

Third Edition | State of Digital Customer Experience Report 2019:

The Social Messaging Landscape in 2019 and Beyond

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Welcome to Customer Experience in the Era of Messaging & Automation

Last year we conducted the same survey, publishing the results in our “The State of Digital Care 2018.” So why, you may wonder, is this new report titled “The State of Digital Customer Experience”?

2018 Was a Digital Revolution

Messaging burst onto the customer service scene and matured to be the preferred service channel for many; bots & AI evolved beyond their hype-cycle and actually became useful (when done right); and consumers embraced private service channels over public venting and brand bashing. All of these developments, powered by platform providers and customer preferences alike, resulted in customer engagement undergoing a digital transformation: getting more centered on messaging channels and moving away from ‘care’ only to encompass the holistic customer experience as we know it - Sales, Marketing and Customer Care.

But, despite all of these changes, once stripped back, the fundamentals of great customer service are still centered around convenient, effortless and in-channel resolution.

The Digital Customer: Messaging Support is Extending Beyond Care

Today’s customer expects more, and although businesses are investing 1.3 trillion dollars annually, solely into customer service (18 billion of that on contact center software alone), a recent study showed that 66% of consumers who switched brands did so because of poor customer service. It is clear then that the solution to keeping businesses and consumers happy in customer service interactions is not going to come from investing more money into traditional - albeit less effective - channels, but rather approaching the situation from an entirely different perspective: utilizing social messaging customer care powered by AI & automation.

Furthermore, these channels which are unique in their support of persistent, device agnostic and identifiable conversations are great for creating relationships across the customer life cycle. They are best suited towards, and can be utilized for, sales and marketing engagements. Providing the customer with intent driven conversational CX within these channels is transformative for customer communications.

From the consumer adoption standpoint, these channels are becoming the go-to channels. Each month on Messenger, people and businesses exchange **8 billion messages**, representing 4X growth year over year. WhatsApp is one of the biggest messaging platforms in the world, with over 1.5 billion users. The quantity of messages sent daily is over 3x peak global SMS volume. Apple has recently launched support for brand to consumer communications on iMessage - Apple Business Chat (which also supports seamless in-channel payments through Apple Pay).

As we move further into 2019, and as customer expectations continue to climb, the success of a brand will ultimately entail navigating the complex customer-centric marketplace.

Fundamentally, we believe connecting with a business should be as simple as messaging a friend. Brands who epitomize this core ideology will be best placed to succeed long term.

The State of Digital Customer Experience 2019



Now in its third iteration, our "State of Digital Customer Experience" report analyses the changing customer preferences and behaviors that will impact your brand's service offering. It is here to provide a comprehensive overview of how consumers interact, or at least want to interact, with your brand in this new digital world. The data was gathered by polling over 2,000 people of all age groups, genders, and income brackets from the United States and the United Kingdom to provide as rich a data set as possible.

I hope you enjoy and find our findings of interest. What's more, I hope this report inspires change at your company for the better of your long term business operations.

Ido Bornstein-HaCohen
COO, Conversocial

2018 vs 2019 Expectations

Comparing 2018's State of Digital Care results with those of 2019's, it's clear that customer preferences have changed substantially:



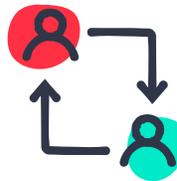
Consumers said they were more likely to be a repeat customer of a brand if the brand responded to their questions on digital channels.
(50% in 2018 vs 62% in 2019)



Brand's customers who have previously used digital channels for customer service, in 2019 are **16%** more likely to prefer raising their service issues on public/private digital channels vs traditional.
(31% in 2018 vs 47% in 2019)



Consumers are **18%** more likely to reach out with a service enquiry on a digital channel in 2019 than they were in 2018.
(37% in 2018 vs 55% in 2019)



Customers are less concerned that a human is involved in their digital service interaction, as long as they get a resolution.
(59% in 2018 vs 54% in 2019)



Consumers still rank the most important aspect of good digital customer experience as getting an issue resolved in a single effortless interaction.
(37% in 2018 vs 43% in 2019)

These five consequential changes in consumer preferences will impact brands' customer experience infrastructure even more in 2019 than ever before.

Key Findings: 6 Customer Experience Truths for 2019

With so many radical changes last year, 2019 is poised to be even more revolutionary. As pioneering brands start to fully recognize the implications, values and advantages that automation can bring, coupled with the proliferation of private messaging apps, we are set to see a fresh face to customer experience management.

Today's messaging apps such as Messenger Customer Chat, WhatsApp, and Apple Business Chat are enabling us to connect more easily and seamlessly than ever before. The rise of these 'always connected' messaging channels enable us to effortlessly communicate with our friends, families and businesses anywhere, anytime. All this is heavily impacting the way companies are providing customer service.

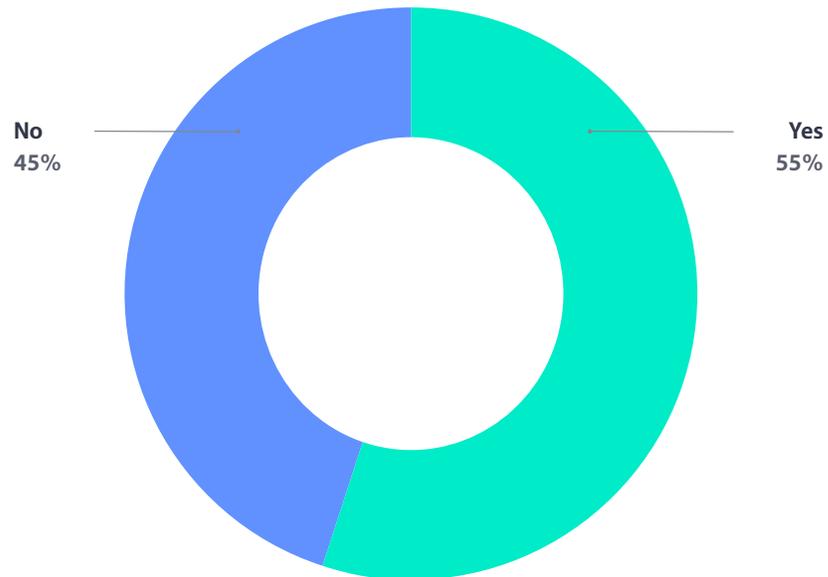
Forward-thinking brands are not afraid to keep up and go beyond shifting consumer preferences by embracing new technologies and channels, to effortlessly engage with their customers.

