Customer emails continue to increase, but 44% of major UK companies simply ignore email customer service and 80% fail to answer questions within 24 hours.

Performance shows worsening trend over the last two years.
As part of its ongoing effort to help businesses improve customer service, eGain has been tracking and reporting on the state of customer service through electronic channels in North America and the United Kingdom.

In December 2006, we assessed the state of email customer service and web self-service by benchmarking 125 large enterprises, based in the UK. The survey sample contains over 30 companies in each of the four industry sectors benchmarked: financial services, local government, retail and telecommunications. In a similar study conducted in 2004, we had focused exclusively on responsiveness in email customer service.

This report presents survey findings along with cross-sector and industry-specific analyses. The closing section offers best practice recommendations for email customer service and web self-service. Compiled over a period of more than a decade, these best practices come from eGain’s blue-chip clients around the world, including 24 of the Global 50.
I. Evaluation and benchmarking methodology

A. Email customer service

Benchmarking analysts, pretending to be prospective buyers, sent emails asking for information about high-value products and services through webforms or email addresses provided on company websites. The companies were then evaluated on response time and the quality of the response (if any was received). The analysts also recorded whether the companies sent automatic acknowledgements, a well-known best practice for setting customer expectations, and enhancing responsiveness and experience.

The response time was then grouped into seven categories.

1. In 1 hour
2. In 1–24 hours
3. In 24–36 hours
4. In 36–48 hours
5. In 48 hours
6. No response
7. No email facility

The quality of response was grouped into the following categories.

- **Good**: Accurate and complete response
- **Fair**: The response contained some information but required researchers to click on links for more details
- **Poor**: The response contained some information but asked researchers to call a phone number to get the answer
- **Unrelated**: The answer was unrelated to the question
- **No reply**: The company did not respond at all

B. Web self-service

Websites were evaluated for self-service options on a 0–4 scale and grouped into the following categories.

- **3.0–4.0**: Visionary
- **2.0–3.0**: Above average
- **1.0–2.0**: Below average
- **0.0–1.0**: Basic
Analysts first assessed websites for the variety of self-service information access options provided. Options include common ones such as static frequently asked questions (FAQ), dynamic FAQ, search and browse, as well as innovative capabilities such as natural language interfaces and guided help.

As providing an escalation safety net improves web self-service adoption, analysts also evaluated escalation options (if any). They measured the number of clicks it took to access agent-assisted service and the response time for escalated queries.
II. Key findings

The focus of our 2004 study was responsiveness in email customer service. In the current study, we expanded the scope of the study to also consider quality in email customer service as well as the web self-service options offered by the surveyed companies. Here are the key findings.

- **44% of major UK companies simply ignore the importance of email customer service.** While 6% did not even offer email contact options on their websites, 38% did not respond to potentially high-value customer emails and ran the risk of losing sales and eroding their online and offline reputation. Compared with the 2004 study, although the no-email-facility number stays at 6%, there is a significant increase in the no-response number from 30% to 38%.

- **The telecommunications sector posted the worst performance** in 2006 with 58% of the companies simply ignoring emails and 15% offering no email facility on their website.

- **The local government sector performed the best** with the lowest no-response rate of 30% and 100% of the sites assessed offering an email facility for the customer, in this case, the public.

- **Only 36% of the companies responded within 24 hours.** Although the response rate was better than the 48% in 2004, only 19% of the companies provided accurate answers within 24 hours, asking clarifying questions when necessary.

- **Only 18% of the companies sent automatic acknowledgements** as an initial response to the customer query, a simple best practice that can be used to enhance customer experience and set expectations. This is worse than the 20% in 2004.

- **57% of the companies offered little or no web self-service,** as measured by the number of self-service options, ease of escalation and speed of response to escalated enquiries. Only 14% provided above-average capabilities in web self-service, while 29% offer basic capabilities such as static FAQ, which are not very effective and often lead to escalation or website abandonment.

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1. Note that the 2004 sample size and industry sector mix were different from 2006.
III. Overall cross-industry results

The dramatic increase in online business-to-consumer (B2C) and business-to-business (B2B) spending in recent years—driven mainly by rapidly changing customer preferences, better and faster Internet access, and the uptake in broadband usage in the home—continues to obscure major shortfalls in online customer service. Our 2006 study reveals that the state of web-based customer service, which was poor to start with, has not improved in the last couple of years. A significant number of UK companies are still failing to realise their full potential for customer retention and revenue growth by offering inadequate web-based customer service.

