

TALKDESK RESEARCH™ REPORT

# The future of customer loyalty



# Foreword

The 1980s American sitcom “Cheers” launched the lyrical phrase, “Sometimes you want to go, where everybody knows your name,” into the zeitgeist. The popularity of the show and its iconic theme song is itself a nod to the power of forming and driving meaningful relationships. Indeed, the show’s cast of characters returned routinely to the familiar Boston watering hole, driven toward the famously warm welcome of its staff and fellow patrons.

In the decades since the show aired, many of the world’s most recognizable brands have achieved similar results by implementing the “Cheers” approach to building customer loyalty. From Nordstrom’s personal stylists to Spotify’s algorithm-driven song recommendations, companies that create value for customers by catering to their specific interests, preferences, and identity continue to blaze ahead of the competition.

Yet, even the strongest brands have struggled with engaging loyal customers in a world where a global

pandemic left virtually nowhere to go, no matter who may “know your name” there. The shift to virtual customer experiences that followed was almost as daunting as it was swift. Though customers were challenged temporarily by the lack of in-store options, businesses were arguably more burdened, having to redesign and rebuild entire systems, processes, and infrastructure just to maintain day-to-day operations.

Now, as organizations arrive at some level of normalcy in adapting to a more digital world, they are beginning to look to the future. In doing so, they are tasked with determining just how to build and maintain a loyal customer base in an environment where many personalized experiences are taking place entirely through digital channels.

In this shift to a buy-from-home economy, the role of the contact center has expanded beyond inbound and outbound support only; there’s now a commitment to building and maintaining the most

valuable customer relationships. Given this shift, it’s no surprise that a whopping 91% of CX professionals say their contact center is a major driver of customer loyalty.

As the contact center continues to grow in its influence and impact, the importance of engaging and retaining agents only stands to increase as well. This change will necessitate not only an organizational shift in perspective on the role of the agent, but also increased investment in engagement tools, strategies, and technologies aimed toward protecting this growing asset.



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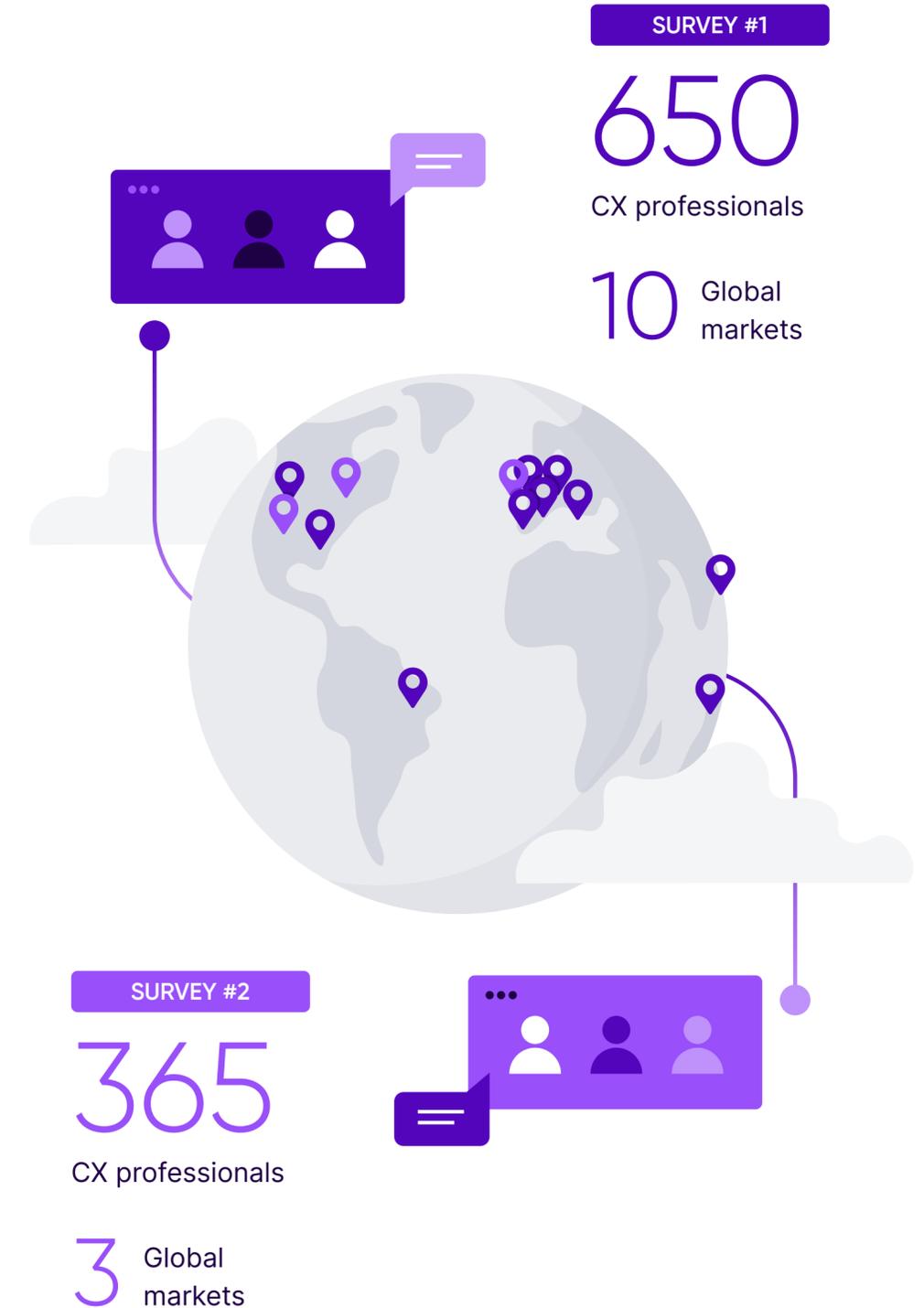
# About this report: Methodology

This report is based primarily on three quantitative online surveys fielded in 2021.

The first two surveys were conducted with qualified customer experience professionals.

- **Survey 1** was conducted with 650 CX professionals in July 2021 across 10 different global markets including: U.S. and Canada (North America); Australia and Singapore (Asia-Pacific); France, Germany, Italy, Spain, and the U.K. (Europe); Brazil (Latin America). The margin of error for this quantitative study has been calculated at +/- 3.8% using a 95% confidence interval.

