A Custom Technology Adoption Profile Commissioned By Microsoft

The Mandate For Intelligent Customer Service

Exceptional Customer Interactions Deliver Quantifiable Value

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Introduction

Customers' expectations for service have risen to include a seamless and consistent customer experience regardless of which communication channels or touchpoints they use throughout their journeys. Customer service organizations, once considered cost centers, are increasingly tasked with leading the charge to deliver differentiated customer experiences — but the prevalence of disparate applications and data silos for different touchpoints makes it almost impossible for companies to deliver upon customer expectations. The result? Increased operational costs, customer dissatisfaction, and churn.

Enterprises must transform their service operations to deliver differentiated service experiences that keep their buyers satisfied and loyal to their brand, ultimately leading to increased company revenue. The steps along this journey include first unifying agent desktops, processes, and knowledge and then applying an overlay of service intelligence.

In December 2015, Microsoft commissioned Forrester Consulting to evaluate how customer service strategies are changing in the age of the customer, what is driving new initiatives, and how companies are overcoming challenges to meet increased client expectations.
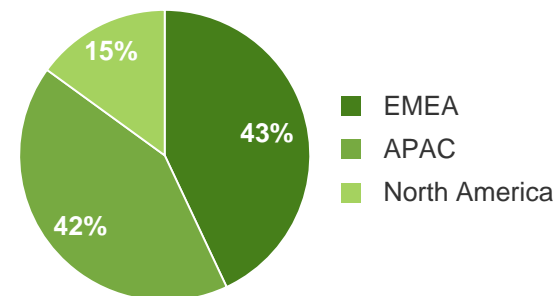
How many contact center agents work at your company?

› 49% with 200-399 employees
› 51% with 400-500+ employees

353 business decision-makers responsible for customer service at enterprises in North America, EMEA, and APAC.

- 43% EMEA
- 42% APAC
- 15% North America

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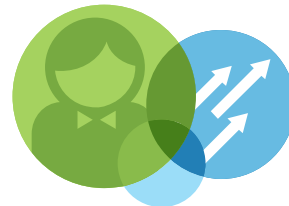# The Mandate For Intelligent Customer Service

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Better Customer Experiences Are Now The Top Customer Service Priority

Top initiatives driving customer service strategy are no longer centered on cost containment; instead, they are focused on delivering better customer experiences:

› Fifty-eight percent of businesses prioritize increasing satisfaction metrics such as customer satisfaction (CSAT) and Net Promotor Score (NPS).[1] Fifty-three percent prioritize deepening relationships with customers, and 49% are focused on personalized service experiences.

Better customer experiences correlate to increased customer loyalty, topline revenue, and shareholder value.

› Poor customer experiences incur costs and brand erosion due to customer defection, an increased number of contacts per resolution, and negative sentiment.

"Which of the following are the top initiatives driving your customer service strategy?"

Increase customer satisfaction metrics	58%
Deepen customer relationships	53%
Improve tracking to enable personalization	49%
Improve customer value metrics	48%
Improve customer self-service	44%
Deliver differentiated support based upon customer value	43%
Decrease time to resolution	43%
Increase the number of engagement channels	39%
Decrease cost per resolution	35%

Base: 353 business decision-makers responsible for customer service in North America, EMEA, and APAC
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, December 2015

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Customer Expectations For Good Service Have Risen

Customers want an accurate, relevant, and complete answer to their question upon first contact, personalized to their situation. According to our study, businesses are taking heed of these rising expectations:

› Enabling seamless omnichannel service is the top focus area to improve customer experience.

› Delivering consistent customer service across channels, locating information to answer customers' questions across all sources of content, and enabling customers to use multiple channels in the course of a single interaction will have the largest impact in delivering a seamless customer experience.

Quick resolution of issues, personalized relationships, and a diverse array of service channels are among the most important pillars of a customer service interaction.

"Which of following attributes do you consider most important to a customer service interaction?"

