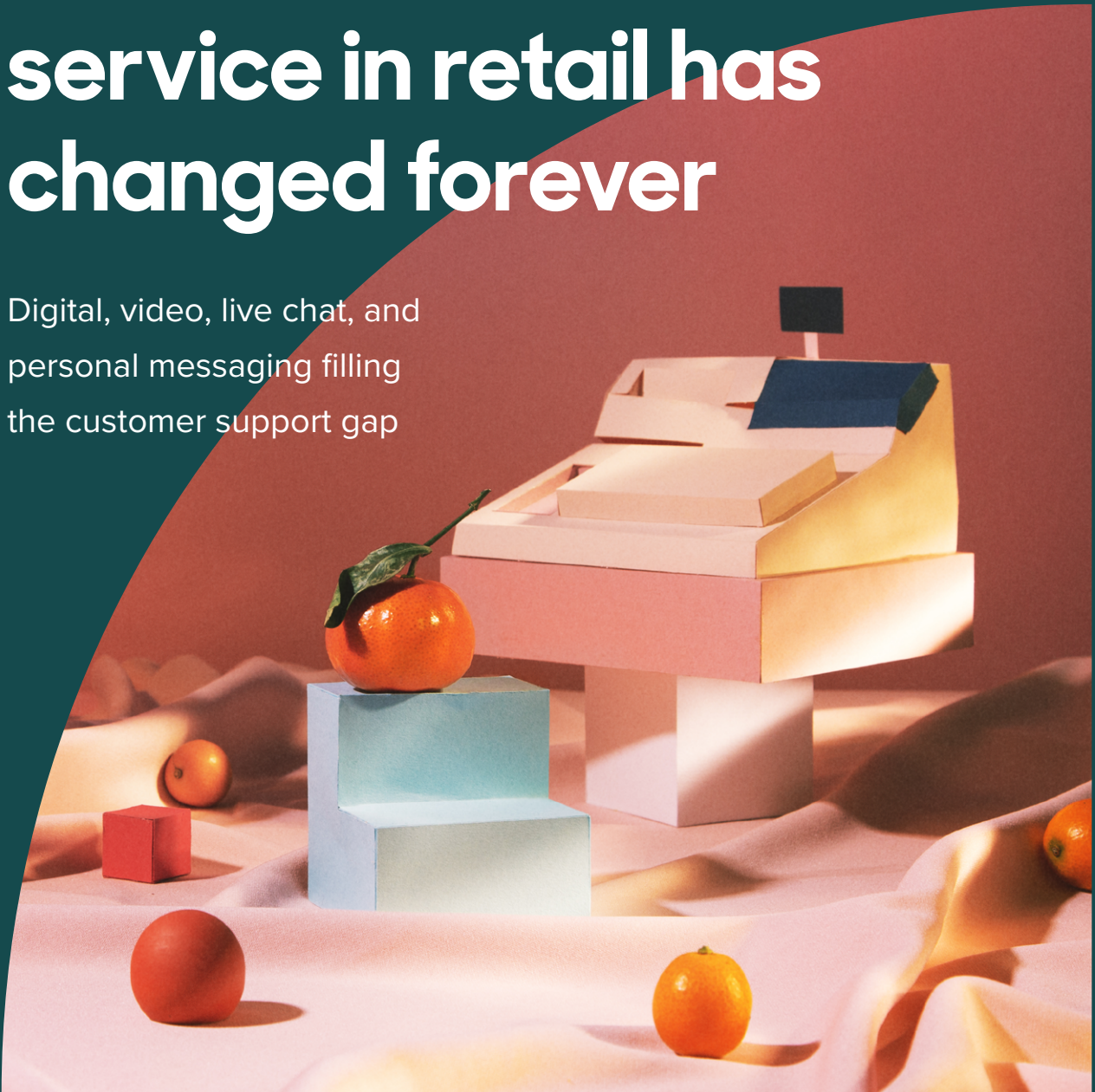


# How customer service in retail has changed forever

Digital, video, live chat, and personal messaging filling the customer support gap



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# Foreword

It's fair to say that for businesses around the world, this year has been anything but “business as usual”.

