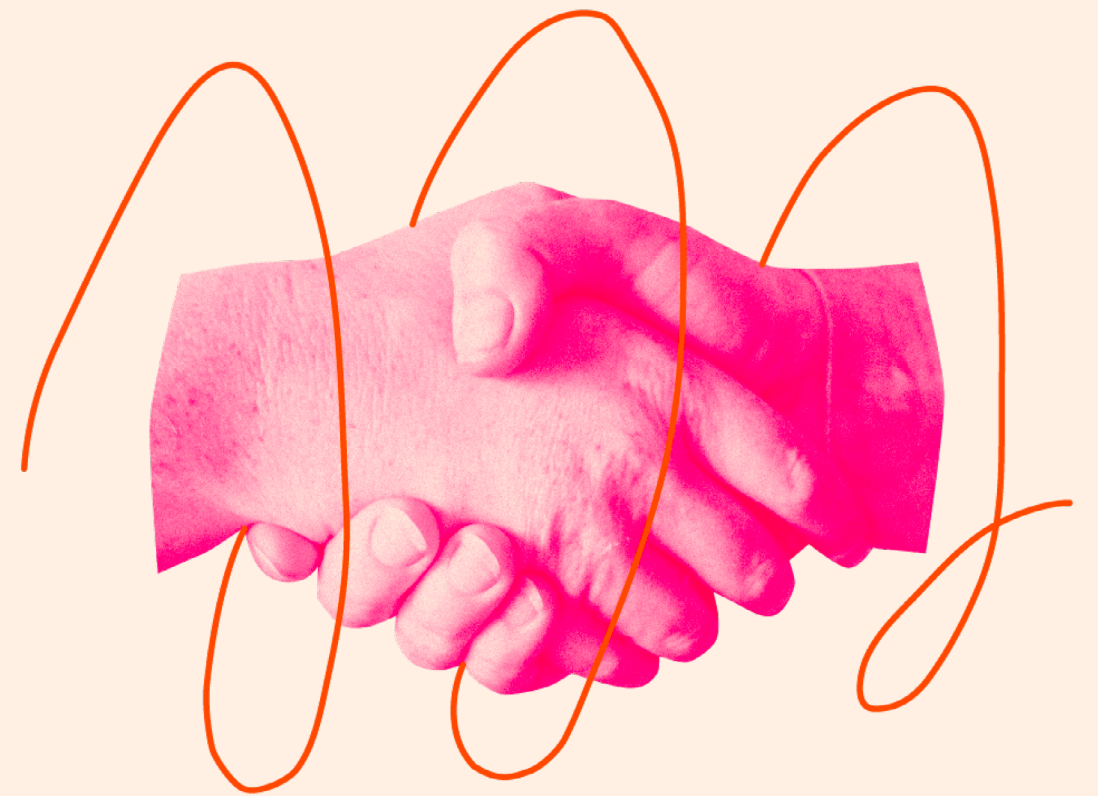


# The Science Behind Strong Customer Relationships

Everyone knows the two most important things in business are time and money. **Our new research proves that everyone is wrong.**



## ABSTRACT

### **Conventional wisdom says that customers care most about their money and their time.**

Market pressures and labor costs have forced customer relationships to become more and more digital. Vendors believe they can compensate for any drop-off in service quality caused by that digital shift by lowering prices. They could be counting on the speed and efficiency of digital communication to make up for it as well.

### **So is it true? Are money and time the most important things?**

Front and ignite80 conducted a quantitative survey in late July, 2022 of 2,128 white-collar office workers — half based in the United States and half based in the United Kingdom, Italy, Spain, Germany, and France.

The sample included participants between the ages of 21 and 70 spanning more than 12 industries with titles ranging from Associate to President, CEO, and Owner. All respondents were customers who dealt with at least one vendor as part of their day-to-day jobs. They completed 53 multiple choice questions on a variety of workplace topics.

### **We found that conventional wisdom isn't wise at all.**

Over two-thirds of customers preferred excellent customer service over excellent pricing, and nearly three-quarters were willing to wait twice as long to avoid dealing with a chatbot. The message is clear: if you place the wrong value on your customer relationships, your pricing won't save you.

## OVERVIEW

- 53 question survey
- Total N = 2,128 interviews
- Age range: 21 to 70
- “White-collar” office workers
- 1,032 US-based and 1,096 EMEA-based (214 in the UK, 227 in Italy, 223 in Spain, 212 in Germany, and 220 in France)

## LEAD SCIENTIST

Ron Friedman, Ph.D. is an award-winning social psychologist and the founder of [ignite80](#), a research and development company that teaches leaders science-based strategies for building high-performing teams.

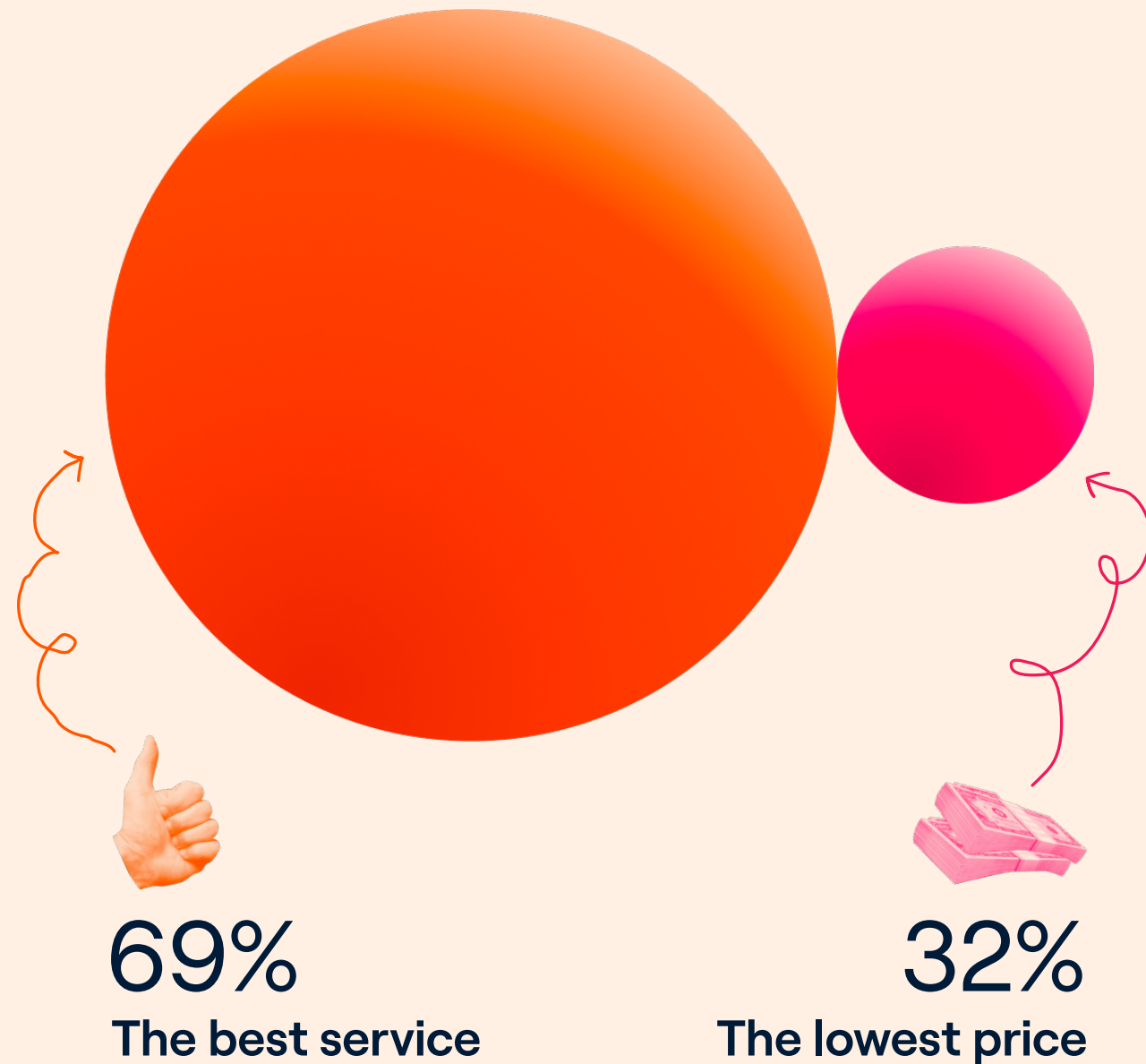
Ron has served on the faculty of the University of Rochester, Nazareth College, and Hobart and William Smith Colleges, and is a frequent contributor to the Harvard Business Review, Psychology Today, Fast Company, Forbes, and CNN. Popular accounts of his research have appeared on NPR and in major newspapers, including The New York Times, Financial Times, the Globe and Mail, Washington Post, The Guardian, as well as magazines such as Men's Health, Entrepreneur, and Success.

