

Customer Service: A Key Part of the Retail Renaissance

Consumers Reward Retailers and Shopping Centers Providing Good Shopping Experiences

Key Takeaways

- More than nine of 10 (91%) adults say that when paying for services, receiving good customer service is important, while 88% say the same when buying goods.
- The most important *in-store customer service elements* are friendly/knowledgeable employees, ability to find items easily and speed/ease of checkout.
- The most important *online customer service elements* are speed of delivery service, ability to easily find items and flexibility of return/exchange policy.
- Nearly three-fifths (59%) of consumers are generally *more satisfied with the customer service they receive in store* compared to online.
- A majority of consumers say that when choosing where to shop, *customer service is more important* than the purchasing channel, design/style of products and brand reputation.
- Most shoppers who receive good customer service are likely *to shop at the retailer again* and recommend the company to their friends and family.
- For key product categories, *face-to-face interactions with employees greatly increase* the likelihood of consumers making a purchase.
- More than half (57%) of consumers are *willing to pay more* for an item/service if they can get good customer service.
- Nearly two-thirds (65%) of consumers say the quality of customer service provided at shopping centers is a *factor when deciding which center to visit* and are willing to travel farther to a center that has better service.
- Over two-thirds (67%) of consumers indicate that good customer service offerings at a shopping center *encourage longer visits and an increase in expenditure*.

An ICSC report titled, “*Brick-and-Mortar Stores Are Here to Stay*,”¹ which was based on results from a consumer survey about preferred shopping formats, highlights that a majority (60%) of consumers, across all generations, make most of their purchases in stores and do not foresee that behavior changing anytime soon. Though physical stores remain the key component of retail selling strategies, they are no longer the only option for consumers.

E-commerce has had a significant impact on consumer expectations in terms of convenience and selection, and traditional retailers are adjusting to ensure they offer shoppers a wide-ranging experience. However, as ICSC’s most recent consumer survey uncovered, experience is not solely about incorporating “cool” gadgets or Instagram-worthy photo-ops for entertainment but also about providing outstanding offerings throughout all aspects and touchpoints of the shopping journey, including exceptional customer service.

Customer Service: A Very Important Factor for Consumers

A growing expectation among consumers related to their shopping experience is for good, quality customer service. Among U.S. adults, **more than nine of 10 (91%) say that when paying for services**, including dining at restaurants, getting a haircut, manicure, etc., receiving good customer service is important.² Of them, 71% say it is “very important.” Similarly, when spending on goods, including apparel, electronics, home furnishings, etc., almost as many (88%) **stress the importance of receiving good customer service**, with 58% claiming it is “very important.”

As further proof that customer service is important, nearly two-fifths (38%) of U.S. adults whose online spending from a retailer would decrease if that company closed a nearby store claim the reason for cutting back is because they would no longer be able to easily receive customer service, if needed.

Furthermore, customer service is a factor when choosing where to shop. **A majority of consumers say that customer service is more important** than brand reputation (55%), design/style/trendiness of the brand/products (55%) and the channel through which a purchase is made (in store or online) (57%).

However, when it comes to product quality and price/value, less than half (47% and 48%, respectively), say customer service is more important, indicating these two factors are still stronger determinants when choosing where to shop.

The good news is that businesses for the most part are recognizing the need for and delivering on providing customer service. According to the latest American Express Customer Service Barometer,³ 81% of consumers are satisfied with the customer service businesses provide.

Defining Customer Service Expectations for In-Store and Online Shopping

Although the provision of quality customer service may seem rather obvious and a priority for retailers, consumers’ access to information, demands for brands to embody their lifestyles and instant gratification have altered traditional methods of running a retail business. **Nearly half (48%) of U.S. adults say that in general, their expectations for customer service today are considerably higher than three years ago.** This percentage increases to 58% among Millennials—the generation now entering their peak spending years—while it is lower for Generation X (47%) and Baby Boomers (42%).

The previous section demonstrated the overall importance of customer service, but it is also paramount to understand how customer service is defined and what the expectations are by purchasing channel. Knowing what shoppers want when making a purchase in stores and online is particularly important to omni-channel retailers who have both a physical and digital presence. Retailers who excel at providing the type and level of service their shoppers expect from both channels will come out ahead of those

¹ ICSC Research, “[Brick-and-Mortar Stores Are Here to Stay](#),” March 2018.