And for retailers in particular, the impact of both national and regional lockdown measures have meant that brands have needed to adjust quickly to meet their customers online, when stores were no longer an option.

The shift from in-store traffic to browsing at home has created a rapid shift in customer behaviour. In 2019, we were already seeing the growth of online shopping as consumers sought ways to serve themselves and get more convenient service. But this year, that trend has gone mainstream, as consumers were forced to turn to their mobiles and computers to get non-essential items. According to a [recent McKinsey study](#), 63% of UK shoppers say they've changed their shopping behaviour since the start of the pandemic. What's more, these new behaviours are also here to stay – more than eight out of 10 of those shoppers say they intend to continue with those changes after the pandemic.

That shift has led to greater demands on customer service teams – during the summer season, our Benchmark showed that average requests were up 47% for ecommerce teams and 22% for bricks-and-mortar retail teams. This placed additional strains on customer service teams who were already struggling to adapt to remote working.

The good news is that, for retailers who were able to adapt quickly, these shifts have created new opportunities to build ongoing and deeper engagement with customers – a trend that's here to stay. It's why we've partnered with Retail Gazette to look at how the events of this year have changed the way retail service is delivered, so that more retail brands can be positioned for ongoing success through the pandemic and beyond.

**Celine Maher**  
Regional Vice President, UK & Ireland, Zendesk

# Introduction

Retailers and brands are increasingly selling products via videoconference meetings, as well as running online customer consultations and digital events in areas as diverse as beauty, home furnishing, crafting, and luxury footwear and jewellery.

Several retailers are considering permanently turning parts of their shop network into ‘dark stores’ – or online warehouses and customer support centres – to serve growing demand from eCommerce customers.

Serious question marks would have been raised if retail analysts offering their forecasts at the start of 2020 had predicted customer service would have digitised to such an extent by the time peak shopping season arrived.

But that is exactly the situation retail finds itself in.

The global coronavirus pandemic has accelerated already in-motion trends, and prompted unexpected but necessary changes to how companies serve shoppers.

The underlying factor is more shopping is being conducted online, but retailers are also increasingly realising the technology needed to support such sophisticated customer interactions exists – and the companies supplying it are stepping up to the challenge.

While ‘non-essential’ shops closed during national lockdown, with many of them never reopening, digital filled the customer service gap in several different ways. It is difficult to replace the personal, social, and human touch provided by a good in-store customer service agent, but consumers are realising there are highly useful digital alternatives.

This report highlights the key overarching customer service trends emerging as a result of the 2020 health crisis. It also draws attention to retailer case studies, and suggests what it all means for the future of the sector.

**Read on for insights, analysis, and hypothesis**



# Bringing the store to the online customer



Retailers' general meetings have typically become online affairs, their head office workforces have in large parts worked virtually, and their core consumer facing entity – stores – have been brought to shoppers' homes in the form of eCommerce.

Online retail as a percentage of overall retail sales reached a peak 33% in May, according to the Office for National Statistics, and digital revenue is now a much larger part of business than it was at the start of the year for many retailers and brands.

Such dynamics are necessitating new forms of customer service, and fresh digital-led strategies and recruitment drives.

Online retail's influence on the landscape is expected to grow further, with the UK's biggest retailer, Tesco, on the hunt for 16,000 new permanent members of staff to support its burgeoning online business. In October, the John Lewis Partnership said it plans to increasingly bring its staff and products into customers' homes through running more virtual services such as personal styling, home design and, in peak period, the John Lewis 'Virtual Christmas' shop.

