Quiq's perspective:

Will Gartner's prediction for customer service in 2025 come true?



Quiq's perspective: Gartner's prediction for customer service in 2025 come true?

In January 2021, <u>Gartner</u> made a bold prediction. The research and consulting firm, known for reporting technological trends and delivering actionable insights, forecasted that by 2025, 80% of customer service organizations will abandon native mobile apps in favor of messaging.

Trends in the market, and what we see from our customers seem to support this prediction.

In a world where digital-first is increasingly a reality for employees, students, and a large percentage of consumers, messaging is the thread that ties it all together.

Text messaging is on the rise.

Stats show that the number of monthly texts has increased by more than 7,700% in the past decade and that 18.7 billion texts are sent daily. In addition, Statista reports that 2.2 trillion MMS and SMS text messages were sent in the U.S. in 2020. And those figures don't even include the billions more messages sent on social messaging platforms like WhatsApp and Facebook Messenger.

While <u>texting is the most used form of communication</u> for American adults under 50, a 2021 study found that <u>one in</u> <u>three</u> Americans over 65 prefer texting to phone calls.

The reasons messaging has grown in popularity range from convenience and speed to being asynchronous: You can dash off that message knowing you've completed the task on your end, and the person receiving the text can read and answer when it's convenient for them.

Customers want to text with businesses.

People aren't just texting with their family and friends; they're also texting with companies. Juniper Research reported a 7% increase in SMS business messaging traffic, from 3.2 trillion in 2019 to 3.5 trillion in 2020.

78% of people wish they could have a text conversation with a business.

From inbound messaging to outbound communication, customers and businesses communicate about reservations, confirmations, recommendations, sales, and especially customer service.

And it's far from being annoying; customers seem to prefer it.

According to <u>Forbes</u>, 64% of consumers believe businesses should use SMS messages to interact with customers more often than they currently do. And 74% of customers report an improved overall impression of companies that interact with them via text messaging.

Businesses receive these favorable responses because they are meeting their customers where they're at—not insisting that the customer come to them. Connecting with businesses on messaging platforms gives people the freedom they want without the hassle of searching for a customer service phone number, navigating a website, or —worse—sending an email and waiting days for a response.

Companies go to great lengths to create personalized experiences. What better way to do that than with the messaging channel the customer has shown they prefer?



The use of native apps has decreased.

With the rise of e-commerce, companies invested time and resources into building and maintaining bespoke apps, but as <u>Gartner points out</u>, "most service organizations have failed to gain strong customer adoption of their service apps."

52% of business apps are uninstalled within 30 days.

SMS and third-party messaging apps are customers' platforms of choice for messaging with businesses and getting their service needs met. Customers are already using these apps as part of their daily lives. They build community and identity around their digital habits and preferences.

A study by <u>comScore</u> shows 51% of consumers download a whopping **zero** apps per month.

Since most consumers are already using SMS and third-party messaging apps, like WhatsApp or Facebook Messenger, it's quick and easy to use those same platforms for messaging a business. Company specific apps require a download. Add to that the need to open the app every time the consumer wants to message that specific company and adoption drops even further.

From a customer's perspective, it comes down to convenience. They would rather communicate with everyone in their lives, from friends to businesses, in one centralized location versus downloading yet another app.

The impact of messaging on customer service.

Customer attitudes have shifted over the past two years. They believe online shopping should have the same level of personalized support as in-store help.

According to <u>PWC</u>, 73% of people say that customer experience is an important factor in their purchasing decisions. And, among U.S. customers, 65% say a positive experience with a brand is more influential than great advertising. That's why recent research from <u>Qualtrics XM</u> <u>Institute</u> shows that 89% of companies that put customer

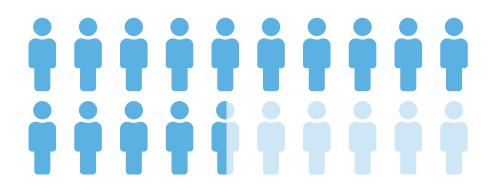
experience first report better revenue growth than their competitors.

52% of customers would rather text for customer support than using other available options.

Businesses that fully embrace CS via text can offer assistance across the entire customer journey. From answering questions to making recommendations, this personalized care can build loyalty, inspire referrals, and increase customer satisfaction.

But messaging isn't just better for customers; customer support over text is 3x less expensive than over the phone, and agents can engage in 3-5 text conversations in the same amount of time one phone call takes. As a result, customers get seamless interactions with businesses, and businesses get a cost-efficient, meaningful way to connect with customers.

In an article featured on Forbes, I stated that when we talk to brands and make decisions about shopping, we should be able to do this via the communication channel of choice: text messaging. Customers want conversations, but they want to have them on their terms, and at the time, place and via the technology of their choice. Meet customers where they are rather than leaving them in the detention block that is a telephone waiting room. They'll likely reward you with return visits and your revenue will grow.



73% of people say that customer experience is an important factor in their purchasing decisions.



Proactive customer engagement will outnumber reactive engagement by 2025.

Gartner's report goes on to say that by 2025, proactive customer engagement interactions will outnumber reactive customer engagement interactions.