His first book, [The Best Place to Work](#), was named an Inc. Magazine Best Business Book of the Year. His new book, [Decoding Greatness](#), was selected by Amazon's editors as one of 2021's best books.



# Money matters less than service

By a margin of more than 2 to 1 (69% vs. 32%), customers prefer “excellent customer service” over “excellent pricing.”



## What is “excellent customer service”?

### THE TOP 5 ATTRIBUTES OF STRONG CUSTOMER RELATIONSHIPS

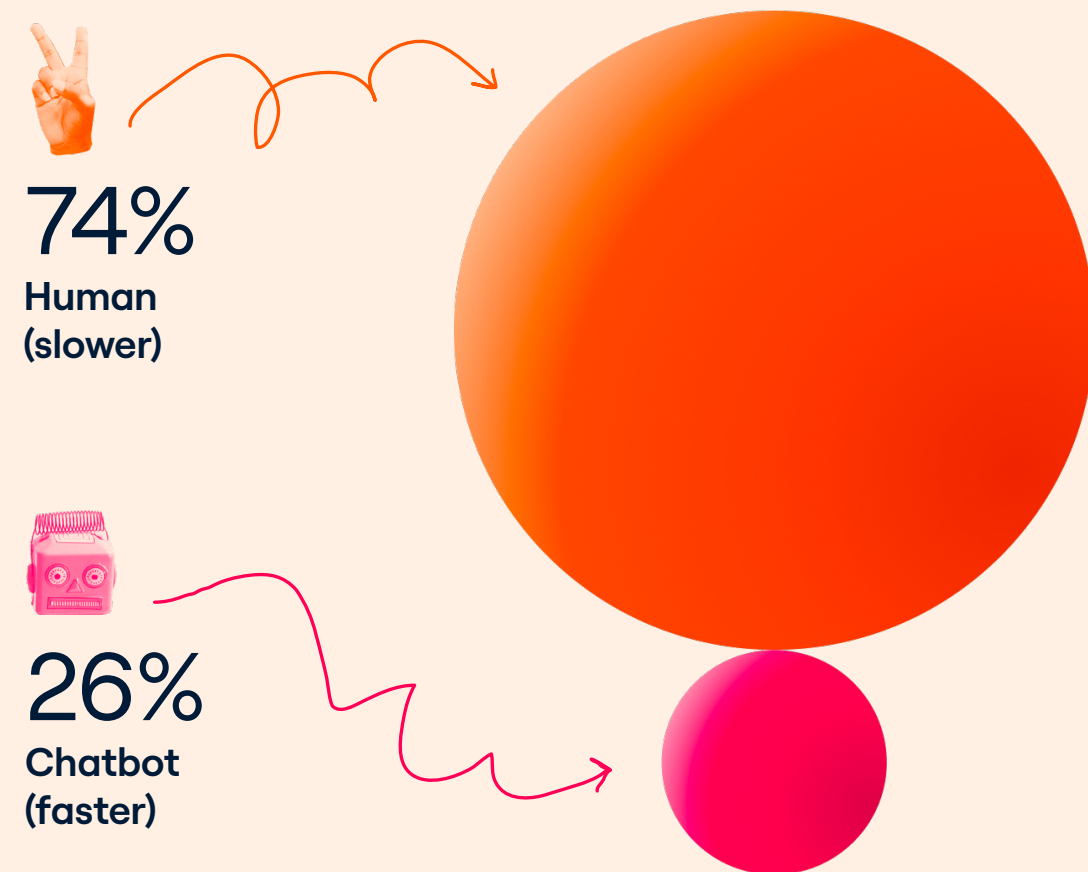
1. Responds quickly (41%)
2. Knowledgeable (36%)
3. Easy to reach (36%)
4. Communicates effectively (33%)
5. Available when needed (32%)

### THE TOP 5 ATTRIBUTES OF POOR CUSTOMER RELATIONSHIPS

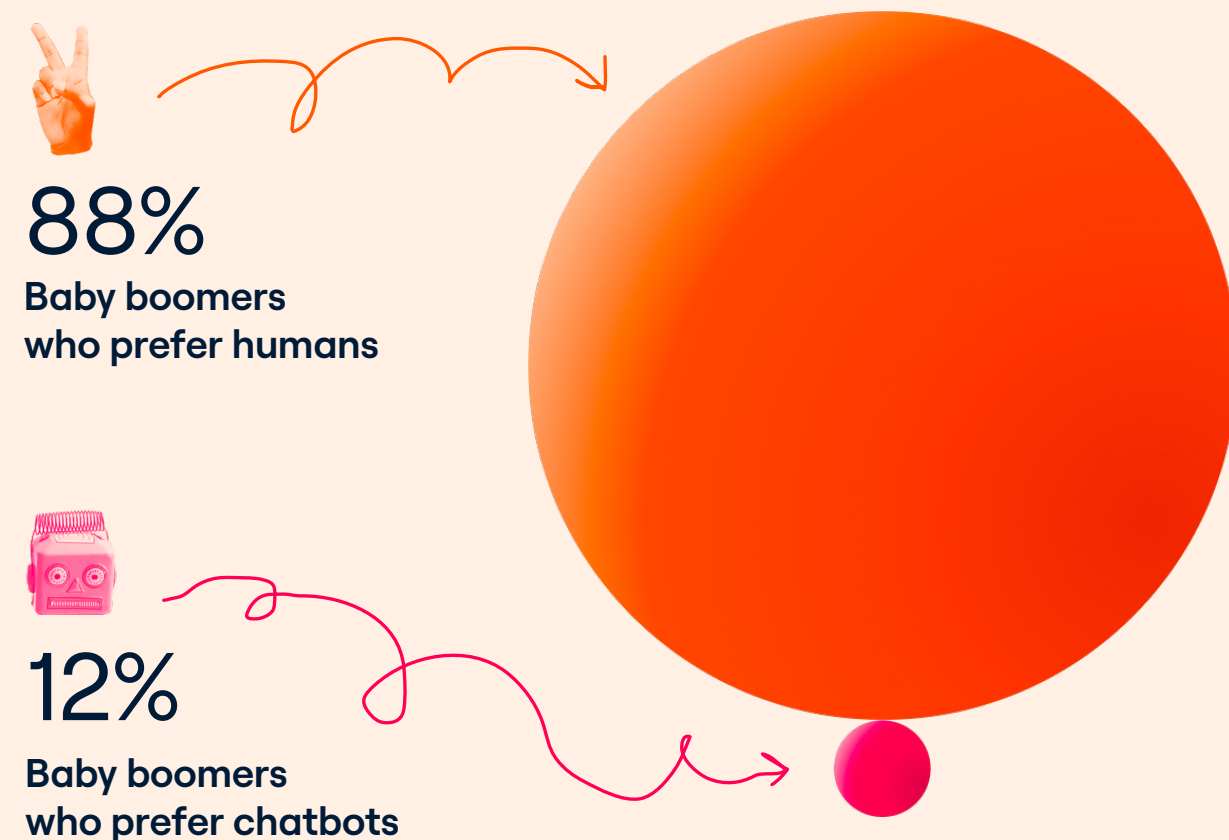
1. Hard to reach (36%)
2. Didn't resolve my issue (35%)
3. Required long wait times (32%)
4. Went days without acknowledging messages (28%)
5. Required a lot of effort (from the customer) (26%)

# People value their own time less than service

Customers prefer communicating with a human because they believe it produces quicker, more accurate responses and makes it easier for them to explain their unique situation.



Customers prefer waiting twice as long to solve a problem with a human over using a chatbot to solve it in half the time (by a wide margin of 74% to 26%).



This is especially true of older customers. Baby boomers overwhelmingly prefer waiting to connect with a human 88% to 12%.

# So, chatbots are bad, then?

Our survey respondents came down pretty hard on chatbots. Does that mean everyone should get rid of their bots? Not at all!

When you see a stat like the one above — where people will spend twice as much of their own valuable time to avoid dealing with chatbots — it begs the question, “why?”

Folks simply have no faith that chatbots will ultimately solve their issue, and honestly? They’re right. If a person can quickly and easily solve their own problem, they’ll do it without asking for help. But if their problem is too complex for them, it’s almost certainly too complex for a chatbot.

Chatbots can’t think creatively. What they can do is quickly, simply, and in human language aggregate and route people’s requests — without making them feel like a number.

Don’t use chatbots to solve people’s problems. Use them like a dispatch system.

On the front end, it feels more conversational and personal than a form-based ticketing system. Plus, chatbots can be sure to collect all the info needed for them to route messages more accurately than open-ended emails.

Then the bot can seamlessly tag in a real human being to quickly and personally solve the issue.

Chatbots used properly can transform your message aggregation and routing operations. [Here’s a guide](#) for leveraging automation in your service workflows. If more companies did it this way, maybe chatbots wouldn’t get such a bad rap!

