



# The evolution of customer service

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Market trends and drivers

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# Introduction

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In today's digital era, consumers have more options than ever before. They can shop online, book flights, attend events, and connect with their favourite brands around the clock. Therefore, they expect to receive personalised service and get the support they need when they need it.

Their ever-changing demands, as well as the advances in technology, are shaping customer service. Organisations, big and small, must keep up with these trends to remain competitive and relevant.

Customer service has been around in one form or another for centuries. The "*Complaint tablet to Ea-nasir*," considered **the oldest recorded customer complaint**, dates back to 1750 BC. Before the invention of the telephone, consumers communicated via letters or travelled to markets and physical stores.

Nowadays, buyers can receive support in real-time without even leaving home. There's live chat, email, social media, WhatsApp, and instant messaging. We are also witnessing the rise of chatbots and customer self-service. Not surprisingly, the Covid-19 crisis has left its mark on this industry.

**State of the Connected Customer**, a 2020 Salesforce survey, found that buyers use about nine different channels to browse products, make purchases, and receive support. This number is even higher among Millennials. Most customers prefer to communicate with sellers by phone or email, followed by online chat, mobile or messenger apps, SMS, video chat, and social media.

Approximately 85% of respondents agreed that customer experience is just as important as a company's products and services. Moreover, consumers expect companies to anticipate their needs and provide connected experiences across channels. Nearly half of buyers would switch to a different brand after just one bad experience, reports **Zendesk**.

Customer service is an integral part of the customer experience. As technology advances, consumers will continue to increase the number of channels they use to engage with companies — and that's something you cannot ignore. About **60% of buyers** have changed their minds about a purchase after just one bad service experience, causing retailers to lose more than \$83 billion.

With that in mind, building a channel strategy for today's digital customers is essential. This requires a good understanding of your target audience, the evolution of customer service channels over the years, and the trends that will shape consumer expectations in 2022 and beyond.

# Customer service channels, then and now

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Customer service technology has come a long way over the past decades. Who would have imagined back in the '90s that one day we'll have access to self-service platforms and AI-powered bots that enable seamless interactions between companies and buyers?

Today's consumers have technology at their fingertips and can choose from millions of products, but it's the experience they have with your brand that keeps them coming back.

Customer service is a critical differentiator in this digital age. Zappos, Amazon, Sephora, and MetLife put the customer at the heart of their operations.

**Amazon**, for example, enables buyers to purchase items or re-order products through voice control with Alexa. Sephora, on the other hand, leverages instant messaging and live chat to send personalised recommendations.

Zappos, one of the largest shoe retailers in the world, provides a connected experience across all devices, allowing customers to shop on their smartphones or tablets and pick up where they left off on a different device. The company also uses image recognition to streamline online shopping.

Whether a startup or a large enterprise, you can leverage modern technology to attract, engage, and retain customers. But first, you need to understand their communications preferences and how these have changed over the years.

## Customer service in the past

Customer service history dates back to as early as 7500 BC, when consumers received **tokens sealed in clay envelopes** instead of receipts. Over the centuries, merchants used papyrus for tax receipts, record keeping, and customer interactions. Later, they switched to letters and other paper documents that were **delivered by post riders**.

Fast-forward to the modern era; customer service has undergone significant changes following the **invention of the telephone** in 1876. But it took several years until this service became available to the masses. The switchboard, invented in 1894, allowed businesses and customers to connect their phones to a more extensive network and communicate more effectively.

The use of telephones continued to increase over the next decades due to the advances in technology. In the 1960s, companies began to set up call centres, or Private Automated Business Exchanges, to streamline customer service.

In 1967, AT&T **introduced an automated toll-free service** that enabled consumers to make phone calls free of charge, but its network couldn't provide national coverage. This only became possible in 1982 when phone companies implemented computerised switching systems.

Back then, customer service was only available over the phone during business hours. Things changed in the early '90s when the internet became mainstream.