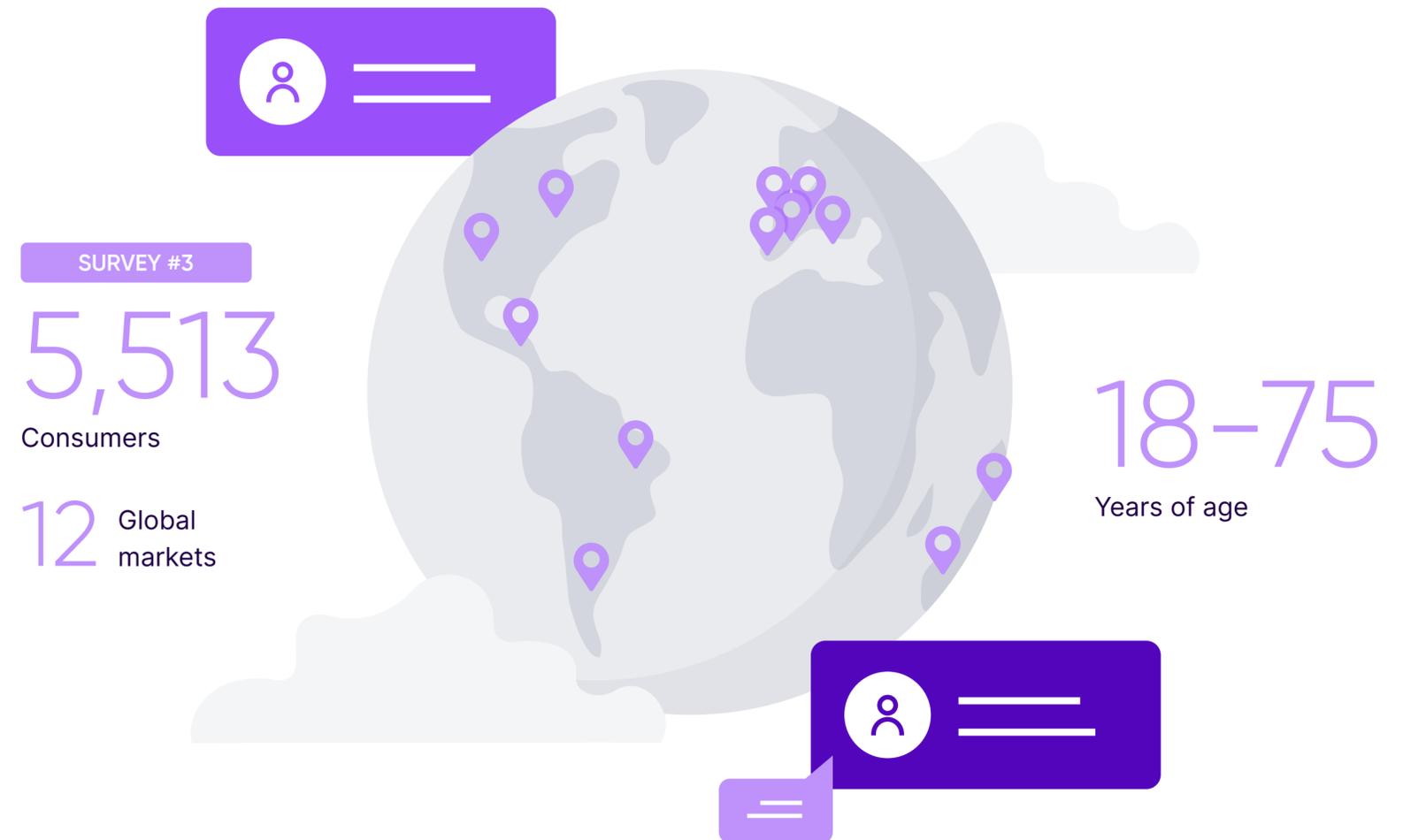
- **Survey 2** was conducted with 365 CX professionals in August 2021 across the U.S., Canada, and the U.K. The margin of error for this quantitative study has been calculated at +/- 5.1% using a 95% confidence interval.
- CX professionals include leadership and management for customer service, customer experience, CX operations, and contact center agents, and are employed by organizations with more than 200 full-time employees.



The third survey, fielded in October 2021, sampled consumers across 12 different global markets including: U.S. and Canada (North America); Australia and New Zealand (Asia-Pacific); France, Germany, Italy, Spain, and the U.K. (Europe); Mexico, Brazil, and Argentina (Latin America).

- 5,513 global interviews were collected among consumers 18 to 75 years of age. Country samples were balanced based on representative population age and gender. The margin of error for this quantitative study has been calculated at +/- 1.3% using a 95% confidence interval.

- Generational cohorts are defined as follows:
  - Gen Z: 18-24 years of age
  - Millennials: 25-40 years of age
  - Gen X: 41-56 years of age
  - Boomers: 57-75 years of age



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# Executive summary

## Easy interactions and quick resolution are today's drivers of customer loyalty

Today's consumers are more comfortable in a digital marketplace than ever before. And if there was some initial tolerance for a few bumps in the transition to digital CX in 2020, consumer expectations have quickly been recalibrated to a standard set by the likes of Amazon and Netflix. Accordingly, companies need to ensure smooth and easy issue resolution to build and maintain customer loyalty.

- **49%** of consumers say that they stopped working with a company in the past year because of an instance of poor customer service.
- The ability to resolve customer service issues on first contact is the **#1** driver of consumer loyalty.

## Prediction 1: Loyalty will increasingly be driven by consumers' overall connection to a brand, rather than specific interactions

Although loyalty today is shaped by whether consumer issues are resolved quickly and easily, younger consumers are likely to decide whether to work with a company based on its position on social issues, sustainability, and diversity. Companies will need to not only consider how the contact center can facilitate quick and easy customer service resolution, but also how it will effectively represent the company in a broader context.

- **46%** of Gen Z consumers stopped using a company's services or products in the past year due to their stance on social issues, compared to **35%** of consumers overall.

- **53%** of Gen Z consumers have started using a company's services or products specifically because of diversity in their customer service, compared to **35%** of consumers overall.

## Prediction 2: Contact centers will gain influence as they become loyalty-driving profit centers

As customer service becomes more central in building loyalty, the role of the contact center continues to expand. As the first, or only, line of connection for many customers engaging with companies online, the view of the contact center as an inbound-oriented cost center is becoming increasingly outdated. In the months and years to come, the contact center will continue on its path to becoming a driver of profitable growth by deepening customer relationships.

- **91%** of CX professionals say their contact center is a major driver of customer loyalty.
- **67%** of organizations report that their contact center is transforming—or has already been transformed—into a profit center.

### Prediction 3: The role of the agent will become more strategic in creating loyal customers

The expansion of the contact center’s bottom-line impact, paired with the growing importance of agents in representing companies as brand ambassadors, will contribute to a reimagination of the agent role as a strategic asset. One major change will be a shift towards proactive, outbound customer engagement. However, agents will need enablement to ensure that their outreach is relevant and valuable to customers.

- **87%** of CX professionals say that proactive customer engagement is a driver of customer satisfaction.
- **98%** of organizations plan to implement some level of proactive customer engagement in the contact center.

### Prediction 4: Organizations will emphasize employee engagement and retention to drive customer loyalty in the contact center

As agents become more strategically important to business performance, organizations will become even more focused on engaging and retaining them. To accomplish this, organizations will invest more in WEM tools. These investments will not only improve agent productivity and retention, but in turn, they will serve to drive customer loyalty via the contact center.

- **90%** of CX professionals believe that contact center agent engagement is a major driver of customer loyalty for the business.
- **78%** of CX professionals report that investing in workforce engagement management (WEM) tools in the contact center is a priority for their organization.



# I. Easy interactions and quick resolution are today's drivers of customer loyalty

It is difficult to overstate the importance of having loyal customers to a company's long term business health. Loyalty is not only precious but rare; 86% of consumers are loyal to just five or fewer companies in total, and only one-in-five report having become loyal to a new company in the last year. However, the pandemic has disrupted established relationships, in turn creating new opportunities to gain loyal customers—and heightening the risks of losing them.

With a rise in the work from home lifestyle has come a surge in demand for a buy-from-home customer experience. Of course, digital customer experiences are not new; yet their marked rise in popularity amid the pandemic, combined with the changing needs of consumers, has created lasting effects on the very nature of consumer behavior and loyalty.

57%

of consumers agree that their loyalty has grown with companies that helped out their customers during the pandemic.

39%

of consumers report that they are more likely to purchase from alternative brands than those they are loyal to as a result of supply chain issues.



Consumers have fully seized the opportunity to get acquainted with digital interactions. In the past year alone, consumers have engaged with contact centers through the following digital channels:



Though some consumers may have adopted digital channels reluctantly—or out of sheer necessity—in 2020, these new behaviors are likely here to stay. According to a [recent survey by McKinsey](#), 75% of consumers who used digital channels for the first time in 2020 intend to continue using them when things return to normal.

While consumers appear likely to continue leveraging digital channels, their expectations of a smooth and easy experience won't be left behind.

**61%** of consumers say that it is important to be able to transition easily across channels during a single service interaction.