A. Email customer service

While 6% of companies did not even offer email contact options on their websites, 38% of companies simply ignored customer emails. The no-email-facility number at 6% is the same as 2004, but there is a troubling rise in the no-response number which has climbed from 30% to 38%. Only 36% of the companies in the sample responded within 24 hours, with barely 16% responding within one hour. Of those that responded within an hour, less than half (40%) provided an accurate answer to the question, representing only 4% of the total sample set. Only 20% of the companies provided an acceptable answer to the query within 24 hours, asking clarifying questions as necessary. This is a worrisome trend—no service is better than low-quality service from the customer perspective.

Given the increasing popularity of electronic channels with customers, this downward trend in email customer service responsiveness and quality is shocking. The failings uncovered by this research, as well as the gulf developing between best and worst performers, indicate the potential for improvement for all UK businesses in email customer service.

Responsiveness According to a 2006 report by Forrester Research, nearly 20% of customers expect an email response within one hour, compared to 15% of customers in a 2000 Jupiter Research study. This is but natural, given the trend towards instant gratification, increased business velocity and standards set by the few companies that provide stand-out customer service. Currently, only 16% of UK companies are reaching this target. However, as an increase from the 8% in 2004, this is positive news. But only 40% of the companies that responded within an hour provided an acceptable answer to the customer query.

The Forrester study mentioned earlier also found that 91% expect a response within 24 hours. A one-day turnaround is considered the outer limit. Contrary to this expectation, the 2006 eGain study shows that only 36% of the companies responded within 24 hours and only 20% of those that responded provided an acceptable answer to the question. This is a drop in...
performance from our 2004 study, when 48% of the companies responded within 24 hours.

Of the 125 websites evaluated, 6% offered no facility for customers to send emails or make contact through a webform, thus missing an obvious opportunity to interact with the customer. Sadly, this percentage has not decreased from 2004, where an identical 6% of the companies did not offer email or webform contact options.

**Auto-acknowledgement**  Given that customer expectations for the timeliness and quality of email responses continue to increase, it is astonishing to note that only 18% of the companies even acknowledged the receipt of customer emails.
Best-in-class email customer service not only entails simply acknowledging receipt of the customer's query but also providing useful auto-responses that are likely to answer a customer's question without the need for agent intervention.

Best practices in sending auto-acknowledgements include sending them in minutes, if not seconds, as well as providing links to possible answers. The study found many companies sending auto-acknowledgements after 10 minutes, with one company taking over 50 minutes to send one!

**Quality** At a time when customer service quality has emerged as a key differentiator for businesses and is being increasingly linked to brand image, it is surprising how many companies fall short in this area. 19% of the companies in our sample provided answers that were totally unrelated to the questions, some putting the onus on the customer to call a phone number or contact an alternative email address.

![Overall: Email customer service quality](image)

**Figure 3: Overall email customer service quality breakdown**

Only 20% of the companies gave an acceptable answer within 24 hours. Even when the speed of response is not taken into account, only 33% of the companies in the sample provided satisfactory replies.

**B. Web self-service**

The study also assessed the state of web self-service, where UK businesses are again falling short. 57% of the companies in the study offer little or no web self-service, and only 14% provided above-average capabilities in this area, while 29% only offer basic options such as static FAQ, which often lead to escalation to agents or website abandonment.

According to a Jupiter Research survey conducted in October 2005, 62% of over 2000 consumers said that they were less likely to buy from a supplier who could not resolve their issues through web self-service. With self-service and agent service usage through online channels continuing to increase in the UK,
ineffective self-service can lead to customer defection and lost sales. Offering multi-modal self-service through a variety of easy-to-use information access options and making it easy to seamlessly escalate to agent-assisted service without having to re-create context by repeating information are proven ways to increase web self-service adoption, drive down customer service costs and improve sales.