## The customer service switch

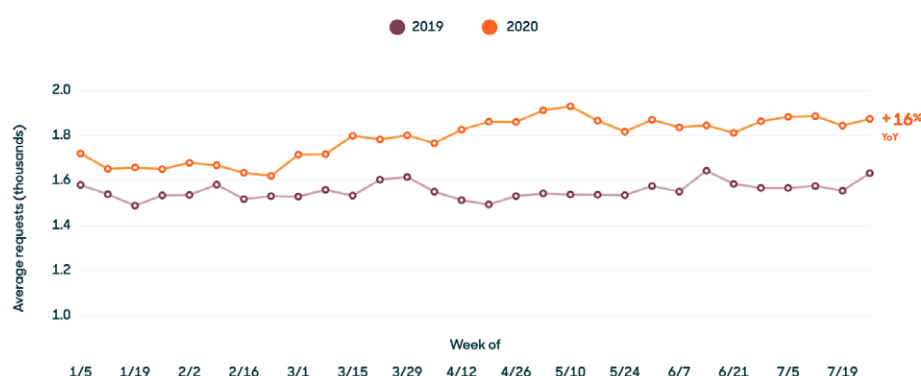
Although online sales as a percentage of total retail sales dropped from their May height as stores reopened after the government-enforced national lockdown ended in June, they remain significantly up year on year. And with the government opting for a second month-long lockdown in England in November, in addition to more localised lockdowns of different lengths in Northern Ireland, Scotland and Wales, online retail is the only consistent channel at present.

Video concierge, live chat, and digital events are among the tools now used to maintain brand-consumer relationships, with customer uptake of these channels arguably surpassing expectations.

Cycling brand Rapha, for example, partnered with online cycling fitness provider Zwift to provide virtual group bike rides. And online flower retailer Bloom & Wild offered free flower arranging classes digitally to customers for light relief during lockdown.

Nutritionally-powered food brand, Huel, has experienced a sales increase since the onset of the Covid-19 crisis. **Tom Kirby, customer experience manager at Huel**, said the shift to digital retail required more digital customer support, with 30 new recruits arriving in lockdown, including seven people specifically within his team.

### Ticket volumes are stabilizing at higher rates



▼ **Customer service demand skyrockets: Zendesk research shows customer service requests are up by 16% compared to pre-pandemic levels**

## Retailers hail digital comms

The pandemic was a time when Huel's decision to invest in digital customer service tools in recent years was seemingly further justified.

Kirby commented: "If you're not looking at self-service, artificial intelligence (AI) and chatbots, then you're probably missing a trick.

"Use AI and self-help as a tool to remove work and admin work from execs so they can focus on having those conversations and human interactions and adding value to customer experience."

There are so many ways retailers are realigning their operations because of Covid.

**Gary Sheppard, global customer service operations manager at furniture retailer Made.com,** said his company has performed "exceptionally strongly" in 2020, aided by a shift in its customer support strategy.

"When we first went into lockdown we immediately switched to a non-verbal service, and this transition was taking place naturally with customers moving to our chat channel," he explains.

"I think without this taking place we'd have really struggled to cope with the volumes that were coming through."

During the lockdown period, Made.com introduced Unbabel, translation software which embeds with the retailer's already-implemented Zendesk customer service software.

"It allows us to move volume around during peak times," noted Sheppard.

"Where our German team may be busy, there can be some capacity within our UK teams to offer support and that really helps."

As more and more consumers shop online, websites and digital customer support teams will be required to fill the communication gap left by store closures or reduced use of shops. Bloom & Wild, Huel, Made.com, and Rapha are examples of retailers finding ways of doing this in different ways.

**Let's hear some more about the tech**

# Retail tech comes of age

Global research from analyst group Gartner, conducted in May and June 2020, found 69% of boards of directors accelerated their digital business initiatives in the wake of Covid-19 disruption. Almost half of the 265 board members questioned for the survey anticipated changing their organisations' business model as a result of the pandemic.

The survey showed IT/technology represented the area where boards most expect investment to increase in 2020, with an average 7% hike in budgets anticipated.

For retailers, specifically, this digital investment has spanned e-commerce infrastructure work, staff communication tools to support remote working, software to connect stores and e-commerce, and customer service tech.