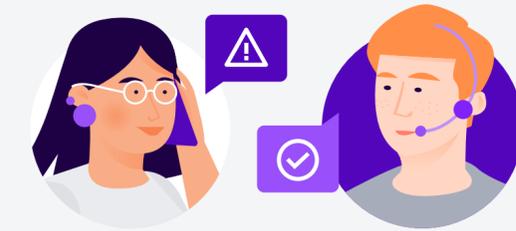
Ease of resolution is a critical differentiating factor in the minds of consumers. Having an issue resolved upon first contact is ranked as having the highest impact on likelihood to continue working with a company in the future. Regardless of the path a consumer takes to resolve an issue, they must leave that interaction feeling they have accomplished their goal. This means not only effectively linking channels to enable seamless transitions, but also enabling the flow of information necessary to address service issues, so consumers are never starting over. Reflecting this, **communication and collaboration tools rank first among anticipated engagement investments in the contact center over the next three years**, with 43% of organizations planning to invest in them.

Notably, agents play a key role in building consumer loyalty. Not only can their effectiveness at issue resolution be a primary driver of loyalty, their demeanor and willingness to go above and beyond for a customer are critical differentiators. Organizations looking to deepen their relationships with customers should start with enabling their people to have meaningful interactions with them while resolving their issues quickly and easily.

## Consumer ranking of top customer service characteristics in terms of impact on consumer loyalty:

1.

Ability to resolve any problem on first contact.



2.

An agent going above and beyond.



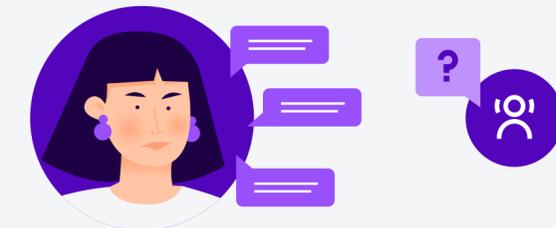
3.

Agent demeanor (friendliness, empathy, etc.).



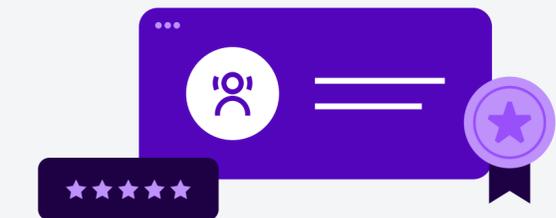
4.

Not having to repeat the same information over and over.



5.

Consistency in service no matter the channel.



Goodwill, however, can quickly evaporate. Customers are unlikely to remain loyal to companies who fail to meet their expectations, even once.

**49%** of consumers say that they stopped working with a company in the past year because of an instance of poor customer service.

Inconsistency in the service experience is one of the most significant risk areas for companies to lose a relationship. Long wait times, inability to have an issue resolved at first contact, and poor communication all have a significant negative impact on consumers' likelihood to work with a company again in the future.

Companies face a tall order in consistently meeting consumer expectations for seamless and easy issue resolution across increasingly complex journeys. We expect that the evolving dynamics of consumer expectations will in turn shape company strategies for building customer loyalty, ultimately expanding and transforming the role of contact centers and agents.

### Impact of negative experiences on consumer likelihood to continue working with a company:

#### Big or Extreme Impact

Having to repeatedly contact the company

56%

Long wait times to contact the company

51%

Lack of communication from the company

51%

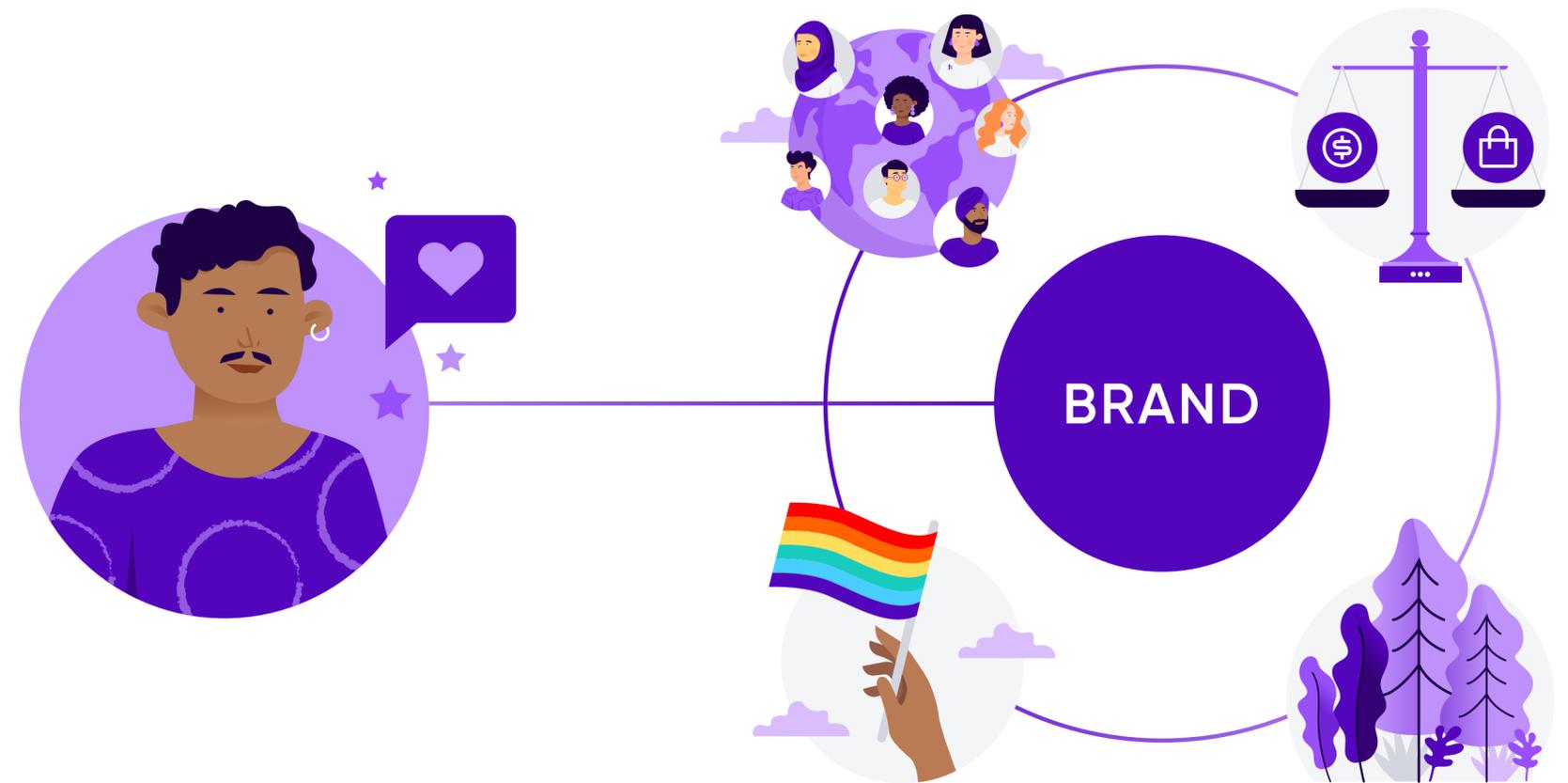
Call/contact center agent cannot resolve my issue

51%



## II. Loyalty will increasingly be driven by consumers' overall connection to a brand

While loyalty today is largely impacted by the ease with which consumers can complete actions and resolve issues with a company, it is likely that in the future, loyalty will be influenced outside of specific experiences consumers may have had with a brand. Younger consumers, most of all Gen Z, are particularly attentive to companies' positions and actions within a broader social context—necessitating a focus on monitoring and responding to consumer sentiment in the aggregate.



