



# Customer Service Trends for 2021:

How to Meet Rising Customer  
Expectations in the New Year

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**To say that 2020 was a difficult year for businesses would be a massive understatement.** Even the best of strategies could not have prepared organizations for the onslaught of challenges that the pandemic has brought with it.

And while businesses have seen impact across virtually every facet of their organizations, few have been as affected as the service organization.

From the beginning of the crisis, service teams have been under the ultimate stress test. Bombarded by unprecedented spikes in customer inquiries and operating in configurations that were flipped upside down overnight, service teams have been working tirelessly on the front lines of their businesses to safeguard the customer experience in its most vulnerable state.

And while businesses and consumers alike continue to adapt to the 'new normal' of the world, there's no doubt that the impact the crisis has had on customer service will be long lasting.

Customer service has always been an integral piece of overall business success, but it's never been as important as it is today. In fact, 50% of American consumers say that Covid-19 has increased their prioritization of customer service as a factor when deciding to do business with a brand.

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of consumers say that **Covid-19 has increased their prioritization of customer service as a factor** when deciding to do business with a brand.

With this in mind, we wanted to dig into the ways that the events of 2020 have impacted consumers and organizations and highlight the trends that will shape customer service in 2021 and beyond. To do so, we commissioned a research study, composed of a survey administered to more than 1,100 American consumers.

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# 1. Customers Will Wave Goodbye Faster in 2021 - Especially Millennials

Amidst the chaos and confusion of the crisis, service teams have seen meteoric surges in customer volumes, so it's not surprising that **40% of consumers say they have contacted customer service more since Covid-19**. What is surprising, however, is the rate at which customer service – or the lack thereof – has led to consumers switching brands during the pandemic.

One third (**33%**) of those we surveyed say that they have **switched brands due to poor customer service** since the onset of Covid-19, with **Millennials significantly more likely (42%) than other generations** to say that they have done so.



# 33%

of those we surveyed say that they have switched brands due to poor customer service since the onset of Covid-19. **Millennials were the most likely to say this (42%).**

**Past studies from PWC** have found that 59% of American consumers say that they will stop doing business with a brand after “several” bad experiences. However, in our own survey, **64% say that they would stop doing business with a brand after only two or three poor customer service interactions.**

While consumers may understand that these are trying times, it won't offer brands much relief. In fact, **67% report having the same or less patience for a bad customer service experience** since Covid-19 began.

It's interesting to note the extra emphasis that Millennials are placing on service today. Aside from switching brands due to poor service more than other generations, the Millennial cohort was also far more likely (62%) than other generations to report that Covid-19 has increased their prioritization of customer service as a factor when deciding to do business with a brand. Weathering their second economic downturn in just over a decade, it makes sense that this generation is less forgiving of the brands they spend their money with.

These rising expectations mean that brands need to double down on their support offerings and ensure consistent, on-brand, and effective customer service experiences in each interaction.

And with less room for error and patience in short supply, organizations will need to bolster their use of real-time data and analytics. Doing so will allow them to truly understand the needs of their customers, optimize toward the metrics that matter most (like First Contact Resolution or Customer Effort Score), and ultimately, improve overall customer satisfaction.

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## 2. Teams Will have to Balance Channel Adoption with Optimization

Over the past several years, we've seen the rapid adoption of digital customer service tools. The pandemic has certainly accelerated this trend, and by 2025, it's predicted that **95% of customer interactions** with brands would be via artificial intelligence (AI), such as chatbots.

While chatbots and other technologies that provide self-service options can indeed help scale operations, they can't replace human interaction. In fact, **80% of consumers prefer to interact with a person when they have a customer service need.**

80%

of consumers **prefer to interact with a person** when they have a customer service need vs self service option.



Interestingly, even amidst the rapid digitization that has been fueled by Covid, consumers still prefer traditional channels much more than newer digital options. In fact, **43% of consumers say that the phone is the most likely channel** for them to seek out when they have a customer service issue (43%), followed by **email (28%)** and **chat (23%)**. Even 40% of digitally native Gen Z say that they are most likely to contact customer service via phone when they have an issue.



69%

of all respondents said they would **contact customer service via phone** if they have an urgent customer service issue.