From app-based queuing technology and in-store traffic lights that help retailers safely manage the number of people entering a store, to AI, delivery services and virtual store tours, retailers directed investment towards tech in 2020.

Much of it was prompted by the coronavirus impacting their businesses but a significant percentage of the investments were examples of fast-tracking previous plans.

Either way, retail technology came of age in 2020, as retailers and brands realised software could keep them connected with consumers and maintain relationships and sales in the crisis.



## Digital customer service

**Fortnum & Mason's customer service manager, Bavneet Virdi**, said the department store group evolved with the times in 2020.

"Our business communicated with us really well and that was the foundation of our transition to remote working," she remarked, adding that consumer habits changed at the same time – becoming more digital.

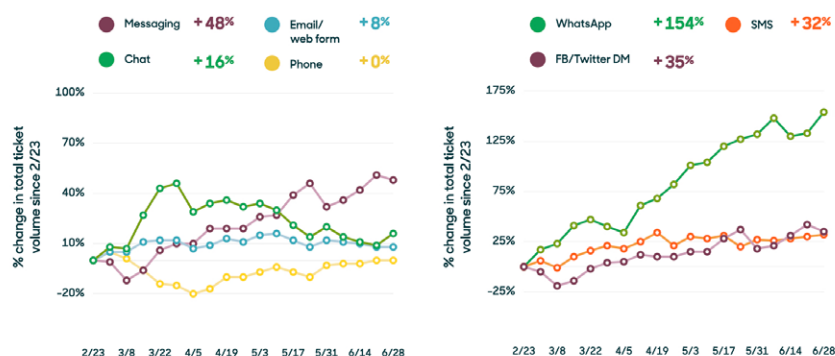
"We were interacting more frequently than ever with our customers via chat and email," Virdi noted.

"There was a real sincere sense of empathy and commonality from us all – from agents and consumers. It was quite magical to see that."

Made.com's Sheppard suggested consumers' preferred communication channels appear to be evolving. "More recently we switched on WhatsApp [as a consumer service method], and it's growing rapidly and I can see it overtaking email before the year is out," he said.

### Messenger apps and social: the future of customer service?

#### Messaging has grown faster than any other channel, with WhatsApp seeing the most use



▼ Since February, Zendesk says customer queries coming from messenger apps rose by nearly 50%

According to Zendesk, from February to August 2020, customer service inquiries through channels such as WhatsApp, Facebook Messenger, Twitter direct messages, and SMS rose by nearly 50% year on year. WhatsApp alone saw usage jump more than 150% during the period, illustrating its power as a brand-consumer communication channel.

Zendesk's Benchmark Snapshot showed messaging apps had the highest customer satisfaction rating of any channel, with a customer satisfaction score of 98%. And as of October, it enabled businesses to provide customer service and converse with shoppers on Instagram from directly within the Zendesk platform, via a Messenger API.

The report showed live chat (up 16%), email (up 8%) experienced more modest gains in terms of customer service tickets, while phone support experienced no gain.

**"For us, when a customer does contact us we need to make that process really, really easy. My customer experience philosophy is around two simple things: making it easy and showing you care."**

