



Automation and the Human Touch: Measuring and Implementing the Appropriate Approach

A paper for CCA Industry Council



CCA INDUSTRY COUNCIL

CCA Industry Council drives the industry's research agenda by interacting to ensure research approach, debate and output provides the pathway for the future in terms of new thinking and strategies from across all sectors.

An initial meeting was held where 30 leading players from industry debated 'Changing the Rules'. From this debate it is clear a need has been established to create 'Beyond Operational Efficiency' - a new vision for how customer contact centres should be repositioned within organisation, placing the customer at the heart of the business.

Industry Council consists of an exclusive group of representatives from leading organisations who are committed to providing this input whilst themselves benefiting from a unique package of leading edge research, networking, government influencing opportunities and profile within industry as 'Leaders of the Future'.

Expert academic and private sector facilitators will draw on leading edge debate and invite participation from other recognised research houses and agencies to engage with Industry Council to ensure the group deliver leading edge analysis.

As the independent professional body, CCA partner with leading organisations and groups to access relevant research and information for the development of the Industry Council. CCA's vision is for contact centres to be repositioned within organisations to reflect the increasing complexity and competitor challenges arising from the dominance of this channel.

CCA are indebted to the efforts of the Foundation Partner Group who have formed the backbone of activity in taking forward the development of the CCA Standard[©] and creating the vision for CCA Industry Council. These organisations across all sectors, both public and private, each have a significant impact on the contact centre market-place.

FOUNDATION PARTNERS



Foreword from Rob Pike, Chair of CCA Industry Council



For many years it has been predicted that automation would lead to a rapid decline in voice traffic to the contact centre. Although later than expected there is now hard evidence that the reduction in agent or 'human' calls is not only taking place but gaining momentum. Trends from some large US banking organisations indicate that customers are extensively using IVR and natural voice as part of their customer contact offering, with the majority of transactions completed within the automated system.

Traditionally the pattern from US is followed by the UK, which would suggest that this trend may well be adopted by the UK customer sooner rather than later. However, much of the recent press in the UK has been focused again on customer dissatisfaction with contact centres, specifically in using automated services. If it's true, why does the customer feel frustrated using automation or are organisations not presenting the technology in the most appropriate way? Evidence from the US suggests that the use of natural voice has increased satisfaction for many.

These issues have considerable implications for how we take customer contact to the next level as automated services are used more frequently, and often demanded, by customers. Therefore they need to be effective and efficient from both the business and customer perspective. The role of customer contact centres is becoming increasingly about access and support, and the ability to deal effectively with more complex enquiries as the simpler transactions are completed in the automated route. The challenge for business today is to not only listen to the voice of the customer in terms of design but also to ensure the customer is educated and guided appropriately in all methods of contact to facilitate a positive outcome and enhance experience.

The fourth in a series of research papers exploring the changing face of customer contact this paper discusses how self-serve technology can be used effectively and the impact of its increased use on the role of the agent. The ultimate goal, of course is maintaining the 'human' element whilst implementing the appropriate response for your customer.

We are indebted to the work of CCA Foundation Partners who have been the catalyst of CCA's evolution to Customer Contact Association in 2006. Their dedication has helped create CCA's Industry Council, a unique think-tank which is challenged with finding solutions to ensure that the customer is placed at the heart of an organisation's operations.

We would like to extend our grateful thanks to CCA's Research Council for again providing very insightful findings into this critical issue.

Rob Pike
Chair, CCA Industry Council

Rob is Director of Operations, Ulster Bank Group and European Consumer Finance at the Royal Bank of Scotland

Introduction

The latest quarterly Research Council report looks at the future of voice calls and the impact that speech recognition technology, and other channels, is having on call numbers and customer satisfaction.

The impetus for the research from the CCA Industry Council was the news that two large American banking organisations are now extensively using IVR and speech recognition as part of their customer contact offering. The first receives 750m calls per annum of which 85% are completed within the IVR. The second organisation receives some 245m calls per year of which 80% are completed within IVR.

- What does that mean for the 'traditional' voice-led call centre?
- What response is required from the contact centre to meet the changing needs of the customer?

