Survey Overview & Objectives

In August of 2018, Aspect conducted a national survey of 1,002 Americans from 18 to 68 years of age. The macro objective of this specific study – carried out in partnership with Conversion Research – was to investigate the differing and similar attitudes, preferences and behaviors various generations have regarding customer engagement.

A major focus of this research was how newer customer touchpoint technologies such as Artificial Intelligence, or AI (including home-based versions like Amazon Alexa and Google Home), chatbots, and text and messaging applications were impacting consumers. Another net-new focal point of the 2018 report was an investigation into consumers’ perceptions and expectations of contracted customer service agents vs. their full-time counterparts.

Also added in 2018 was a battery of questions that analyzed what exactly American consumers define as “customer service” within the context of increasingly accurate and efficient self-service options. Finally, we examined customer frustrations and conducted the comparative performance of established customer touchpoints.

These are our results.
According to our research, consumer-reported contact with customer service has steadily declined over the past four years. This might have been impacted by the fact that almost half of the consumers surveyed in 2018 did not classify self-service interactions as “customer service contact.”

However, Millennials showed a 9% INCREASE in contact in 2018, the only demographic to do so.
In 2018, voice-based customer service interaction continued its steady decline, while text-based interaction* (with an agent or automated application) demonstrated a marked growth in usage.

The preference for AI interaction, while still small, increased by 50% or more for all consumers in 2018. Millennial preference for text-based chatbots increased 250% over the last year.

*Chat, chatbots, SMS, Messaging apps
Breaking Down Channel Benefits

Channels consumers prefer for the most important aspects of customer service:

- **To Be UNDERSTOOD:**
  - Voice: 19%
  - Live chat: 12%
  - Message App/chatbot: 12%

- **To Feel COMFORTABLE:**
  - Chatbot: 37%
  - Email: 28%
  - Message App: 18%

- **For EASE-OF-USE:**
  - SMS: 28%
  - Chatbot: 28%
  - Message App/email: 21%

- **To Handle REQUESTS 24/7:**
  - Chatbot: 18%
  - Virtual Assistant: 17%
  - Message App: 12%

- **For PERSONALIZED CX:**
  - Virtual Assistant: 16%
  - SMS: 13%
  - Live Chat: 13%

*Like Alexa or Google Home*
Effectiveness – defined as the consumer accomplishing their goal when they contact customer service – led the ranking of important traits in Customer Experience (CX) by a more than 2:1 margin.

Which of the following factors did consumers feel was the MOST important component of a customer service experience?

<table>
<thead>
<tr>
<th># 1</th>
<th>Effectiveness</th>
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<tbody>
<tr>
<td># 2</td>
<td>Accuracy</td>
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<td># 3</td>
<td>Trust</td>
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<td>Security</td>
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<td># 8</td>
<td>Success to Live Agent</td>
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<td># 9</td>
<td>Convenience</td>
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*Ranking movement vs. 2017*
Consumers Want Channel Choice in Their Customer Experience

For most consumers, a personalized customer experience doesn’t necessarily mean that the agent knows their name and support history.

In fact, almost half of them defined “personalized” as being empowered to interact with brands on any channel they want.

What Makes a Personalized Customer Experience?

Letting the customer interact using the channel of their choice: 45%

Knowing customer’s name/history: 29%

Anticipating customer needs and requests: 14%

Sending customer targeted offers: 13%
Consumer interaction with Artificial Intelligence (AI) continued to grow: The 2018 survey showed that more than 7 out of 10 Millennials used AI for their customer service interactions at least once a week.

How often do consumers interact with intelligent assistants or chatbots for customer service?

**Amount of AI Interaction in 2017**

- Many times a day: 24% (All: 12%, Millennials: 13%)
- Once a day: 19% (All: 13%, Millennials: 12%)
- Once every 2-3 days: 15% (All: 12%, Millennials: 12%)
- Once a week: 8% (All: 12%, Millennials: 12%)

**Amount of AI Interaction in 2018**

- Many times a day: 22% (All: 12%, Millennials: 18%)
- Once a day: 25% (All: 18%, Millennials: 18%)
- Once every 2-3 days: 16% (All: 16%, Millennials: 16%)
- Once a week: 11% (All: 10%, Millennials: 10%)
GEN Z Leading the Digital Channel Charge

Younger generations have historically led the adoption of new communications channels, and Gen Z (individuals aged 18 to 22 in 2018) is no different. In our study, this age demographic demonstrated the most interest in using SMS, messaging apps and chatbots for their customer service needs.