**— Alice Denyer**

Senior Customer Care Manager, New Look

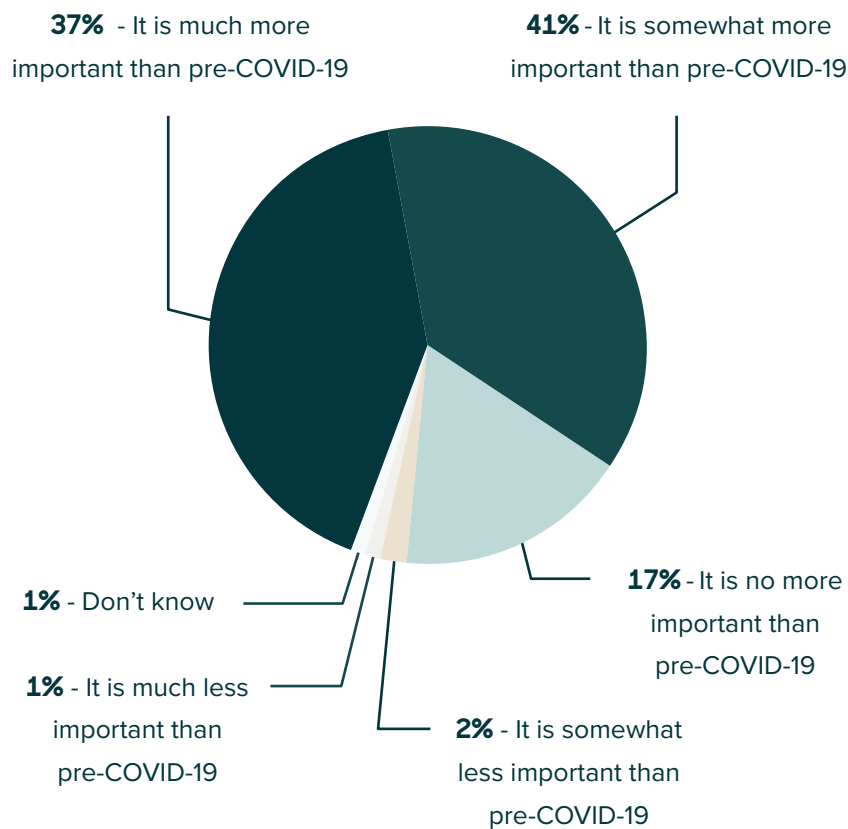
**Alice Denyer, senior customer care manager at clothing retailer New Look,** said her company uses email, chat, social media and voice-enabled tech. New Look uses Zendesk software to manage it all.

"Customers don't expect to contact anyone when making a purchase," Denyer commented.

"For us, when a customer does contact us we need to make that process really, really easy. My customer experience philosophy is around two simple things: making it easy and showing you care."

## COVID-19's Impact on the Importance of Customer-centric Agility

As your organization navigates COVID-19, how has the importance of agility (i.e., the ability to adapt and quickly make changes in response to customer needs) changed at your organization? *(Percent of respondents, organizations with 100+ employees, N=512)*



Source: Enterprise Strategy Group

### ▼ Need for customer service agility on the rise

In addition to making it easy for consumers and displaying a caring attitude, retailers increasingly need to ensure the tech they use for providing customer service is modern and agile.

## What else is on the horizon?

# A peak like no other



The fourth quarter of 2020 promises to be a peak trading period like no other for retailers, particularly with much of the UK in lockdown in November and therefore many shops having to close and rely on their online operations.

The retailers which do not have an ecommerce presence will be hoping to catch shoppers' attention late in the peak period – although the enforced shop closures will be painful at such a critical time of the year.

Indeed, they are missing out, as shoppers have started purchasing goods earlier than previous years, as concerns over finances and uncertainty around availability, delivery slots, and the state of the health crisis weigh on people's minds.

OnePoll conducted a survey on behalf of John Lewis, in October, which revealed almost a third of consumers were planning Christmas earlier than usual this year. Of those, 74% said they are shopping for gifts early.

By mid-October, when the survey was published, John Lewis, Christmas shop sales were up 63% on the same period last year, and its virtual Christmas shop was one of the most viewed pages on its website, according to the retailer.

Perhaps retailers and brands will be prepared for an unexpectedly early peak period. After all, the Covid-19 disruption experienced earlier in the year will have taught them much about their online operations, fulfilment, and customer communication in busy times, and the best of them will have learnt from those experiences.

## Ready for a peak service performance?

Clothing and homeware retail group N Brown, which operates brands such as Simply Be and Jacamo, has outlined five key pillars to drive growth, one of which is “enhanced digital experience to increase customer conversion”.

“Digital is one of the areas where we would look to accelerate our investment as a key driver to unlock faster growth,” explained **N Brown CEO Steve Johnson**, in November.