This quarter we have 5 excellent and well-researched papers from Cap Gemini, CM Insight, Gallup, Intersperience and Dimension Data, which make key points about the questions above:

- The definition of IVR is broadening beyond the well-established call routing, and applications of touch-tone and simple speech recognition, to include advanced speech recognition and natural language technologies such as used by TrainTracker (which can mitigate against the much disliked queuing of calls).
- Improvements in natural language recognition rates, design tools and standards are accelerating the adoption of speech recognition which has reached a breakthrough point in terms of usability.
- These traditional and particularly the newer applications of IVR can improve customer experience. However, the key criteria for the success of IVR is the customers' ability to accomplish goals rather than the technology per se.
- The pace of change can be expected to grow as the economic influence of younger consumers, or the M-Age, drives demand for self-service interfaces.
- The role of customer contact is increasingly about Access and Support. The former is about making it easier and faster for customers to contact organisations through multi channel and the latter is about helping customers with complex issues.
- The role of normal human voice will shift towards the difficult, emotional and detailed calls. This will mean fewer but longer calls. Focus on recruiting the best agents who engage with customers and regular feedback and coaching will sustain future voice call interactions.
- The major improvements in IVR technology through speech recognition and natural language techniques, is just one opportunity among a range of multi channel applications demanded on various occasions by customers.
- Education and guidance for consumers is vital to the successful adoption new self service technologies.

- Overall, there are significant opportunities to review customer contact management. Much of this is around driving down call numbers, lowering costs of interaction. But significantly, the chance to improve customer experience through shorter turnaround times, improved call outcomes and 'One & Done' programmes also exists.
- Lastly, the role of contact centres in determining the brand perceptions of organisations is set to grow. This means having a holistic approach to all customer contact, rather than simply 'bolting on' a new speech recognition capability. All channels need to be measured and linked to a central customer database to provide a joined up customer experience.

'Meeting the Multi-Channel Challenge'

'Maximising value – minimising cost – meeting expectations'

Prepared by Mike Havard, CM Insight



1. Introduction

To date two assumptions have dominated all discussion about multi-channel service provision. First, that a telephone call answered by a live agent will always be the customer's preferred means of contact. Second, that an organisation's decision to provide service by any other channel is a trade off in which customer service quality is compromised in the interests of cost savings.

According to Mike Havard, Managing Director of customer management consultancy, CM Insight, these assumptions are both false and dangerous. By failing to embrace multi-channel service provision, he says, companies risk alienating their existing customers and limiting their future sales and service horizons.

If the adoption of new channels is a compromise it's one no sensible organisation would ever be prepared to make. There's an increasing body of research which suggests that 'good service' has a greater impact on customer loyalty than a superior product or a competitive price; that customers are most likely to be influenced - for good or ill - by the direct, personal interactions they have with the organisations that serve them than by the marketing efforts designed to seduce them. For an increasing number of organisations customer service is a vital differentiator on which their commercial success depends; a key element of their business strategy, which they would compromise at their peril.

2.1 Big News - Customers Want Channel Choice

But the big news is this; there's further evidence to suggest that today's customers consider channel choice to be a vital component of a good service strategy. They relish and expect to have choices about how and when they make contact and will make those choices according to a number of criteria, including location, time of day plus the type and urgency of the help they need.

If you're in your office looking for the time of the next train to Doncaster you'll likely go to the National Rail Enquiries web site to find it. If you're in the back of a taxi on your way to the station, you'll probably call their

speech automated TrainTracker service on your mobile phone. If you're planning a complicated rail-tour holiday, with several changes and overnight stops, you might prefer to talk through your options with a contact centre agent. All three are valid options, ideal for different times and tasks, and National Rail Enquiries' customer service offering would be weakened if any of them were absent.

Today's customers judge the quality of an organisation's customer service on the basis of availability, choice and the speed at which they can get their issue resolved or transaction completed. According to a recent report by Genesys, they are "comfortable with and impressed by" multi-channel access options. They simply want the best route to a solution, on their terms.

First Direct, which appears to have revolutionised the public's view of banking, has become one of the most admired service companies in the UK and - a fact their competitors have good reason to envy - wins one in three of its new customers through word of mouth recommendation. If the soothsayers are right, and multi-channel is an inevitable service compromise, First Direct's success, appears to be counterintuitive; 75% of all its customer contact and 40% of all its sales are made via electronic channels.

Voice calls represent the lowest contact volumes for First Direct:

- *Every 2.5 seconds someone phones First Direct*
- *Every second someone logs on to First Direct internet banking*
- *Every 5 seconds a First Direct customer recommends them to someone else*

First Direct's success as a customer service provider is mirrored by its commercial success. Rates of customer acquisition have increased 21% year on year for the last three years.