# How do customers prefer to communicate?

## TOP 3 MODES OF COMMUNICATION



1. Face-to-face meeting



2. Voice call

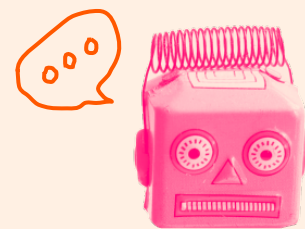


3. Email

## BOTTOM 3 MODES OF COMMUNICATION



1. FAQ



2. Chatbot



3. Slack

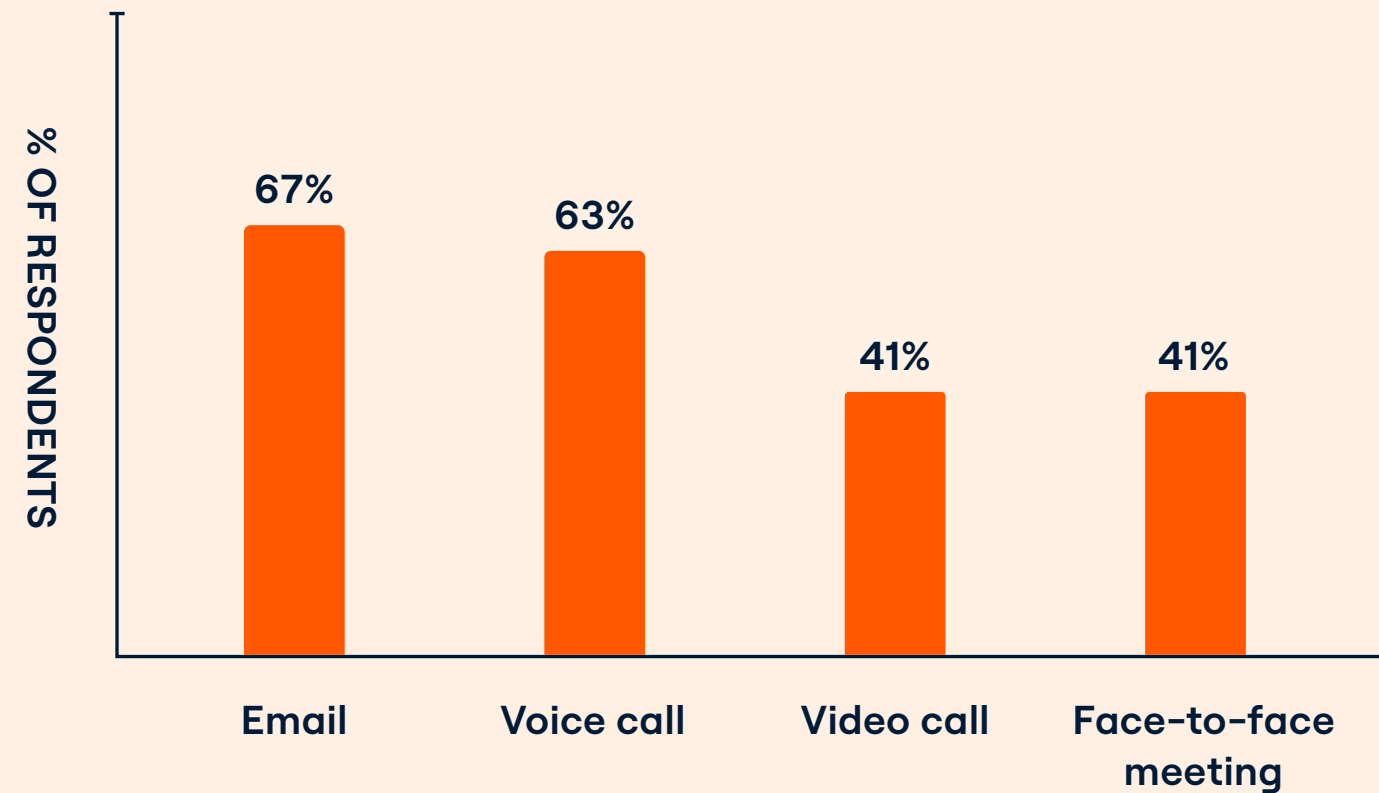
In strong relationships, customers say they mostly communicate through email and voice calls, and the vendor knows them personally.

In poor relationships, customers were more likely to communicate through chatbots, social media and Slack, and much less likely to know the vendor personally.

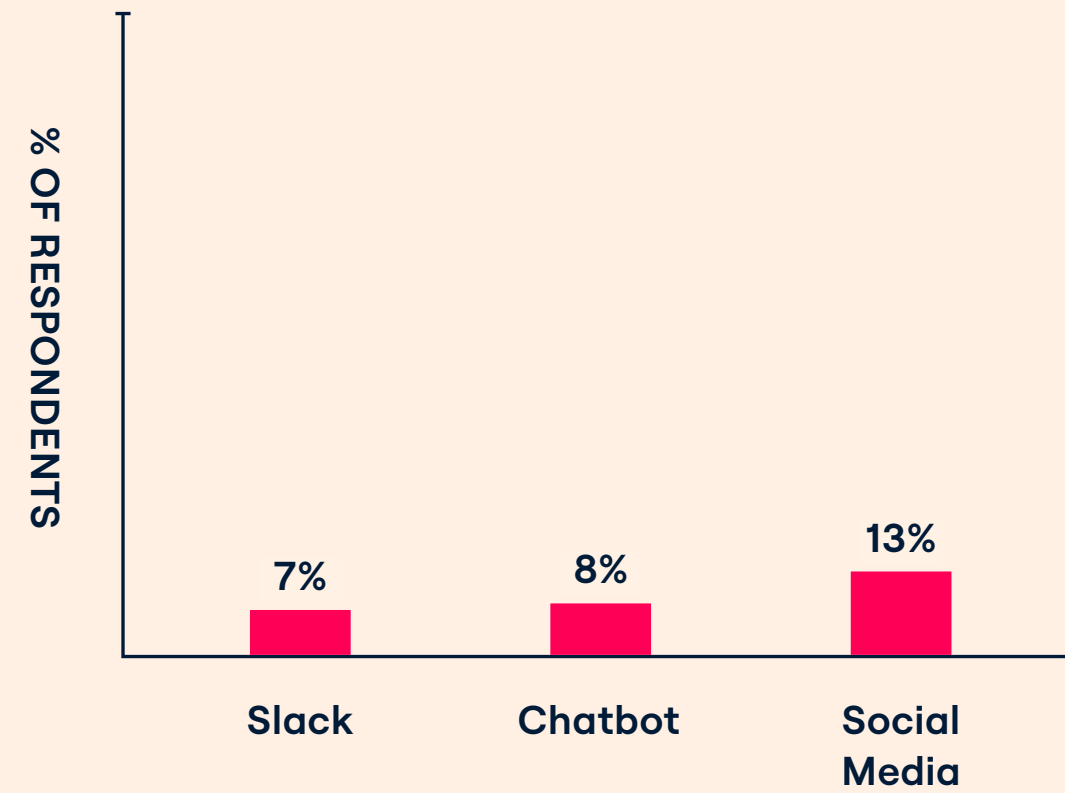
In poor vendor relationships, customers were twice as likely to be directed to a chatbot.

# Is relationship quality related to communication channel?

**MOST FREQUENTLY USED CHANNELS  
IN A GOOD CUSTOMER RELATIONSHIP**



**LEAST FREQUENTLY USED CHANNELS  
IN A GOOD CUSTOMER RELATIONSHIP**



Accounting only for digital channels, the answer is clear: email is far and away the best channel for strengthening relationships.

# We asked buyers what would make their experience better

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## 6 WAYS TO IMPROVE HOW CUSTOMERS RATE YOUR SERVICE

1. Acknowledge receiving your customer's message after it's been received
2. Offer your direct contact information
3. Use your customer's first name in interactions
4. Send a summary email after your interaction
5. Repeat back the problem to ensure you understand their needs
6. Occasionally offer advice and recommendations

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## 3 THINGS TO AVOID IN CUSTOMER SERVICE

1. Don't send Facebook friend requests
2. Don't include GIFs in your emails
3. Don't use phrases that sound unnatural or scripted