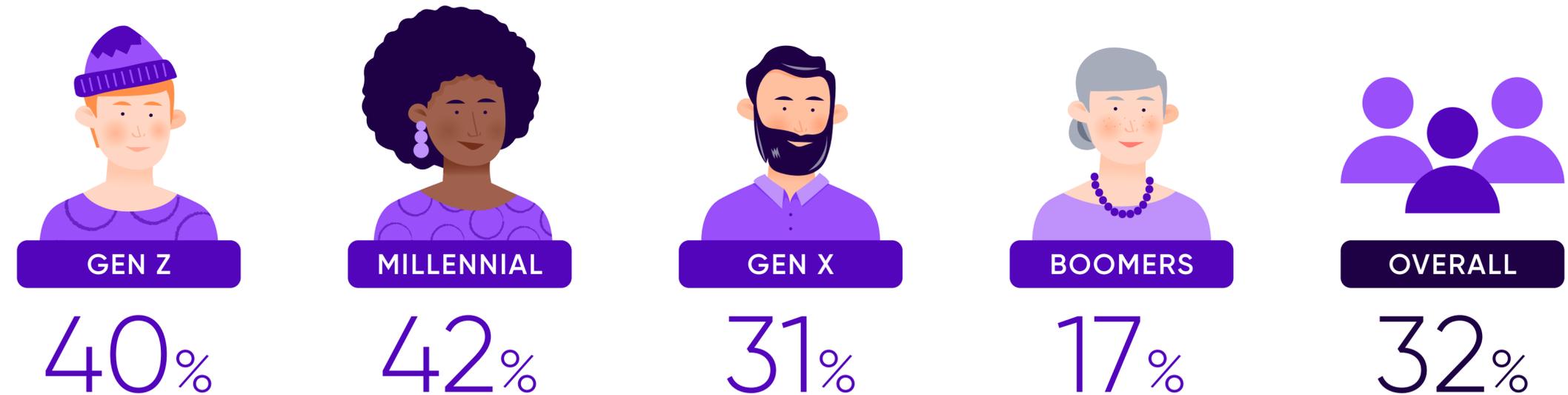
There are signs this is already happening. Nearly half of Gen Z consumers reported already having switched from a company due to their stance on social issues over the past year.

**Percent of consumers that have stopped using a company's services or products in the past year due to their stance on **social issues**:**



Questions of sustainability are also top of mind issues that companies should prepare themselves to address in the future. A notable proportion of both Gen Z and Millennial consumers report having stopped working with a company due to their stances on sustainability.

**Percent of consumers that have stopped using a company's services or products in the past year due to their stance on **sustainability**:**



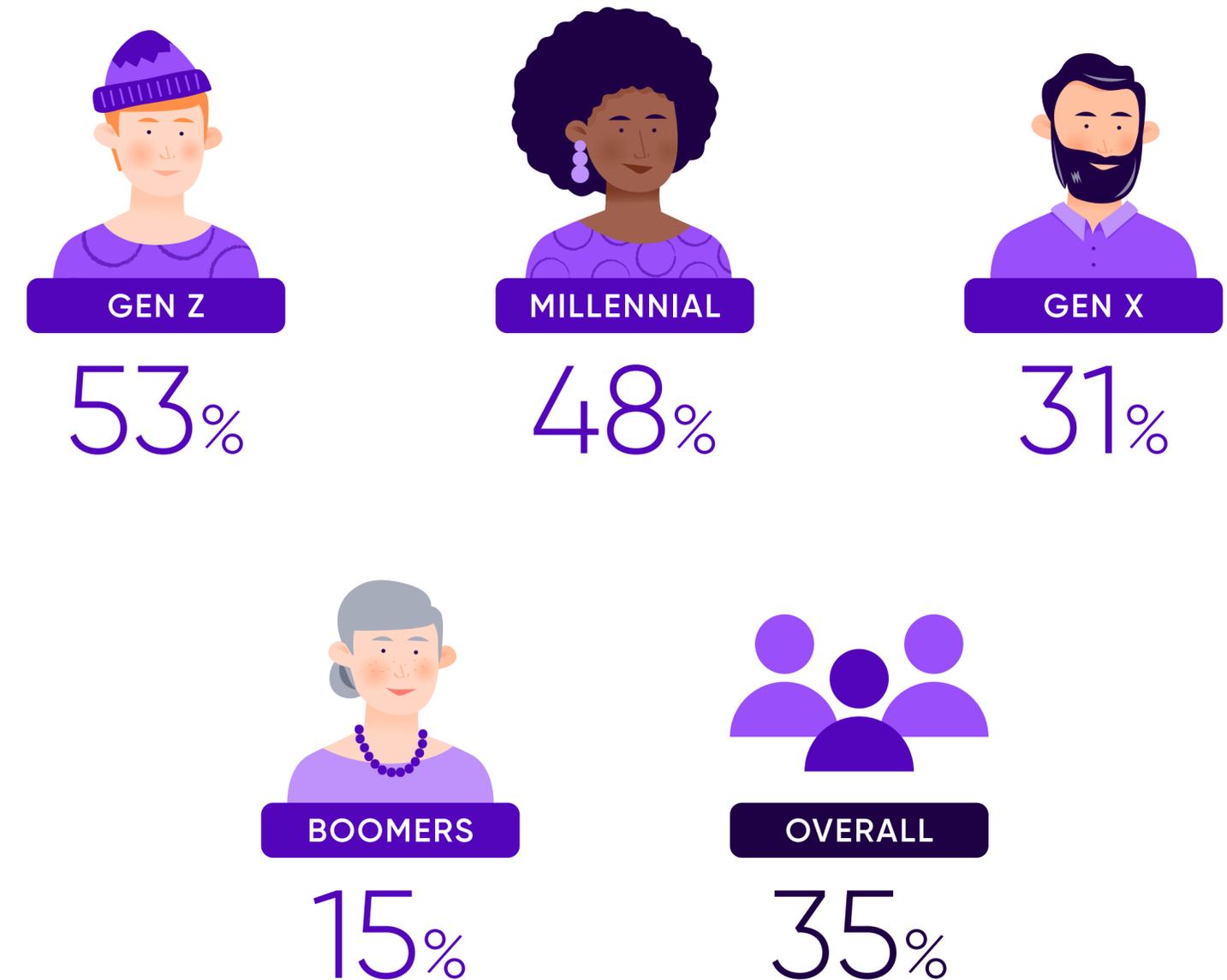
Easy and effective customer service will continue to be key enablers of customer loyalty. However, these trends indicate that the types of issues agents will be expected to handle will be more complex and sensitive.

**92%** of CX professionals agree that agents are brand ambassadors for their organization.

Agents are already expected to serve as brand ambassadors, and will need to be equipped to speak to these evolving broader social conversations.

Representation also matters in customer service. Beyond enabling organizations to better understand and speak to social issues, diversity is a factor in and of itself that consumers increasingly look for when selecting companies to work with.

Percent of consumers who have specifically chosen to work with a company because of **diversity represented in their customer service team**:



# III. Contact centers will gain influence as they become loyalty-driving profit centers

As the significance of customer service in fueling loyalty grows, the notion of the contact center as merely a cost center appears to be losing credence. Instead, the contact center is beginning to further establish itself as a revenue-driving function of the organization.