When consumers were asked to choose how they would PREFER to interact with customer service if they only had ONE option, 21% of them (and 33% of Gen Z) said they would opt to communicate using emerging channels.

![Consumer-Preferred Communication Channel by Generation](image-url)

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Customer Service, Redefined

Customer experience is quickly becoming defined by the mode through which it is delivered.

Driven by their desire for digital-first experiences, the study showed that nearly half of all consumers surveyed no longer considered self-service or other newer communications modalities to be “customer service.”

47% of ALL consumers feel that having a question answered or an issue resolved by themselves (through “self-service”) is NOT customer service.
Customer Service is Becoming Defined by the Delivery Mode

Which interactions do Millennial consumers define as "customer service"?

**Is Customer Service**
- Requesting a callback from a company: 76%
- Calling an IVR to get a question answered without an agent: 66%

**Is NOT Customer Service**
- Using a chatbot for recommendations or basic questions: 48%
- Getting a text message-based payment/appointment reminder: 36%
How Millennials View Self-Service

The survey showed that over a third of all consumers – and more than half of all Millennials – viewed self-service interactions as a part of a company’s brand experience rather than a customer experience event.

50% of Millennials view the ability to perform self-service as a natural part of the brand promise.

52% of Millennials view the option of performing self-service as a positive attribute of the organization.
Survey results showed that consumer comfort with AI customer-service interactions continued to grow, particularly among Gen Xers, who showed an 11% increase in comfort with AI interactions over 2017. However, the majority of consumers felt that AI is best-suited to handle simple or moderately complex requests, and the large majority still want the ability to seamlessly transfer to a live agent. One of the biggest data markers? The number of consumers who felt a company’s use of AI reflected an understanding of how those customers prefer to engage increased the most in 2018 – up 6% over the previous year.

What Consumers Want/Expect from AI Interaction

<table>
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<th>Percentage of Consumers Comfortable with Non-Human Customer Service Interaction:</th>
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<tbody>
<tr>
<td>All</td>
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<tr>
<td>Gen Z</td>
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<tr>
<td>Millennials</td>
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<tr>
<td>Gen X</td>
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<td>Boomers</td>
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</table>

What’s Most Important to Consumers When it Comes to AI:

- **The ability to transfer to a live agent**
  - All: 71%
  - Millennials: 71%
  - Boomers: 76%

- **Used for simple/moderate requests**
  - All: 58%
  - Millennials: 68%
  - Boomers: 51%

- **For requests to be handled faster/more accurately**
  - All: 51%
  - Millennials: 51%
  - Boomers: 64%

- **The company understands how I prefer to engage with them**
  - All: 18%
  - Millennials: 44%
  - Boomers: 48%
43% of all consumers (62% of Millennials) liked the idea of customer service interactions completed via a home-based intelligent assistant such as Amazon Alexa or Google Home.

43% of all consumers (66% of Millennials) are interested in contacting a manufacturer's customer service department through an appliance using voice-based interaction. Millennial interest rose 8% from 2017.
No. More than half of the consumers who rated or reviewed a customer experience in 2018 left positive ratings or reviews. In fact, they were 2 TIMES more likely to leave a positive review than a negative one.

**Percentage of consumers who left ratings/reviews for customer service in 2018:**

- **ALL**: 58%
- **Millennials**: 68%
- **Gen Z**: 58%
- **Gen X**: 54%
- **Boomers**: 50%

**Percentage of consumers who left a positive review vs. a negative review in 2018:**

- **Positive review**: 70%
- **Negative review**: 30%
Do Happy Agents *Really* Equal Happy Customers?

Yes. Happy agents DO produce happy customers.

72% of consumers would rather interact with a HAPPY AGENT and have their experience take a little longer.

62% of consumers said talking or live chatting with a HAPPY customer service agent would also make them happy.
Not really. More companies are hiring contracted or “gig” agents on demand for their customer service needs. We asked consumers how they felt about these employees helping them resolve issues.

45% of consumers DON’T CARE whether an agent is employed by a customer service center or is an independent contractor, as long as their question or request is resolved accurately.

61% of consumers cared MORE about talking with an agent who had experience than if that employee is full-time or contracted.