Those companies that embrace the ever changing digital world around them will harness brand loyalty, increase the customer experience and drive a lower cost to serve. Conversocial's research highlights the shifting trend in favor of digital care, but what else has this year's survey taught us?

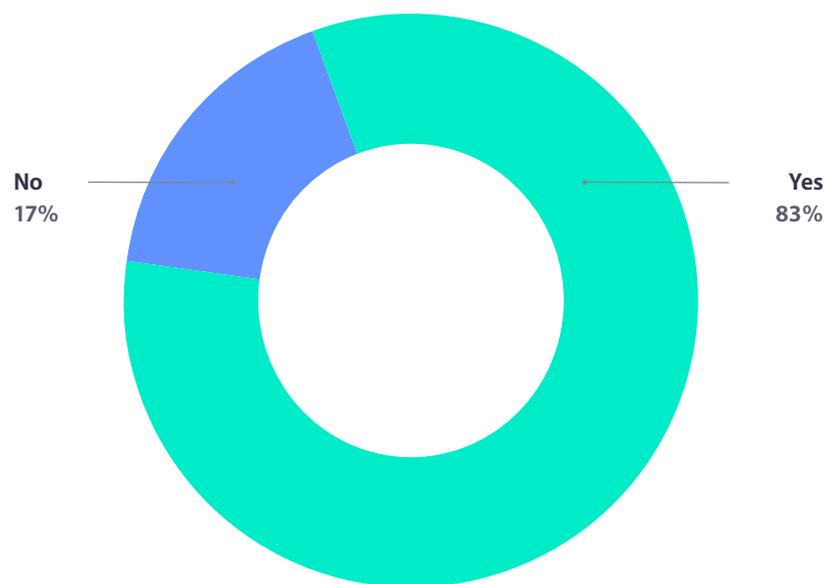
1. **We live in a digital world:** Over half (**55%**) of respondents have used digital channels for customer service.
2. **Expectations are climbing:** A staggering **83%** of respondents indicated that their expectations for digital customer service are higher today than they were a year ago.
3. **Messaging support is the new normal:** **70%** of respondents have used a private messaging channel to engage with a brand, but only **39%** rated their experience as positive.
4. **Customers have zero time for bullshit:** **60%** of respondents indicated that their expectations are being met, but only **10%** thought that they were being exceeded.
5. **AI will continue to gather momentum:** **50%** of those surveyed stated that they didn't mind bot augmented service interactions as long as their issue was resolved.
6. **Consumers prefer private resolution:** When faced with the choice, **75%** of consumers indicated that they would prefer to engage with a brand over private messaging channels than traditional channels.

Key Finding: We live in a Digital World

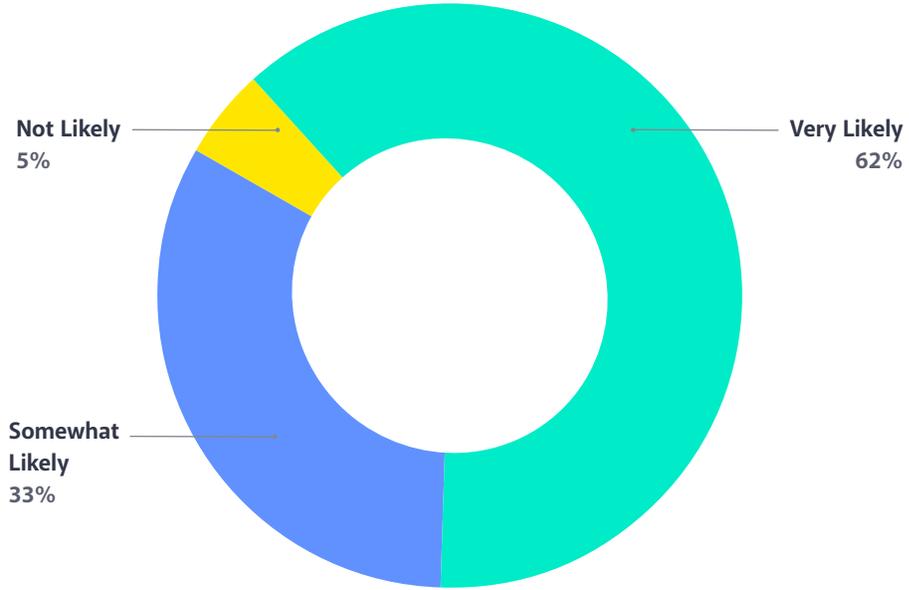
Have you ever used a digital channel (such as Facebook, Twitter, Instagram, Messenger etc.) for customer service?



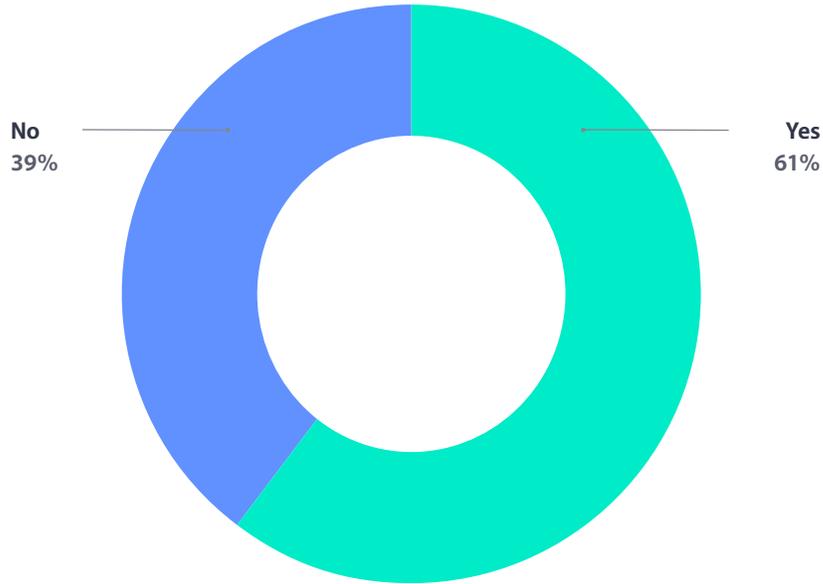
Do you have higher expectations for digital customer service today than you did a year ago?