▪ Ranked No. 1 ▪ No. 2 ▪ No. 3

Attribute	Ranked No. 1	No. 2	No. 3
Effectiveness: the ability to resolve customer service issues	31%	16%	18%
Relationship: use of history to strengthen customer relationships	23%	17%	17%
Availability: the availability of multiple service channels	16%	19%	21%
Ease: ease of use of various service channels	11%	13%	12%
Consistency: a consistent experience across channels and devices	7%	10%	12%

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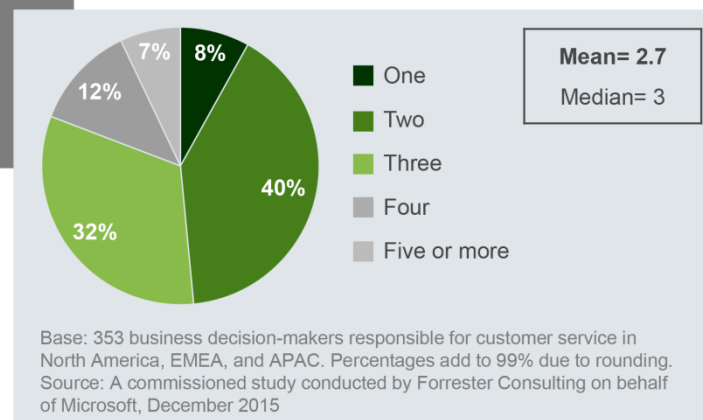OVERVIEW   SITUATION   **APPROACH**   OPPORTUNITY   CONCLUSIONS

1 2

Siloed Applications Hurt The Customer . . .

Companies are hampered by legacy technology and processes that keep them from delivering service excellence. Too often, this leads to ad hoc technology implementations without a clear tie back to the holistic customer experience strategy. The effect on customer experience includes:

› A fragmented experience for customers who use an average of 2 to 3 channels per service inquiry. This fragmentation is compounded by the inaccessibility of information across channels.

› A collapse of the overall customer experience and an increase in operational costs as customers restart their conversations with agents at each new channel.

› Customers receive a fragmented experience who have to use two to three channels per service.

"More than two-thirds of customer experience leaders say that their firms aim to differentiate based on customer experience, but more than half of respondents lack a customer experience strategy." [2]

"On average, how many channels do your customers typically use during the process of solving a single inquiry?"

Pie chart:
- One: 8%
- Two: 40%
- Three: 32%
- Four: 12%
- Five or more: 7%

Mean= 2.7
Median= 3

Base: 353 business decision-makers responsible for customer service in North America, EMEA, and APAC. Percentages add to 99% due to rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, December 2015

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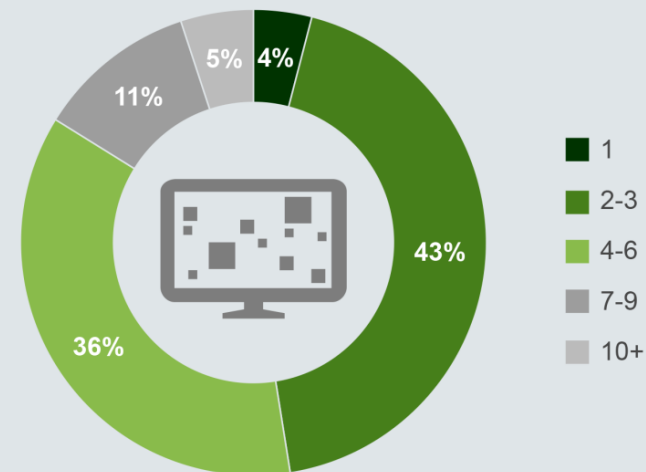## . . . And Impede Effective Agent Service

Only 4% of companies are able to solve an inquiry with a single application. Siloed applications cripple agents and prevent them from providing differentiated service.

› Agents lack history of customer interactions, which would allow them to personalize interactions and provide relevant advice.

› Unintegrated applications and an increased number of desktop applications result in complexity and decreased agent effectiveness.

› Increased handle times and decreased productivity ultimately lead to customer dissatisfaction.

Battle fatigue, induced by context switching, results in less productive agents who are less apt to make a human connection with their customers.

"How many discrete desktop applications do your agents access to solve a typical customer inquiry?"

- 1
- 2-3
- 4-6
- 7-9
- 10+

4%
43%
36%
11%
5%

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Businesses Look To Invest In Tools That Provide Intelligent Customer Service

Enterprises understand the economic value of providing differentiated customer experience. As companies invest in technologies, they must keep the following in mind:

› The importance of empowering customers to receive service on their terms over their preferred channels, which are increasingly trending toward self-service.