![Overall Web self-service breakdown](image)

A sizeable 55% of the companies in the study provided below-average self-service, as measured by the study’s methodology, while only 14% of the companies provided above-average capabilities in this area. Most sites offer only static FAQ which often lead to escalation to agent-assisted channels, customer defection or website abandonment. Only 3% of the websites had “visionary” capabilities, i.e., a complete set of web self-service information access methods, ease of escalation and rapid turnaround for escalated queries.
IV. Overview of industry-specific results

Email customer service

Responsiveness While the performance of some industry sectors was better than others, the number of no responses in the overall sample increased from 30% to 38%. In financial services, the no-response rate increased from just over 30% to 37% and in retail, it increased from 24% to 30%. The proportion of companies that responded within 24 hours dropped from 48% to 36% in the overall market, from 47% to 37% in financial services and from 49% to 39% in retail. However, the percentage of companies that responded within one hour doubled from 8% to 16% in the overall market, from 9% to 14% in financial services, and from 7% to 10% in retail. This is good and bad news since only 40% of all companies that responded within an hour actually provided acceptable answers.

Local government was the only sector where 100% of the websites offered email contact options. The retail and the local government sectors performed the best in terms of responsiveness, both posting the lowest no-response rate of 30%. However, the retail sector’s no-response rate increased from 24% in 2004 to 30% in 2006 and its response rate within 24 hours dropped from 49% to 39%. The telecommunications sector posted the worst performance in 2006 with 58% of the companies simply ignoring emails and 15% offering no email facility on their websites.

The gap between the best and worst continues to widen, suggesting that the minority of companies that provide responsive and high-quality email customer service are poised to grab the lion’s share of their respective markets.
**Auto-acknowledgement**  Industry performance in auto-acknowledgements varied with the telecommunications sector performing the best with about 20% of the companies sending auto-acknowledgements, while the financial services sector posted the lowest performance with less than 12% of the companies implementing this best practice. A small percentage of companies that have developed best practice techniques in this area are poised to expand their business at the expense of competitors.

**Quality**  The retail sector performed the best in quality of response, with responses from 49% of the companies rated as “good.” This was followed by local government and financial services with 37% and 29% performance, respectively. Financial services performed the worst in quality with only 29% rated as providing good answers.

**Web self-service**

In the area of web self-service, the telecommunications sector had the highest visionary percentage with 15% achieving this score, a much better showing than its performance in email customer service. Sadly, there were no visionary performers in the other three sectors. The performance of the government sector showed a dichotomy, where 70% of the websites were rated below average. However, 27% of the government sites scored an above-average rating, the highest among all industry sectors.
V. Financial services sector

Email customer service

Responsiveness  This sector did not do well with regards to answering emails in one hour—only 14% of the companies managed to do so. Over 20% of the companies took more than 24 hours to respond to queries.

![Figure 6: Email customer service responsiveness in the financial services sector](image)

It is interesting that while 37% of finance companies responded within 24 hours, another 37% of the companies did not respond at all.

Auto-acknowledgement  The financial sector performed badly with regards to auto-acknowledgements. In 2004, 23% of companies sent auto-acknowledgements yet in 2006 this percentage has decreased to just 11%. With volumes of email doubling, it is becoming increasingly difficult to manage emails securely and efficiently—as shown by the recent spate of fraudulent emails targeting customers of financial services worldwide. The challenge that all financial services organisations now face is to offer email as a structured and secure service to an expectant and media-aware public.

Quality  29% provided a good quality of response whilst 31% of responses were fair to poor. Despite the increase in use of electronic media for consumer interactions, there is still a long way to go before email is used to its full potential—for example, it can be used to keep customers updated proactively about their financial products, provide secure access to account information and to promote e-transactions. It can also be a compliant way of providing advice and required documentation to customers, as it has a readily accessible audit trail.

The rate of “good” responses to emails, at 10%, was the worst of any sector. Even if we consider just the companies that responded, only about a third of companies sent a high quality response.
Nearly half (46%) of all companies tested attained a below average scoring in this sector. 51% of the companies used basic self-service which includes simple site-search or static FAQ. Not one of the sites assessed received the visionary rating.
VI. Local government sector

Email customer service

**Responsiveness**  How 30% of local government sites fail to answer high-value queries is hard to explain. In a sector driven by efficiency, and with transformational government demanding better customer service, 27% of councils took between one and 24 hours to respond to such a small query, with one local council taking over 145 hours to respond. Although 27% did manage to answer the query in just one hour bringing the percentage of responses within 24 hours up to 54%; good when compared with the other sectors tested. Interestingly some councils replied saying they would come back with further information, only to receive no follow-up contact at all.