² These results and others in this report are based on a representative poll of 1,002 adults in the U.S., conducted between January 28 and 30, 2019, by Engine Insights on behalf of ICSC.

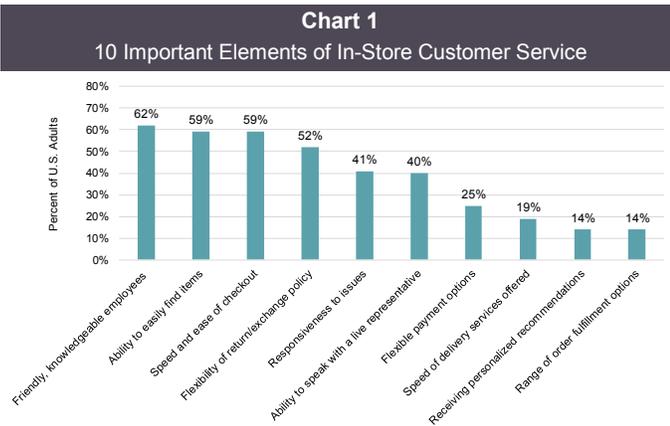
³ American Express, “[Customer Service Barometer](#),” December 2017.

that do not. Consumers are already noticing a difference between the channels as a majority (59%) of shoppers—across all age cohorts—say they are **generally more satisfied with the in-store customer service they receive compared to online.**

When shopping in stores, consumers rate **“friendly and/or knowledgeable employees”** the number-one customer service element, with 62% citing this. (See Chart 1.) A study by InMoment™, a cloud-based customer experience intelligence platform, confirms this as being the most critical customer service element.⁴ That report says more than half (54%) of consumers value knowledgeable employees and defines “knowledgeable” as not just being aware of the products and services being sold, but recognizing a customer’s past purchasing patterns, needs and loyalty rewards status.

ICSC’s survey further shows that consumers highly rate the following when shopping in stores:

- “Ability to easily find items” (59%);
- “Speed and ease of checkout” (59%);
- “Flexibility of return/exchange policy” (52%); and
- “Responsiveness to issues if/when any arise” (41%).



As shown in Chart 2, when shopping online, the highest rated element of customer service is the **“speed of delivery services offered,”** with more than half (55%) of consumers saying that—significantly more than the 19% who noted this factor for in-store shopping. While delivery time is certainly more of a factor when shopping online and not a critical factor when shopping in stores, the difference in the percentages citing this as a factor is still mildly surprising given that many retailers are offering at home delivery services from the store as a convenience.

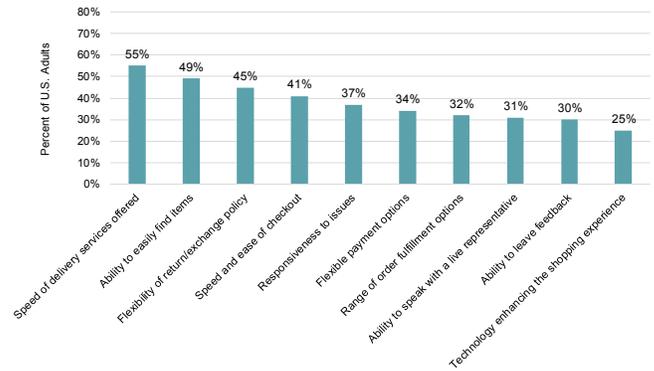
The other top elements of customer service when shopping online include:

- “Ability to easily find items” (49%);
- “Flexibility of return/exchange policy” (45%);
- “Speed and ease of checkout” (41%); and
- “Responsiveness to issues if/when any arise” (37%).

Reaping the Benefits of Providing Good Service

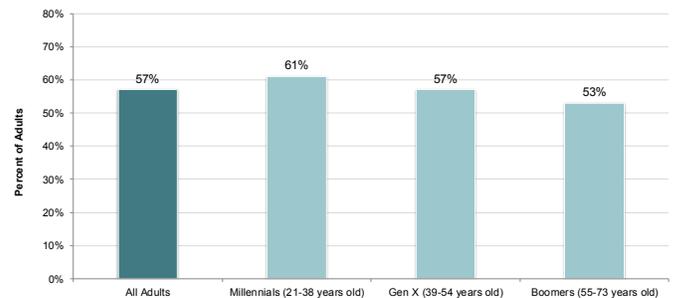
As mentioned, the overwhelming majority of consumers cite the importance of receiving good customer service when buying goods and paying for services. But, what exactly is the impact of receiving stellar customer service and does it make a difference for the retailer? Yes, it does.