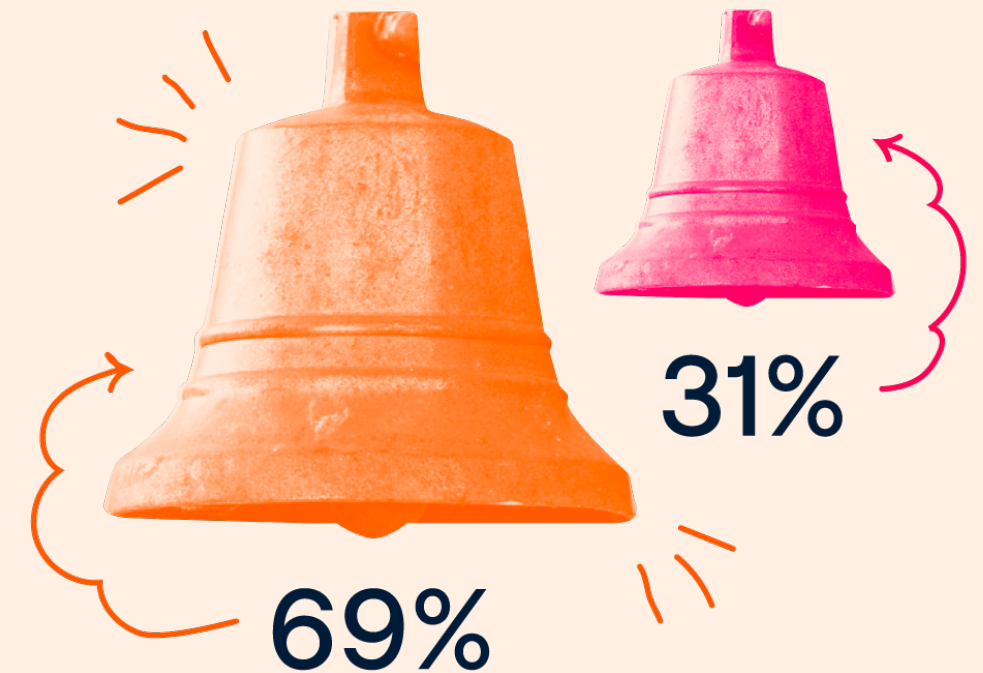


# How to make the experience even better

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## BONUS CUSTOMER SERVICE TIPS

1. Proactively reach out to see if they need help
2. Send articles that are relevant to their business
3. Send a monthly newsletter with useful information
4. Send occasional books that are relevant to your customer's industry
5. Ask for the customer's advice
6. Ask if there is anything else you can do to help



69% of customers prefer frequent updates, while 31% prefer keeping back and forth to a minimum.

Customers prefer frequent, easily digested updates over comprehensive expositions.

# More human = better experiences

When you look at all the tactical ways you can improve the quality of your customer relationships, a clear pattern starts to emerge. They're all pretty much the same things you'd do to improve a personal relationship with a friend or family member.

Be proactive, respond quickly, be helpful, share what's going on in your life, don't be phony, be thoughtful, ask how you can help.

It's kind of beautiful, actually. But not so easy to scale.

If you take Dunbar's Number\* seriously, humans can only have about 150 personal, social connections. Any given service rep at your company may be fielding messages from as many as ten times that number any given month.

And their 150 mental slots are filled with people they actually know anyway!

So how can they respond personally to all those messages from all those people?

Customer Relationship Management software was designed to augment that ability, but there's a lot more to a relationship than what you see in your CRM:

- Data living in 3rd-party systems (like your marketing database or your support software)
- The collective memory of your teams (people who've worked with the customer in the past or have relevant knowledge)
- The conversation history between your company and the customer (which may also live in multiple systems)

When you talk to a friend, you have all the context in your brain. But when you talk to a customer, you need it at your fingertips.

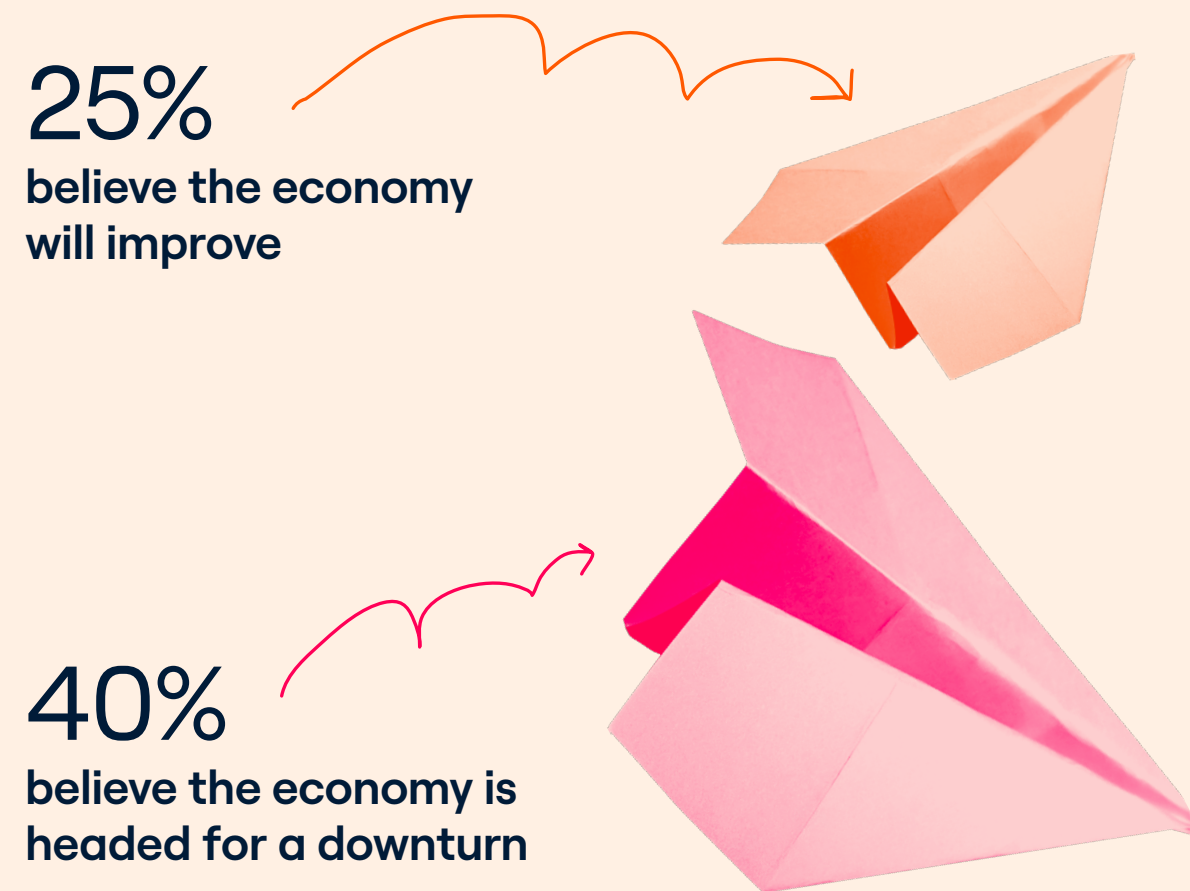
Responding to and resolving customer requests at scale requires a 360-degree customer view with built-in collaboration and automation to make accessing all that context and collective knowledge happen at the speed of human conversation.

Obviously, there are a ton of challenges to establishing that kind of workflow. Harvard Business Review has [more research](#) to help your company overcome those obstacles.

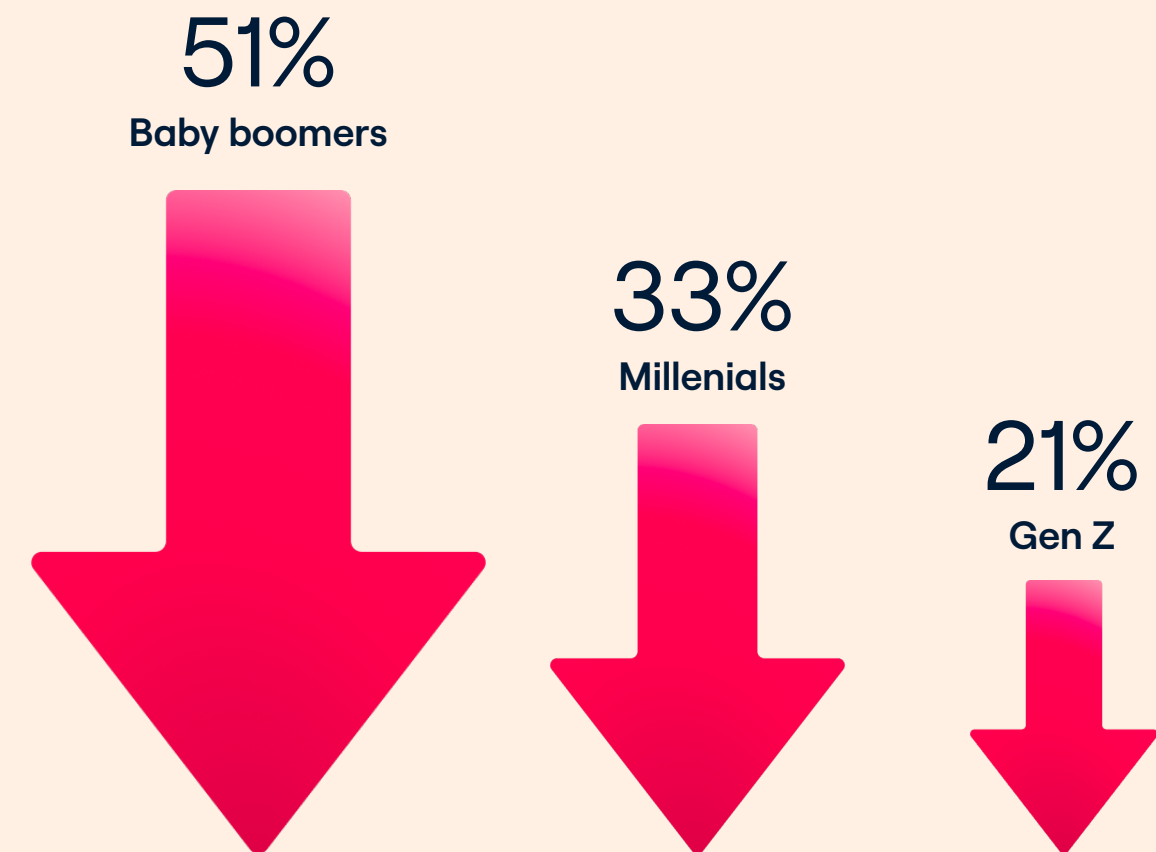
\*Dunbar's Number is anthropologist Robin Dunbar's theoretical cognitive limit to the number of people any given individual can maintain a stable relationship with. Think: any friend or acquaintance you'd be able to recognize in an airport and have a conversation with!

