CUSTOMER CARE in the DIGITAL AGE

TAKING IT TO THE NEXT LEVEL

By Dick Bucci, Founder and Principal of Pelorus Associates
CUSTOMER CARE IN THE DIGITAL AGE

Growing bottom line profits in a slow growth economy is difficult. Familiar growth levers like innovation and aggressive pricing are quickly matched by competitors. Additionally, the balance of economic power has switched to well-informed consumers who now have high expectations for prompt, courteous, and personalized service. Improving customer service typically means adding more people particularly in customer-facing functions such as contact centers. Every organization, large or small, has a focal point which receives inquiries from customers and other constituents and strives to the best of its ability to resolve these queries. Professional customer service representatives have an outsized impact on customer satisfaction. Therefore, it is imperative for successful organizations to maintain well-trained customer service representatives in sufficient numbers to meet service expectations of its customers.

Based on reports from the US Bureau of Labor Statistics the current median hourly wage for a customer service representative is $15.53 per hour. Add benefits, and the cost for full-time employees increases to $18 per hour. On this basis, labor costs for a contact center with 300 FTE customer service representatives would be approximately $12 million annually. Take this a step further and add in overhead and technology support and the total cost of operating only one contact center could exceed $18 million.
Preference for agent assistance drive costs
Attacking the problem of extending superior service and at the same time controlling costs is addressed through productivity-enhancing software such as workforce planning and performance management systems. However, the low hanging fruit in the service sector may have already been plucked. Annual productivity gains have hovered at around 1% for several years.

In the contact center the primary cost driver is the need for agent assistance. Telephone calls and emails take time. So far efforts to migrate consumers from assisted service to self-service have met with mixed results. The most commonly deployed self-service tool is the interactive voice response (IVR) system. These have been around since the mid-1980s and work largely on a directed dialogue basis. Consumers respond audibly or through touchtone entries to various menu choices. While these devices have always shown a great deal of promise, they are not living up to their potential to sharply reduce live telephone calls. Consumers get confused with the complex menu offerings, sometimes forgetting which choices are available and making the wrong selection. Unable to “backtrack” they quickly zero out to an operator. If that option is not available they go to considerable lengths to find a phone number and make that call. In general, consumers prefer self-service for basic queries and simple transactions but much prefer to deal with other people when the subject of the call gets complicated. Unfortunately, today everything is getting more complicated which is driving companies to expand their contact centers to meet demands for assisted service.

Is it really necessary to grow the labor force to meet customer demands for service quality? The advent of digital options makes it possible to greatly expand the use of self-service while at the same time maintaining customer quality standards. In this paper, we seek to explore the underlying forces which are driving customer experience management and propose a model for leveraging digital channels to dramatically reduce the requirement for assisted service.
Problems With Traditional Self-Service

A study of more than 13,000 consumers by the Customer Contact Council found that callers preferred self-service channels such as the Web (57.7%) over phone-based interactions with agents (42.3%). They just want their questions answered or issues resolved accurately and expeditiously at their initial contact with customer service. Enterprise objectives are also very basic. They want to provide quality customer service at the lowest possible cost. So why hasn’t contact center self-service been more successful? Let’s consider the primary obstacles to broader digital adoption that exist today.

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Lack of Cross-Channel Continuity

Today, consumers often follow circuitous routes to the enterprise. Text messaging long ago surpassed telephone calls as the primary means of communication and everyone over the age of nine has a smartphone. A typical customer “journey” will start with a web visit to scout out available options. Next steps could take several different paths and could occur over different sessions at different times. If the session cannot be completed via self-service, then a phone call or email to a customer service representative will be required. Unfortunately, the friendly agent at the end of the line usually has no knowledge of the prior digital journey, resulting in the need to start from scratch with the customer.

Agents are continuously fed fresh information. They have access to customer contact histories, knowledge bases that are current, and subject matter experts. They will know if there has been a shipping delay or if your cable box is defective. Agents are provided with scripts to help assure that conversations remain on point and statements are compliant with extensive laws and regulations. Self-service systems are separately administered, often controlled by different departments within the organization. Poor administration can lead to unsatisfactory interactions which inevitably result in follow-up telephone calls, and angry ones at that. Newer digital channels can no longer operate in silos.
Impersonal Service

We live in a time when consumers expect personalized attention. The preference for individuality over conformity can be seen every day, in the form of “body art,” fashions, hair styles, entertainment choices, food, and perhaps most important for contact centers – choice of communications channels. Younger generations are showing a preference for a video chat over a phone call or text. Traditional self-service is largely single-purpose. You can order your airline ticket but not at the same time find out where to park at the airport. Human operators know how to roll with the punches. If they don’t have the information readily available, they know where to find it.
Faced with intense international competition and mature markets, organizations seek to grow market share by offering a greater variety of product and service choices. These added selections work well for consumers when interacting in person, but busy schedules often necessitate making contacts by phone, usually of the smart variety. Too often callers are confronted with poorly designed menu trees and confusing navigation patterns.
Inconsistent Service Levels

