



# HOLD<sup>THE</sup> PHONE:

The Future of  
Customer Service  
Work in America



nexxt

A candid look inside the customer service industry reveals the humans on the other end of the phone/computer and shows how speculation about outsourcing and artificial intelligence is leading to fear, insecurity and a potential hiring crisis.

## IN THIS WHITEPAPER YOU'LL FIND:

**WHO...** works in the customer service industry

**WHAT...** they think about their jobs and their future

**WHERE...** challenges/opportunities exist for hiring

**WHEN...** artificial intelligence might take over

**WHY...** all of this is important

... and **HOW** hiring managers can  
do something about it.



**HIRE** SMARTER

nexxt

# YOUR CALL IS VERY IMPORTANT TO US

## Who works in the customer service industry?

If the customer is always right, what does that imply about the person they are speaking with?

The customer service industry is hard work – you're often dealing with frustrated people who want an explanation, an apology, or a refund. (Often times, they want all three.) Brands are only as valuable as their reputation and companies are under intense pressure nowadays to maintain online rankings that can dramatically shift consumer opinion. This puts the customer service representative at the front lines, and requires the right mixture of skill and temperament to survive.

Who would choose to work in such an environment? As of May 2017, there were almost 3 million people employed in the United States in the customer service industry. The majority of these workers (33.35%) fall within business support services (like you'd expect at any company with an order and fulfillment department) and around 14% work for insurance-related agencies. Their daily tasks range from answering customer questions/complaints to managing deliveries and logistics.<sup>1</sup> In short, they are usually the people at the other end of the "Contact Us" button.

Nexxt, a recruitment media company, recently launched a **comprehensive market survey to more than 2,500 customer service workers nationwide** to capture the pulse of the industry right now and get employee feelings on how things like outsourcing and technology might impact the future.

The good news? **75% of survey respondents still believe that customer service is a rewarding field.**

The bad news? Almost the same percentage is looking for a new job.



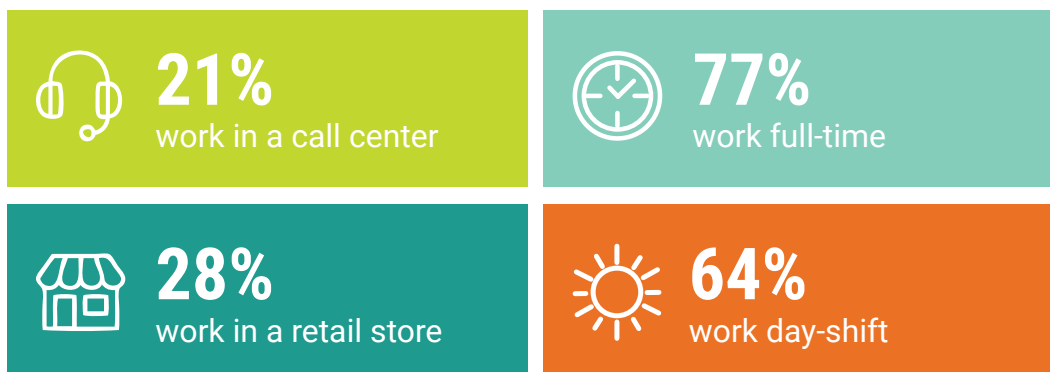
**75%**  
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# WHAT WOULD YOU SAY... YOU DO HERE?