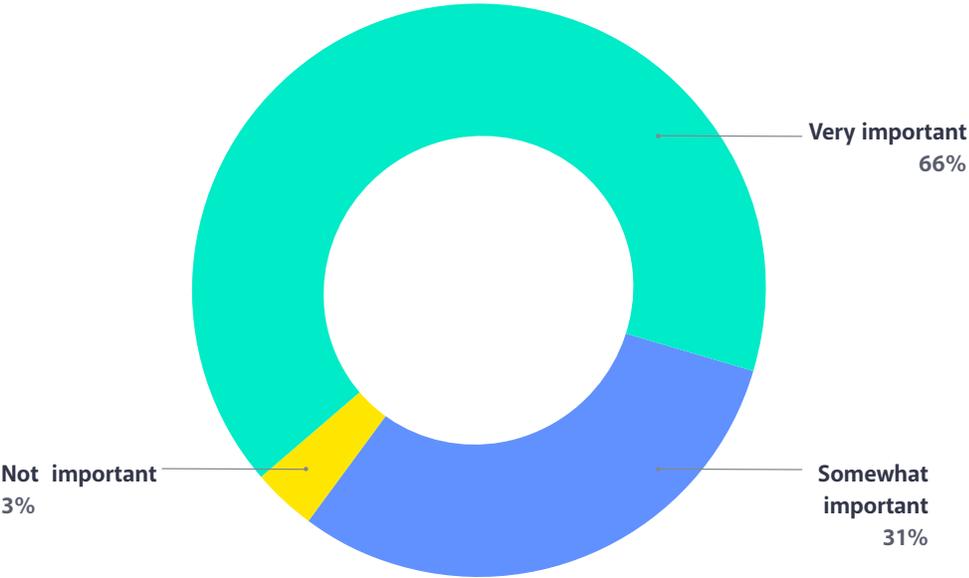
Are you more likely to be a repeat customer to a brand that responds to customer service questions over digital channels (Twitter, Facebook etc)?



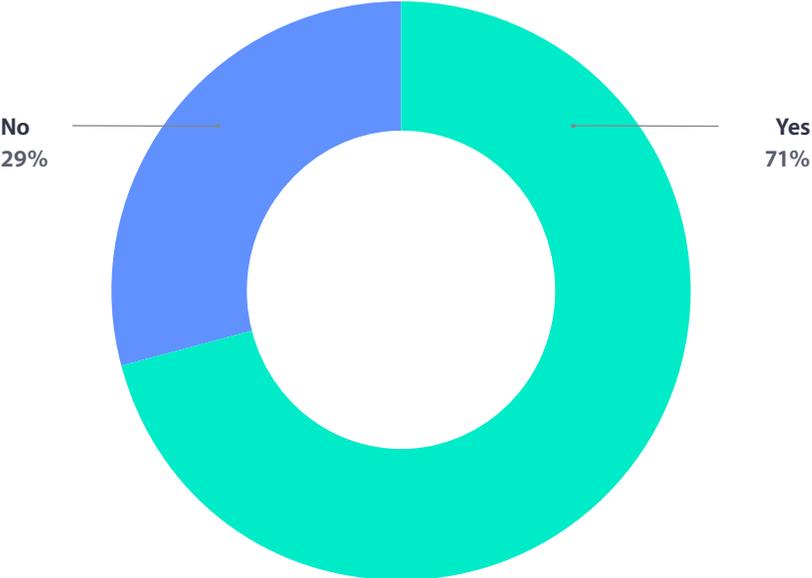
Have you ever stopped doing business with a brand due to a poor digital customer experience?



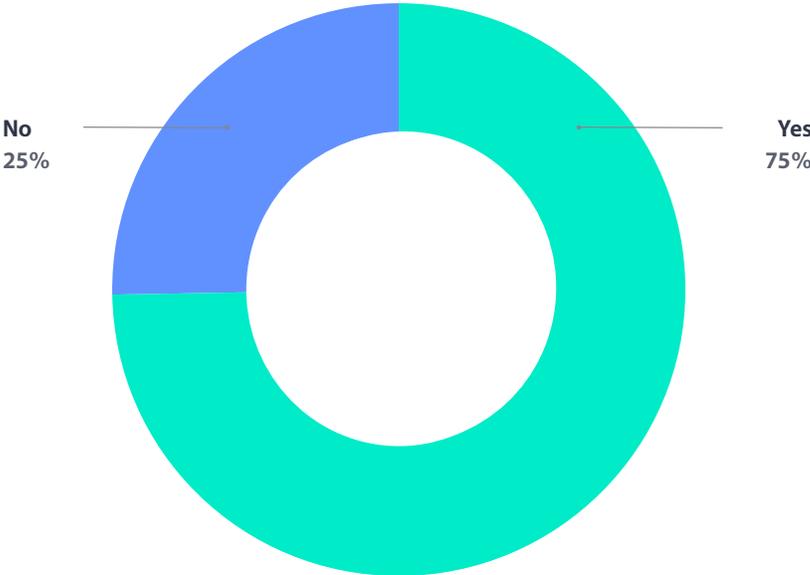
How important is good digital customer service in your choice of, or loyalty to, a brand?