› Supporting customers through their end-to-end service journey and delivering contextual service experiences. To this end, our study found that enterprises are further investing in analytic tool sets (51%) and Internet-connected devices (50%)

Fifty percent of companies are investing in each self-service offerings and additional engagement channels.

"Which of the following customer service offerings do you plan to invest in over the next two years?"

Analytic tool sets	51%
Internet connected devices as part of the service resolution strategy	50%
Customer self-service offerings	50%
Additional engagement channels	50%
Knowledge management capabilities for agents	44%
Agent enablement tools that help agents	44%
Field service offerings	39%

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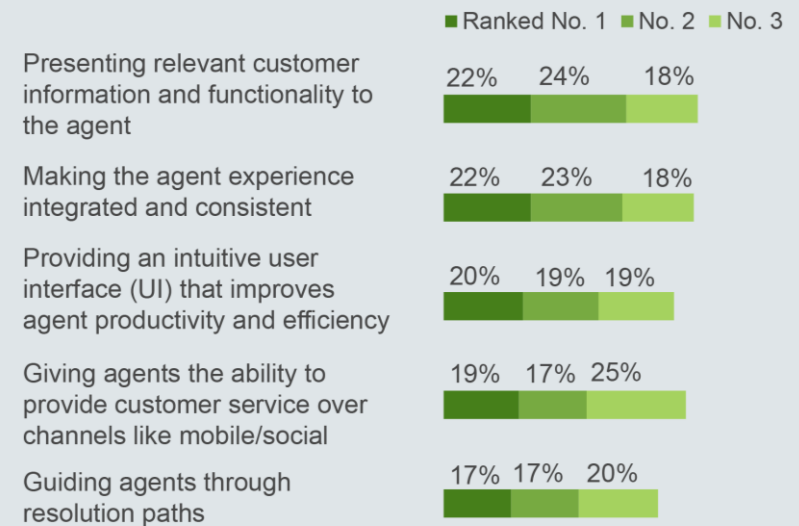# The Mandate For Intelligent Customer Service

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Top Requirements For The Empowered Agent

Enterprises are focused on empowering agents to deliver better service experiences. They are cleaning up the agent desktop, seeking tools that present relevant customer information and functionality to the agent at the point in the process where they are needed. This provides the agent with important details about past interactions in order to offer personal experiences, along with an intuitive user interface (UI) that improves agent productivity and efficiency.

"What are your top priorities when you are considering updating your agent desktop applications?"

■ Ranked No. 1 ■ No. 2 ■ No. 3

	Ranked No. 1	No. 2	No. 3
Presenting relevant customer information and functionality to the agent	22%	24%	18%
Making the agent experience integrated and consistent	22%	23%	18%
Providing an intuitive user interface (UI) that improves agent productivity and efficiency	20%	19%	19%
Giving agents the ability to provide customer service over channels like mobile/social	19%	17%	25%
Guiding agents through resolution paths	17%	17%	20%

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Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, December 2015

Conclusion

Changing consumer behavior is forcing companies to redefine the experience that they deliver to their customers. Customer service operations are at the heart of this transformation. Customer service is no longer just a "cost center." Instead, it has the potential to be a powerful brand differentiator for companies that get it right. Designing a successful strategy requires an outside-in approach driven by customer demands for effective and personalized omnichannel interactions rather than traditional operational efficiency metrics.

Unfortunately, disconnected silos of information impede ideal service delivery. To transform their operations, organizations must unify their agent desktops and customer service channels, standardize their knowledge and processes to provide consistent and effective experiences, and leverage service intelligence to personalize interactions. Companies that follow these steps will reap the rewards: Great customer experiences have quantifiable business value as measured by customer retention, increased lifetime value, and advocacy.

Endnotes:

[1] Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

[2] Source: "The Path To Customer Experience Maturity," Forrester Research, Inc., December 30, 2014.

METHODOLOGY

To create this profile, Forrester Consulting created a custom survey of 353 decision-makers at the customer service director level and above at companies with a minimum of 200 contact center agents/representatives. Respondents were based in China, France, India, Germany, Australia, the UK, and the United States. The custom survey was completed in December 2015.

Project Director

Mark Brozek
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