While 80% of phone calls are supposed to be answered within 20 seconds of reaching the agent’s desk, several hours or even days may elapse before a consumer receives a reply to an email. For some of the newer channels such as text messaging and interactive chat, service levels may not even exist much less be adhered to. Consumers expect a consistent level of service regardless of how they choose to contact the enterprise.
Lack of Integration

Self-service channels such as IVR, email, web, text, and chat are acquired as stand-alone solutions, produced by different vendors and residing on separate servers. There is no central point of administration. It is very costly to tie these systems together so they share resources and provide a unified, consistent service.
Significant Trends

Charting a better path to customer self-service requires that we take a look at some underlying trends that are influencing consumer behavior and driving customer management decision-making.

| Figure 2                                                                
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<th>Five Major Trends in Customer Care</th>
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<td>1. Service as a competitive differentiator</td>
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<td>2. The mobile society</td>
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<td>3. Recognition of the contact centers as a strategic resource</td>
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<td>4. Understanding the customer journey</td>
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<td>5. Growth of digital communications channels</td>
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Service as a Competitive Differentiator

With brand loyalty on the wane and the convenience of the Internet for price shopping, service businesses and organizations are challenged to reduce churn rates while at the same time maintain price stability. Customer care becomes a top priority and delivering superior service is a major point of competitive differentiation. Unlike technology innovations, price reductions, and special promotions; quality customer care cannot be easily replicated by competitors.

The Mobile Society

Today people around the world communicate more frequently from mobile phones than any other communications channel. Smartphones are becoming society’s most coveted personal possession. Worldwide, 78% of consumers have smartphones. Hundreds of thousands of apps make it possible to perform many of the transactions that otherwise would have required a telephone call. Smartphone owners aged 18 to 24 average 67 text messages daily.
Recognition of the contact centers as a strategic resource

Senior management now understands that the quality of all customer touch points is critical to achieving revenue, profitability, and customer care objectives. As the voice of the company, agents are uniquely positioned to strengthen or weaken brand loyalty and corporate image. Residing within the contact center is a vast reservoir of consumer information that can be mined for a deeper understanding of customer motivations and behaviors.

Understanding the Customer Journey

This most basic requirement for improving the customer experience is first to understand it. Customer experiences can be very complex, involving multiple channels and multiple points of contact. Customer-centric organizations are deploying customer journey maps for plotting out the contact points and individual processes consumers encounter when trying to resolve a problem or make a purchase. These “journeys” will vary depending on the purpose of the query. Customer journey mapping helps visualize the many pathways consumers take and help identify roadblocks that can be resolved through new processes, changes in policies, or new technology.
Advances in technology have spawned new digital channels that promise to deliver self-service quality comparable to assisted service. Examples include:

- **Virtual agents** - Also referred to as chatbots, virtual agents use a combination of natural language speech recognition and artificial intelligence to handle complex conversations in free flow form. (Think Siri and Alexa). The system’s short-term memory keeps track of prior conversation flow and long-term memory recognizes callers and remembers facts from previous calls. Virtual agents can run on local computers and phones, though most of the time these devices are accessed through the internet.

- **Mobile text messages** - Originally termed Short Message Service, text messaging is a popular medium for composing and sending brief electronic messages between two or more mobile phones or fixed or portable devices over a phone network. Today 49% of US households are wireless-only and exchange 1.9 trillion text messages.

- **Messaging apps** - WeChat (Asia), Facebook Messenger, and WhatsApp are among a rapidly growing category of digital messaging tools that have reportedly already attracted millions of users. While not yet in widespread use as a communications tool with the enterprise the popularity among social communities will surely drive enterprises to accommodate these channels at the customer service centers.

- **Proactive outbound communications** - Spikes in call volume happen when consumers feel they have been caught off guard with new information such as new return policies, changes in warranty, discontinuation of product lines, store closings, price changes and the like. Winning companies head off these call spikes by proactively sending digital messages that notify customers of the change and provide an explanation. A good example is Comcast. When there is an internet outage, they proactively contact users to head off a flood of telephone calls.

- **Visual IVR** - Visual IVR as a software application that transforms IVR audio prompts into visual menus that appear on computers or mobile devices. Visual IVR reduces the incentive to zero out to an operator, as it is far quicker to read text than to listen to speech. It is also easier for the customer to navigate through multiple layers and to go back a step if required.