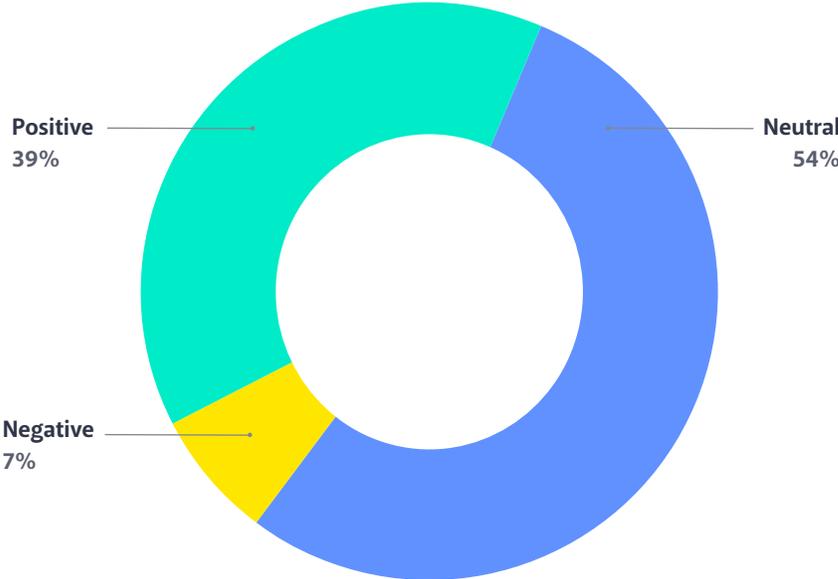
Have you ever used a private, social messaging channel for customer service?



If you had the choice to engage with a brand on social messaging channels for customer support, would you opt to use them over traditional channels (phone & email)?



How would you rate your experience using social messaging customer service?



A Digital World: There's no escaping it; we live in a digital world and there's no going back. Technological advancements mean we are living amidst a digital transformation, a shrinking world where we are more connected than ever before. What's more, the digital world goes far beyond than just the internet; it's the confluence of global connections forged by using digital tools, technologies, and devices to communicate. This has strong implications for brand-consumer engagement: **55%** of consumers noted that they have used a digital platform for customer service—a staggering **18%** increase from last year. Fundamentally, consumers are more digitally oriented than ever before, and brands should be too.

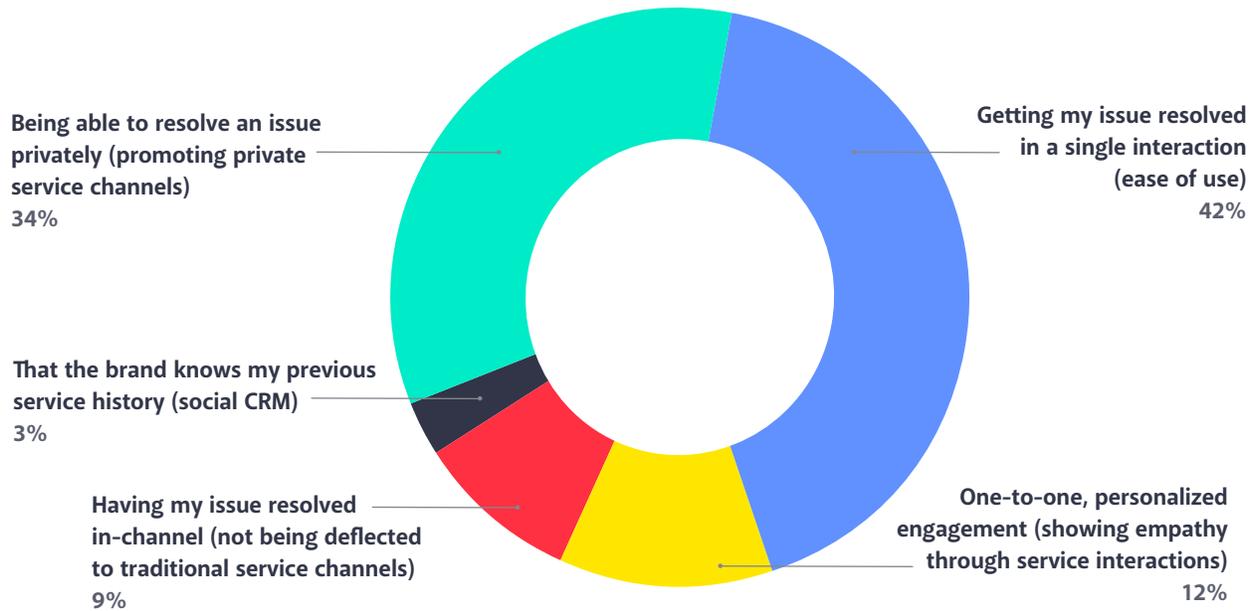
Rising Expectations: The digital world can make or break a business reputation. It's important to get customer service right if you want to live up to customer expectations, increase engagement, and scale your service offering for 'The Era of Messaging and AI.' Our survey highlights that expectations for digital customer care are **83%** higher now than this time last year! There is no doubt that as more consumers and brands alike start to ride the digital transformation wave, expectations will continue to soar. Brands that lag behind risk losing customers to more digitally-savvy competitors.

Brand Loyalty: The data speaks for itself—**60%** of consumers have stopped doing business with a brand due to a poor digital customer service experience—a figure up by **5%** from 2018. A further **66%** stated that good digital customer service is “very important” when it comes to affecting their brand loyalty. For customer care teams undergoing a digital transformation, offering a good service is a necessity, but offering a great end-to-end digital customer experience will provide a competitive advantage. This can also pay off when it comes to driving repeat-purchasing, with **62%** of respondents noting they would purchase from a brand who resolves issues over digital channels. The digital world clearly ushers in the need for connected moments, and brands that can embrace and keep pace within the digital world will be the ones rewarded with longevity and consumer loyalty.