![Local government: Email customer service responsiveness](image)

**Auto-acknowledgement**  Given the size of their potential audience, it is surprising that local government websites are falling behind in several key areas. Only 20% of emails sent received acknowledgements, especially hard to understand when every site tested offered either email or webform contact options. This problem is relatively simple to remedy, and any improvement would influence customer retention and acquisition.

**Quality**  Overall the quality of response compared to other sectors was better than some with 37% thoroughly answering questions. Unfortunately 13% gave a poor response including asking us to contact a third party or another number without any attempt to address the issue. self-service which includes simple site-search or static FAQ. Not one of the local government sites assessed received the visionary rating.
Web self-service

Local government websites rated worst of all the sectors targeted with an astounding 70% of them gaining below average status. Only 3% used basic self-service which includes simple site-search or static FAQ. Not one of the local government sites assessed received the visionary rating.
VII. Retail sector

Email customer service

**Responsiveness**  Almost one third of companies failed to respond, while only 10% managed to respond within one hour, delivering the worst performance among all the sectors tested. However, this is better than the 7% performance on the same metric in 2004. Moreover, when a 24-hour timeframe is considered, retail did the best among all non-government sectors with 39% of the companies responding within 24 hours. However, this is a drop from a 49% performance in the same metric in 2004.

![Retail: Email customer service responsiveness](image)

**Auto-acknowledgement**  The retail sector also did well in acknowledging customer emails with one in five emails sent receiving an auto-acknowledgement, ensuring that their customers at least knew that their questions has been received. However, this represents a drop in performance from 2004, when over one quarter of the tested companies managed to send auto-acknowledgements. Such acknowledgements are only useful if they arrive in good time and are followed shortly by a complete answer. In several cases, acknowledgements were sent, but customer questions were not answered for several days.

**Quality**  Of the four sectors tested, retail scored the highest in the quality of response to customer emails with 49% providing “good” responses, i.e., providing accurate and complete answers, asking clarification questions if appropriate and responding in a courteous manner.
Web self-service

Among non-government sectors, retail performed the worst in web self-service ratings with 65% of the websites getting below-average scores. 29% of the sites offer only basic self-service in the form of static FAQ. No single retail company received a visionary rating to exploit innovative and unique customer service and branding capabilities such as guided help, chatbot self-service, etc., while combining it with easy, contextual escalation to agent-assisted service and providing responsive and high-quality email service for escalated requests.

Figure 13: Email customer service quality in the retail sector

Figure 14: Web self-service in the retail sector
VIII. Telecommunications sector

Email customer service

**Responsiveness** Out of all the sectors tested, the telecommunications sector shows a record just below threshold for handling emails. Less than 15% of the companies tested answered within one hour with no more answering within one and 24 hours. In fact, a staggering 58% of companies failed to answer at all; the highest percentage of all the sectors tested.

![Figure 15: Email customer service responsiveness in the telecommunications sector](image)

**Auto-acknowledgement** The telecommunications sector performed the best with about 20% of the companies sending auto-acknowledgements.

**Quality** Of those few companies that did actually answer, just under half sent a poor to fair quality of response. This is an industry segment that obviously needs to make a more effective use of web-based contact channels.

![Figure 16: Email customer service quality in the telecommunications sector](image)
With over half the companies tested not sending a response at all there appears to be a long way to go.

**Web self-service**

The telecommunications sector performed better than the other sectors tested although 46% of the companies tested achieved below-average scores. A further 27% of the companies tested used basic self-service which includes simple site-search or static FAQ. 15% of those tested made it to the visionary score; better than the other sectors tested, demonstrating more customer-focused self-service facilities. 12% of the telecommunications organisations achieved the ranking of “effective.”

*Figure 17: Web self-service in the telecommunications sector*
IX. Best practice recommendations

Given rising volumes of email, poor management practices are leading to an increasingly common situation where major companies attempt to handle in excess of 10,000 emails a month using Microsoft® Outlook® and manual processes, often without a knowledge base. By using a robust and proven email management solution and following the best practices outlined here, companies can achieve strategic and tactical business value. With a high percentage of major UK companies offering email contact to prospective customers and with many UK companies having an online presence, it is of paramount importance to understand what these customers want and expect from their email and online interactions - this is the first step to implementing successful web-based customer service.