## What is a typical day for a customer service worker?

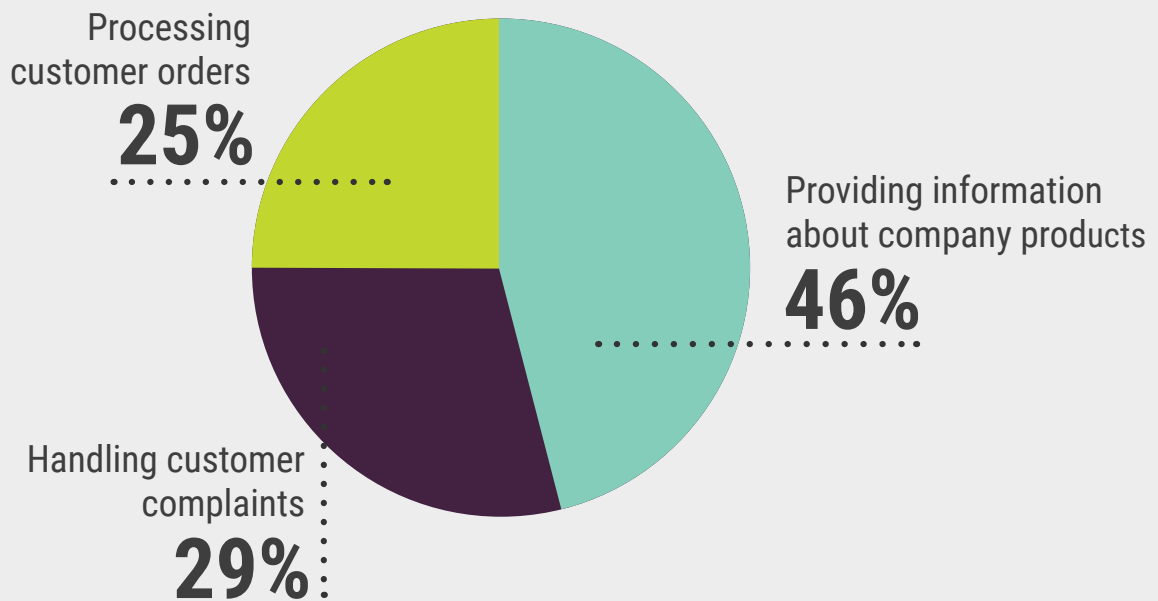
The steady growth of the economy post-Recession has meant more companies popping up, more jobs to fill those companies and more people required to service their customers. According to the most recent Bureau of Labor Statistics data, the customer service industry is expected to grow by about 5% by 2026, which is about average compared to other industries.<sup>ii</sup>

Customer service jobs span almost every industry, but the typical customer service worker follows a similar profile – most have a high school diploma or equivalent, and most receive short-term or on-the-job training. **Among those customer service workers who responded to the Nexxt survey:**<sup>iii</sup>



Over 40% of respondents have worked in customer service for 15+ years, and considering the magnitude of technological and cultural advancements made over that time, it's easy to see why many who are still employed in the industry are wary about what's to come. Today, about 70% of workers interact with customers in-person, and 66% field inquiries on the telephone.<sup>iv</sup>

## HOW DO CUSTOMER SERVICE REPS SPEND THEIR TIME?



About half of those surveyed considered their work in customer service a “job” instead of a “career” – signaling that employees don’t see long-term value or promise in the experience. Among the things people did not like about working in customer service were:

**42%**

reported taking a lot of verbal abuse from customers

**39%**

said there was little opportunity for promotion

**32%**

were frustrated with leadership

Individual feelings aside, there are also some endemic threats to the customer service industry, namely: low pay, outsourcing, and (the 800-lb-gorilla) artificial intelligence.



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# THE ONLY THING YOU HAVE TO FEAR IS... ALL THIS STUFF



## OUT OF SERVICE:

**74%**  
said employers  
are not offering  
competitive  
salaries/benefits

**27%**  
said employers  
are looking for  
less qualified  
workers

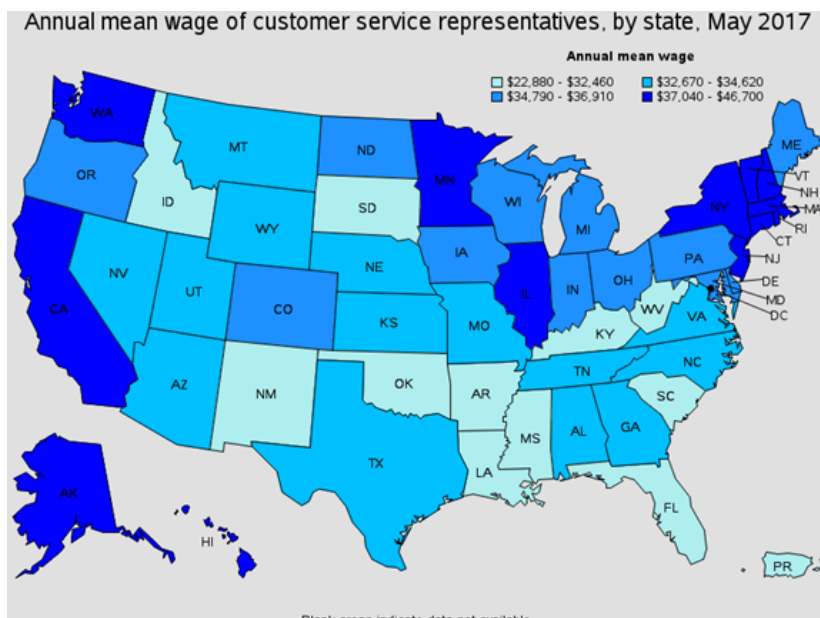
**23%**  
said there are  
not many jobs  
available