59% of consumers said that – as long as their privacy is assured and the quality of the interaction is high – they couldn’t CARE LESS whether they dealt with a full-time agent or an independent contractor.

52% of consumers said that whether a business’ customer service agents are employed full-time or are contractors would have NO IMPACT on the way they felt about the brand.
Good/Bad Reviews: Boomers vs. Millennials

Boomers were not only less likely to review customer service interactions than Millennials, they were also much less likely to rate them positively. However, Millennials were far more likely than Boomers to stop doing business with a brand because of bad CX.

Reviewed or rated customer experience last year:

- Boomers: 50%
- Millennials: 68%

Boomers are much less likely than Millennials to post a good rating/review of a customer experience and TWICE as likely to post a bad review.

Percentage of consumers who stopped doing business with at least one company because of poor CX:

- Boomers: 31%
- Millennials: 50%
In 2018, more than 4 out of 10 consumers showed the door to companies providing poor customer service. While that number is down from 2017, the real story is that younger generations were far more likely to leave a brand than older consumers. We forecast that this trend will only increase as more Gen Z consumers enter the workforce.

When it came to CX ratings, the Travel and Financial sectors saw noticeable increases in customer churn due to poor CX. The Cable industry, perhaps motivated by cord-cutters, was able to reduce customer loss through improved service.*
Online retailers have faltered since last year, while traditional brick and mortar retailers have upped their customer service game. Cable, perhaps motivated by cord-cutters, not only grew organic business due to good service, but saw the biggest drop in churn because of poor service.

The number of consumers who did MORE BUSINESS with at least one company because of GOOD CUSTOMER SERVICE.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Online Retailers</td>
<td>44%</td>
<td>38%</td>
</tr>
<tr>
<td>Travel</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Retailers</td>
<td>28%</td>
<td>32%</td>
</tr>
<tr>
<td>Cable</td>
<td>13%</td>
<td>17%</td>
</tr>
</tbody>
</table>
There is a definite willingness on behalf of ALL demographics to pay more for better service. However, the disparity between Boomers’ and Millennials’ appetite to do so is significant.

Percentage of all consumers willing to pay 2% more for GOOD customer service: **57%**

- 79% of Millennials
- 21% of Boomers

Percentage of all consumers who would pay 2% or more for EXCEPTIONAL customer service: **72%**

- 89% of Millennials
- 32% of Boomers
Predictions for CX in 2019: AI and Self-Service Will Abound

• Taking a cue from their Millennial counterparts, Gen Z consumers will accelerate a preference for digital-first interactions. Self-service-based CX will move from desired to expected by customers.

• Consumers will become even more comfortable with non-human interaction. Today, 63% of those Millennials surveyed were comfortable with resolving CX issues via self-service methods.

• Companies offering self-service and AI-assisted service will improve their brand perceptions. In 2018, 52% of Millennials and 36% of all consumers said that businesses offering self-service (AI or agent-assisted) CX opportunities were viewed more positively.

• Consumers’ interaction with AI will continue to grow. Currently, more than half of the consumers surveyed reported interacting with AI or chatbot applications at least once a week, up 7% since 2017.
Forecast for CX in 2019: Customer Experience Will be King

• Business’ ability to make emerging channels available to their customers will be the key to offering better experiences. Today, consumers report that the ability to receive support interaction via the channel of their choice is the most important component of a personalized customer experience.

• Happy agents produce happy customers. Brands’ investment in agent engagement will not only improve agent satisfaction, but will also increase the probability of a delightful CX.

• Consumers will pay more – a LOT more – for better customer experiences. According to this year’s data, 72% of all consumers are willing to pay 2% more for exceptional customer service, and 4 out of 10 Millennials would pay 10% more.

• Offering better customer service will result in brands increasing their bottom lines. Two-thirds of all consumers reported doing more business with at least one company in 2018 due to good customer service.
Thanks for your interest in the 2018 Aspect Consumer Experience Index. We hope you’ll find the report’s insights useful as you evaluate how to best enhance your customer service strategy.

**Recommended Resource**
We think you’ll also enjoy the 2018 Aspect Agent Experience Index. Happy agents equal happy customers, and our annual survey examines what factors motivate, encourage and satisfy customer service teams.

**Reach Out to Aspect**
An Aspect associate would love to speak with you about your organization’s customer experience challenges. To speak with an expert today, just give us a call at 1-888-547-2481, live chat or email us.

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