91%

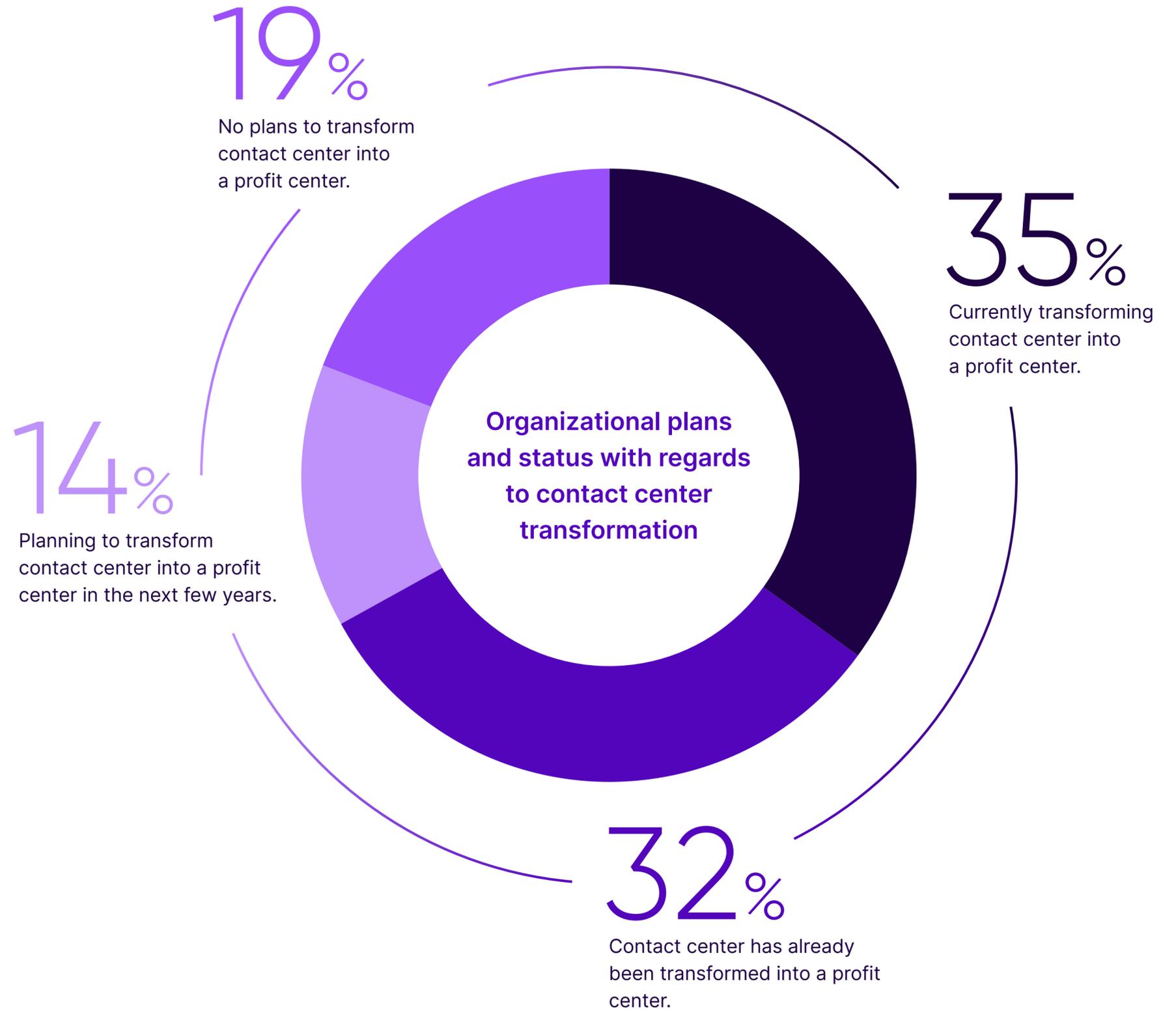
of CX professionals say their contact center is a major driver of customer loyalty—a position that **companies reporting large, past-year increases in employee satisfaction and customer satisfaction are significantly more likely to strongly agree with.**

“We need to turn [the contact center] into a unit with a P&L. And maybe it’s not expected to be profitable at first, because right now it’s simply there for service, so it’s run as a cost center.

We hope to, over time, draw attribution to call center interactions that result in sales and revenue, and I think that is going to be a massive transformation for it. We don’t even try to sell out of the call center [today].”

—CIO, REGIONAL U.S. BANK HOLDING COMPANY

Given its role in driving revenue through customer engagement, the transformation of the contact center from a cost center to a profit center is underway across most organizations.



# IV. The role of the agent will become more strategic in creating loyal customers

As the contact center continues to evolve into a more strategic business unit, agents will become increasingly dedicated to higher-value, revenue-generating activities. Already, **92% of CX professionals say that their agents contribute directly to business revenue.**

Part of the agent's transformation will include an increase in proactive, outbound customer contact. This shift to proactive engagement not only positions the agent to recognize and capitalize on new opportunities to drive revenue, but it also contributes to customer loyalty by providing a more effortless and memorable service experience. However,

companies still have ground to cover when it comes to delivering the degree of proactivity consumers expect.

72%

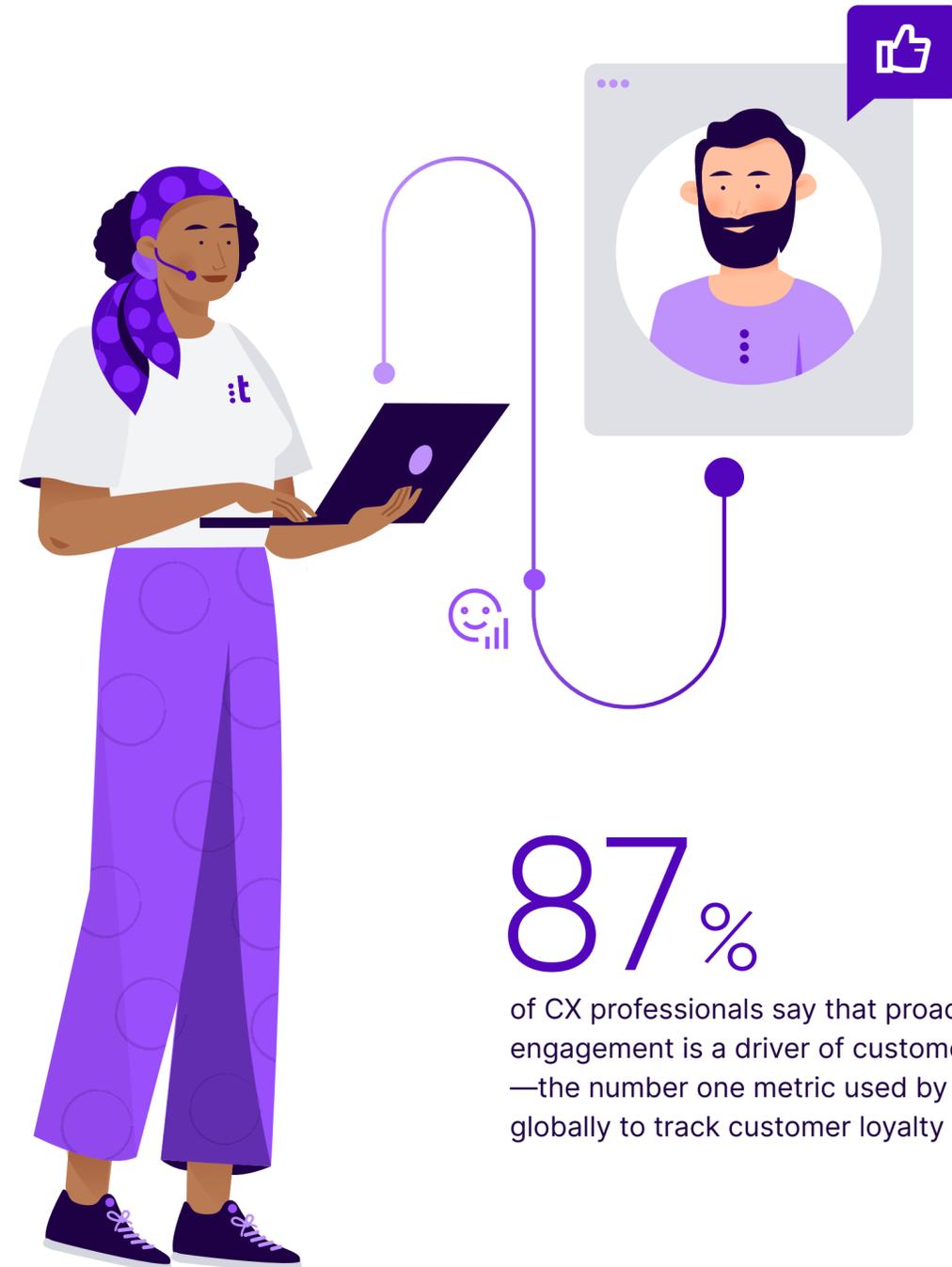
of CX professionals believe that customers expect more proactive engagement than their organization currently offers.