# GIVE ME YOUR TIRED, YOUR POOR

## Can customer service workers survive on current salaries?

Customer service jobs rank low on the salary spectrum, which can hurt the hiring/retention process. Many jobs on that end of the pay scale have historically relied on younger or immigrant workers, but increasingly these positions are survival jobs for midcareer folks who have been downsized, especially as the huge baby boomer labor pool flooded the job market and continues to work long past retirement age.<sup>vi</sup>

**The median annual salary for a customer service representative in United States is \$32,890 per year;** however, this can vary widely depending on a variety of factors. (The median hourly wage is \$15.81 per hour.) Since salaries have remained low (and **69% of Nexxt survey respondents feel current salaries are unfair**), there is little incentive among customer service workers to be transient, resulting in potential stagnation as technology continues to improve and makes outsourcing or artificial intelligence more cost-viable.<sup>vii</sup>



Source: <https://www.bls.gov/oes/current/oes434051.htm>

## BEST PLACES TO LIVE FOR CUSTOMER SERVICE JOBS (Based on Salary):

### Washington, DC

- Average Hourly Wage (\$22.45)
- Average Annual Wage (\$46,700)

### Massachusetts

- Average Hourly Wage (\$20.56)
- Average Annual Wage (\$42,760)

### California

- Average Hourly Wage (\$19.50)
- Average Annual Wage (\$40,570)

### New York

- Average Hourly Wage (\$19.47)
- Average Annual Wage (\$40,500)

### Connecticut

- Average Hourly Wage (\$19.38)
- Average Annual Wage (\$40,000)

Source: <https://www.bls.gov/oes/current/oes434051.htm>

# THE INS AND OUTS

## What's really happening with outsourcing?

In a Salesforce “State of Service 2017” report, **54% of consumers and 80% of business buyers said that they expect companies to respond to them in real-time**, which (given the global reach of the internet) puts a tremendous burden on the customer service team.<sup>viii</sup>

As consumers, the internet has conditioned us to expect a fast, convenient, seamless service experience, which doesn't always translate when the ones doing the serving are humans, who need to do things like sleep and eat. This “always-on” response mentality (along with the eternal quest for cheaper labor) has caused companies to look abroad to other countries, including Asia and India, and created the dreaded “outsourcing” threat.

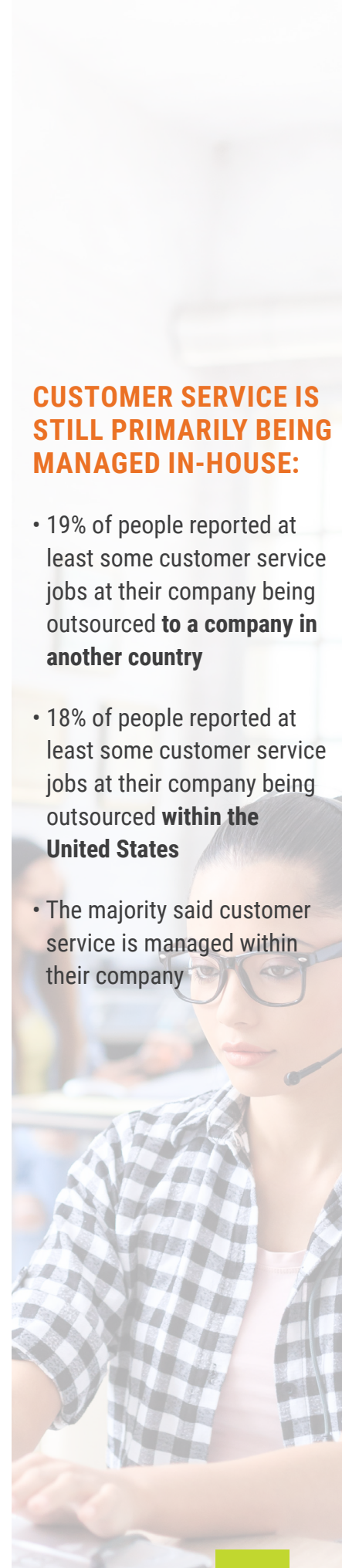
Outsourcing is now one of the main fears for customer service workers, and **60% of those surveyed by Nexxt said they were more worried about being replaced by someone overseas than being replaced by a robot**, which was the fear for the remaining 40%. But of the 2,500+ customer service workers surveyed by Nexxt, only 11% had been let go from a customer service position because it was outsourced.<sup>ix</sup>

These fears of “outsourcing” and “taking American jobs” are very real and understandable but could be overblown. In fact, only 20% of people responded that they believe the outsourcing of customer service jobs will be the largest change in the industry over the next 10 years.<sup>x</sup>

