Zendesk Research

Retail
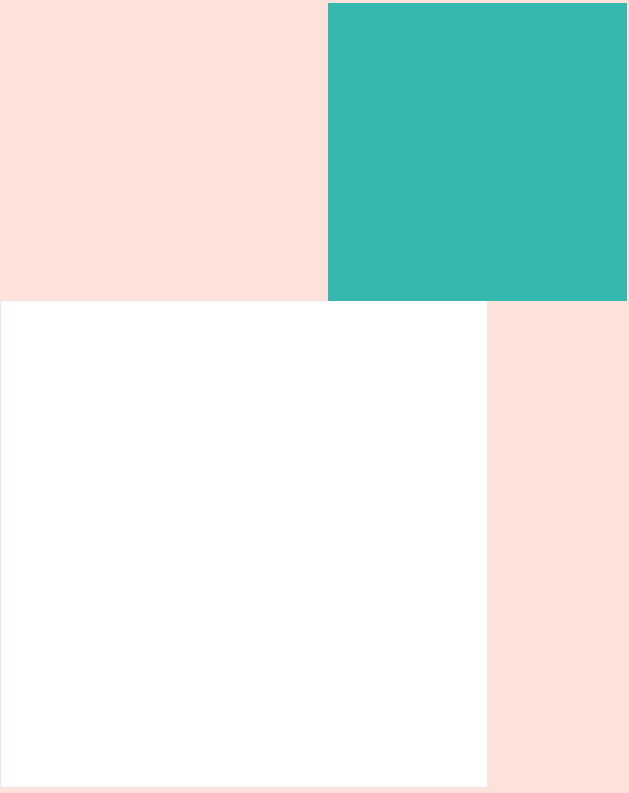
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'Tis the season: Customer satisfaction drops for retailers

The last quarter of the year is make-or-break time for retailers. End-of-year holiday shopping brings an influx of new customers and revenue, but all that volume often results in a simultaneous dip in customer satisfaction. It should come as no surprise that retailers struggle to maintain a high level of customer satisfaction when a much larger number of customers are reaching out to them with service and support issues.

The holiday season of 2013 was no different in that regard: Customer satisfaction in retail dropped six percentage points in the fourth quarter.

Let's look at some of the metrics—and compare them to the prior year's fourth quarter—to get a better understanding of what's behind the overall decline in satisfaction for retail customers in the fourth quarter. We'll also dig into two businesses that had higher-than-average satisfaction scores to see what they did to achieve those better scores.

Seasonality

Accepting that a dip in customer satisfaction is common for retailers during the fourth quarter, we started by investigating whether the 2013 drop represented a "normal" seasonal dip or something greater. Looking back at our Benchmark numbers from 2012, customer satisfaction for retailers dipped just two percentage points between the third and fourth quarters, which is quite a bit less than the six point decrease retailers saw in the same period of 2013.

Retail customer satisfaction

Q4 (2013)	Since Q3 (2013)*
76%	↓ 6

Q4 (2012)	Since Q3 (2012)*
79%	↓ 2

*Change in percentage points

Ticket volume

To understand why customer satisfaction for retailers took a greater hit in 2013 than in 2012, we started by looking at ticket volume to see how the agent workload in the fourth quarter of 2013 compared to the previous year.

Our research revealed that retail customer service agents had their hands extra full during the 2013 holiday season. The increase in the number of new tickets for retailers between the third and fourth quarters was much greater than in 2012. Ticket volume was up 42 percent in the last quarter of 2013 (compared to Q3) compared to an increase of just 34 percent in the same period of 2012.

Agent workload

Retailers prepare months in advance for the busy holiday season, ensuring that their technologies, processes, and—perhaps most importantly—their people are in place and ready to go. How well did retailers prepare for the 2013 holiday season? Looking at active agent numbers (active agents being those that meet a minimum threshold of activity), it appears that many retailers were not sufficiently staffed for the large increase in ticket volume they experienced in 2013. In fact, retailers appeared to staff up in the last quarter of 2013 at a rate that was only slightly higher than the previous year. The number of active agents increased 20 percent between the third and fourth quarters of 2013 and 18 percent in the same period of 2012.