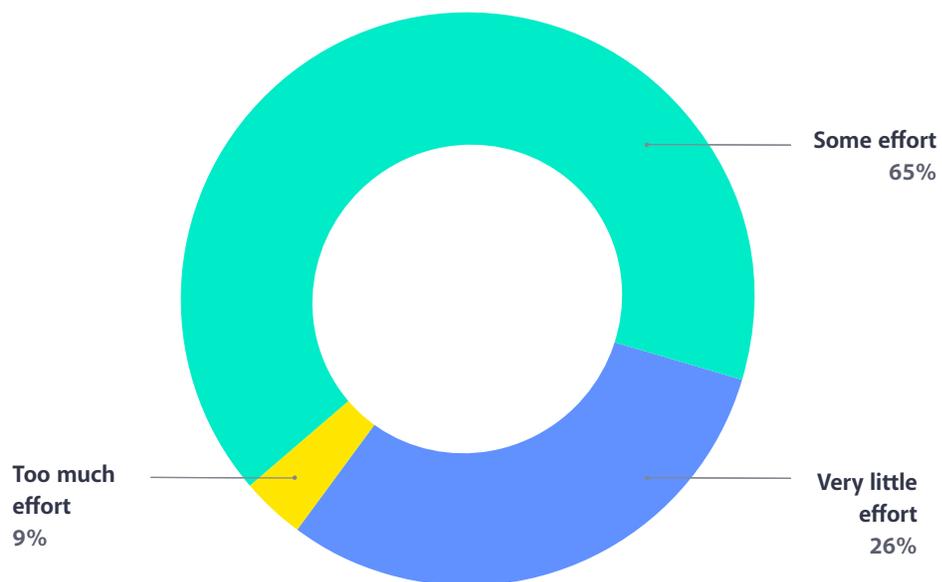
Emerging Digital Channels: If your brand doesn't offer messaging support in 2019, you're very late to the party. **70%** of respondents have used a private messaging app to engage with a brand, and when given the choice, **75%** prefer to use private messaging over traditional channels. As WhatsApp, Apple Business Chat, and WeChat solidify their place as customer service channels it is becoming significantly more clear that the digital world will continue to shake things up for the customer service industry. Of those consumers who had engaged with a brand on a messaging channel, only **39%** rated their experience as positive. Brands need to not only be present on messaging channels but also offer an experience as simple as interacting with a friend. In 2019, messaging has to be at the forefront of any support strategy for successful customer engagement, driving a better customer CX and lower brand cost to resolution.

Key Finding: Changing Consumer Preferences

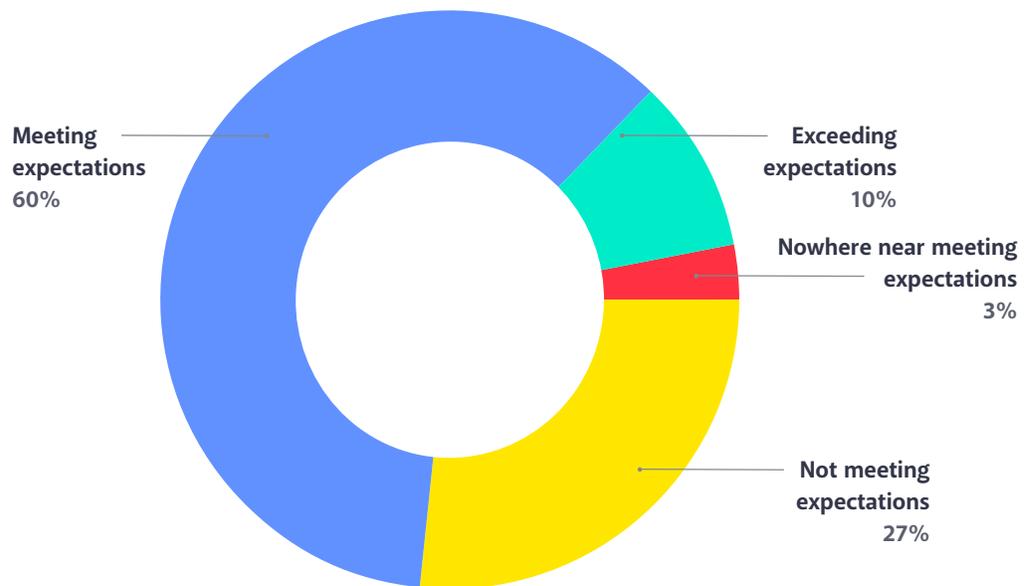
What is the most important aspect of a good digital customer experience?



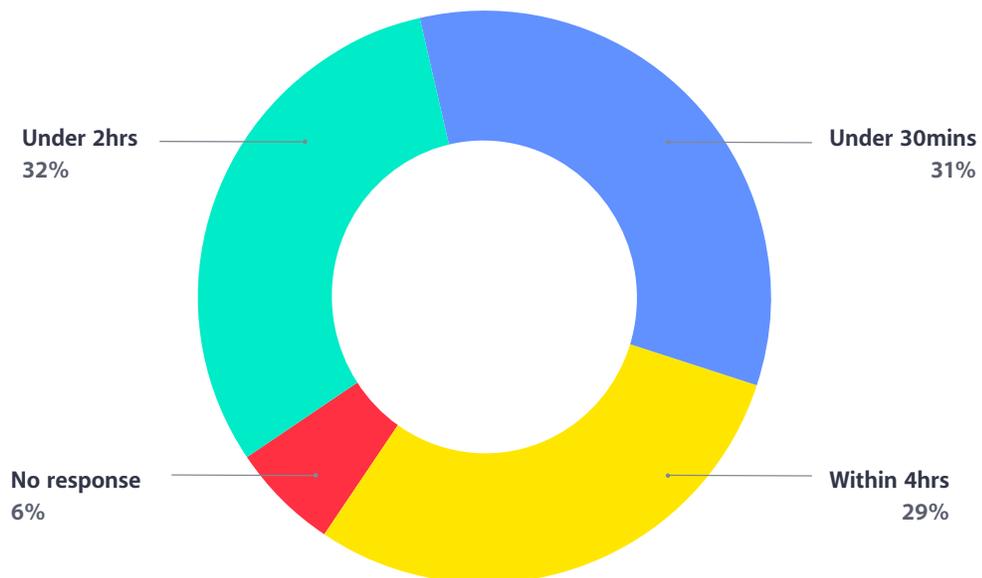
How much effort do you feel it typically takes you to resolve an issue over digital channels?