Chart 2
10 Important Elements of Online Customer Service



Nearly three-quarters (73%) of consumers indicate that **good customer service increases the likelihood they will spend more with the retailer than originally planned.** This percentage increases to 78% among Baby Boomers, while it is the same among Generation X (73%) and lower among Millennials (70%). Additionally, more than half (57%) of adults say they are willing to pay more for an item/service if they know they will receive good customer service if needed. (See Chart 3.)

Chart 3
Shares of Adults Willing to Pay More for Quality Customer Service



One of the more significant ways to boost spending through customer service is having positive face-to-face interactions between shopper and employee. Nearly two-thirds (64%) of consumers generally **prefer these types of exchanges over others, such as over the phone or email.** The American Express Customer Service Barometer⁵ report indicates that this is particularly the case when more complex issues arise.

Furthermore, InMoment™ reports that positive staff interactions with shoppers increase customer satisfaction by an average 33%, indicating that the more positive staff interactions consumers have while shopping, the more positively they rate their overall experiences.⁶ Therefore, the report says, it is a myth that automation will replace employees. Moreover, while technology can enhance shopping, it cannot replace human interaction.

Interestingly, the impact of positive face-to-face interactions on the likelihood of consumers making a purchase varies by type of product. Overall, the more expensive the product, the greater the percentages of consumers who say in-person interaction with an employee will increase the chance they will buy the product. When buying electronics, as shown in Chart 4, 80% of consumers say that **engaging with an employee in person would increase the**

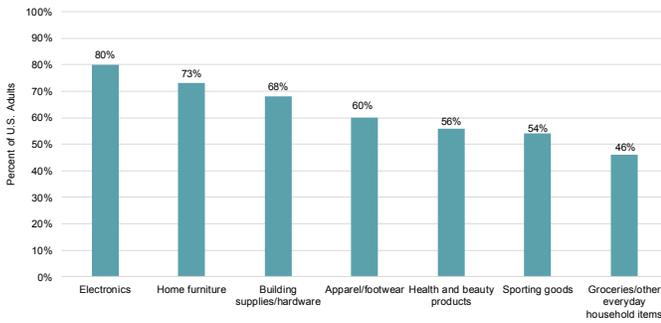
⁴ InMoment Inc., “2017 Retail Trends Report. Why Human Interaction and the In-Store Experience Still Matter,” 2017.

⁵ American Express, “Customer Service Barometer.”

⁶ InMoment Inc., “2017 Retail Trends Report.”

Chart 4

Positive Face-to-Face Employee Interactions Leading to Purchases



likelihood of them proceeding with a purchase. A bit less, but still significant shares of consumers say the same about buying furniture (73%) and building supplies/hardware (68%).

Consumers say that face-to-face interactions with employees also increase the likelihood of purchases by those buying generally cheaper, more personal items, such as apparel/footwear (60%), health and beauty products (56%), as well as sporting goods (54%). Groceries/other everyday household items is the only category where less than half (46%) said that an in-person interaction would increase their chance of making a purchase.

Consumer Reactions to Good and Bad Customer Service Experiences

While the above highlights the more direct impact of providing good customer service by means of positive face-to-face interactions, ancillary impacts occur, too. If a retailer provides all around good customer service, **eight of 10 (80%) would shop with that retailer again, thereby establishing a loyal customer** and 73% would recommend to their family and friends that they shop there too, potentially facilitating extra business.

Additionally, and unsurprisingly given the current social environment and the desire to share experiences with a large audience, 39% would write a public review/comment either on the company’s website, an online review forum or their own social media account. One-quarter (24%) would praise the good experience in a more subdued way by sending a private message to the company through their website or social media account or directly telling a customer representative/supervisor in person.

Generations react differently to good customer service experiences. Compared to Gen Xers and Millennials, a higher percentage of Baby Boomers would shop at the retailer again or recommend it to friends/family. The youngest cohort are more inclined to leave public reviews either on social media or on some public review forum compared to the older groups.