But as we already showed, ticket volume in the last quarter of 2013 increased at a much greater rate than in 2012, and as a result, each agent had to handle a much larger number of tickets. In 2012, the number of tickets per active agent, per month rose 13 percent between the third and fourth quarters. In 2013, the number of tickets per active agent, per month rose 17 percent in that same period.
[Note: Monthly tickets per active agent indicate the average number of tickets handled by each active agent in each month of the quarter.]

Looking more closely at the tickets per agent numbers, the increase between November and December for the two years shows an even more significant spike in 2013 than in 2012, which may have been a factor in retailers' lower satisfaction scores in Q4 of 2013. In 2012, the average number of active tickets per agent in November was 363 and rose to 385 in December, an increase of 6 percent. In 2013, however, the average number of active tickets per agent in November was 384 and then rose sharply to 457 in December, which is a whopping 19 percent increase in the number of tickets the average agent had to handle.

AVERAGE MONTHLY TICKETS PER AGENT

Nov.	Dec.	Nov.	Dec.
2012		2013	
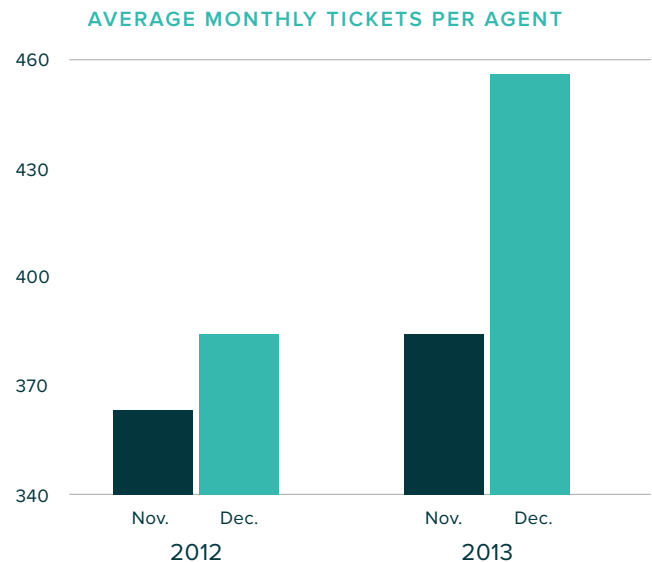
Holiday season success stories

Inevitably, some retailers handle the holiday influx better than most. But how do they pull it off? What practices lead to their satisfaction scores remaining steady—or even increasing—as key holidays approached and ticket volume kept rising, along with the pressure to perform?

Two Zendesk customers agreed to share their stories (and their numbers) to highlight some of the practices they feel were major contributors to their holiday success.

BONANZA

Bonanza is looking to create a unique marketplace for its community of professional sellers, hobby sellers, and buyers. For the 2013 holiday season, Bonanza's support team faced a 35 percent increase in ticket volume per agent (tickets per active agent). "You need to know your team's strengths and turn each agent into a subject matter expert, so they can handle certain types of inquiries more efficiently," said Mark Dorsey, Co-founder and Director of Happiness.

Beyond empowering agents, Bonanza's support efficiency is also tied to improvements they've made to the buying experience. Two months prior to the holiday season, Dorsey noticed that the majority of tickets were coming from buyers asking when they'd receive their items. In response, Bonanza's customer support and development teams worked together to build a delivery metric within their product that served shipping updates to buyers.

CUSTOMER SATISFACTION RATING

84% ⬆ **8** points higher than the Q4 average retail

www.bonanza.com

NATUREBOX

NatureBox is a subscription-based service that delivers healthy snacks to your doorstep. In a hyper-growth phase, the company turned to Senior Director of Operations Mike Mosby to learn more about their customers, particularly as customer inquiries increased by 46 percent this past holiday season.

While most companies try to divert the majority of customer inquiries to email during a busy season, Mosby and his team turned to the phones to engage in real-time conversations with customers.

"If the customer is taking the time to call us, then we need to be there ready to respond," Mosby said. "Every call is also about learning why they're reaching out and gathering feedback on how we can improve our products and the overall customer experience." Every ticket is categorized down to granular details like customer dietary preferences and type of shipping issue.

CUSTOMER SATISFACTION RATING

96% ⬆ **20** points higher than the Q4 average for retail

naturebox.zendesk.com

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