Email customer service best practices

According to Jupiter Research, more than half of all Internet users expect an answer to their email within 6 hours. With this taken into account, our results indicate that more than 75% of UK companies appear to be failing to meet customer expectations. In addition, while almost all regular users expect to receive an automatic acknowledgement by email, less than 20% of websites offer this basic level of service. Setting up an automatic acknowledgement is a relatively simple process and serves to bridge the gap between the query and resolution, while increasing confidence in the e-channel customer service offered by the business.

Many companies that allow email to go unanswered for days are doing so because they see it as a replacement for traditional mail, where both sides would expect a delay of several days between query and response. However, there is a massive gulf between this attitude and the expectations of customers, significant numbers of whom expect a response within just one hour. Email can and should be seen as on a par with telephone enquiries, where delays of any length are deplored.

This institutional attitude is one of the most important barriers to increasing online sales. Many acknowledgements state that if an enquiry is important, then the customer should phone a number given in the message, and that otherwise they could expect an answer by email “within four working days.” With many customers actually preferring contact by email, to actively encourage use of the more expensive telephone channel would be contrary to any good sense if only email management were improved to be more reliable and efficient. With 38% of emails going unanswered, a telephone option still needs to be actively promoted. Less easy to measure are customer expectations of the accuracy of a response. Whilst speed is certainly important, it should not come at the expense of accuracy and proper structure. Customers expect a company's online activities to reflect its offline image (and poor online performance can deter customers from buying on the high street). One solution to this problem is to draw responses from a knowledge base, using
techniques such as auto-suggest to improve agents’ ability to process the queries effectively and efficiently.

The eGain website has a number of white papers with detailed information about improving customer service through email and other channels. Our email-related white papers include:

- Managing Customer Emails: 10 Telltale Signs You Have Outgrown Microsoft Outlook
- Managing Customer Emails: 10 Telltale Signs You Have Outgrown Lotus Notes
- Next-Generation Email Management

Web self-service best practices

- **Provide options to the customer—one size does not fit all:** A situational approach to self-service dramatically improves self-service adoption and ROI. Multi-modal self-service, which includes multiple information access options such as dynamic FAQ, search, browse, guided help and chatbot service, can improve adoption across a broad range of agents and end-customers.

- **Be holistic in your approach—don’t ignore human interactions:** Your web self-service initiative should be an integral part of a unified multichannel customer interaction hub, using common rules, processes, knowledge base and multichannel interaction history. Make sure web self-service is not a silo.

- **Provide a safety net—avoid the IVR syndrome:** We recommend that companies provide customers the safety net of contextual escalation to assisted service. This contrarian approach often increases web self-service adoption. Moreover, we advise clients to use web collaboration technologies such as cobrowsing to guide customers through web self-service capabilities when they call. Coaching customers on self-service dramatically increases adoption.

- **Leverage agent service to increase web self-service adoption:** Agents can cobrowse with customers and coach them on web self-service. This training-wheel approach increases self-service adoption.

- **Manage your implementation, leveraging automation:** Closed-loop management is critical to the success of your implementation. Leverage surveys and automation techniques such as adaptive content management to get user feedback and enhance content relevance, while keeping down maintenance costs.

For details on these best practices, download our web self-service white paper, “5 Web Self-Service Pitfalls: What Every Contact Centre Manager Must Know.”
Business benefits

Given the increasing use of electronic channels by UK customers—both consumers and business customers—there are clear benefits to be gained by even the best performing companies from improving their responsiveness to potential customers. For the worst performing companies—the majority who fail to respond and answer customer queries within 24 hours—the potential gains are even more dramatic, while the damage they are doing to their businesses is a serious problem.

Increased sales and reduced costs  According to the UK Office of Fair Trading (OFT) in October 2005, 61% adults who had used the Internet in the previous three months had used it to buy or order goods, tickets or services compared with 36% in October 2000. The OFT also states that online shopping is forecast to increase by 163% by 2010; with the value approaching £21.5bn per annum. With almost 100% increase in online users in five years and the proposed value of the forecast opportunity it seems unbelievable that companies continue to deliver a poor response, if at all any, to relevant enquiries and requests including clear buying signals (http://www.oft.gov.uk/Search+Results).

