asked factors contributing to any recent improvements, the most popular response was UK-based customer service operators (39%).



When asked about recent declines in customer service, 40% of people said they have experienced increasing hold times.

“The offshoring boom and subsequent move back to onshoring should provide a stark warning about the dangers of prioritising cost over efficiency and often quality.

Many of the businesses who were quick to move their contact centres overseas in order to capitalise on a cheaper workforce have since brought them back to the UK after finding that call quality and first-call resolution stats suffered.

With the rapidly rising implementation of technology, companies need to be careful to ensure this situation isn't replicated and short term cost isn't favoured over long term efficiency.”



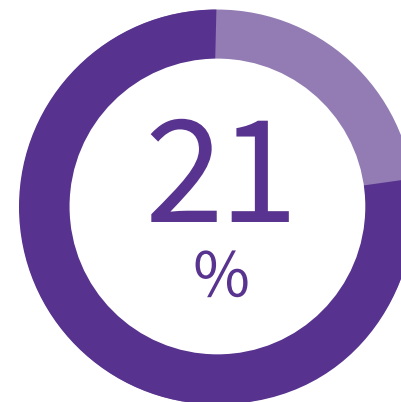
Jonny Campbell,
Head of Customer Growth and Retention at FM Outsource

There is clear demand from customers for a wide range of options when it comes to contacting a business's customer service department.

It's important to remember that different channels suit not only different customers, but also different types of queries, and a fifth (21%) of people said that a lack of appropriate channels is one of the main causes of bad customer service interactions.

However, when businesses take the decision to offer customer service via a new channel, they need to ensure that the standard of service is consistent with other existing channels, and that adding a new channel will not impact the service offered elsewhere.

A fifth (21%) of people said that they believe their negative customer service experiences have been the result of agents being spread too thinly across channels.



A fifth (21%) of people said that a lack of appropriate channels is one of the main causes of bad customer service interactions.

Conclusion

The research makes clear that businesses absolutely cannot afford to view their customer service offering as a cost centre, particularly in the current economic climate.

Just one unsatisfactory customer service conversation can have a devastating impact on a business's relationship with a customer, and its reputation amongst that customer's family and friends.

With the outcome of the conversation by far the most important thing to consumers, businesses must absolutely place a key emphasis on ensuring operators are able to respond to and resolve as wide a range of queries as possible, with comprehensive training provided to every agent and clear processes in place where escalation is required.

Although ideally they will be making their operators available for as long as possible and through a wide range of channels, it's vital that the standard of service is excellent at all times and across all channels.

If this isn't possible, it would arguably be better to concentrate on providing an outstanding level of service via a smaller number of channels.

For many businesses, it can be difficult to maintain consistent levels of customer service throughout the year.

Peak periods greatly increase the workload of operators, but scaling customer service teams to accommodate growing demand is not always feasible.

For this reason, outsourcing their customer service function is often a cost-effective way of guaranteeing quality and resolution speed for businesses that are finding it a struggle to manage this themselves.

Contact us

For more information, please visit:

<https://fmoutsource.com/>

