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## Retailers Plan To Expand Online Customer Service Channels In 2010

But Disconnection Between Customer Service And Brand May Spell Trouble

by **Diane Clarkson**

with Carrie Johnson, Elizabeth Stark, and Kate van Geldern

### EXECUTIVE SUMMARY

As eCommerce sales operations mature, we find many online executives turning more attention to online customer service. Today, email is the most commonly offered online customer service channel on retail Web sites, followed by order tracking and frequently asked questions (FAQs). In the next 12 months, retail eBusiness professionals are planning to expand their online customer service touchpoints, with significant increases in live help, social, and mobile customer service. However, there is a disconnection between customer service and brand efforts: US retail eBusiness professionals widely say that customer service is an essential part of their brand, but their actions belie their words. While 85% agree that customer service is a key element to their brand and 82% believe customer service is integral to their company culture, brand reinforcement and support do not drive customer service strategy for the majority of retail eBusiness professionals. Customer service market intelligence, if collected, is frequently not disseminated or acted upon. Retail eBusiness professionals — especially those planning to implement new service channels — must align their brand and their service strategies to ensure they are not compromising either.

### RETAILERS LOOK TO NEWER TECHNOLOGIES FOR ONLINE CUSTOMER SERVICE

With more than 10 years of online selling, most online retailers have the basics covered when it comes to online customer service. In a survey of 291 online retail executives conducted at the end of 2009, we found that email is currently the most commonly offered online customer service among our respondents at 96%, followed by order tracking (83%) and live phone customer support (82%) (see Figure 1). We also found that retailers are taking an increasingly sophisticated approach to online customer service, looking to newer technologies to provide pre- and post-sales service, support sales, and reduce operational costs. Specifically, responses to our survey indicate that:

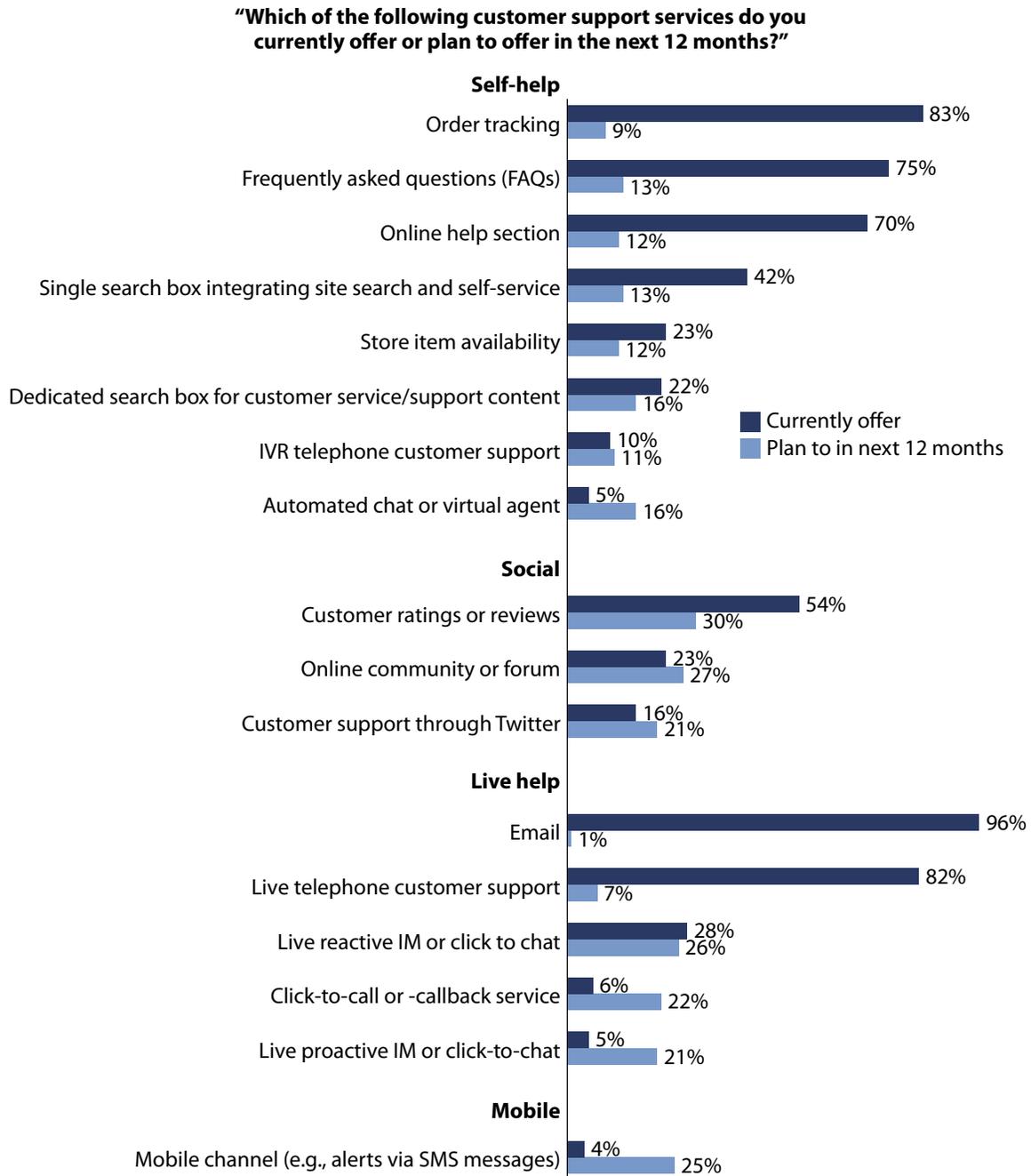
- **Live help availability is growing.** Today, reactive chat is the most common chat option among US retail respondents at 28%. With 26% of US retail respondents planning to implement reactive chat in the next 12 months, it could potentially be offered by more than 50% of retailers in our survey.<sup>1</sup> US retail respondents are also looking to proactive chat in significant numbers: While only 5% offer proactive chat currently, 21% plan to implement it in the next 12 months. Similarly, click-to-call is only offered currently by 6% of respondents, but 22% plan to implement it in the next 12 months.