## Welcome to the internet

The early 1990s marked the beginning of the internet, laying the foundation for a digital future. It all started with the emergence of email technology, which allowed consumers to communicate and share information more efficiently than ever before.

In 1996, Microsoft released Outlook, the first email service available to the masses. A year later, more than **10 million people worldwide** were using Outlook, Hotmail, or Yahoo! Mail. Gmail, one of the most popular email services, was introduced to the public in 2004. The number of users reached **4.2 billion** in 2022.

As the technology evolved, the world witnessed the rise of eCommerce, live chat software, online help desks, and social media.

**Amazon**, the world's largest marketplace, started as an online bookstore in 1995. Nordstrom, Zappos, eBay, and other industry giants opened their doors over the next few years. Meanwhile, several new technologies and practices have emerged:

- 1998: Live chat software became available to the public
- The early 2000s: Companies began to use customer support software
- 2003: Skype and MySpace were launched to the public

This was also the era when mobile phones became popular. Motorola launched the **world's first handheld phone** in 1973, but it took another two decades for this technology to evolve and make its way to the public.

These technological advances played a vital role in the development of the early internet, or Web 1.0. The rise of social media marked the emergence of Web 2.0 or the participative web.



## Social media goes mainstream

The number of social media users worldwide reached **4.65 billion** in 2022, and it continues to increase by about 7.5% per year. Facebook alone has more than 2.9 billion monthly active users, while newer platforms like TikTok have around 1 billion monthly users.

**Six Degrees**, the first “true” social network, was launched in 1997 and allowed users to connect online with friends and family.

This initiative has laid the foundation for MySpace (2003), LinkedIn (2003), FaceMash (2003), Hi5 (2003), Facebook (2004), and other social networking services. Each channel brought something new to the table, drawing inspiration from its predecessors.

Today, we have Instagram, TikTok, Snapchat, Pinterest, and more. There’s a social media platform or app in every category you could think of, from business and art to education.

Organisations across all industries can leverage this trend to inform, engage, educate, and entertain customers as part of their marketing strategy.

## The rise of the mobile web

Messaging apps like WhatsApp, Telegram, Signal, and WeChat are no longer used just for casual conversations.

Decathlon, Bupa Australia, Bankia, and other companies have integrated some or all of these channels into their customer service — and for a good reason. Consumers expect to connect seamlessly with their favourite brands, receive personalised communications, and skip the queue when they need support.

WhatsApp alone has **more than 2 billion users**, placing it third after Facebook and YouTube. WeChat, the most popular instant messaging app on the Chinese market, has 1.2 billion active users monthly. As a business owner, you simply cannot ignore these numbers.

The sports equipment retailer Decathlon, for example, uses WhatsApp to address customer inquiries and take local orders. This service not only ensures a faster response time but also enables agents to handle multiple tickets in one go.

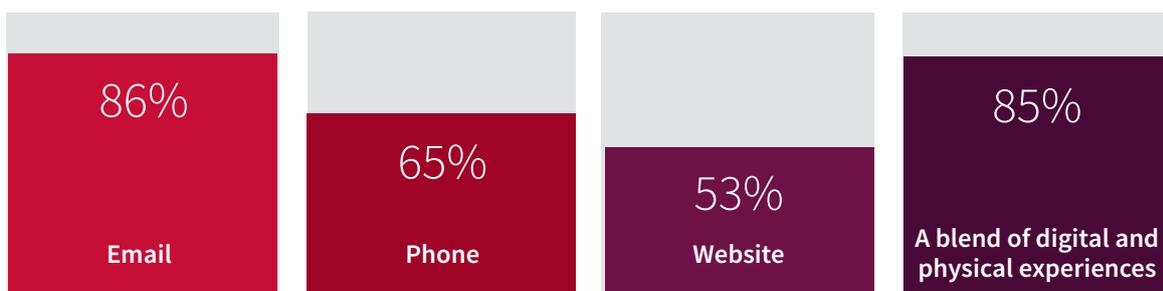
Mobile technology, including instant messaging apps, can pave the way to a positive customer experience. In a **2021 survey**, most respondents said they prefer mobile apps when shopping online because of their convenience, ease of use, and improved service delivery.