Unfortunately, not all customer service experiences are positive and most consumers are likely to take some action as a result. About seven of 10 (71%) consumers would **stop shopping at a retailer if they have a poor customer service experience.** About half (52%) say they would switch to shopping at a competing retailer. Actually, more than two-fifths (44%) of consumers would not shop at a company anymore after just one poor customer service experience and, according to American Express,⁷ this percentage could increase to 60% after two or three bad experiences. The percentage of consumers who would stop shopping at a retailer after just one negative interaction is highest among Millennials at 48%. The survey also found that higher

shares (49%) of consumers living in urban communities compared to suburban communities (43%) and rural communities (40%) would stop shopping at a retailer after just one bad experience. This could be due, in part, to the higher concentration of other options for those living in urban areas.

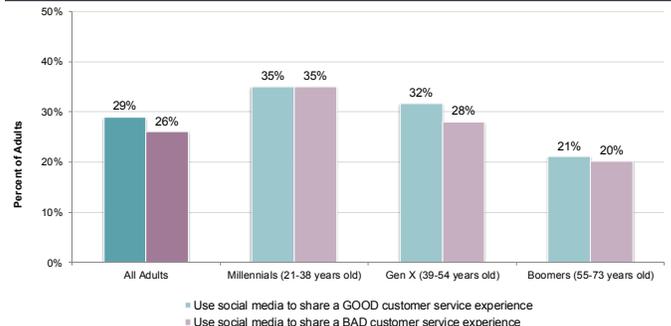
In addition to moving on from a retailer with whom they had a bad experience, about half (49%) would recommend to friends and family that they not shop at the retailer either. Finally, one-third (33%)—highest among Millennials (42%)—would leave a public review/comment on their own social media, the company website or an online review forum.

There is one glimmer of hope, however, if consumers do encounter a bad service experience. Nearly three-quarters (72%) of adults say that **a retailer with whom they had a bad experience can usually do something to correct the situation and keep them as a customer.** Baby Boomers are slightly more forgiving than younger consumers, as 76% of them say a retailer could do something to keep their business despite a bad experience compared to Gen Xers (73%) and Millennials (70%).

According to another report titled “*Customer Service in the Retail Revolution*,”⁸ the most important trend impacting a customer service organization is social media. It has given everyone a platform for expressing their satisfaction or unhappiness with an experience they had. ICSC’s customer service survey corroborates this as well. Overall, 29% of consumers who have a good customer service experience will share that on social media, while 26% will share a bad experience. (See Chart 5.)

Chart 5

Using Social Media to Share Customer Service Experiences



What are the Opportunities to Enhance Customer Service?

While every retailer knows that delivering on customer service is important, consumers still face frustrations when visiting stores and shopping online. The most frequently mentioned inconvenience for shoppers in stores is long checkout lines (65%). (See Chart 6.) This suggests that **retailers should continue investing in technologies that lessen the burden of paying for their items and make the process quicker.** Other in-store issues cited by the largest shares of consumers include “not being able to find employees to help” (60%), “negative employee interactions or pushy salespeople” (58%), “not being able to find items easily/products out of stock/disorganization” (54%) and the “advertised shelf/sale price is not what appears during checkout” (48%).

The major pain point with ecommerce, “shipping fees,” was brought up by 63% of consumers. (See Chart 7.) The second and third most common frustrations when shopping online also pertain to fulfillment: 44% have issues with the “wrong item being shipped” and related to that, nearly the same share (42%) cite a “complicated return process.” Not surprisingly, consumers also

⁷ American Express, “[Customer Service Barometer](#).”

⁸ Dimensional Research and Zendesk, “[Customer Service in the Retail Revolution](#).”

Chart 6

10 Factors Causing Customer Service Issues When Shopping In Store

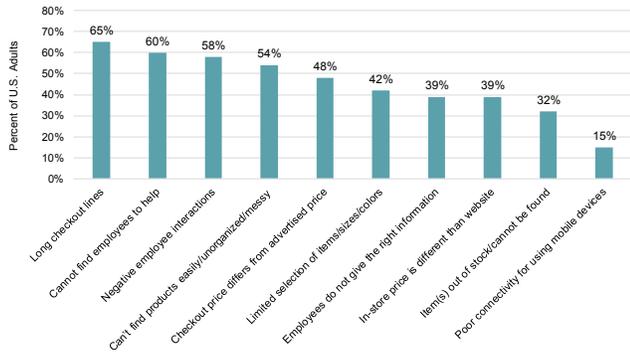
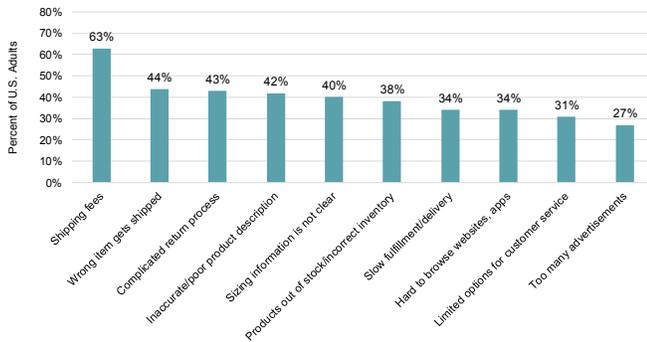