# Are we headed for a downturn?

A plurality of respondents (40%) believe the economy is headed for a downturn. 25% think it will improve.



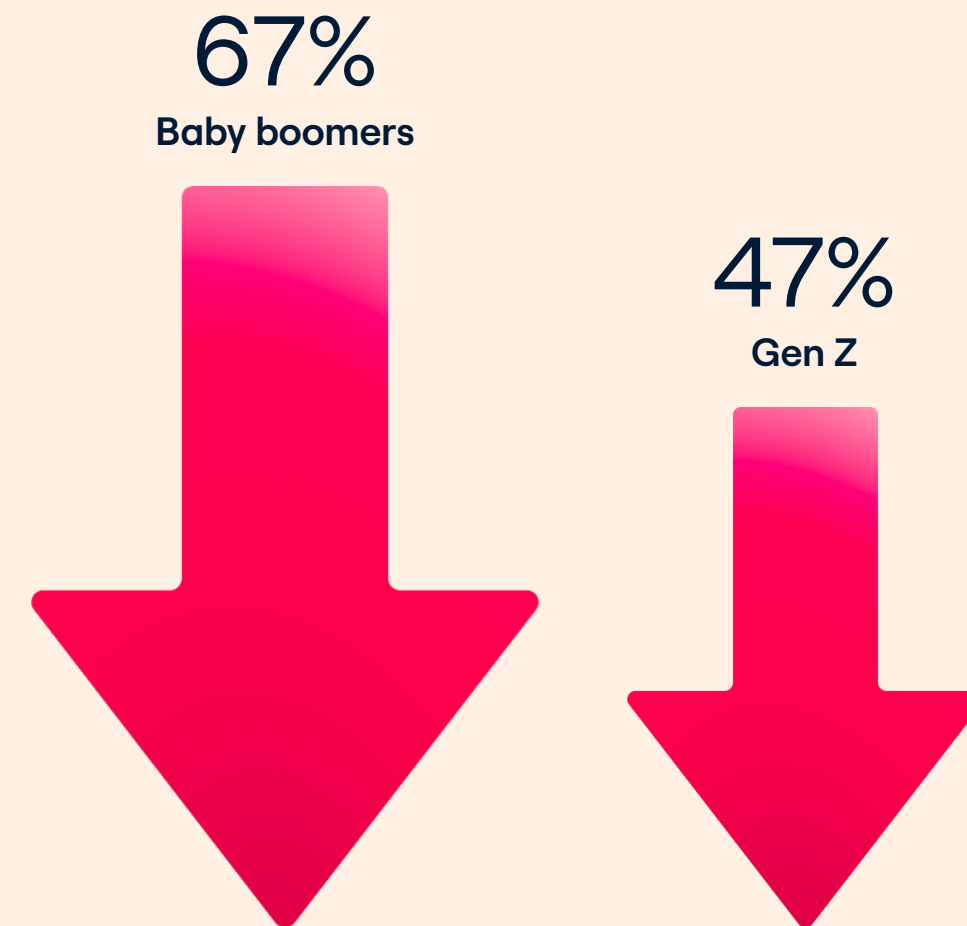
When asked how economic conditions will change over the next 6 months, 51% of Baby Boomers said “get worse,” compared to only 21% of Gen Z and 33% of Millennials.



# Do people believe downturns impact service?

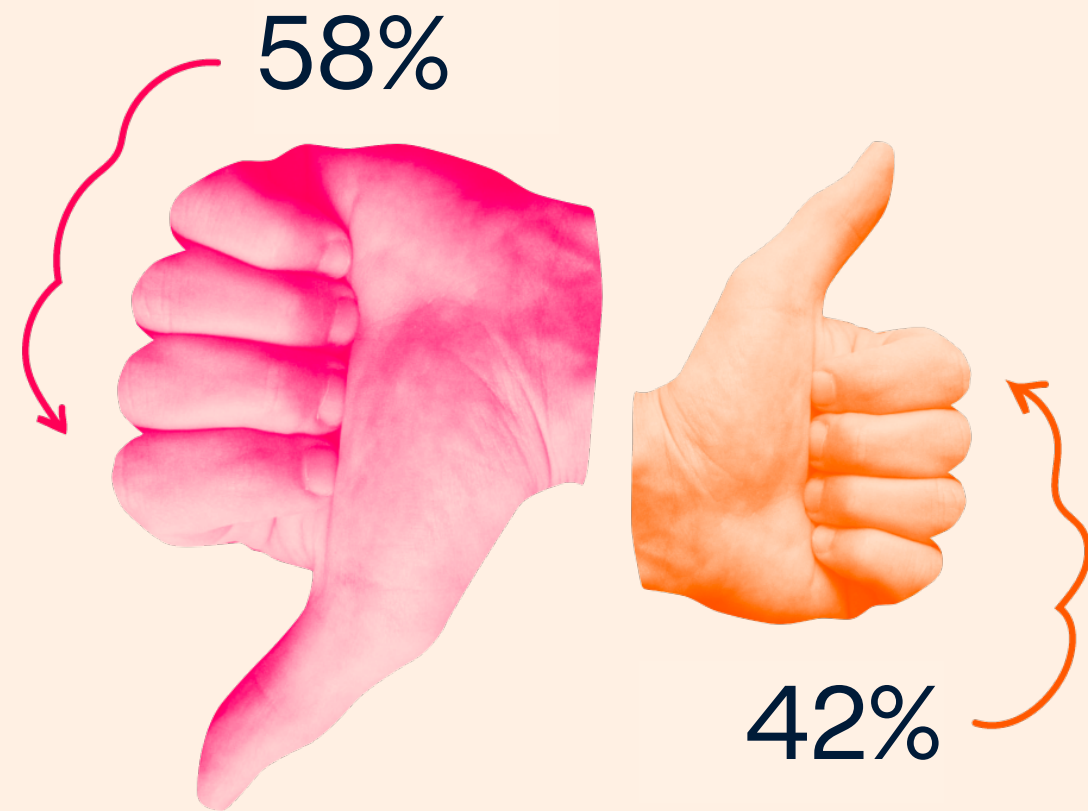
Most (56%) agree that when the economy slows, customer service deteriorates.

This is especially true of older customers – 67% of Baby Boomers agree, compared to 47% of Gen Z.