How would you rate most companies in their digital customer service?



How long do you expect to wait for a response from the brand to your social media question or complaint?



Customer Effort: Over two thirds (**74%**) of respondents reported it took “some effort” when resolving issues on digital channels—with **9%** stating it took “too much effort.” Sure, there will always be a certain amount of effort associated with resolving a service issue, but these numbers hardly fit with the mantra of offering effortless engagement across digital channels. **42%** of our respondents also stated that getting their issue resolved in a single interaction was their most important criteria when it came to good digital care, corroborating that current digital service interactions require too much effort on the part of consumers.

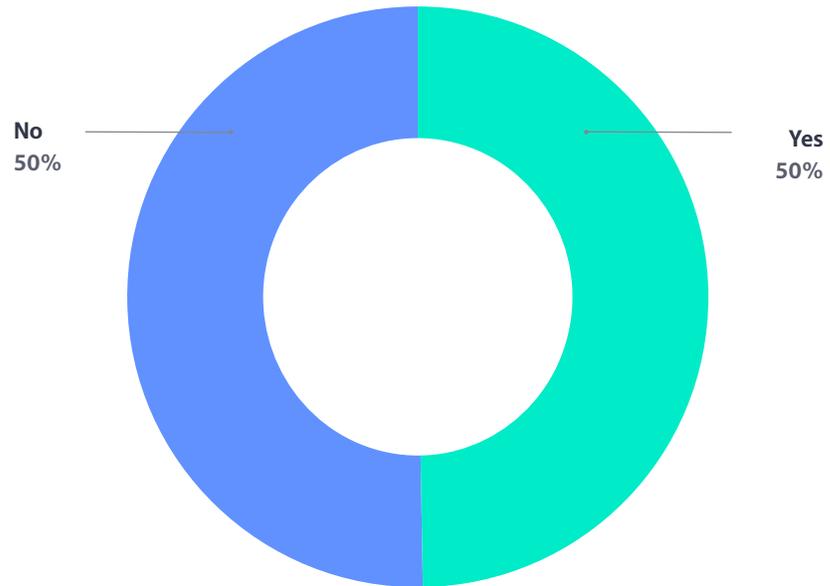
Private Messaging: **34%** of consumers want their service issue resolved privately, stating as the most important aspect in their opinion of a good digital customer experience. The rise of private social messaging channels, and increasing consumer awareness that issues can be resolved faster through these channels, has resulted in consumers continuously choosing to use private over public. This trend will only continue to increase throughout 2019. Brands that solely offer public social care, or are not proactively promoting their private messaging channels, are running the risk of alienating their consumer base.

Brand Responsiveness: The ever-increasing consumer demand for real-time responses (**31%** of customers expect a response in under 30 minutes, **32%** in under 2 hours and **29%** in under 4 hours) will only continue to grow. Yes we’re biased, but it is obvious that brands need a tool built for the purpose of digital customer care: A tool that offers issue prioritization through natural language processing, workflows built for team collaboration and knowledge sharing, and issue tagging and team routing based on case history. Without this functionality, you as the brand will be fighting an uphill battle from the get go.

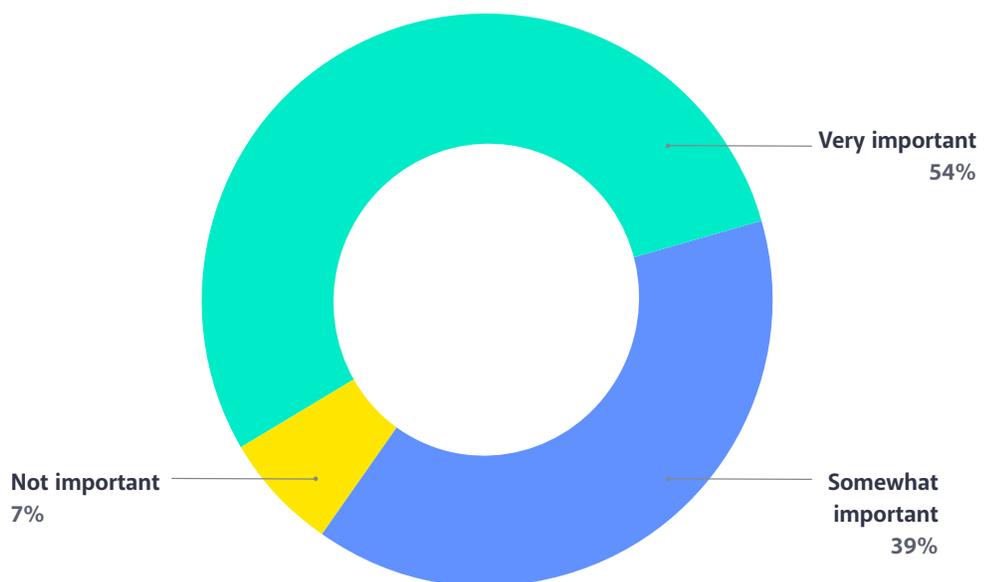
Customer Expectations: Amidst the changing consumer expectations fueled by innovation and consumer trends, some brands are in fact keeping pace and adapting successfully. **60%** of respondents feel their expectations are indeed being met by companies offering digital care, with **10%** stating that their expectations are even being exceeded.