86%

of CX professionals say that proactive customer engagement is a priority for their organization, but 73% say that it is a challenge to do today.



It's clear that organizations see potential to drive revenue through proactive engagement, and they plan to capitalize on this opportunity over the next three years.



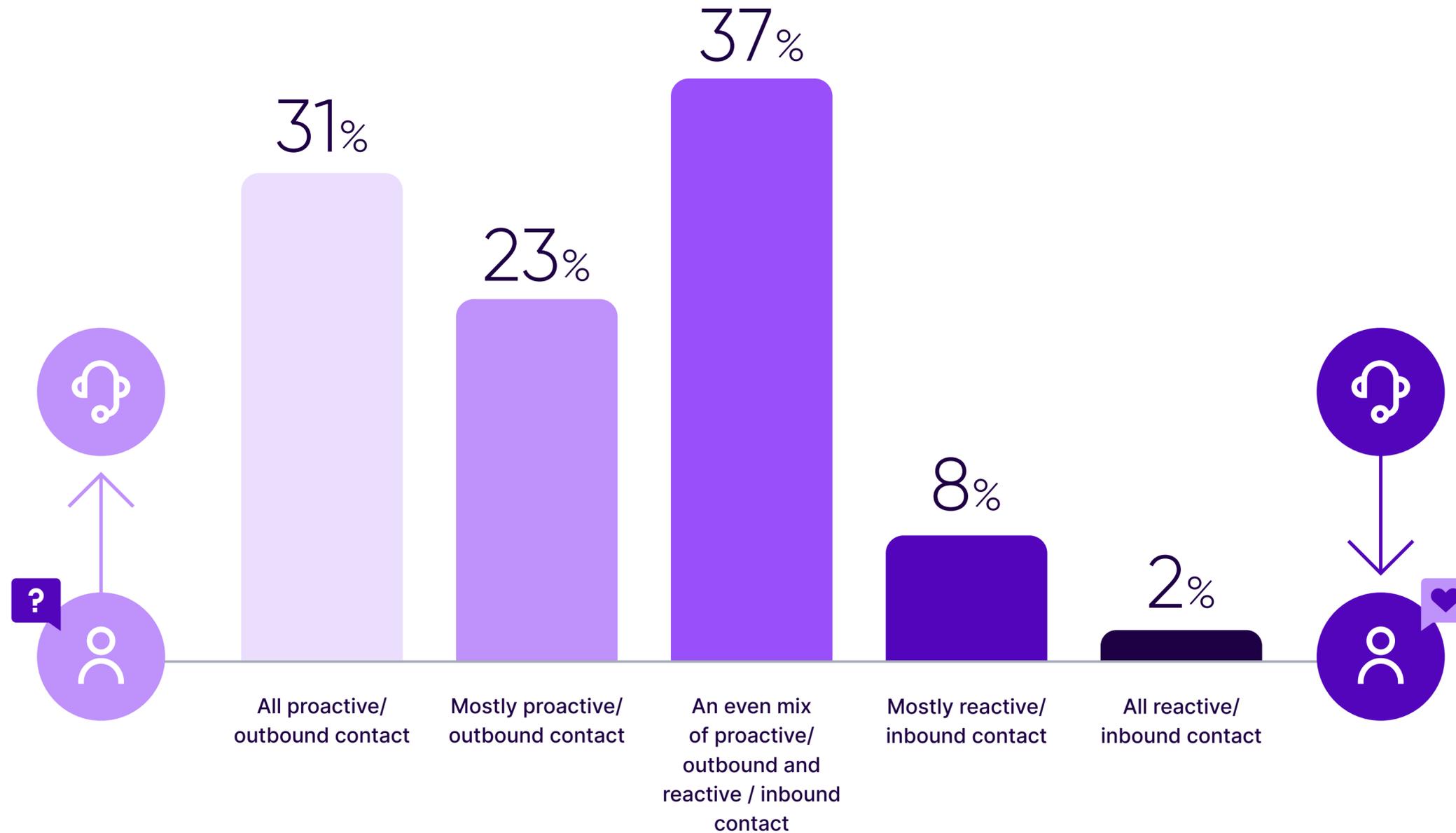
98%

It is no surprise, then, that by 2025, virtually all of organizations plan to implement some level of proactive customer engagement in the contact center.

87%

of CX professionals say that proactive customer engagement is a driver of customer satisfaction—the number one metric used by organizations globally to track customer loyalty today.

Expected balance of inbound and outbound contact in the contact center by 2025:

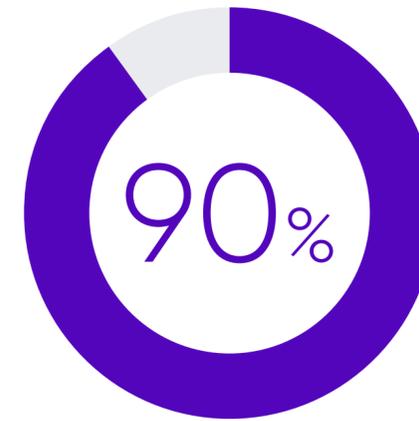


Agents will need the right enablement to ensure that proactive outreach is done right. It is not enough to be able to engage a customer proactively; outreach must be relevant and helpful to the customer. If it is not, companies risk alienating and undermining the loyalty of their customers.

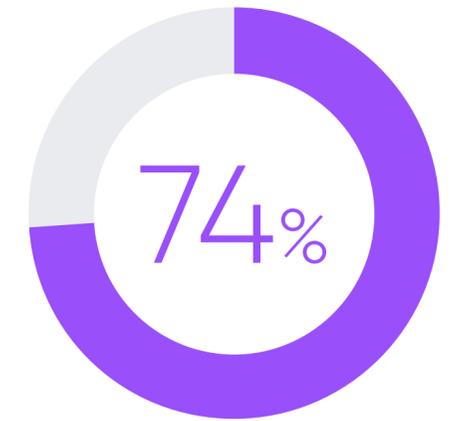
63% of consumers agree that they get annoyed when agents contact them unsolicited, unexpectedly.

# V. Organizations will focus on employee engagement and retention to drive customer loyalty through the contact center

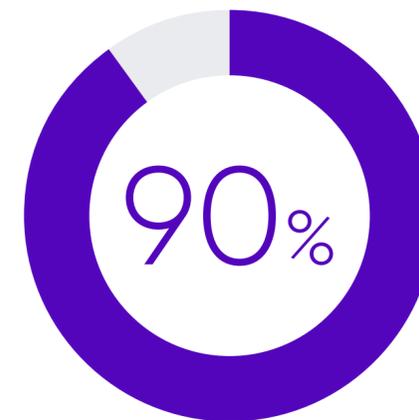
As agents become increasingly influential in customer experience and driving loyalty, they will become more central to the success of organizations. It's widely held among CX leaders that engaged, loyal contact center employees will make for happier and more loyal customers. Accordingly, the importance of retaining strong agents to business performance will rise further.



90% of CX professionals agree that contact center agent engagement is a major driver of customer loyalty for the business.



74% of CX professionals agree that agent attrition in the contact center has a major or moderate impact on customer loyalty.



90% of CX professionals report that agent retention is a top priority.



Consumer sentiments validate this perspective. As noted earlier in this report, agent willingness to go above and beyond for a customer is the second highest ranked driver of loyalty. Accordingly, an emphasis on engaging and retaining contact center employees can have real business impact. Companies reporting large, past-year increases in employee satisfaction and customer satisfaction are significantly more likely to strongly agree that contact center agent retention is a top priority for their company.

Yet, despite their efforts to minimize it, organizations expect attrition over the next three years to be relatively high in the contact center.

54%

of CX professionals estimate that contact center attrition will be 20% or more between now and 2025.

To combat these levels of attrition, companies are turning to engagement tools and strategies in order to motivate and retain contact center talent.