2.2 When to talk - balancing service, cost opportunity and customer expectation

It's clear that First Direct's service strategy is making good sense both for its customers and its bottom line business performance. There's no question that the traditional contact centre agent is an expensive service option to retain. The average cost of handling a telephone enquiry is around £6.50, while an email costs only £3 and a typical cost-per-interaction via an automate self service channel is around £1 or less. By making alternative channels available and encouraging customers to use them First Direct is not only improving customer access, but massively reducing its operating costs.

The challenge for today's organisations, then, is complicated but compelling. First, they must understand their customers' expectations for service availability and performance. They must also evaluate the cost of each channel deployment in light of the opportunity for business value that can be derived from the interactions it will carry. If this is to be achieved, the data analyst's arts of customer intelligence and market segmentation must be leveraged beyond the isolated domain of the marketing department and applied to the operation itself.

Given that virtually any transaction is cheaper to complete via an electronic rather than a human channel, it makes obvious sense to encourage as many straightforward, low value transactions onto electronic channels as possible, reserving expensive contact centre agent resource to deal with highly complex interactions or those where the ability for human interjection - to cross sell a new product or service, for example, or to actively combat a possible defection - is highest.

In recent work we were able to help Virgin Money review the way it dealt with clients requesting significant cash withdrawals or account closures. Our aim was to understand and prevent the reasons for customer churn and take action to prevent it. In doing so we helped the Virgin Money maintain significant funds under management that they considered to be 'at risk'. In a six month period the company was able to retain business in 10% of cases where clients had requested withdrawals. This would, clearly, not have been possible if the withdrawal procedure was fully automated and there

was no opportunity for the agent to intervene or influence the customer's decision.

In every organisation there are calls of this type; where the maintenance of human contact is highly desirable and its loss would place business at risk. The trick is to identify them and plan accordingly.

Keep human contact when:

- *Interaction complexity is significant, eg, within bespoke banking or medical environments*
- *Activity may signal defection - eg, large cash withdrawals, account closures in financial services*
- *Emotional content is high - eg, life insurance claims*
- *When the service includes a consultative aspect - eg, luxury holiday planning*
- *Where personal service is a key brand differentiator within premium propositions.*

2.3 The 24 hour Society

In today's '24 hour society' consumers fully expect to be able to check their bank balance at midnight, buy books and clothes in the small hours and to register a complaint at whatever time of day their rage is greatest.

Organisations would be wise to take this non-stop expectation as the starting point for their service strategy. While 24 hour service is likely to be economically unachievable using agents, it is easily achieved using the web or the increasingly sophisticated automated channels - both touch-tone IVR and speech automation - that have now proven their validity in numerous mass market implementations.

Automated self service also wins in the customer satisfaction stakes by negating that most hated call centre phenomenon; the queue. Automated telephone services give direct access to help even during the most dramatic call peaks. Hardly surprising, then, that recent research has revealed that 62% of companies using speech automation have seen an increase in customer satisfaction as a result.

There's a strikingly powerful example of this in the utilities industry. Northern Ireland Electricity is one of a small number of power companies using automated speech services to handle the enormous and unpredictable call peaks that occur during power cuts. At a time when normal contact centre resources can expect to be swamped, they're able to manage every call without delay and provide detailed service restoration information for each caller's actual location, determined by their telephone number. The attention of their contact centre agents, meanwhile, is focused on caring for those customers whose special needs - health or otherwise - make them particularly dependent upon electricity supply.

The ingenuity underpinning this service won a nomination in the 'Best Use of Technology' category of the 2006 European Call Centre Awards for Northern Ireland Electricity and its providers, Eckoh and Twenty First Century Communications.

42% of all businesses report that they've either already deployed or are deploying their first speech recognition application. 62% of those who say they've deployed speech say they've seen customer satisfaction increase and 89% say they've achieved ROI within 12 months of implementation.

3. Make it consistent

It seems certain, then, that a multi-channel strategy is a pre-requisite for customer service success in today's society. Furthermore, it is evidently possible to encourage customers to use particular channels for particular objectives, according to their needs and those of the business. The remaining challenge is to deploy channels with a degree of interconnectedness that will guarantee a consistent experience for the customer and high levels of business opportunity for the organisation.

Customers will be slow to forgive any provider that's unable to make connections between the interactions they make on line, via the contact centre, by email or by even by old fashioned snail mail. This means, of course, that information from every customer interaction must be centrally captured and made available to every channel. Email confirmation of web-based customer orders, or prompt postal fulfilment of an online brochure request, are obvious examples of functionally joined up behaviour.