#### Headquarters

Forrester Research, Inc., 400 Technology Square, Cambridge, MA 02139 USA  
Tel: +1 617.613.6000 • Fax: +1 617.613.5000 • [www.forrester.com](http://www.forrester.com)

**Figure 1 US Retailers Are Planning Social, Live Help, And Mobile Customer Service Channels**



Base: 291 US online retail professionals

Source: Q4 2009 US Retail Executive Online Survey

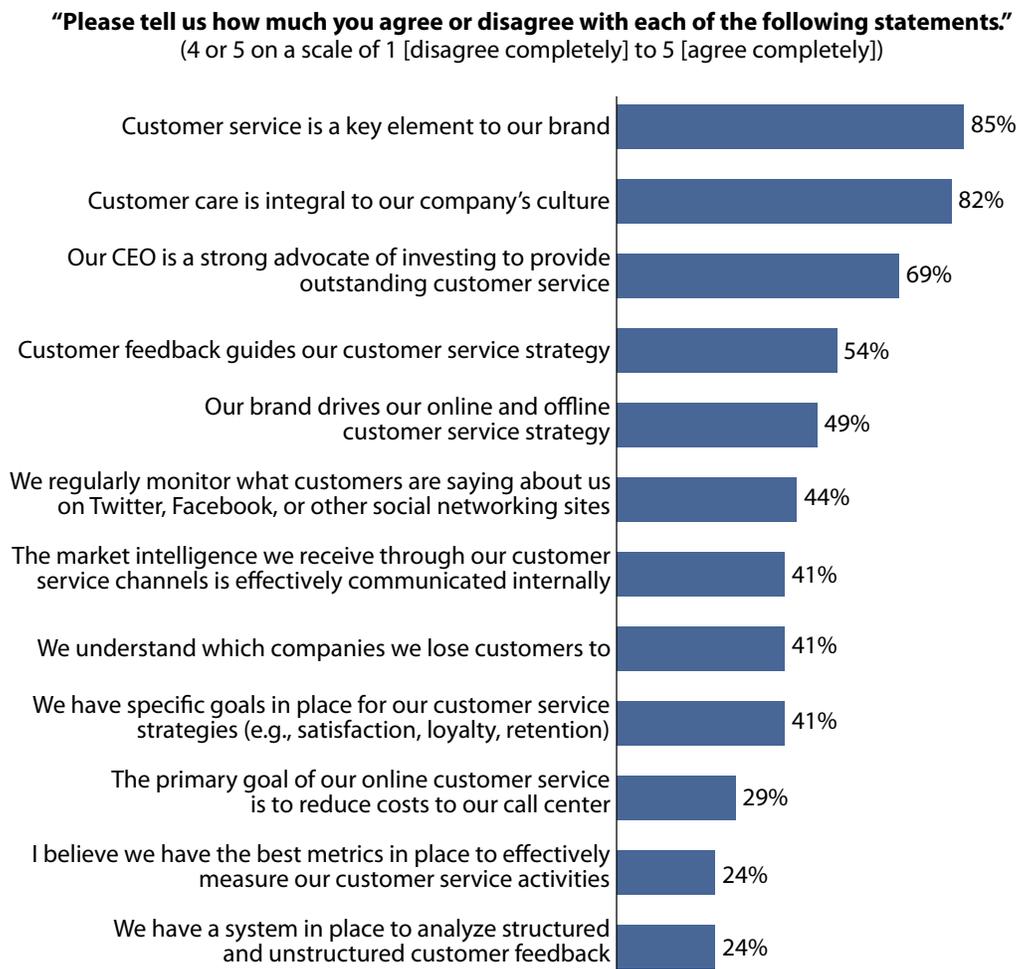
- **Social customer service is poised to grow.** Currently, 54% of US retailers in our survey offer customer ratings or reviews, and 23% offer online communities or forums. 2010 could see a dramatic increase in these social customer service channels. Thirty percent of US retail respondents plan to implement customer ratings or reviews. The number of retailers offering online communities or forums may double from where it is now, with 27% of our retail respondents planning to offer communities for customers to support each other.<sup>2</sup> Led by firms like Comcast with ComcastCares, Twitter is also being looked to for its customer service potential: 16% of US retailers in our survey currently offer customer support via Twitter, and a further 21% plan to implement customer support via the microblogging platform.<sup>3</sup>
- **Retail customer service is going mobile.** Mobile is currently the least commonly offered customer service channel among our survey respondents at only 4%, but a growing number of retailers are planning to leverage the immediacy of mobile. Some 25% of US retail respondents plan to implement mobile customer service such as SMS alerts in the next 12 months. Savvy retailers realize that a mobile customer service channel will support their mobile commerce and promotional efforts. As an example, Sears has effectively used mobile for customer service by sending text alerts to confirm that a Web order is ready for in-store pickup and allowing customers to contact customer service via their mobile device by SMS, phone, or email.<sup>4</sup>