A possible solution to outsourcing? It might just be a lesser known term called “insourcing” – which is when employees from within a company are repurposed or reassigned from a different department to handle customer service duties. **The majority of respondents to the Nexxt survey (84%) liked the idea of insourcing** – with 75% saying that it gives current employees the opportunity to have better career mobility, and 66% thinking that it would be beneficial to utilize employees who already knew about the company process/culture.<sup>xi</sup>

## CUSTOMER SERVICE IS STILL PRIMARILY BEING MANAGED IN-HOUSE:

- 19% of people reported at least some customer service jobs at their company being outsourced **to a company in another country**
- 18% of people reported at least some customer service jobs at their company being outsourced **within the United States**
- The majority said customer service is managed within their company



# I'M SORRY DAVE... I'M AFRAID I CAN'T DO THAT

## Will artificial intelligence replace human interactions?

By the year 2020, the research firm Gartner predicts that customers will manage 85% of their company relationships without interacting with a human.<sup>xii</sup> That's because artificial intelligence that exists now (like high-performing "chatbots" and virtual assistants) will get smarter with each interaction and advance to the point where machines will be able to handle customer inquiries faster, cheaper and more efficiently.

Not a great scenario for the humans currently working in the customer service industry. However, companies will have to manage their expectations of bots if they want them to succeed. If a bot cannot answer an inquiry, then a human agent must be able to easily take over, so as not to sacrifice service quality or create friction for the customer.<sup>xiii</sup>

There are mixed feelings in the customer service community about their potential robot overlords, but **47% agree that job automation will likely be the largest change to their industry over the next decade**, with 52% going further by saying AI will be used to replace at least some elements of human interaction within the next five years.<sup>xiv</sup>

But it's not a complete Armageddon, and there are signs that the future is not quite here yet. In March 2017, Facebook said it was "refocusing" its use of AI after its bots hit a failure rate of 70%, meaning bots could only get to 30% of requests without some sort of human intervention.<sup>xv</sup> **Users expect personalized, human-like assistance from bots — and that's where they fail, at least for now.** And for sensitive situations that need a human input, bots don't work.

### DOES NOT COMPUTE:

- Only 5% of people said they had ever been let go from a customer service position because the job was being automated
- 71% said their company does NOT use AI-powered solutions during customer service interactions
- 51% said customers want to interact with a human
- 23% said AI solutions can't replicate human empathy

Source: Nexxt Customer Service Worker Survey: June 2018

**47%**

agree that job automation will likely be the largest change to their industry over the next decade...

# PLEASE STAY ON THE LINE

## What's next for the customer service industry?

At Google's I/O conference in May 2018, the company made a surprising announcement – **they had launched a new technology for conducting natural voice conversations to carry out “real world” tasks over the phone.** The technology (called “Duplex”) was directed toward completing specific tasks, such as scheduling certain types of appointments like a haircut. For such tasks, the system makes the conversational experience as natural as possible, allowing people to speak normally, like they would to another person, without having to adapt to a machine.<sup>xvi</sup>

Will this be the death knell for customer service jobs? Perhaps, as it's easy to see how that technology could be reverse engineered to answer customer inquiries/problems in a natural way. And it seems that customer service workers may have read the same announcement, **as 67% of respondents to the Nexxt survey said that they are “actively” or “occasionally” looking for a new job.**

But for now, many workers seem to be looking for similar jobs in customer service, **so that's good news if you're a hiring manager.** To best manage this impending migration, Nexxt extracted data on how customer service workers prefer to search for open positions and communicate as candidates.<sup>xvii</sup>



When it comes to job search activities, **74%** use their smartphone to receive job alerts, **69%** search for jobs on their own and **63%** apply to these jobs



**75%** prefer to communicate with a potential employer via email, **71%** via phone and **27%** via text message



**63%** said they would like to receive job opportunities via text message

**Remember:** History is full of stories signaling “end times” for certain industries, and each new technology is christened as one of the four horsemen. But the customer service industry has been around for as long as there has been customers, and it's more likely the industry will evolve for human workers instead of disappear completely. Don't agree? Please contact us and a customer service representative will be happy to assist you.



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## ABOUT NEXXT




Nexxt, a recruitment media company, is a dynamic employment solution catering to the next generation of hiring. For companies and agencies, Nexxt is a full-service recruitment marketing platform, providing a targeted method of sourcing the best people from a broader talent pool. For professionals, Nexxt is an employment solution, powering more than 50 niche career sites to make finding the perfect job easier. Nexxt combines predictive technology with multichannel marketing to a diversified talent network of over 60 million candidates on focused career sites, allowing recruiters and hiring managers to build custom campaigns and efficiently fulfill their hiring needs. To learn more and see what's Nexxt, please visit [hiring.nexxt.com](http://hiring.nexxt.com).

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