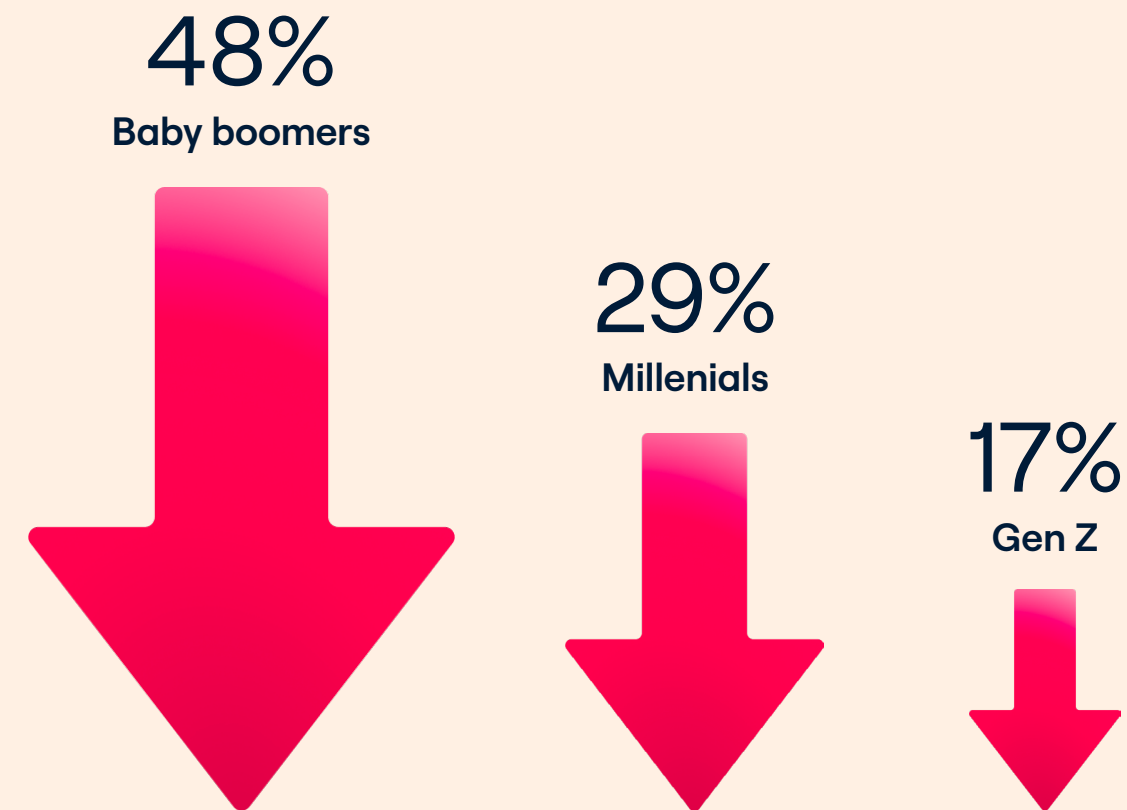


# Will a downturn affect customer expectations?

Most people (58%) are not willing to be more patient with bad customer service during an economic downturn. 42% of respondents are willing to extend grace.



48% of Baby Boomers said customer service has declined in the past 12 months, compared to 29% of Millennials and only 17% of Gen Z.



# Measuring and improving relationships

Whether we're headed for a historic downturn or not, one thing's for sure: customers aren't willing to accept worse service than they're used to. But how do you know if your service is declining? And how do you prevent a decline from happening in the first place?

There's no improvement without measuring.

Unfortunately, if you're using primarily email for your most critical, high-stakes customer interactions (which, according to our research you are — and should be), you probably don't have a simple and automatic way to get any measurements out of your email application. Most email software doesn't have built-in analytics for tracking the most important metrics to evaluate customer service.

On top of that, the most common metrics companies use to benchmark customer service are lagging indicators like NPS or CSAT. While those numbers are handy for predicting future customer behavior like revenue churn or expansion, they don't tell you anything about why a relationship is "good" or "poor." They don't contain any prescriptive information in and of themselves.

In other words, by the time you get those survey responses back, it's already too late to change them until the next interaction, and you won't necessarily know what to change when you do get them back!

You need a comprehensive and automatic system to measure all the most insightful metrics — both leading and lagging:

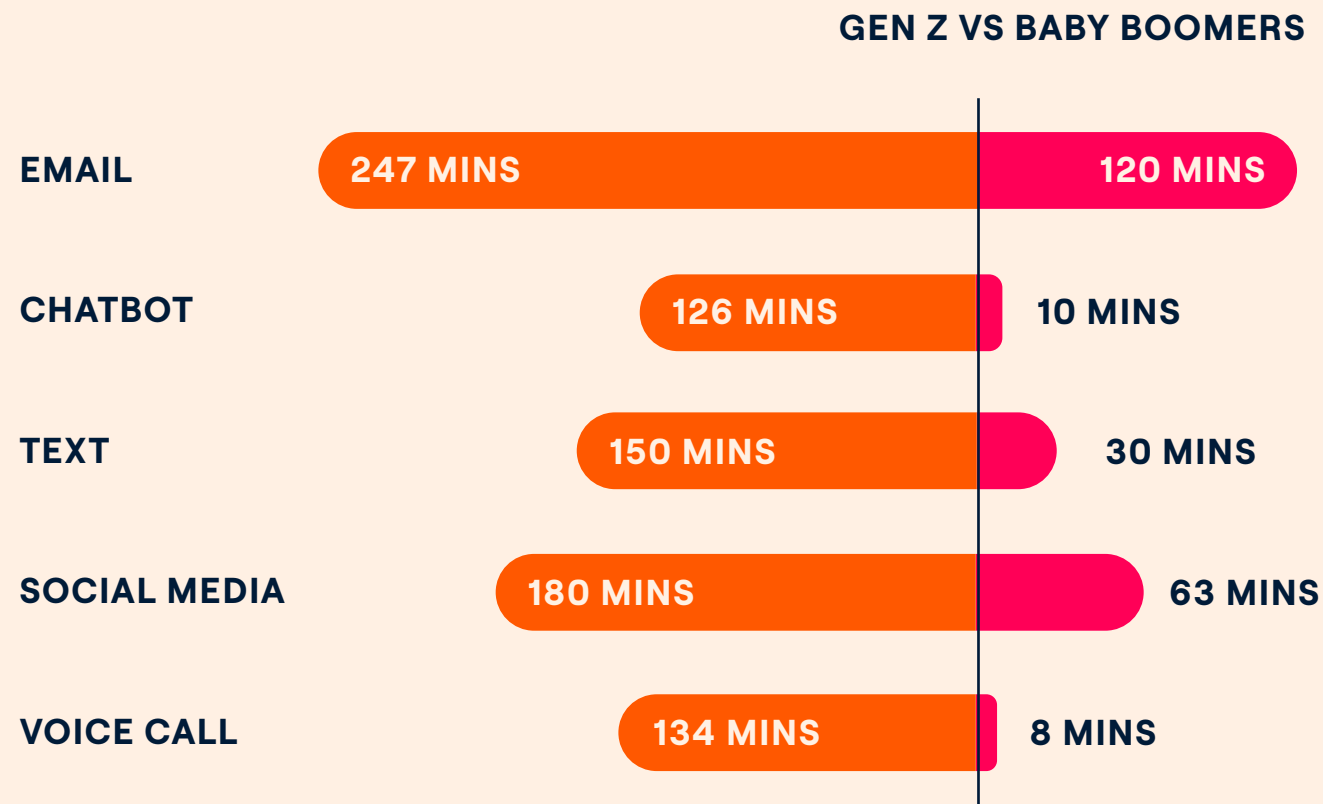
- Resolution time
- Handle time
- CSAT
- SLA breaches

Branch Insurance boosted their CSAT from 85% to 90% in six months. They credit that increase to line-of-sight into SLA breaches, which helped them reduce response times by 75%.

Measurement led to insight which led to improving leading metrics, and the lagging results are clear: 482% ROI. Read [Branch's story](#) to find out how they did it.

# Wait times by generations

Younger respondents are willing to wait a lot longer for customer service. Baby Boomers and Gen X are about twice as impatient as Millennials and Gen Z.



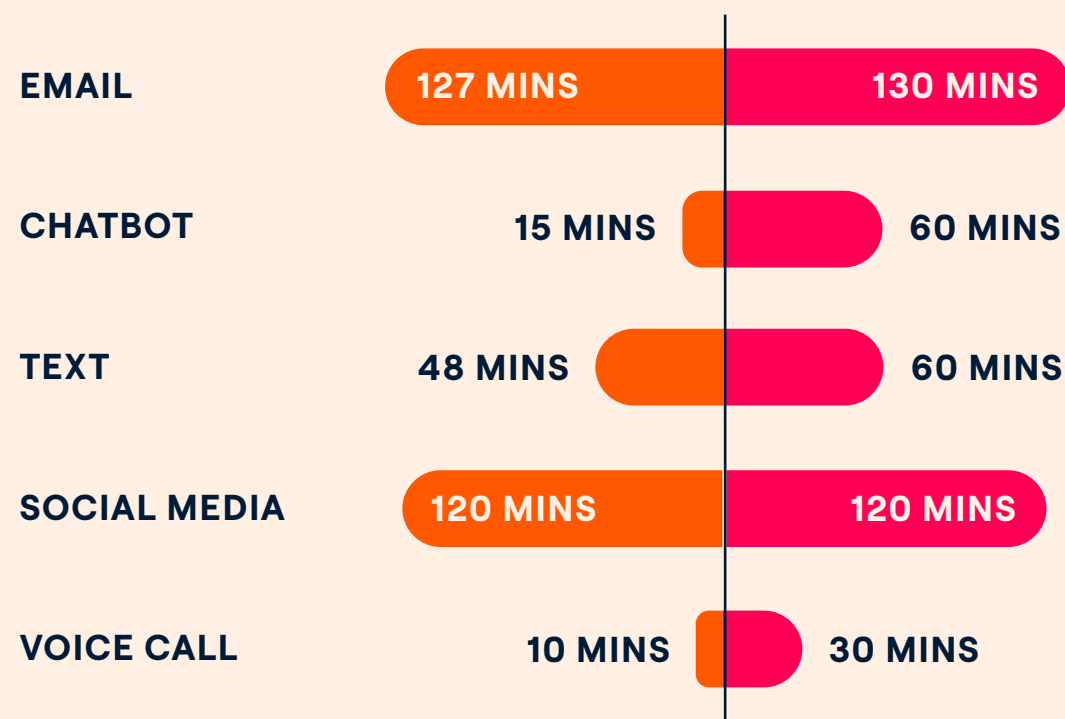
Gen Z is 3x as likely to communicate with vendors most often using text than other generations (20% of Gen Z respondents cited text as their primary method of communication).