Chart 7

10 Factors Causing Customer Service Issues When Shopping Online



allude to one of the major disadvantages of shopping online, which happens to be the major advantage that physical stores have: the ability to see, touch and try on merchandise. Roughly two-fifths (42%) say the “inaccurate product description/poor product representation” and “unclear sizing information” (40%) cause problems when buying online.

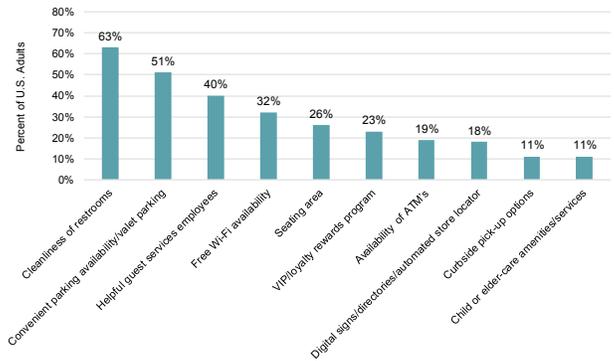
Shopping Centers Must Deliver on Customer Service, Too

Typically, customer service is a factor most often associated with retailers because they frequently have the direct contact with consumers, more than shopping center owners. However, the consumer-led disruption has also resulted in a significant shift in the traditional roles of owners and retailers. Now, as described in ICSC’s “Exploring New Leasing Models In An Omni-Channel World,”⁹ owners are connecting directly with consumers through emotional, enriching and engaging placemaking strategies, part of which includes providing outstanding customer service across their properties.

When asked about the most important elements of customer service at malls or other shopping centers, as opposed to individual retailers, consumers cite the basics, as shown in Chart 8, including, “cleanliness of restrooms” (63%), “convenient parking/valet services” (51%), “helpful guest information/service desk employees” (40%), “availability of free Wi-Fi” (32%) and “seating areas” (26%).

Chart 8

10 Important Elements of Shopping Center Customer Service



As a result of providing the type of customer service consumers want, malls and other shopping centers can expect to benefit. About two-thirds (65%) of adults say that *the quality of customer service provided at shopping centers is a factor when deciding which center they choose to visit* and go on to admit they are willing to travel farther to a property that provides a higher level of service. This percentage is higher among Millennials (68%) compared to the older Gen Xers (66%) and Baby Boomers (61%). It is also highest among city dwellers (76%) versus suburbanites (61%) and those living in rural areas (59%). Furthermore, just over two out of three (67%) consumers say that finding *good customer service at a shopping center encourages them to stay longer at the property and spend more money*.

Just as there are benefits to providing consumers with good service, there are also consequences if poor service is encountered. Nearly half (48%) of adults indicate that after a bad customer service experience in the common areas of a shopping center or with the general property (not an individual retailer), they are not likely to visit that center again. The share among Millennials (53%) is again higher than both Generation X (47%) and Baby Boomers (44%).

Moreover, property owners/managers should also note that after a bad customer service experience at a specific retailer located within a shopping center, about two-fifths (39%) of consumers say they are not likely to visit the center or any of the other stores again in that center. Therefore, it is crucial to stress the importance of providing exceptional service throughout the entire property and ensure tenants are also doing their part to prevent issues from arising.

Conclusion

Customer service is a key differentiator in the retail environment. Evolving expectations that are shaping the “retail renaissance” have forced retailers and shopping centers to provide unique, consumer-centric services beyond what they have done in the past. Those who are able to meet and exceed shopper demands should see benefits such as increased traffic and more purchases.

⁹ ICSC, “Exploring New Leasing Models In An Omni-Channel World,” 2015.

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