Key Finding: Bots & AI Transition Beyond the Hype

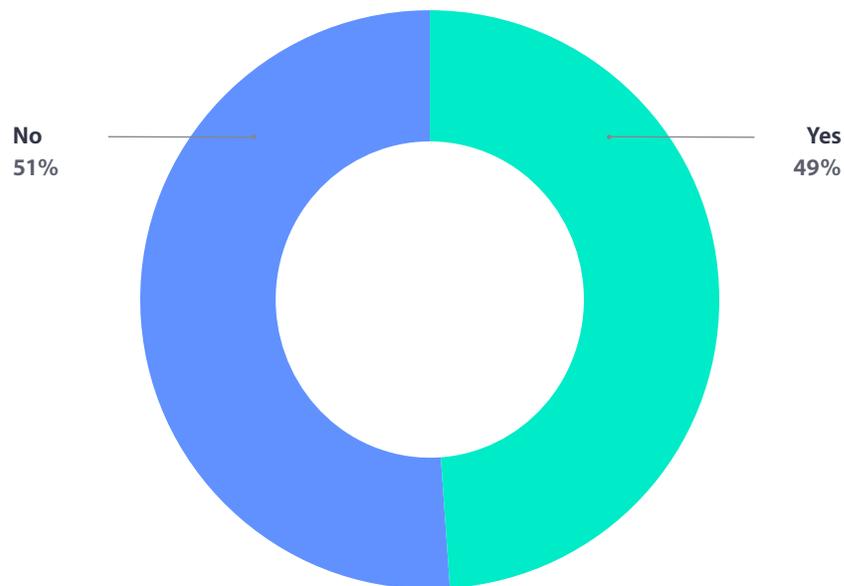
Do you feel comfortable with non-human customer service interactions?



How important is the human element vs programmatic response that resolves the same problem (AI) in digital service?



Do you think that bots & AI have the potential to enhance your experience as a customer?



Hyperscale Productivity: The era of the bot is upon us. But while the launch of bot platforms in 2016 caused a lot of hype (and introduced a lot of bots that turned out not to be very useful at all), we're only now starting to see brands figure out how to use bots & AI in a way that adds real value for customers. This change is also reflected in our survey data; in 2018, **59%** of respondents felt it was "very important" to have a human handle their digital care inquiry. Fast forward to 2019 and that number has decreased by **5%** to **54%**. Although a mere **5%** seems insignificant, it nevertheless represents the changing trust-gap that consumers are slowly beginning to cross.

When asked if they were comfortable with an entirely non-human customer service interaction, consumers were perfectly divided—**50%** said yes, and **50%** said no. The results were practically the same when consumers were asked if they thought bots & AI had the potential to enhance their customer experience—**49%** thinking yes and **51%** thinking not.



This data conveys that half of consumers still harbor an element of mistrust in the ongoing role AI and bots will play in customer service. But it does not need to be this way. Many customers, unknowingly in many cases it seems, interact with a bot in some form. In fact, many Conversocial clients have implemented Social IMR to help route issues to the right team, or collect a layer of case information to inform the agent prior to issue handoff. In 2019, brands should allocate some focus on better educating their customers of the service benefits of bot-augmented issue resolution.

Done right, bot-augmented interactions have a clear and positive business impact:

- **Bots help brands drive a higher customer experience:** Optimization for common inquiries results in quicker response times and faster time to resolution for customers.
- **Bots help brands drive a lower cost-to-serve:** Bot-ready platforms that combine both bot and agent assisted services result in fewer enquiries needing a human response.

Key Recommendations

It's clear from our analysis that customer expectations are a constant rise. Knowing this, what should your company prioritize focus on during 2019 to stay ahead of customer expectations?

- 1. Support Agents with Bots:** Getting an issue resolved in a single interaction was cited by **42%** of customers as the most important element to having a positive customer experience. But with volumes on the rise, how can you scale for both customer and agent? One word: bots.

As a consumer, say you're running late for your flight and want an update on the status; A tier-1 service bot can handle this request and source the information needed, often in a single interaction. For example, for one Conversocial client, 'customers' can reach out for an update over Messenger and receive all the information needed—gathered solely by a service bot. If the bot can't collect all of the correct data, there is then an easy handoff from bot to agent.

The combination of bots and messaging holds immense potential for customer service. Unlike live-chat, where an agent is expected to respond within seconds, messaging is more like texting with friends; after a customer messages an agent, they can go on to do other things while they wait for a response. An agent can respond within 5-10 minutes and it's still considered 'real time.' During this time, a brand can have a bot handle the simple questions, and then seamlessly hand the interaction off to a human agent to deal with the more complex questions all within the same conversation. Customers can get their problems solved quickly and easily, businesses can save money, and there's never a painful moment where the bot says it can't understand the customer.

- 2. Make Customer Service Effortless with Messaging:** Over the past few years, social messaging apps (like Facebook Messenger) have become the dominant way people interact with each other, and in the last 12 months they've exploded as customer service channels. More than **eight billion messages** are sent between businesses and consumers every month on Messenger, and the volume of messaging conversations for major brands is already twice the volume of public social media.

For one major Mexican airline and Conversocial client, Volaris, social messaging already comprises more than 60% of their service volume—that's more than phone and email combined. As an extra bonus, messaging is also more efficient for brands—the same number of agents can handle significantly more customers over messaging than over other service channels (over five times as many, according to Volaris).

- 3. Promote Messaging Channels:** Build it and they will come....was not true in 2018, and certainly won't be true in 2019. Every brand is different and faces unique obstacles when incorporating a new customer contact channel. But a customer service team can't just implement a channel, sit back, and expect service requests to fly in. There has to be a scaled and fully operationalized strategy behind your brand's messaging roll-out to avoid not only a flood of incoming volumes but also to let your customers know you are there and available!

The best starting place is to offer a channel like WhatsApp for example, as an official customer contact channel to iteratively expand promotion to positions of greater visibility: have it be displayed prominently on your 'Contact Us' page, promotional/informational communication, IVR messages, and send an email blast alerting customers that your company is ready to talk via WhatsApp. This is exactly what a prominent betting company, and Conversocial client, did for their WhatsApp roll-out.

Through messaging care on WhatsApp, brands will best position themselves to break free from the CX/Cost Equation: The forced compromise between driving a lower cost to serve and a better customer experience.

- 4. Upskill Agents for Commerce:** By the end of 2019, a majority of service issues will be coming through messaging channels, with bots handling the 'tier 1' issues automatically. Customer service agents will increasingly play the role of approver and escalation handler, focusing on helping customers instead of being bogged down with menial tasks.