78%

of CX professionals report that investing in workforce engagement management (WEM) tools in the contact center is a priority for their organization.



Primary outcomes organizations expect to see from investment in WEM tools:



57% Greater efficiency or productivity in the contact center.



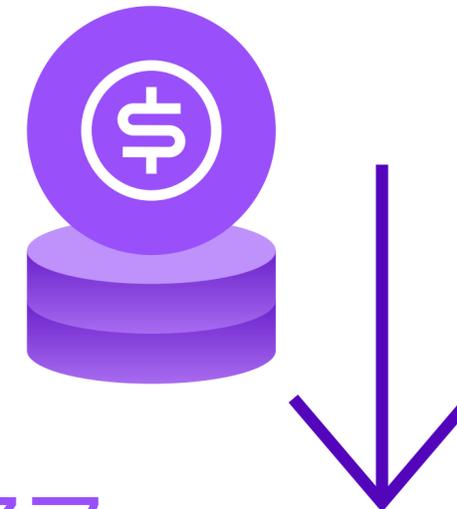
48% Higher CSAT scores or customer satisfaction levels.



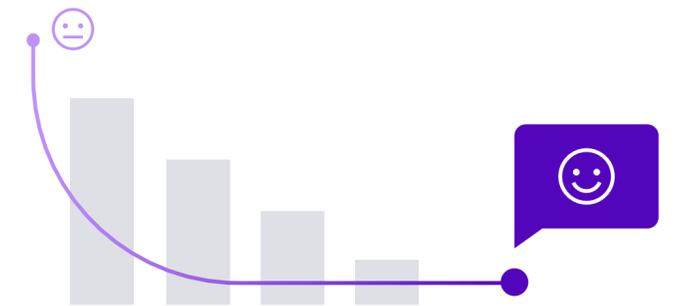
46% Increased profit.



43% Higher ESAT scores or agent engagement levels.



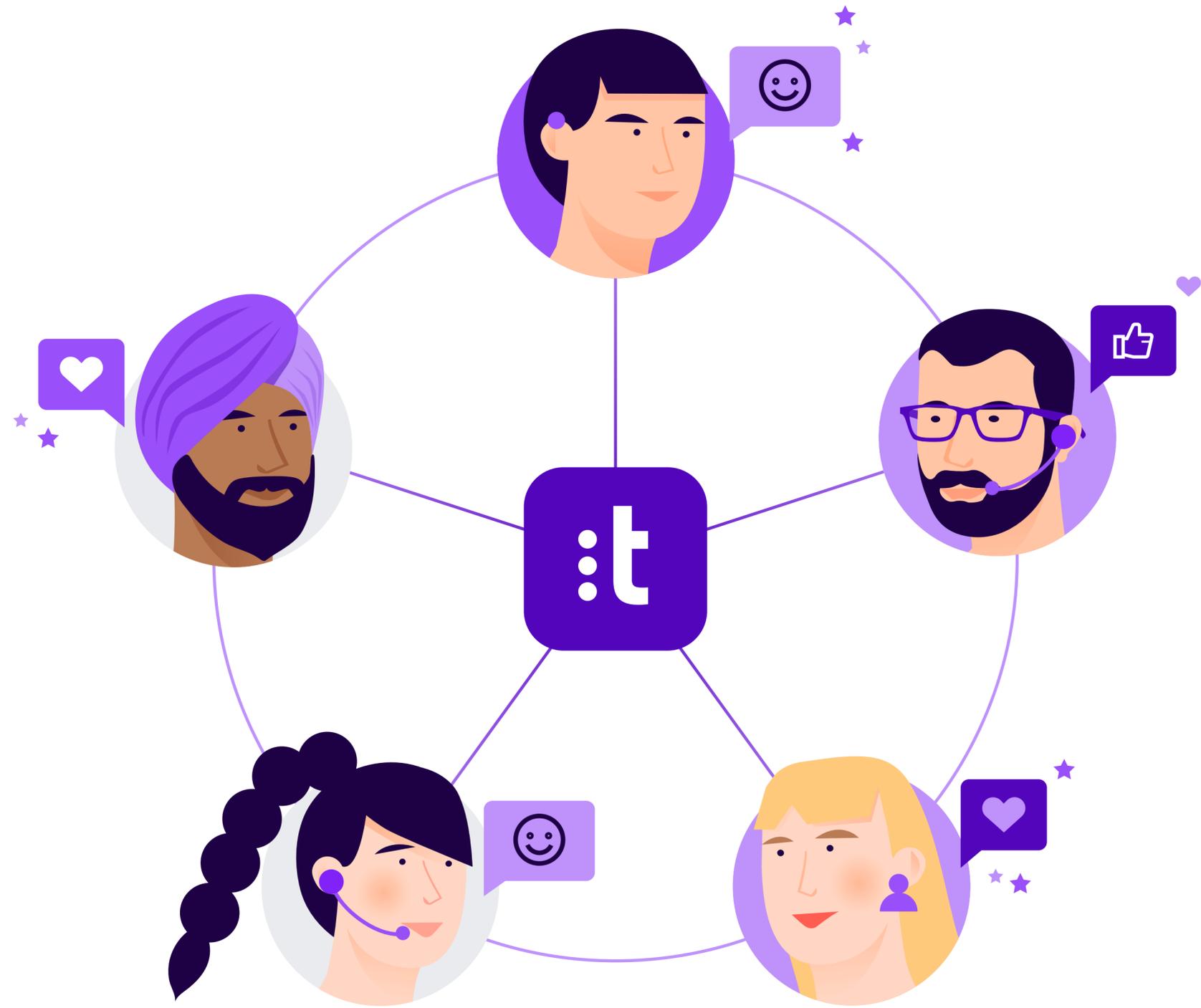
37% Reduced cost.



30% Decreased agent attrition.

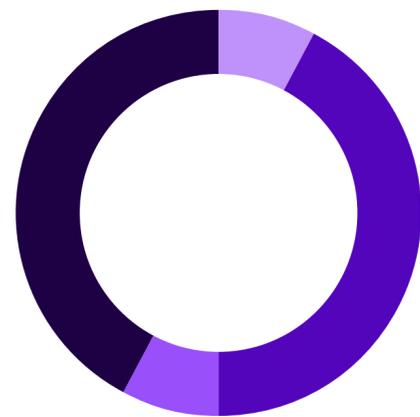
The most beloved brands tend to have one major thing in common: an emphasis on human connection and experiences.

What has become increasingly clear is that a real commitment to this philosophy is not only a boon to morale, it also has the potential to create loyalty inside and outside of the contact center, which translates to bottom-line results in the long term.



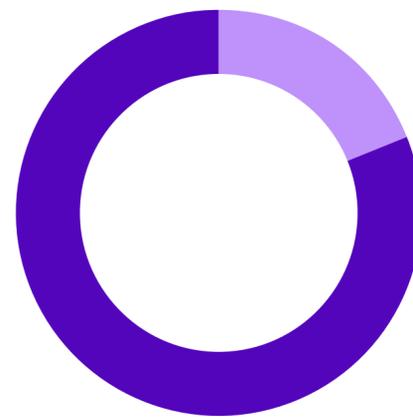
# Survey demographics

## Survey 1



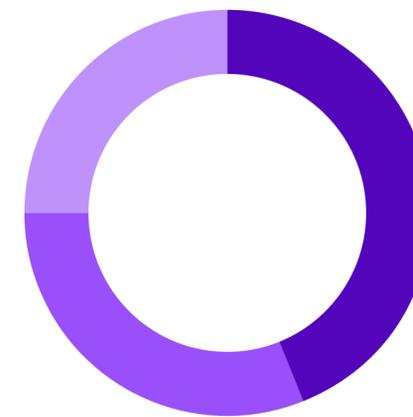
### Region

- Asia-Pacific: 8%
- Europe: 42%
- Latin America: 8%
- North America: 42%



### Professional role

- Contact center agent: 19%
- CX / Customer service / Contact center leadership: 81%



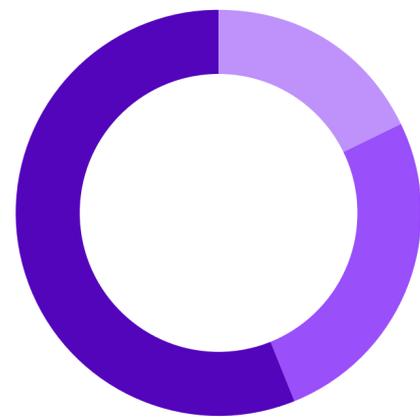
### Organization size

- Small (200-999): 44%
- Midsize (1000-4999): 31%
- Large (5000+): 25%

Note: Percentages may not sum to 100% due to rounding.