## EXECUTION OF SERVICE INITIATIVE LACKS CLEAR METRICS AND PROCESSES

Retailer plans for implementation of even more online customer service touchpoints is admirable. But our survey responses regarding execution of current online customer service plans reveal that before forging ahead, these executives have some huge areas of improvement to hammer out. We found that:

- **Brand is disconnected from customer service.** The large majority of US retailers in our survey say that customer service is an essential part of their brand: 85% agree that customer service is a key element to their brand, and 82% say customer service is integral to their company culture (see Figure 2). Unfortunately, there is a wide gap between words and actions: Only 49% of survey respondents agree that their brand drives their online and offline customer service strategy. This lack of alignment can be jarring for customers when their service experience is inconsistent with the expectations a brand has promised.
- **Customer service objectives are unclear.** Establishing clear objectives and having the right metrics in place to gauge performance are two of the most important factors in a successful customer service undertaking. It is startling that only 41% of surveyed retailers agreed that they have specific goals in place for customer service strategies and only 24% believe they have the best metrics in place to effectively measure customer service activities.

**Figure 2** US Retailers Believe That Customer Service Is Key To Brand



Base: 291 US online retail professionals

Source: Q4 2009 US Retail Executive Online Survey

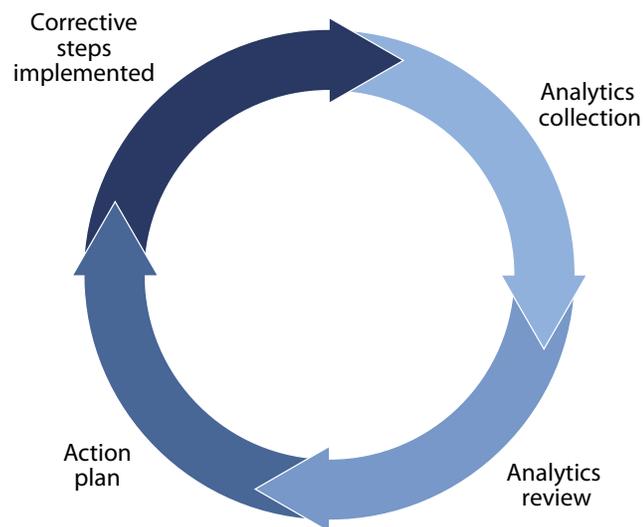
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Source: Forrester Research, Inc.

- **Retail eBusiness professionals are not listening to customers.** Retailers in our survey are not exploiting the wealth of feedback available via social channels. Only 44% of retail respondents regularly monitor what their customers are saying on Twitter, Facebook, or other social networking sites. A huge red flag should be hoisted into this void, particularly for retail eBusiness professionals who are planning to implement social customer service strategies in the next 12 months.

- **Market intelligence, if collected, is not communicated internally.** Only 41% of retail eBusiness professionals in our survey agree that the market intelligence they receive through their customer service channels is effectively communicated internally, and less than one quarter have a system in place to analyze structured and unstructured customer feedback. Retail eBusiness professionals must collect and analyze customer feedback in a process that considers brand impact and facilitates improvements (see Figure 3).

**Figure 3** A Successful Customer Service Implementation Requires Listening And Action



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Source: Forrester Research, Inc.