And when the issue is urgent, the preferred channel is even more clear, with an overwhelming 69% of all respondents saying that they would contact customer service via phone if they have an issue they need handled right away.

This is especially important for organizations to understand as they continue to operate against a backdrop that is still very much impacted by the pandemic. The fallout of the crisis will continue to unfold throughout 2021, meaning that a large majority of the service interactions that teams encounter will have an elevated urgency attached to them.

As teams continue to double down on newer channels, they must not overlook the importance of optimizing the traditional channels that their customers will continue to seek out. This means having the right tools and technology in place to help agents navigate these interactions, including the ability for managers to provide valuable in-the-moment coaching and quality assurance checks on past interactions, no matter where their agents are.

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### 3. Service Recovery Strategies Will Lead to Powerful Opportunities

No matter how good a service operations' strategy is, or how skilled their agents are, the fact is that mistakes will happen. This has always been the case, but is even more important to understand today when the room for error is smaller and the stakes are greater.

Poor service experiences are damaging. They can result in customers deciding to stop doing business with a brand entirely (53%), and they can also have an even more deleterious impact when those frustrated customers share their experiences with their network.

More than one-third of consumers (**38%**) say that when they have a poor customer service experience with a brand they will **tell their family and friends to stop buying from the brand**, and an additional 35% report that they will share that experience online.

Poor service experiences are damaging -- but they can also present powerful opportunities. The **Service Recovery Paradox** tells us that if a brand's ability to execute service recovery -- the resolution of a problem from a dissatisfied customer -- surpasses the customer's original expectations, a paradox emerges and the customer actually becomes more loyal than if the brand had never made the initial mistake.



Our research supports this, with an incredible 96% of consumers saying that if a brand turned a poor experience into a positive one by solving their problems immediately, they would do business with that brand again. Further, more than a quarter of consumers (26%) say that they are more likely to leave an online review about a poor experience turned into a positive one than an excellent experience or a poor experience.

With the likelihood of continued increases in customer volumes, distributed teams, and other lasting challenges from pandemic ahead, there's no doubt that missteps will happen. However, when agents do miss the mark, all is not lost.

With the proper service recovery program and technology in place to identify the point at which a customer service interaction is going off the rails and the ability to course correct, teams can turn frustrated customers into powerful brand advocates.

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## 4. Humanization Becomes a Driver of Loyalty & Retention

When a customer contacts customer service, they are in a vulnerable state. This is exacerbated today, when many interactions have more serious implications related to things like finances or health and safety concerns.

**80%**

of customers say that when customer service solves a problem for them **they feel more emotionally connected to the brand.**



In many ways, the agent/customer relationship has taken on far more meaning, which is why it's not surprising that **80%** of customers say that when customer service solves a problem for them they feel **more emotionally connected to the brand.**

While consumer loyalty has long been a driver of business success, it's always been hard to come by. However, with the ability to build emotional bonds with customers by helping them solve their problems, brands can create the type of loyalty that is more important than it's ever been.



**86%**

of consumers say that they would be more likely to leave feedback regarding a positive customer service interaction **if they knew the agent would directly benefit from it.**

Fostering a more connected relationship not only keeps them around longer, but creates more engaged customers. An overwhelming 86% of consumers say that they would be more likely to leave feedback regarding a positive customer service interaction if they knew the agent would directly benefit from it.

And while bridging the gap between your brand and your customers is critical for building a relationship that keeps them coming back, it's equally as important for that relationship that your brand is bridging the gap with its own teams as well.

The last several months have been particularly stressful for service teams who have had to transition from the contact center to the couch and deal with unprecedented surges of highly emotional interaction. Agents deserve to be recognized for the important work they do.

In this remote work environment where feelings of isolation can create chasms between brands and their front-line teams, collecting direct customer feedback can help keep agents engaged in their work, motivated to bring their "A" game to each customer interaction, and plugged into their organizations' customer success strategies.

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# Looking Ahead



While it's impossible to predict what lies around the corner, one thing is for certain: customer service teams will play a critical role in their organizations' ability to recover from the crisis and sustain momentum going forward.

Key to this is the ability to gain **real-time visibility into the end-to-end interactions** customers are having with service teams, and **leverage that insight** to make the necessary adjustments needed to leave customers with a share-worthy experience that keeps them coming back.

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