The old ways of communicating with the enterprise through telephone calls, emails, and chat sessions are labor-intensive and not in keeping with the preferences of today’s mobile and digitally savvy consumers. The above are a sample of digital communications channels that are available today. More choices and improved functionality are certainly the wave of the future.
Taking it to the next level

Jacada, an innovative producer of contact software, has launched a new Integrated multi-function platform that represents a generational change in design architecture for contact center software. Queries - regardless of form, channel, or device - will arrive at a central reception point where the caller’s intent is confirmed. From that point, the query is directed via Jacada’s Digital Routing Engine, to the resource designed to handle the query and in the mode chosen by the consumer. The result is that digital queries will no longer play second fiddle to voice calls. Digital communications will be processed with the same or superior speed, consistency, courtesy, and accuracy as agent-assisted calls. This will mean a dramatic increase in the share of customer contacts that are completely executed via automation.
The schematic below gives a simplified view of what Jacada refers to as a digital contact hub.

Figure 3
Digital Contact Hub

Proactive Outbound
Lower inbound call volume with *proactive engagement*

Omnichannel Workspace Scripting

Pivot voice callers to the digital channel
*Visual IVR* to lower inbound call volume

Improve Self-Service on the web
Engage digital customers with our *Virtual Agent*
To achieve parity with agent-assisted calls, digital queries will have access to advanced tools such as automated guidance software and Jacada’s patented Visual IVR which leverages the power of smartphones to simplify self-service. The routing engine and self-service applications are all centrally administered so organizations can be confident that the operating system and applications software are all on the same release and administered from a common control point. A centralized data repository captures customer contact history to help assure a personalized response. The scripting engine ensures that outbound communications are consistent, up-to-date, and compliant with rules and regulations.

This notion of a centralized contact hub directly addresses the obstacles to higher self-service adoption we have identified.

<table>
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<tr>
<th>Problem</th>
<th>Solution</th>
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<tr>
<td>Lack of cross-channel continuity</td>
<td>Digital communications transit smoothly among digital resources. There are no language barriers or misunderstandings due to accents. A customer can initiate a transaction over the website, launch a chat session to clarify some questions, revert back to the website to complete the transaction, then seamlessly request text message confirmation – all in one session and conducted over a smartphone. Siloed applications cannot do this.</td>
</tr>
<tr>
<td>Impersonal service</td>
<td>All of the interaction channels share a common information base which includes contact history. Further, the system self-learns new customer data with each additional transaction. The digital interfaces have the same customer knowledge as agents and have faster access. The system also has the ability to head off voice calls by proactively sending important messages to customers.</td>
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<tr>
<td>Complexity</td>
<td>Traditional IVR’s have poor containment rates because of complexity in the design of menu trees and navigation paths. High abandonment rates for IVR and web self-service result in costly calls to the contact center. The new contact hub uses product guidance software to match solutions to unique customer requirements.</td>
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## Solutions to Common Customer Self-Service Problems

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<td><em>Inconsistent service levels</em></td>
<td>Since the contact hub is centrally administered service levels can be established for each communications channel. From the consumer standpoint, it is less important that service levels be the same than that each channel meet expectations and be consistent.</td>
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<td><em>Lack of integration</em></td>
<td>Integration challenges are unavoidable today because communications channels are provided by different vendors. The Jacada approach envisions a single vendor that offers all of the digital self-service options. By definition, they would be designed to play nice with each other.</td>
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## Summary

Extensive research indicates that a substantial proportion of consumers actually prefer automated customer service, but it has to actually work. In this paper we have outlined many reasons why customer self-service has not been as successful as anticipated. Self-service technology has not kept up with the changing consumer preferences for digital communications channels and devices. Further, the tools that are available are often produced by different vendors and are not tightly integrated. Jacada's initiative to launch a totally new vision of customer service technology, whereby a centralized hub collects, reviews, and intelligently distributes queries to self-service functions, promises to overcome many of the obstacles that have yet to be resolved and thereby offer very substantial savings to the enterprise.
About Pelorus Associates

Dick Bucci is Founder and Principal of Pelorus Associates where he specializes in contact center technologies. Dick has authored fourteen in-depth market research reports on workforce optimization applications and numerous articles and white papers. Prior to founding Pelorus Associates, he was a senior sales and marketing executive with leading vendors and value-added resellers. Dick has over 30 years of experience in telecommunications and is one of the most widely published and widely quoted analysts in the contact center industry.

About Jacada

Jacada Inc. enables organizations to deliver effortless customer self-service and agent-assisted interactions by implementing cutting-edge mobile, smart device, and web-based visual IVR solutions, as well as optimized agent desktops, and business process optimization tools. Customers can benefit from an improved customer experience at every touch point with the organization, whether at the contact center, on the mobile, the website, or at the retail store. Most Jacada deployments provide a complete return on investment within the first three to seven months after deployment. Founded in 1990, Jacada operates globally with offices in Atlanta, USA; London, England; Munich, Germany; and Herzliya, Israel. More information is available at www.Jacada.com.