Use of a new merchandising tool to provide personalised online experiences, and the introduction of APIs for social media integration are an important part of that strategy, and have been put in place ahead of the festive period. The launch of newly platformed websites are planned for the year ahead.

N Brown has invested in Zendesk’s software to help service agents communicate with shoppers in multiple ways, across digital, and the package includes chat, a help centre, SMS and social channels on a single platform. N Brown said in November it has identified its use of social media as a key growth and customer engagement driver opportunity.

Made.com’s Sheppard said his company noticed customers were moving away from traditional phone call queries towards online chat functionality as early as May 2019. As a result, the retailer upgraded its standard Zendesk customer service software package to an advanced one.

“January peak always comes up quite quickly and we feel we’re in a great position to continue to handle the volumes that are coming through,” he stated.

Fortnum & Mason is preparing for peak by bringing store staff and its concierge corporate gifting team on to the same Zendesk platform. The customer support team, which has been using the software since 2019's peak trading period, have been involved with the build, the testing, and the customisation of the platform.

"The main purpose of getting them on board was to ensure all our customers – no matter where they are contacting us, or which department they come through to – are receiving the same experience and also to improve interdepartmental collaboration," explained Viridi.

Adapting to changes in consumer behaviour, providing consistent customer experience across channels, and enhancing team cohesion are long-term aims for most retailers. These organisations are investing in technology to achieve their goals, which will stand them in good stead now and in the years ahead.

### **But what are the important things to remember?**





# Key takeaways

Here are five key takeaways for retailers and brands to consider about their customer service strategy:

## **Strengthen digital communication**

More shoppers – across the generations – are researching and conducting transactions with brands via the web. Huel's Kirby said March 2020 was the largest sales month since the online company was formed in 2014, adding that new customer demographics emerged alongside the brand's traditional fitness/diet-focused customer profile.

Retailers must have the right toolkit to help customers navigate online, understand their brand, and enable them to talk to shoppers virtually.

## **Move with the times**

Alongside the rise in digital shopping, comes an increase in email, messaging and live chat communication.

Retailers should ensure they have the right expertise in place to meet this demand, but also consider how preferred methods of communication continue to evolve. What's your private/social messenger app strategy, for example, as this channel continues to grow?

## **Identify the business benefits**

It is important retailers think about the consumer in everything they do, but automating aspects of customer service, for example, can be cost effective for their organisations. Or using live chat instead of customer service via phone enables staff to talk to multiple customers at once – especially useful in peak times.

Retail is a challenging environment now – save costs wherever it is possible to do so.

## Reflect store expertise in digital comms

Retail stores are hubs of their communities; they provide a space for social interaction, conversation, and the human touch.

When developing digital customer support, these fundamental elements of customer service cannot be forgotten. As local and, potentially, national lockdowns continue to be a factor due to the Covid crisis, retailers will increasingly need their digital channels to reflect the power and voice of their stores.

## Remember it's a long-term shift

According to Tesco, before the pandemic around 9% of its sales were online, but less than a year later this figure is now more than 16% of sales, with online revenue growth estimated to inflate by over £2 billion this year. Meanwhile **John Lewis Partnership chair, Sharon White**, said in October “five years of change in the past five months” prompted a significant operational rethink towards more digital retailing.

This is no fly by night event – it's a long-term shift towards more digital commerce and communication, meaning retailers must invest in tools to support long-term strategy.



# About Zendesk

Zendesk is a service-first CRM company that builds support, sales, and customer engagement software designed to foster better customer relationships.

From large enterprises to startups, we believe that powerful, innovative customer experiences should be within reach for every company. Zendesk serves more than 160,000 customers across hundreds of industries in over 30 languages. Zendesk's European headquarters is in Dublin, and operates offices in the UK and worldwide.

**[www.zendesk.co.uk](http://www.zendesk.co.uk)**

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\*Fortnum & Mason, Huel, Made.com, and New Look spokespeople's comments were taken from the Zendesk digital events, broadcast in 2020

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