In <u>Microsoft's Global State of Customer Service report</u>, customer sentiment shows that more than two-thirds of customers want an organization to reach out and engage with proactive notifications.

<u>Forbes</u> lists the top five reasons customers opt to receive messages from a brand as:

- Coupons or deals (77%)
- Personal alerts (50%)
- Being in the loop (48%)
- More meaningful content (33%)
- No need to visit a physical location/website/app for information (31%)

At **Quiq**, we help businesses build outbound messaging strategies as part of their overall customer messaging plan. Some of these successful and welcomed outbound communications include:

- Confirmations and reservations
- Inventory updates
- Special offers or sales
- Support status
- Order status
- Alerts, reminders, and updates

Proactive communications like these can increase revenue, agent efficiency, CSAT, and NPS scores and reduce the number of customer service inquiries by answering customers' questions before they have the chance to ask.

The difference messaging makes for customers and companies.

Customers expect companies to provide service and support in the way that is most convenient for them.

Companies that embrace messaging resolve issues more favorably and can inspire loyalty and improve the customer experience.

47% of customers said texting could improve their overall satisfaction with customer support.

Customer satisfaction scores over messaging are 8–14 percentage points higher than other channels. And, as it turns out, the value of a great customer experience can be measured. A study by <u>PWC</u> shows that 86% of customers are willing to spend more to buy from companies that give them a great customer experience.

At Quiq, we see businesses increase sales, reduce costs, and improve customer satisfaction with messaging.

Here are a few success story highlights:

- Overstock.com achieved higher engagement rates with text messaging's near 100% open rates.
- <u>Jackson Hole Mountain Resort</u> experienced a 75% reduction in phone calls by focusing on text messaging.
- <u>Brinks Home Security</u> converted 10% of their phone calls to text messages while realizing a 14 ppt uptick in CSAT.
- <u>Daily Harvest</u> decreased overall volumes of Care
 Associate support by reaching up to 60% resolution
 with Quiq's Al chatbot and SMS messaging.

The statistics show that proactively texting customers and accepting incoming messages is one of the best ways to connect with them. And for a customer-centric company, that is the goal.

Adding messaging as a customer support channel can improve your customer experience and overall satisfaction.



Customer service organizations will become profit centers.

Finally, Gartner's report suggests that by 2025, 40% of customer service organizations will become profit centers by becoming de facto leaders in digital customer engagement.

Customer service is traditionally seen as a department that costs money to operate and doesn't generate revenue. However, we see customer service as a great untapped reservoir of profit.

Advances in conversational AI have led to intelligent bots that can resolve simple issues quickly—pleasing customers and freeing up human agents for more critical one-on-one conversations.

The adoption of messaging for customer service opens the doors to lower-cost operations due to increased agent efficiency, and it also gives companies direct access to customers who are eager to engage. Once in dialogue, agents can provide one-on-one service, make suggestions, offer advice, and deliver the experiences that lead to loyalty and retention.

Repeat customers spend more money and are easier to sell to than new customers. And <u>82%</u> of companies agree that customer retention costs less than customer acquisition.

72% of customers are more likely to purchase online if they can ask questions in real time.

The ability to communicate throughout the customer journey, make suggestions, answer questions, and guide and finish purchases turns the experience into a virtual concierge service; personal, approachable, friendly, and helpful. And customers prefer it.

A report commissioned by <u>Facebook IQ</u> shows:

- 40% of people surveyed globally said chat was how they first started shopping online.
- 64% of people across generations said they prefer messaging to a call or email.
- 65% said they'd be more likely to shop with a business they can contact via chat.

What it boils down to is this: messaging and conversational AI increase the efficiency and effectiveness of your customer service center, decrease time to resolution, lower costs, and give agents the bandwidth to interact with customers in a way that enhances the customer journey, increases satisfaction, and influences sales.

Moving forward with messaging.

With 2025 just around the corner, what is the potential cost of waiting to implement messaging into your customer service strategy? Gartner predicts 80% of businesses will be messaging, and at Quiq, we can see why. Customers prefer communicating via messaging, and companies' return on time and effort is evident. For both parties, it's a win-win.

While messaging has become a regular part of our daily lives, many traditional customer experience platforms haven't fully implemented messaging into their customer experience.

To add messaging to your customer service toolkit, you'll need to find a vendor that specializes in text messaging conversations and fits in with your existing customer experience technologies. The outcome will be worth it; you'll be among the 80% having messaging conversations with your customers in 2025—instead of part of the 20% who will be playing catch up.

The trends we're seeing indicate that the predicted shift from native mobile apps to messaging is already in full swing. Whether you're looking to step up your customer service, increase sales, or simply improve customer perception, messaging is the way forward.

At Quiq, we'll work with you to integrate messaging into your customer communications and help you build a messaging strategy that operates smoothly for employees, delights customers, and drives business results for you. Our Al-powered conversational platform can be deployed as a stand-alone application or seamlessly integrated with your existing CRM.

Discover what messaging can do for your company.

<u>Book a demo</u> today.