# Wait times by geography

Customers in Europe and North America have very similar expectations for wait times across channels, except when it comes to chatbots and voice calls. North Americans are more than four and three times less patient with those channels, respectively.

NORTH AMERICA VS EUROPE



## In “good” customer relationships, what’s the most common communication channel?

### NORTH AMERICA

Email (36%)



### EUROPE

Voice Calls (29%)





# Is customer service getting better or worse?

## NORTH AMERICA

A plurality of North Americans believe customer service has gotten worse in the past year.

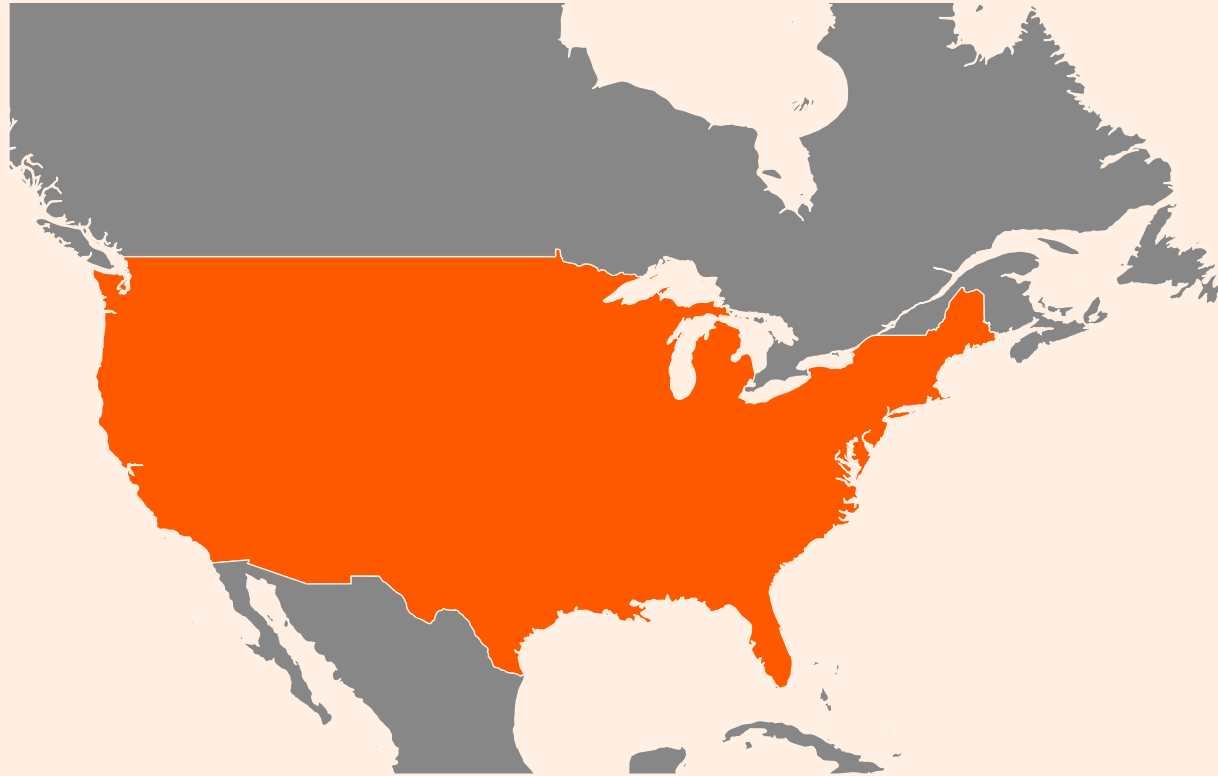


## EUROPE

A plurality of Europeans believe customer service has gotten better in the past year.

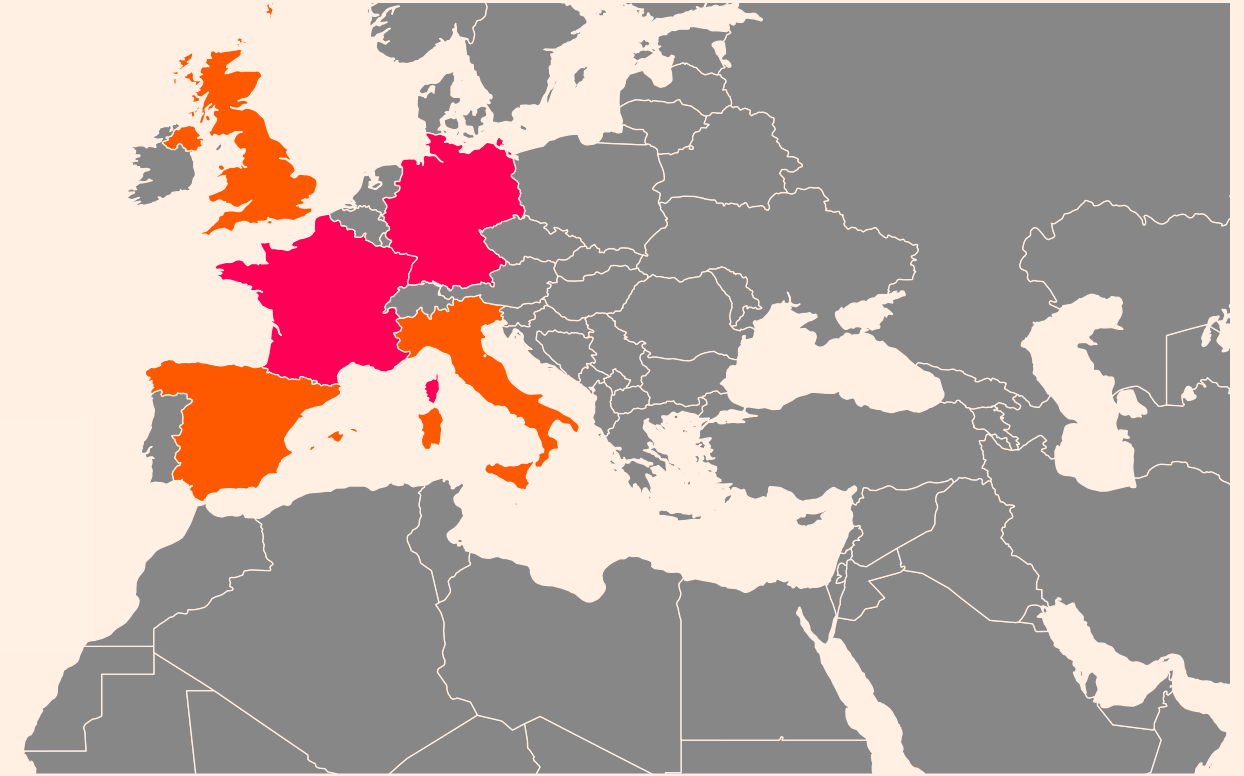


# What's in a name?



- **Countries where customers prefer being addressed by their first name:**

USA  
United Kingdom  
Italy  
Spain



- **Countries where customers prefer being addressed by their family name:**

Germany  
France

”

Business leaders often assume that customers are strictly focused on saving time and money. The findings of this study suggest that’s not the case.

Decades of research tell us that people are naturally drawn to experiences that fuel their psychological needs—including their experience as customers.

