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Holiday
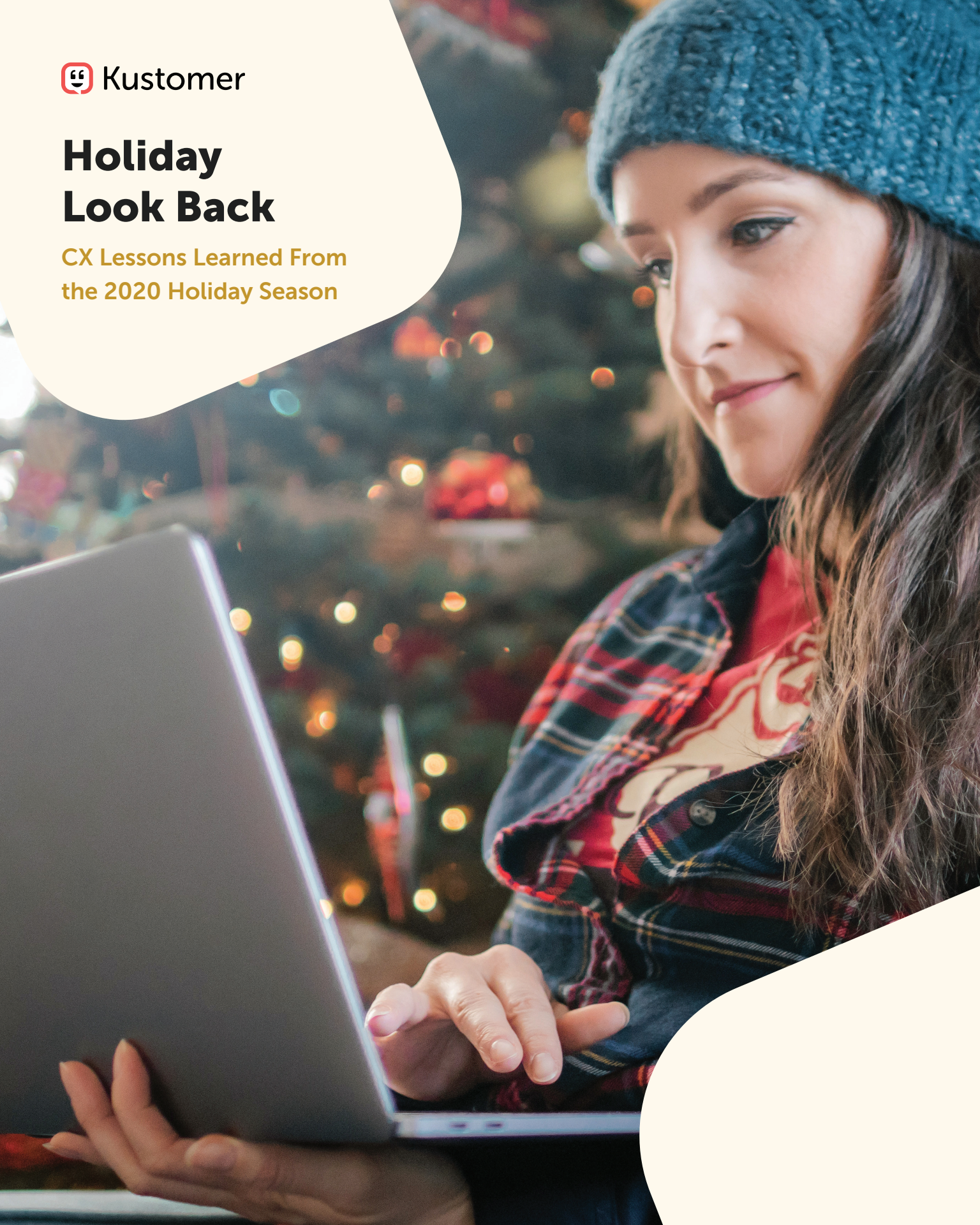# Look Back

CX Lessons Learned From the 2020 Holiday Season

Phew, what a year.

As we attempt to kick off 2021 with fresh eyes and a new sense of resilience, the last thing we may want to do is look in the rearview mirror. 2020, who? Don't know her.

But the truth of the matter is, 2020 likely changed the CX industry for good, and there may be nothing more ill-advised than to ignore the lessons learned during the past year. The twists and turns were endless, but the holiday season presented a whole new set of challenges. What is already a stressful time of year, was now uncharted territory.