Overall, this provides a much better experience for consumers, who will grow to appreciate the speed and accessibility of having bots route and fix their more simple issues, and human support always a click away. All this will support and enable brands to redeploy their 'tier 1' agents to focus on the higher value tasks, which include of course up-selling customers!

With 'tier-1' bots handling the more menial customer care enquiries, brands will be able to invest more time in building a team of highly skilled agents. For a brand to deliver an optimum customer experience, a collaboration between bot and agent is needed to ensure a sleek and successful handoff. When coupled together, this synergy brings the best of both worlds: automation and speed from bots alongside an authentic and empathetic tone of voice from human customer service operatives. Highly trained, empathetic agents supported by intelligent automation have the power to turn care into a revenue generator.

The bottom-line truth is that humans don't scale and bots don't build relationships.



The future of your customer service team isn't man vs machine; it's man (or woman) powered by machine.

To meet these surging consumer expectations, brands will have little choice in 2019 but to utilize internal resources to manage this volume at scale; investment in private messaging promotion, deeper channel adoption, and bot and AI integrations—ideally, the combination of all three.

2019 represents the year for improvement. Most brands already offer digital care pathways to their customers; this is the year that offering digital care pathways should mature and evolve to fully meet consumers' expectations.

The Customer Experience Landscape in 2019 and Beyond

In 2019, after a number of false starts, artificial intelligence will finally start to play center stage in customer service.

In previous years, there have been numerous attempts to implement artificial intelligence in customer service, but outside of some help around the edges—more advanced routing, basic sentiment detection, etc.—most prior attempts have failed to make any significant impact. The majority of consumers who have a problem still end up phoning, and after clicking through an annoying IVR menu, get their problem resolved the old fashioned way: talking to a human.

With the advent of the internet and web chat systems, people thought something truly unique and revolutionary could finally happen. A whole host of chatbot companies emerged, and people were excited for a fleeting moment in time. Unfortunately, these bots (which for the most part were made up of simple, rule-based decision trees) ended up being utterly useless at managing the vast majority of conversations, especially with the huge long tail of customer service requests that most companies have to deal with. Customers would quickly get frustrated, and then end up phoning anyway—negating the whole point.

When Facebook Messenger **announced** the launch of their bot platform in 2016, there was a resurgence of excitement—which then quickly fizzled as people realized that trying to build the same kind of chatbots in messaging didn't yield any better results. A crappy bot is a crappy bot, wherever you put it.

AI Reality

Over the last couple of years, there have been a number of new and promising refinements that are changing the way businesses apply AI within their customer service practices:

1. Improvements in the speed, cost and accessibility of machine learning.
2. The rise of asynchronous messaging that enables humans and bots to work together in the same conversations.
3. Improvements in voice recognition that are enabling voice assistants to play a meaningful role.

The Growth of Machine Learning

Just a few years ago, the most advanced machine learning techniques (think deep learning) were very expensive and difficult to implement at scale. But huge advancements in recent years, in both software and hardware, have made it much cheaper and faster to run this kind of technology. Today, almost everything needed to implement machine learning is now available through a mix of open source platforms and the cloud. As a result, it's become significantly easier to carry out "real" machine learning that can truly learn from your data. In 2019, this will start to enable significant improvements across the board—from bots that can have more natural conversations, to behind-the-scenes improvements that make agents' lives easier (like suggesting answers, and intelligent routing).

The Rise of Messaging: Enabling Bots + Humans to Work Together

In a fully real-time interaction akin to traditional web chat, it's very difficult to hand off from a bot to a human. The customer is sitting there waiting for a real-time response, but it could take some time to connect to a human agent—and then they need to read the history of the conversation with the bot to get up to speed, prior to being able to dive in and help the customer. Over the past year, there has been a massive rise in the use of social messaging channels for customer service. Messaging is asynchronous, meaning that there doesn't need to be an instant response—waiting 10-15 minutes between responses is considered fast.

This means that bots can handle simple tasks (like checking on a flight status), with a smooth handoff to human agents to handle more complex issues. This combination of bots and humans is really only successful in messaging, and will enable bots to gradually handle more and more tasks, until they're the majority of most service conversations.

In 2019, the use of messaging for customer service will take a big leap forward, as [WhatsApp](#) and [Apple Business Chat](#) have now both fully opened up their messaging platforms to businesses.

Voice Assistants and Customer Service

Over the last couple of years, improvements in voice recognition technology have finally made voice assistants useful. These assistants (whether Alexa in the home, or Siri on your phone) have truly become pervasive in the last 18 months. In the coming year, we'll start to see companies build the first 'voice bots' that will help customers with basic service problems sourced directly from communicating with their voice assistants. We'll also start to see significantly more advanced voice-based bots being used in the call center

to improve IVRs (you can already purchase Alexa-based technology for the call center!). Voice assistants on the phone are also an easy and fast way to interact with a company over messaging channels (like Apple Business Chat)—asking Siri a question can lead straight to an answer from a bot in messaging.

Bots Will Replace Tier-1 Agents

Many contact centers are currently set up with tier-1 agents whose job is to find out a customer's problem and handle basic issues. Often these agents are relatively low-skilled, following strict scripts, without the power to make real changes or concessions. If they can't help the customer, they transfer the case to a higher tier agent who is more highly trained, and who has the ability to make big changes in order to make the customer happy.

By the end of 2019, a majority of service issues will be coming through messaging channels, and bots will be handling the 'tier-1' issues automatically. Customer service agents will increasingly play the role of approver and escalation handler, focusing on helping customers instead of doing simple tasks. Unlike the use of AI in other channels, customers will never be frustratingly stuck with a bot—they will always be just a message away from a human. Overall, this will provide a much better experience for consumers, who will grow to love the speed and accessibility of having bots fix their issues, with human support becoming just as easy as messaging a friend.

Investing in The Customer



In 2019 and beyond, it's no longer an option for brands not to invest in their customer care functions. With so many options for the consumer of today, extending efficient and quick experiences to your customer base is imperative. Forward thinking brands who innovate and harness emerging technology such as automation, bots and voice, in line with platform changes and capabilities, will win the race for the digitally empowered customer.

Joshua March
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