The Hewson Group further substantiate this, saying that 74% of shoppers will abandon their purchase if they do not receive prompt answers to their questions. Those companies not meeting customer expectations are selling only a quarter of the products and services that they could be if their responsiveness were increased. It is generally believed that replying to a customer’s enquiry within an hour increases the likelihood of a sale by 75%. You increase trust in your online service, as well as reaching the customer while they are still interested in buying from you and not a competitor. This holds true across all industry sectors. Through a survey of 2,000 customers, TARP have found that “response to queries” correlates with the loyalty of bank customers, with 87% of customers less than happy with the way their problems are handled, and less than a quarter of these likely to continue using their bank (Source: The Banking Survey by TARP Ltd., © 2002).

By following our best practice recommendations and building a knowledge base for use both by agents and end-customers through multi-modal web self-service, steps can be taken to provide automatic answers to 80% of customer queries. This is the proportion of questions across all industries that can be dealt with either by publishing this knowledge base on a website and providing multiple information access options, or by using an email management system to suggest answers to agents based on keywords in their enquiry. In this way, as well as by routing e-mails to appropriate agents and prioritising work, a large amount of the direct cost to service customers in the contact centre can be eliminated by implementing good email management. It can also reduce training times by providing intuitive operation and closer monitoring of new agents in action.

Security and compliance  When well managed, email offers a regulation compliant route to giving advice and required documentation to customers.
Outgoing emails from customer service agents can be monitored to ensure that they are giving the correct advice, while the readily accessible audit trail provides indispensable cover against future enquiries. Combined with a knowledge base and customer records, access can be given securely via email to accurate individual information.

By building a relationship with customers through email, further offers and information can be proactively sent to them in a compliant way, as well as delivering important notices relating to existing customer accounts. There are many situations where regulations require that customers be kept updated with information (for example bank account rate changes)—the most efficient way to do this is through email, but only if you have a system in place which will ensure that the email reaches its desired target.

Well-organised criminal activity such as the recent fraudulent emails targeting the customers of major UK financial institutions, requesting PIN and other confidential details, can often succeed if email is handled in an ad hoc manner, especially when customers are not used to receiving email communication. A good email management system will be able to safely deliver confidential information to customers (such as account balances) as well as non secure items like application forms, rate change notices and marketing material.
About eGain

eGain is a leading provider of customer service and contact center software for in-house or on-demand SaaS deployment. Trusted by prominent enterprises worldwide, eGain has been helping businesses achieve and sustain customer service excellence for more than a decade. 24 of the 50 largest global companies rely on eGain to transform their traditional call centres, help desks and web customer service operations into multichannel customer interaction hubs. These hubs enable dramatically improved customer experience, unified multichannel customer service, end-to-end service process efficiencies and enhanced contact centre performance.

**eGain Service™** is the industry’s most comprehensive customer interaction hub software suite and the first solution to support short message service (SMS) customer service interactions, as well as next-generation web self-service, chat, cobrowsing, email, fax, postal mail, notification management, call tracking and resolution, knowledge management and service fulfillment. Available for on-premise or on-demand SaaS deployment, eGain Service is built on eGain CIH™ Platform, the industry’s most integrated and flexible customer interaction hub platform. Based on a 100% J2EE architecture, it includes out-of-the-box integration with leading business applications, content management systems and call centre infrastructure solutions. With its fine-grained service-oriented architecture (SOA), eGain CIH platform enables rapid development of powerful applications. For more information, please visit: [http://www.egain.com/products/multichannel_service.asp](http://www.egain.com/products/multichannel_service.asp)

Additionally, eGain offers a comprehensive set of professional services including business consulting, implementation services, 24x7 support, education, and training.

eGain has an operating presence in 18 countries and serves over 800 enterprise customers worldwide, including ABN AMRO, HMV, Vodafone and Virgin Mobile.

Contact information

To find out how eGain can help you leverage customer service for competitive advantage, visit [http://www.eGain.com](http://www.eGain.com)

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