Complementary technologies, such as process automation and chatbots can further increase customer satisfaction and reduce costs.

## Know what your customers want

While most buyers still prefer to communicate over the phone, they are likely to use live chat, mobile apps, and other channels for routine support. Digital communication is more convenient, allowing agents to handle customer inquiries outside normal business hours. Additionally, it's easier to scale and enables organisations to centralise customer interactions.

About 86% of consumers engage with brands by email, reports the CMO Council. Approximately 65% will contact a business by phone, while 53% will reach out to customer support via its website. What's more, 85% of buyers expect a blend of digital and physical experiences.



As a business owner, it's imperative to determine what your customers want and how to meet or exceed their expectations. Consider their age, language, personal preferences, and purchasing behaviour, among other factors. For example, Millennials and Gen-Xers prefer intuitive self-service options, while older generations are more likely to communicate by phone or email.

Most companies expanded their customer service channels year after year in an attempt to keep up with the trends. Yet, they are struggling to meet customers' demand for seamless interactions. The key is to look at things from a holistic perspective and determine how each channel fits into the bigger picture.

Let's see a few examples:

- Phone support allows for more personalised interactions with customers than live chat. Plus, it's suitable for addressing complex requests. The downside is that it often involves long waiting times and can be difficult to scale.
- Live chat, on the other hand, allows agents to address minor issues and handle multiple tickets at once. It also supports AI technology and makes it easier to collect, analyze, and act on customer data. A potential drawback is that it may not feel as personal as phone calls.
- AI-powered chatbots are the main driver at the moment, and they can handle cases that an agent would normally handle. While it makes sense to use this technology to improve response times, the experience could be compromised if you rely on bots for everything.

All in all, organisations should have a clear strategy for how they handle current and new channels. They also need to understand why certain customers prefer specific channels over others and how they use them.

Furthermore, companies must analyse how their internal processes can support these channels to deliver customer service excellence. At the same time, they need to streamline internal operations to allow employees to remain productive and efficient.



## How to devise a channel strategy for today's digital customer

Becoming a customer-centric business requires an ongoing commitment to customer service excellence. No matter your industry, it's essential to speak your customers' language and connect with them in a meaningful way. Buyers expect to interact with your brand on multiple platforms — and that's why you need to embrace an omnichannel mindset.

First, try to determine how your target audience would use each channel. For example, you could provide phone support for more complex issues, email support for general inquiries, or SMS services for order updates. Likewise, companies need to choose the most appropriate channels for:

- Basic how-to questions
- Order fulfilment
- Urgent assistance
- Warranty claims
- Follow-up on customer complaints
- Order modifications/cancellations
- Technical support
- Assistance with account-related inquiries
- Alerts and notifications

The channels you decide to use should complement rather than compete with each other. Consumers don't care who they talk to when they need support. They just want to get the information they need promptly. So, whether you plan to offer live chat, email, or phone support, it's important to create a seamless experience across all channels.

Ultimately, it's the buyer who decides how to communicate and engage with your brand. Don't just add a new channel to the mix for the sake of it or to follow others, advises **Andrew Hainsworth**, a Service Cloud Practice Lead at Fluidio. Instead, harness the power of data analytics to determine what consumers expect and how they would use the channels.

Do your customers want these channels?

What would they use them for?

What do you need to leverage the capabilities of each platform fully?

Can your current operations support these channels effectively?

How would these changes affect your employees?

Having more channels won't necessarily lead to a better customer experience. It could actually affect both your customers and employees, leading to diminished productivity and missed opportunities. For this reason, it's crucial to make data-driven decisions and take a holistic approach to customer service.