Storefronts were closed. Shipping delays across carriers were ravaging businesses and upsetting customers. Consumers were simultaneously looking for a reprieve from the madness through a little holiday cheer, but also perhaps more nervous and financially strapped than normal. That little extra bit of hand holding could make all the difference in 2020, but businesses needed to prepare for the unexpected.

Despite the pandemic, NRF reported that retail sales during 2020's November-December holiday season grew at an unexpectedly high 8.3 percent over the same period in 2019 to $789.4 billion. This growth was even more dramatic for online and other non-store sales, with an increase of 23.9% year-over-year. With this increased activity comes an increased need for customer assistance throughout the buyer journey.

It goes without saying that CX organizations play an extremely important role during the holiday season, even during normal years. In fact, 93% of CX professionals believe good customer service is especially appreciated by consumers during this time of year.

In an effort to understand more thoroughly how retail and e-commerce CX organizations were impacted during the 2020 holiday season, and how the customer service landscape has shifted compared to the previous year, Kustomer went out and surveyed over 100 CX professionals. Read on to learn the extraordinary challenges that CX teams faced during the 2020 holiday season, how they are tackling the 2021 returns season, and what long-term lessons can be learned to ensure success in the new normal.

Online and non-store sales grew by 23.9% during the 2020 holiday season

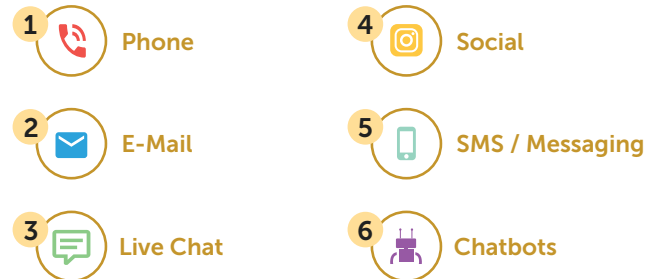Kustomer

Turn Up the Volume!

One thing that is always consistent from one holiday season to the next is an increase in inquiry volume. In 2020, 75% of CX organizations reported an increase in inquiries compared to an average season, with most organizations seeing a 50% increase.

But the impact of a more digital-first shopping experience meant that 2020 hit CX organizations even harder than usual. Sixty-eight percent of respondents said they saw a greater increase in inquiries during the 2020 holiday season versus the 2019 holiday season.

68% of respondents said they saw a greater increase in inquiries during the 2020 holiday season versus the 2019 holiday season.

With most businesses closing or minimizing their storefront presence (at least temporarily), consumers were forced to shift their shopping online. The demographic that has historically been least likely to shop online and order for delivery, were also the most at-risk — those over the age of 65. Through no choice of their own, many older consumers were shopping online for the first time, and along with their shopping came a slew of questions directed at customer service.

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Most popular channels during the 2020 holiday season *(ranked most popular to least popular)*

1 Phone

2 E-Mail

3 Live Chat

4 Social

5 SMS / Messaging

6 Chatbots

Unsurprisingly, phone was the most popular support channel during the 2020 holiday season. Not only does this speak to the urgency at which customers want their problems solved during the holiday season, but also potentially speaks to the demographic that was reaching out the most. Younger, digital-first consumers tend to prefer methods like chat and messaging, as well as self-service tools like chatbots. In fact, 62% of consumers under the age of 25 prefer self-service versus talking to a company representative, according to recent Kustomer research. But with a new cohort of digital consumers, more traditional channels like phone and e-mail saw the most growth during the 2020 holiday season.

CX organizations reported an increase in channel popularity from the 2019 to 2020 holiday season

74% PHONE

56% E-MAIL

41% LIVE CHAT

41% SOCIAL

25% CHATBOTS

19% SMS / MSG
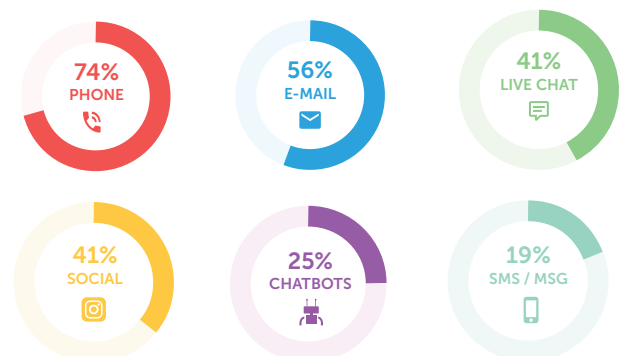
New Normal,
New Challenges

An increase in inquiries was not the only challenge that CX organizations faced during the 2020 holiday season. Retail and e-commerce organizations were also facing limited staff, frequent shipping issues and more challenging inquiries.