**This research indicates that fueling customers’ psychological needs is an overlooked and cost-effective strategy for building customer satisfaction, loyalty, and retention.**



**Ron Friedman, Ph.D.**  
SOCIAL PSYCHOLOGIST

# A psychological interpretation of the data

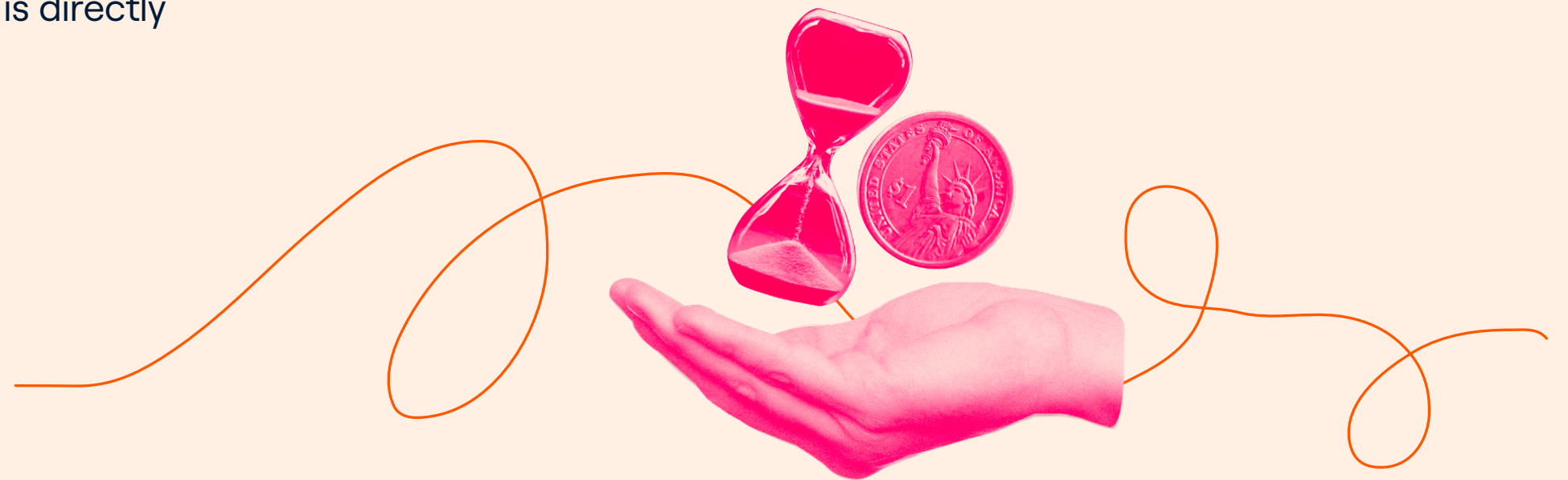
When business is viewed purely through a transactional lens: costs, benefits, return on investment — it can be baffling to see results that seemingly disregard the most obvious levers within a leader's control: pricing and operational efficiency. Input and output. Money and time.

And in a macroeconomic environment where cash is much more scarce, it's doubly tempting to cast aside any calculus that could distract from the bottom line.

Maybe that's why more than ever, companies are flirting with lean customer service powered by automated interactions. They're faster than human interactions (theoretically) and scale infinitely (hypothetically). But that way of thinking is directly opposed to what we found in our research.

When it comes right down to it, faster and cheaper are not your customers' priorities. And the scarcity of money and time, if anything, reinforce their hierarchy of needs. But is it really all that surprising?

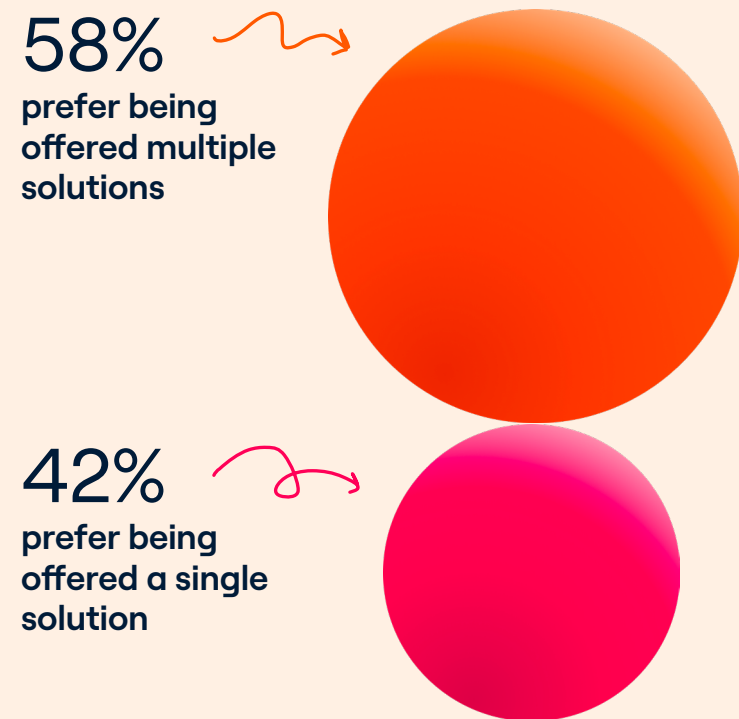
It's well known that deeper than a person's need for resources like time and money are the needs for autonomy, mastery, and relatedness. Vendors that understand and meet those needs can build stronger relationships that can outlast and outperform merely transactional relationships.



# Our findings bore this out:

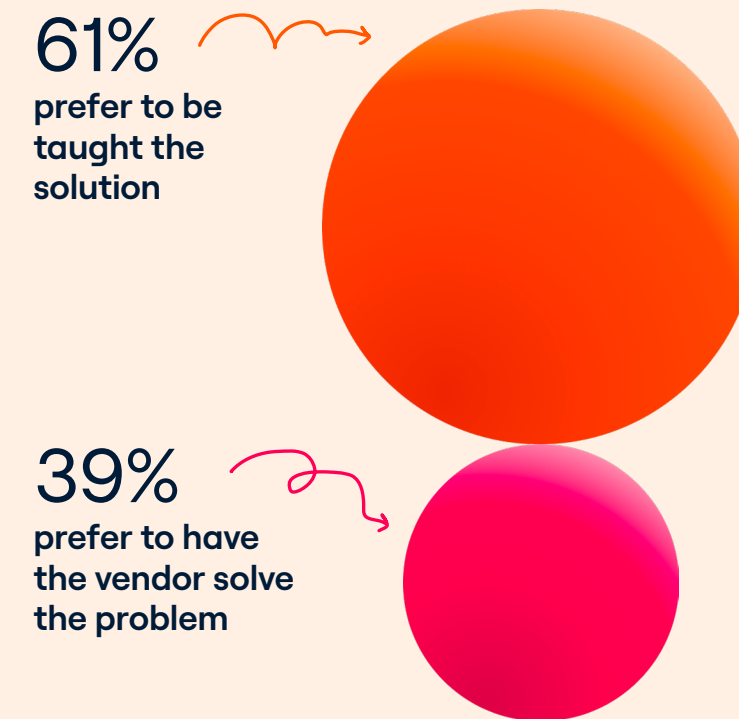
## AUTONOMY

Customers prefer being offered a few solutions to a problem and being asked to choose over having a problem solved with a single solution (58% vs. 42%).



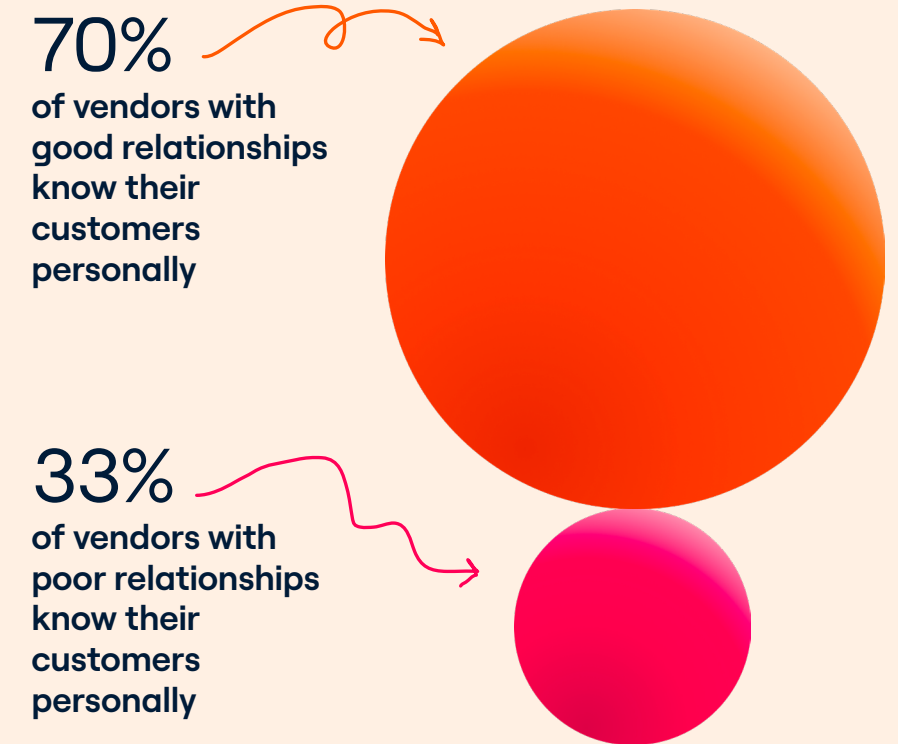
## MASTERY

Customers prefer being taught how to solve a problem independently over having the vendor solve it for them (61% vs. 39%).



## RELATEDNESS

70% of vendors who provide good service know their customers personally, compared to only 33% of vendors with poor service. Along the same theme, customers prefer vendors who call them by their first name and use humor, implying a closer relationship.



**In today's economic environment, companies are under pressure to differentiate themselves on the strength of their customer relationships.**

**Businesses that understand the digital channels that positively impact their customers' autonomy, mastery, and relatedness will be most prepared to thrive.**

**Front was purpose-built to strengthen customer relationships in every interaction. Find out how we can help you at [front.com](https://front.com).**

# Enabling better relationships at scale.