## RECOMMENDATIONS

### FIVE TACTICS TO ALIGN BRAND AND CUSTOMER SERVICE

The most critical element that our survey respondents ignore today is the connection between brand and customer service. Retail eBusiness professionals must shift from paying lip service to the relationship between brand and customer service to recognizing how these key business areas drive (or derail) each other. Savvy retail eBusiness professionals recognize that aligning customer service and brand can strengthen both: Brand promises set customers' expectations for a service experience; in turn, customer service experiences exceed, meet, or miss these expectations. This is especially true for those retail eBusiness professionals who are planning to implement new online customer service touchpoints: With more touchpoints comes more structured and unstructured customer feedback, making execution even more complex. Retail eBusiness professionals should:

- **Integrate brand alignment into customer service strategy.** Conduct a gap analysis to objectively assess the relationship between your brand and your customer service. Customer service touchpoints should be consistent with your brand. For example, live help should be considered for high-touch brands if high service levels are a core brand promise for the in-store experience. Your service personality across all your customer service touchpoints should align with your brand; for example, is your brand personality best aligned with familiar or with formal conversational tones?
- **Align customer service metrics to brand.** Not all metrics are equal for every brand. For example, customer satisfaction metrics should be more important than average call times if high service is a core part of your brand promise. This approach has been taken by Zappos.com, where telephone service is viewed as a core branding opportunity, making customer satisfaction a key metric rather than traditional call center metrics.
- **Listen to social channels.** Your customers' online conversations about their customer service experience have an impact on your brand. You must listen, participate where appropriate, and measure. Many companies have engaged listening platforms, but these typically reside within interactive marketing or customer intelligence. These platforms offer a range of metrics that can be instrumental for eBusiness retail professionals to understand what their customers want and what they have experienced. This will provide a deeper understanding of the connection between brand and customer service. Equally important, you must create processes that will enable this insight to be disseminated to the appropriate parts of the organization to ensure it is actionable.
- **Solicit customer feedback across your customer service channels.** Continuous improvement requires continuous feedback. You should be inviting feedback at every customer service touchpoint. This includes asking how well an FAQ answered a question, offering a short satisfaction survey after chat sessions, and inviting feedback via comment cards or email surveys. The intelligence gleaned from these tactics will be particularly important for newly launched customer service channels to ensure they are meeting customer expectations.
- **Establish customer service cross-channel and cross-functional collaboration.** While the majority of eBusiness retail professionals have P&L responsibility for their Web sites, much fewer have the same responsibility for related functions such as offline customer service, call centers, or mobile strategy. Fewer still have direct brand strategy responsibility. Online customer service touches multiple aspects of a retail business, and its successful implementation relies on the participation of these key areas. eBusiness retail professionals should utilize a collaborative approach to customer service with regular (and required) participation from key cross-channel and cross-functional areas to design organizationwide processes that ensure customer service supports brand promises.

## SUPPLEMENTAL MATERIAL

### Methodology

Forrester fielded its Q4 2009 US Retail Executive Online Survey to 291 online retail professionals from our ongoing Marketing & Strategy Research Panel. For quality assurance, panelists are required to provide contact information and answer basic questions about their firms' revenue and budgets. Forrester fielded the survey from October to November 2009. Respondent incentives included a summary of the survey results. Exact sample sizes are provided in this report on a question-by-question basis. Responses are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

### ENDNOTES

- <sup>1</sup> To uncover best practices when implementing online chat, Forrester spoke with all of the major vendors of chat software, approximately a dozen companies that have implemented chat, and reviewed approximately 30 chat implementations available to customers and prospects. We found best practices in four areas: 1) organization and staffing; 2) process design; 3) business integration; and 4) security. See the March 9, 2009, "[Best Practices: Implementing Online Chat](#)" report.
- <sup>2</sup> Retailers considering implementing social communities as part of a customer service strategy should begin with Forrester's Total Economic Impact™ (TEI) methodology to evaluate the benefits, costs, risks, and flexibility to determine the ROI of customer service communities. See the June 30, 2009, "[The ROI Of Online Customer Service Communities](#)" report.
- <sup>3</sup> Using Twitter as a customer service channel requires a strategic approach for eBusiness executives, who must consider its organization effect, including its impact other customer service touchpoints, channel ownership, and reputation management. See the October 14, 2009, "[Using Twitter As A Customer Service Channel](#)" report.
- <sup>4</sup> Sears' efforts in mobile commerce and marketing and yielded a third-place tie with Target for the 2009 Mobile Retailer of the Year award from Mobile Commerce Daily based on the nominations received from readers and submissions from the publication's editorial team. For more information on Sears' work in the mobile space, see "Sears, Target tie for third place: 2009 Mobile Retailer of the Year," Mobile Commerce Daily, January 13, 2010 (<http://www.mobilecommercedaily.com/sears-target-tie-for-third-place-2009-mobile-retailer-of-the-year/>).