Why the COO should lead social-media customer service

Gadi BenMark

Although social channels have become powerful and cost-effective tools for customer service, management may be in the wrong hands.

Social media offers a chance to redefine the delivery of service to customers, changing the way they think and talk about a company's brands while drastically lowering service costs. Seventy-one percent of consumers who've had a good social-media service experience with a brand are likely to recommend it to others,[1] and 70 percent of companies are trying out social customer care in some form.[2] But are they assigning the right organizational "owner" to those efforts?

Beyond the call center

Often, it's the marketing or corporate-communications function—typically social media's internal pioneer—that takes ownership. That makes sense when social channels are used to build brands, drive loyalty, and boost sales. In the domain of customer service, however, marketing often lacks the resources, expertise, or institutional support to handle the issues, particularly in the face of a rapidly rising number of requests. Many managers feel that interactions with dissatisfied customers should be conducted out of the public eye and try to steer them to one-on-one call-center conversations even when they prefer real-time social media. Some executives worry that customer-service issues are "littering" marketing channels such as a company's Facebook page.

A powerful but underutilized alternative is to locate social customer care in the operations function, like other customer-service channels. Service operations, which have often emphasized costly call centers, are designed to deal with queries on a scale that has so far eluded social media, which at many companies handles 5 percent or less of service requests. Social-media channels can work just as well as call centers to upsell products or capture service-to-sales opportunities—with some added advantages. One is that social platforms make it easier to guide customers to relevant web pages or video content.

Missing a social opportunity?

Instead of answering this 18-year-old prospective customer's simple factual question on Twitter, the customer-service representative at "One Bank" is trying to end the social-media interaction as quickly as possible. The bank provides satisfactory service over the phone or in personal visits, but it missed a chance to satisfy the customer on the spot, and at a lower cost.

Jane Doe @DoeJane34   20 Jun

@1Bank I'm turning 18 and want to open up a checking/savings account what type of documentation do i need to bring?

Expand

One Bank @1Bank   21 Jun

@DoeJane34 Visit one1bank.com to call the local store. They'll be able to tell you what you need to bring.

💬 Hide conversation   ← Reply   ⇄ Retweet   ★ Favorite   ••• More

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Another is the expense: on average, handling an inbound telephone call typically costs a company $6 to $8; an interaction using social media, less than $1.[3] Not every service request suits social media, of course. These channels work best for simpler issues that lend themselves to a full response in writing. But that kind of written communication can be quite fluid: one large retailer joins social-media conversations to offer support and guidance for customers who discuss relevant products or express frustration with competitors' offerings.

How it looks in practice

When a financial-services company pushed ahead with plans to build a social channel, it achieved new levels of collaboration between its marketing and service operations. The chief marketing officer maintained control of the broad social-media strategy. Ownership of the service channel, however, was given to the chief operations officer, with the specific objective of saving money by diverting traffic from the organization's call centers. Together, the CMO and COO chaired a steering

committee overseeing cross-functional handoffs between marketing and operations.

The company selected a group of experienced customer-service agents and tasked them with developing the new service. Leaders realized that balancing two goals—productivity and a satisfying customer experience—would raise the performance bar considerably. They also understood the risks of managing services across an open channel, particularly if customers perceived the interactions to be ineffective. To minimize those risks, the agents chosen for the new roles shared some important characteristics: deep product experience, excellent writing skills, and the ability to act as strong customer advocates. They were given additional training, both on the technical side of social media and on compliance (such as the kind of information appropriate to share in a public channel and when to take a conversation private, either through private digital channels, such as direct messaging on Twitter or e-mail, or through a phone call).

Initial IT investments were kept low. Rather than investing up front in the changes required to integrate social-media channels into the existing service IT infrastructure, the company gave its social-media agents a specialized software tool separate from that system, which they can access when necessary. This not only allowed the company to bring social-media service online faster but also provided a real-world test that could help to shape the development of a fully integrated system down the road.

As this example suggests, realigning customer service for the digital age gives senior leaders a new range of opportunities and challenges. Integrating social customer-care efforts with service operations while also boosting coordination across the full range of social-media functions will probably become an increasingly important part of many companies' strategies for engaging customers. After all, they will only become more insistent that companies hear them out and deal with their problems in the social spaces where they are spending much of their time. o

[1] *2012 State of Social Customer Service Report*, NM Incite (a joint venture between McKinsey and Nielsen), December 2012.

[2] Mike Stenger, "71 percent of businesses use social media for customer service," *Social News Daily*, October 15, 2012, socialnewsdaily.com.

[3] For insights into one sample industry, see Jon Anton and Bruce Belfiore, *Benchmark Report: Best-in-Class Call Center Performance*, Benchmark Portal, October 2012, benchmarkportal.com. Cited industry averages for the cost of calls can vary dramatically, depending on the method of calculation and the variability of other factors—for example, the hourly wage of service representatives.

Gadi BenMark is a consultant in McKinsey's New York office.