However, the point at which interconnectedness is hardest to achieve - and most painful when absent - is at the contact centre coalface. If and when a customer speaks to an agent, that agent needs to be forearmed with information about recent interactions that customer has had via any channel.

This calls for a level of synchronicity between technology applications and marketing skill that few companies have yet achieved. The ability to gather information in customer databases is the starting point and depends purely upon the application of the right IT systems. The ability to organise it efficiently and access it intelligently in ways that enable relevant service to be offered and cross sell opportunities grasped calls for significant marketing input and skills.

The much admired credit card giant Capital One and Amazon.com score highly in this regard. Both have discovered an ability to collate customer information and make it universally accessible across their organisations so that the service experience is seamless across channels. But, vitally important from a commercial point of view, they've developed the means to interrogate that customer information intelligently and use it to develop individually targeted sales propositions which can be delivered direct to the customer over a range of channels.

When, for example, a customer calls to check their credit balance, or conduct some other routine transaction, Capital One's systems get to work. First they identify the caller and make the relevant customer information available to the person who'll take the call. More importantly though, it uses sophisticated data analysis systems to interrogate the exhaustive information held about the whole customer base and uses that to predict the products or services that this particular customer with their particular track record and profile might be likely to buy. The agent is then prompted to make a cross sell offer with the confidence that the chances of success are high. The same sales opportunity, based on the same analytics, may, of course, be used in direct marketing across any channel, perhaps most powerfully, email or web.

In this regard Amazon excels. Its web sites use collaborative filtering techniques to guide customers towards items they might enjoy, based on the buying patterns of the entire customer base.

4. **Balancing the brand**

But consistency isn't all about information. It's about the brand and the way it's presented in the multi-channel environment. We've already indicated that high customer experience quality is a valuable source of differentiation which companies - particularly those in commoditised and highly price competitive markets - are keen to exploit. In our experience the customer experience is most impactful when it reflects rather than contradicts the organisation's brand values; a logical conclusion if one accepts that the brand is the point at which an organisation's sense of itself and its competitive difference is most clearly defined.

That means not only that 'look and feel' must be consistent across visual channels - printed materials, written communication and web - but that the language and stylistic approach used must be the same across all verbal (live agent or automated) and non-verbal channels. If marketers, rather than customer service managers, are custodians of the brand, their involvement in planning and delivery is a pre-requisite for success.

We've demonstrated through work with numerous clients, including Virgin, Abbey, BSKyB, Toyota and Nectar, that brand values can be translated into conversational behaviours which can be implemented in the contact centre. The same linguistic styles and approaches can also be used in automated speech services and in written communication. As part of its 2003 re-brand, for example, Abbey worked with us to revise the content and linguistic style of all of its customer letters. The resulting communications were more concise, clear and tonally upbeat.

"Brands will no longer be built largely through advertising, but instead through behaviour - the behaviour of the organisation at each point at which the consumer is engaged." Susan Baker, Co-Director of New Marketing Research, Cranfield University

5. Measuring Value

Finally, the relative monetary value of each channel is relatively easy to monitor on the basis of cost per transaction; lower, as we stated earlier in this paper, in all electronic channels than in the live agent contact centre environment.

The rewards will be greatest if the introduction of cheaper service channels sees calls to the contact centre decrease. When a new channel is introduced, the first and most obvious success measure is adoption - do customers use it and do they come back for more. Calls to TrainTracker, Eckoh's automated speech service for National Rail Enquiries, cited earlier in this paper, rose to over 225,000 calls per month early in its implementation, with 30% of callers rapidly becoming repeat users.

Measuring long term success is more challenging but, ultimately, more rewarding. You will judge your channel strategy successful if, in its whole and its component parts, it delivers a long term increase in customer transactions and a boost in loyalty as service costs decrease. Alternative channels have a contribution to make on both sides of the financial scale; reducing cost to serve and improving revenue performance.

If the real challenge facing customer service strategists today is how to simultaneously maximise customer value and minimise cost to serve, then the judicious use of alternative channels presents the most potent source of potential. As customers become hungry for more options and access it's a potential they can't afford to ignore.

Mike Havard is Managing Director of CM Insight, a leading customer management consultancy that generates tangible business value for clients by transforming their customers' behaviour; encouraging them to spend more, remain loyal and provide the advocacy that delivers business growth. CM Insight has carried out multi-channel projects for clients including Abbey, Alliance & Leicester, BSKyB, Powergen and TXU and several government departments. Contact Mike on 44 (0)1932 268100 or email mike.havard@cm-insight.com.

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