**Biggest challenges faced by organizations during the 2020 holiday season:**

49% Limited Staff   **26% Challenging Inquiries**

30% Shipping Issues   **22% Too many inquiries**

28% Long Wait Times

Additionally, most of the challenges that these teams faced were even more intense than during the previous year. More than half of respondents reported that wait times, shipping issues and challenging inquiries all increased year over year,

while just under half of respondents reported more unhappy customers, more digital inquiries, and less resources to resolve issues.

During the 2020 holiday season vs. the 2019 holiday season:

64%
of CX organizations experienced longer wait times

59%
of CX organizations faced more challenging inquiries

51%
of CX organizations faced more frequent shipping issues

49%
of CX organizations experienced more unhappy customers

49%
of CX organizations reported experiencing more digital inquiries

45%
of CX organizations reported having less resources to resolve issues
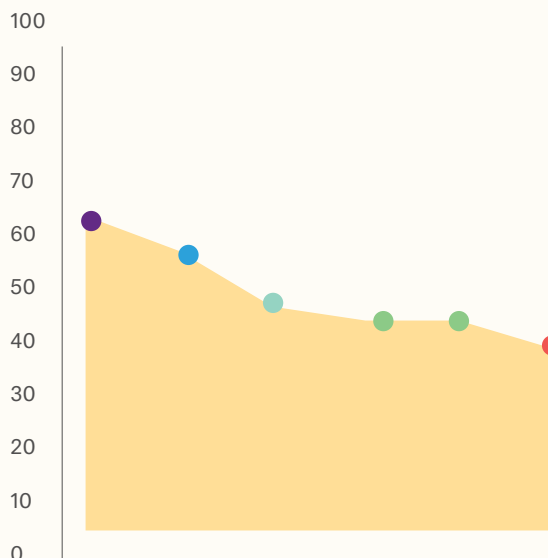
At the same time, CX organizations were expected to provide quick AND personal support. Doing more with less was the name of the game during the 2020 holiday season, putting an immense amount of pressure on agents.

CX professionals believe consumers value the following service attributes the most during the holiday season:

1 Quick Service

2 Personalized Service

3 Empathetic Service

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Here's How They Coped

So what did all of these seemingly insurmountable challenges mean for CX organizations? That efficiency was of the utmost importance during the 2020 holiday season. Only 38% of CX organizations hired seasonal employees to help with the seasonal spike, meaning that the vast majority of retailers didn't have extra hands to help out, and needed to make do with their regular staff.

Technology tools can often ease some of this burden, while still delivering a high level of service to consumers, and **27% of CX organizations reported adopting new technology tools in preparation for the 2020 holiday season**. Additionally, 20% of CX organizations leveraged AI and / or automation to scale during the holiday season, freeing up agent time to deliver that personalized and empathetic support that customers value.

According to recent Kustomer research, the top reasons that organizations aren't adopting efficiency tools, are a lack of executive buy-in and a lack of budget, which unsurprisingly go hand in hand. If leadership doesn't understand the value behind adopting efficiency tools, they likely won't allocate budget for them.

Ironically, adopting efficiency tools could completely transform a CX organization from a cost center into a profit center, ultimately benefiting not only the executives but also the business as a whole. Think about it: time is money, and when valuable human time is spent on low level tasks that technology can handle, no one benefits. Tagging conversations, routing conversations, answering very simple questions ... all of these tasks can be menial and brain-numbing to customer service agents.
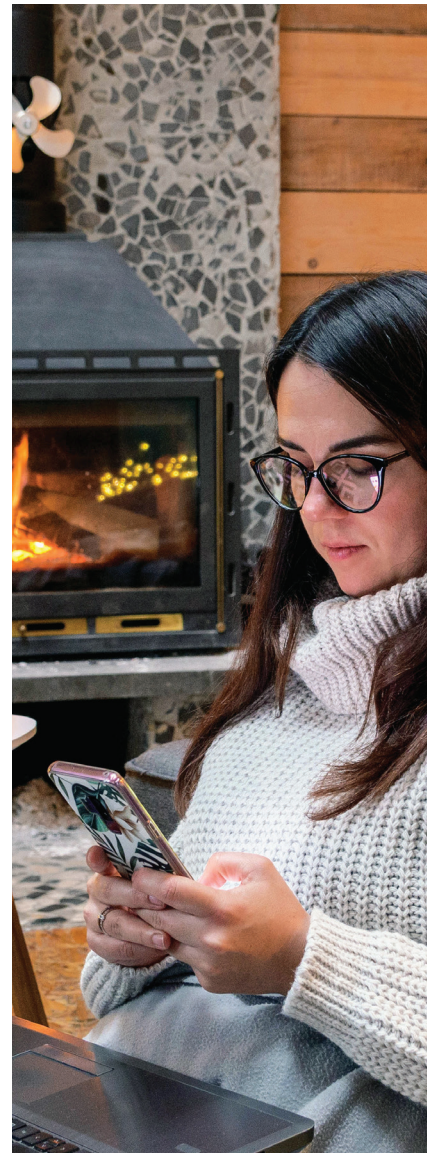
Top AI / automation methods used by retailers during the 2020 holiday season:

1. Chatbots | 2. Intelligent Routing | 3. Auto Responses
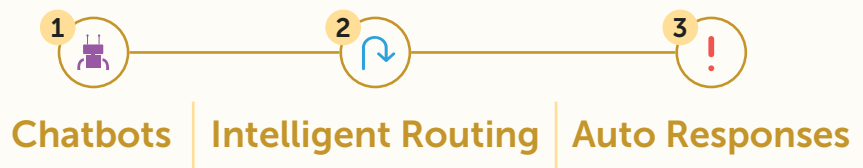
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With the advent of technology, customer service agents no longer need to be relegated to low-level busy work, and can take a more prominent and important role within an organization. In fact, many of the top questions being directed toward customer service agents during the 2020 holiday season, such as order status and policy questions, could be answered by intelligent chatbots that are integrated with customer data and company knowledge bases.

With intelligent technology, not only will agents spend their time answering more challenging and important inquiries from customers, they will also have the time to build long-lasting relationships, proactively reach out to customers, make customers feel heard and valued, and even close more business. This time spent by agents will truly contribute to the bottom line of a business, increasing loyalty, advocacy and brand sentiment.

Revenge of Returns Season

One of the top three most frequent inquiries that customer service teams received during the 2020 holiday season was initiating a return. It's inevitable that

not everyone may like the gift that they received, and choose to return it after the holidays. Forty-six percent of CX organizations were heavily impacted by returns after the holiday season this year, but when compared to the previous year, that number only grows. **Sixty-four percent said they saw more return inquiries during this returns season versus the previous year**, only lengthening the spike in activity that retailers experienced. In a year when many consumers were unable to — or unwilling to — shop in person, it's understandable that the goods they ordered may not have been what they had in mind, or perhaps didn't live up to the standards they imagined.

It's important the retailers don't just think of the CX team as reactive, post-transaction problem solvers. The more that brands can support customers throughout the buyer journey, the more likely they are to avoid a headache of mass returns, especially as the economy continues to shift more digital in the years to come.

The New Retail CX Landscape

According to our research, it appears that both businesses and consumers are starting to adopt this new mindset around the role of CX. Support inquiries were split somewhat evenly across the customer journey during the 2020 holiday season, surprisingly with the least percentage of inquiries coming post-transaction.

35% pre-transaction

38% during the purchasing process

27% post-transaction

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The most frequent inquiries that CX teams received during the 2020 holiday season truly spanned the customer journey, with most seemingly coming pre-transaction, when consumers had questions about products they were considering.

Most frequent inquiries during the 2020 holiday season:

1. Product questions
2. Order status
3. Initiating a return
4. Policy questions
5. Website issues

As was previously discussed, a whole new demographic of buyers were forced to do their shopping online, and leaned more heavily on customer service teams to feel comfortable and confident about their purchases. While post-transaction support, like order status and return initiation, likely will never subside, CX teams can now take on more of a revenue-generating advisory role, answering product questions or directing customers to better alternatives.

It's important to take this new role into consideration when planning out a holistic CX strategy. These more consultative conversations will require more time and knowledge. Perhaps this means that more busy work can be delegated to technology. Perhaps this means that the "measure of success" for agents must expand beyond just handle time. Perhaps it is necessary to share the information received from customers with the product or marketing teams, to improve the website experience or optimize product development.

The role of CX has transformed dramatically over the course of the past year, and some of these shifts are likely to stick for good. While this could mean more work for CX organizations, it also means that CX now has the opportunity to not only build customer relationships, but impact an organization's bottom line.

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