## Streamline and improve customer support

While it's true that each new channel adds another layer of complexity, it can provide valuable insights into customers' needs. Companies can use this data to **deliver personalised experiences** at every stage of the buyer's journey.

With that in mind, ask yourself the following questions when devising a channel strategy:

- What data is needed to process customer requests more efficiently?
- Can you use this data to automate customer support?
- Could a bot handle the request — and to what extent?
- What would an agent need to process the request faster?
- Would your customers benefit from a knowledge base? How would that help with self-service?
- Which aspects of customer service can be improved?

Always consider the human and technological resources needed to implement and manage each channel.

For example, Salesforce allows users to personalise every aspect of the customer journey. The platform is built for an omnichannel experience with the customer at the centre, offering a large selection of tools for eCommerce, analytics, lead management, automation, and more.

Organisations must also set clear outcomes when they invest in different channels. **Customer self-service**, for instance, can reduce the workload on agents and improve response times. As a result, your agents will be better able to handle complex requests, leading to more savings and increased efficiency.

Last but not least, companies should devise a long-term strategy for customer service.

*“When companies are considering their digital channel strategy, it should not just be about what they can add. It is about how they can evolve, which could mean moving away from more traditional channels because, for example, they don’t bring internal efficiency. Change management and customer communication are vital when removing channels. Generally, these decisions are made because they can bring a better customer experience with more digital channels,”* explains Hainsworth.

Take customer self-service, for example.

Companies may start by adding a knowledge base, community forum, or FAQ pages so they can address the most common issues related to their products or services. Later, they may invest in more complex solutions like chatbots and interactive voice response (IVR).

Remember that customer service is an ongoing process. Once you have implemented a new channel, use the proper tools to measure its performance against old channels and technologies. This data will allow you to continuously improve the customer experience and identify any roadblocks your team may be facing.

## **Trends driving customer service transformation**

Digital technology is evolving rapidly, leaving its mark on consumers and enterprises alike. Customer service interactions are increasingly complex, driving new opportunities for growth, innovation, and personalisation. These changes, however, are also pressuring companies to change their business models and redesign or refine their processes.

Apart from technological innovation, customers are the ones who set the bar for outstanding service. “When innovative companies begin to communicate with their customers in new ways and deliver great value, the experience spreads — and other companies start considering how they can replicate this,” notes Hainsworth.

External factors, such as the novel coronavirus crisis, are shaping consumer preferences, too. **Accenture** reports that up to 76% of consumers who started to utilise new channels during the pandemic will continue to use them moving forward. What’s more, customer expectations are constantly changing, and they don’t always fit in a “box.”

Considering these aspects, organisations need to adapt and reinvent themselves to remain competitive.

For example, roughly **one-third of companies** were running cloud contact centres in 2020, but 75% intended to make the switch over the next two years. The same goes for process automation, speech recognition, machine learning, and other cognitive technologies that are gaining traction in the customer service space.

In this digital age, customer service is a strategic differentiator. No matter your industry or target audience, you must focus on what matters to consumers. This will not only allow you to expand your reach but also drive brand awareness and higher performance across the board.

Most importantly, think long-term when it comes to your customer service strategy. Look for custom, scalable solutions that can grow with your business and support its ever-changing needs. Remember — you're not alone in this journey.



Fluido, a leading Salesforce partner in Europe, can turn your customer data into actionable insights so that you can reach the right audience through the right channels. Our team has over ten years of experience in marketing automation, customer relationship management, eCommerce operations, and other related areas. Together, we can identify the needs of your audience and create personalised experiences at every touch point.

We also deliver industry-leading customer service advisory services aligned with Salesforce technology, allowing you to maximise your Salesforce investment. Your success is our success, and we'll develop a custom strategy to help you reach your goals faster. Our consulting experts will analyse your processes, uncover untapped opportunities, and provide the data you need for better decision-making.

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