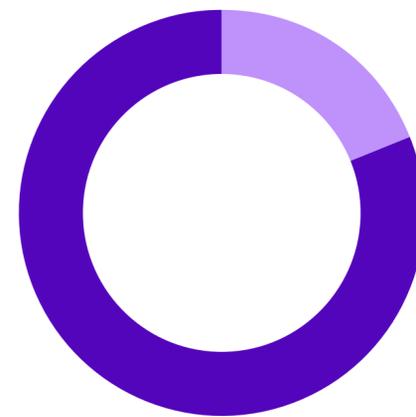
# Survey demographics

## Survey 2



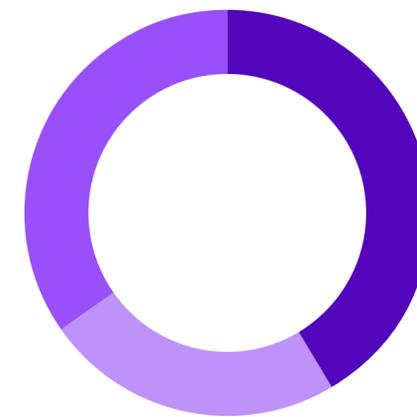
### Country

- U.K.: 18%
- Canada: 26%
- United States: 56%



### Professional role

- Contact center agent: 19%
- CX / Customer service / Contact center leadership: 81%



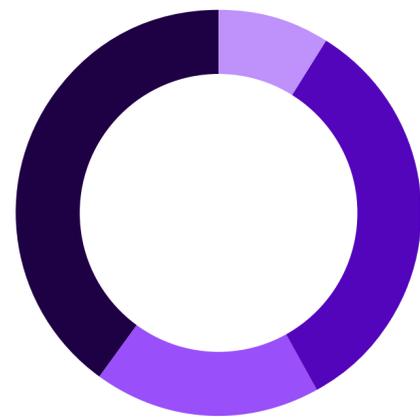
### Organization size

- Small (200-999): 42%
- Midsize (1000-4999): 24%
- Large (5000+): 35%

Note: Percentages may not sum to 100% due to rounding.

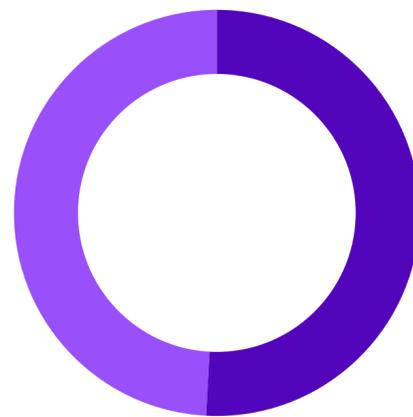
# Survey demographics

## Survey 3



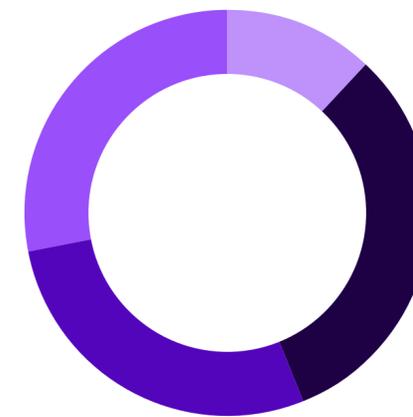
Region

- Asia-Pacific: 9%
- Europe: 33%
- Latin America: 18%
- North America: 40%



Gender

- Female: 51%
- Male: 49%

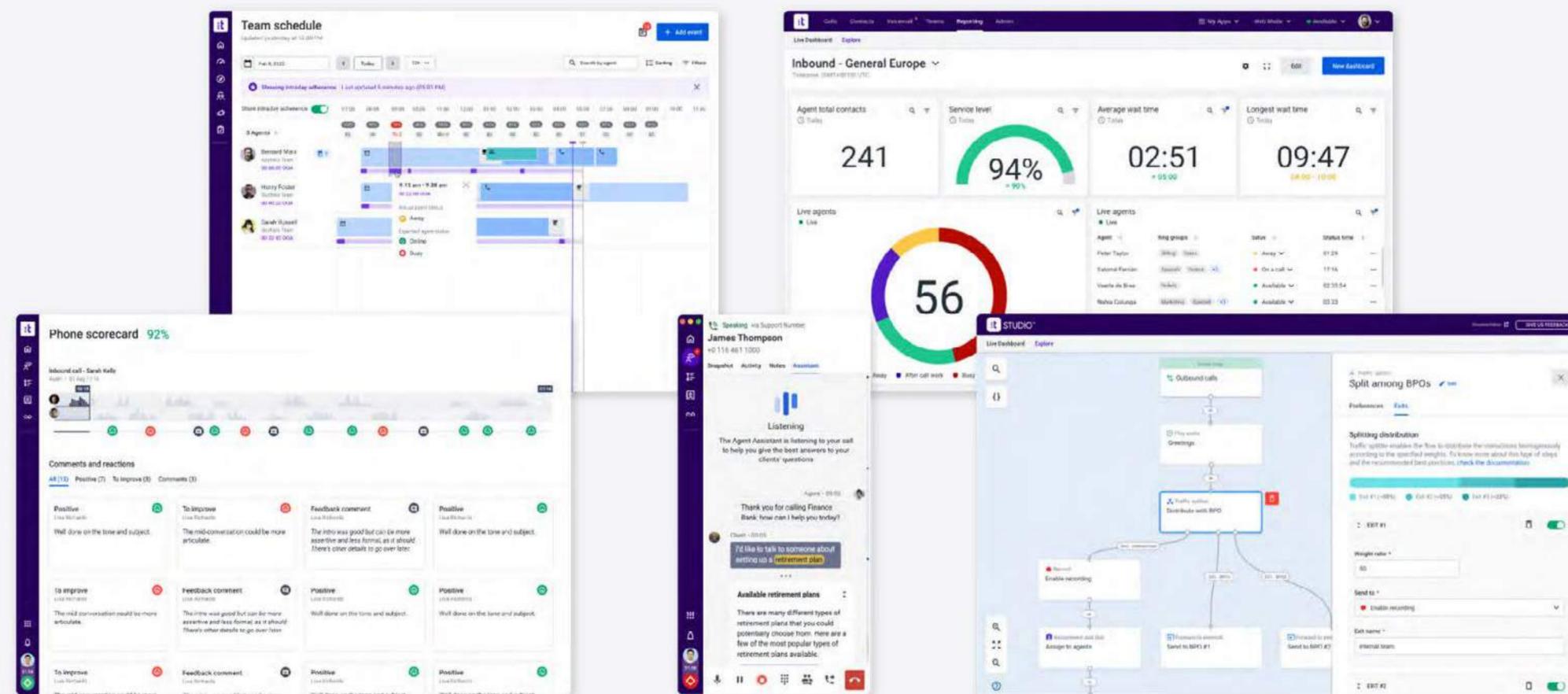


Age group

- 18-24: 12%
- 25-40: 32%
- 41-56: 28%
- 57-75: 28%

Note: Percentages may not sum to 100% due to rounding.

# An end-to-end solution for delivering great customer experiences.



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