

WHITEPAPER

Is Omni-Channel Customer Service Really Necessary?

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Omni-channel customer service could help your company appeal to coveted millennial consumers. Or, it could cause you to spend resources you don't have pursuing channels you don't need.

Like the beloved fairy-tale puppet, Pinocchio, modern-day consumers have no strings. Once confined to a single channel at a time—phone, for instance, or email—they can now wander freely from one channel to the next, often traipsing through multiple channels during the course of a single customer experience.

In fact, many consumers expect to be able to do so, suggests data from market research firm Forrester, which says 73 percent of consumers access customer service by telephone, 67 percent through companies' self-service websites, 58 percent by email and 43 percent through instant message or online chat. Millennials use even more channels; 44 percent of consumers aged 18 to 23 seek customer service through text messaging, for instance, and 43 percent through Twitter, compared to 16 percent and 13 percent, respectively, for consumers aged 47 to 56.

Companies that embrace channel diversity through adoption of an “omni-channel” customer service strategy realize numerous benefits by doing so, according to market research firm Aberdeen Group. Compared to other companies, it reports, companies that practice omni-channel customer service achieve 91 percent greater year-over-year increases (6.5 percent versus 3.4 percent) in customer retention, not to mention superior financial results, including greater year-over-year increases in customer profitability (6.1 percent versus 1 percent) and customer lifetime value (3.4 percent versus -0.7 percent).

“Consumer preferences are changing a lot: Consumers today are interested in getting information when they want it, where they want it and how they want it,” says Matthew D’Uva, president and CEO of the Society of Consumer Affairs Professionals in Business, otherwise known as SOCAP International. “Companies that are accessible to consumers in whatever channels they’re most comfortable with are best positioned to meet customers’ needs and potentially solve a problem for them—which, of course, helps their reputation and their bottom line.”

Despite its obvious buzz and potential benefits, however, there’s a fundamental problem with omni-channel: Omni—Latin for “all things”—is an impossible standard to meet, both financially and conceptually. No matter how hard they try, or how much money they invest, companies can’t be “all things” to all people. Nor should they be, according to D’Uva.

“Understanding who your customers are and where they are is really critical,” he says. “Companies that are engaged with one demographic, for example, need to make different investments and have a different focus than companies that are

engaged with a different demographic.”

In other words: Customer service is not a one-size-fits-all endeavor, but that doesn't mean you have to keep all available sizes in stock. To be as effective and efficient as possible, you should only stock the sizes your customers wear.

“Consumers have lots of options for connecting with brands and organizations that they do business with. That is a real thing, and companies need to work very hard to figure out how to integrate all those available communications channels,” D’Uva says. “But at the end of the day, it might be better to think about having a multi-channel strategy instead of an omni-channel strategy.”

Indeed, before you put all your customer-service eggs in the omni-channel basket, consider the following five arguments against it:

1. Your customers prefer some channels to others.

D’Uva’s mantra—know your customer—is worth repeating. “There are a lot of reasons for not investing in certain channels,” D’Uva says. “One is that your customers might not be there.”

Take text messaging, for instance. If you’re a company whose primary customers are seniors—who text infrequently, if at all—SMS customer service is a wasted investment.

“You need to listen to your customers and, based on demographics, pick and choose those channels where you think you can be most effective,” D’Uva explains. “If you’re committed to an omni-channel environment without first

figuring out where your customers are, you may end up spending a lot of money to be somewhere that your customers, in fact, are not.”

2. You have limited resources.

Every time you add a new channel to your customer service mix, you also add a new line item to your budget, points out Chris Petersen, Ph.D., CEO and owner of Integrated Marketing Solutions Inc., a customer experience consultancy specializing in retail clients.

“Not every company has the time, resources and capital to be all things to all customers,” Petersen says, adding that limited resources are best spent on delivering better customer service instead of more customer service. “In most industries it costs 10 times as much to acquire new customers as it does to sell to existing customers. So, you’re far better off developing the service component to retain unhappy customers than you are investing in technology to attract new ones.”

3. Quality is more important than quantity.

D’Uva agrees with Petersen: When it comes to customer service, it’s not quantity of channels that matter; it’s quality. For that reason, he stresses that companies should focus on doing what they do best—which might be only a few channels.

“You want to be able to be successful at what you choose to do,” D’Uva says. “Just being in a space is not enough. The goal should be being able to help consumers in whatever space you choose to be in. If you don’t feel like you can invest the resources or find the right partners to be competent in a given channel, maybe you need to make a decision not to be there.”

This is especially prudent when it comes to emerging channels. “There may be a strong desire to connect with consumers in new and innovative ways, but if the technology isn’t developed enough to provide a good experience, it might be better to wait for the technology to catch up before you engage,” D’Uva continues.

4. All that really matters is mobile.

Companies pursuing omni-channel overlook at their own peril the driving force behind it: mobile devices.

“The No. 1 portal for today’s consumers is their smartphone,” Petersen explains. “Tablet sales and computer sales are all dropping, but smartphone penetration is way up. So, you’ve got to give customers a way to reach you on their smartphone.”

That could mean voice, text message or social media—but it doesn’t have to be all three. As long as they can reach you somewhere from their smartphone, customers don’t have to reach you everywhere.

5. It’s all about the experience.

Ultimately, the question for companies isn’t, “Should we embrace omni-channel, or shouldn’t we?” It’s, “How do we provide the best customer experience possible?” That might take two channels or 10; what’s important is the destination, not the mode of transportation.

“It’s all about the experience of the consumer,” Petersen concludes. “The problem with omni-channel is that companies get so focused on which channels they need to be in that they’re missing what really matters, which is how to engage

the customer with a meaningful experience. If you engage the customer with an appropriate experience—whatever the channel—they're going to be interested."

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