Future Technology:
Customer Contact in the years to 2012

A paper for CCA Industry Council

CCA INDUSTRY COUNCIL

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

An initial meeting was held when 30 leading players from industry debated 'Changing the Rules'. From this debate it is clear there is a need 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.

The 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 establishing their profile 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 has a partnership 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 Global Standard© and creating the vision for CCA Industry Council. These organisations from all sectors, 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

During the past 18 months CCA Industry Council has looked at many key questions facing the contact centre industry. Several topics have been covered, from getting the DNA of the customer into the boardroom, to understanding the impact of automation on the agent. We have carefully considered the impact of change with the able assistance of the Research Council.

For this quarter, we set out to answer the question "is there an iPod equivalent for the customer contact industry?" In doing so, we were conscious that there may not be something as significant as the iPod in customer contact, but an exploration of key technology changes is the first step in understanding how the future might develop.

Our time horizon being the next 3 to 5 years, we wanted to understand what technological developments have the potential to impact end-to-end customer contact. Obvious areas include front-end channel interface, workflow management and scheduling, database management and analysis, networks and virtualisation. We also sought to share learnings about successful deployment of new technology in customer contact and also to remember the changing customer.

The results of our debate and the contributed papers have centred on how people communicate with a company, how they are handled, and followed up by the organisation when the call gets through. The first is all about what external channels of communication the organisation provides and the second is concerned with the quality and level of support provided to agents and web-based processes.

Although we have not (knowingly!) identified the equivalent of the iPod for customer contact, we have established that the future is already here in terms of technology. Advanced contact centres today are using the technologies, such as IM and voice analytics, which the majority will be using in five years time. For the director needing to develop strategy, I'm sure the papers will provide useful guidance and advice.

Once again we are indebted to the work of CCA Foundation Partners who have been the catalyst of CCA's evolution to become the present day Customer Contact Association. Their dedication has helped create CCA 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 Research Council, which has been strengthened with the addition of Ipsos-MORI and Ventana, 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

Sharing the Spoils: Why future technologies must benefit all stakeholders

Prepared by Claire Emes and Luigi Di Lena, Ipsos MORI

Ipsos MORI

Abstract

In recent years, organisations have made considerable investments to embrace the opportunities that technological advances offer. Developments in customer contact technology have historically been driven by cost savings, but too often these cost savings have come at the expense of reduced customer service. With the growth of the internet and the power it has transferred to consumers, much more than in the pre-internet era, poor service means poor business.

Customer contact agents' needs also warrant attention. Introducing a technology which also offers benefits to the agent (such as more flexible working practices) and is applied effectively is likely to result in better employee engagement and retention, resulting in gains for both customers and the business.

Consequently, over the next five years, the most successful organisations will develop technologies which align cost savings with the needs of customers and employees creating a fairer exchange of value. Technology still has to be managed, however, and businesses will have to ensure that they integrate technologies in order to provide a seamless service. They also need to bear in mind that many customers still prefer 'classic' channels of communication.

Please your customers to please the business

Over recent years organisations have invested considerable sums in customer contact technologies. The driving force behind most of these developments has been cost savings, but often these immediate benefits to the organisation have come at the expense of reduced customer service. When prompted, almost all call centre users have some criticisms of their experiences (97%[i]). One of the most annoying aspects of call centres, mentioned by 38% of users, is being routed through complicated response systems and presented with lots of automated options. This suggests that automation is one such technology that runs the risk of benefiting the organisation to the detriment of the customer.

Why does it matter? Organisations want customers to have a good experience when they contact them for a number of reasons. Firstly, customers will only carry on contacting companies via call centres, web pages and other cost effective methods of servicing if they perceive there to be benefits for doing so. Secondly, any form of customer contact is a key 'touch-point' for the brand. People remember these 'moments of truth' in their customer journey, and negative experiences are more likely to be mentioned than positive ones[ii]. These experiences affect their attitudes

towards the brand in general and their likelihood to stay with the company, purchase more of its products or use more of its services. Moreover, it is likely to influence what they say about the organisation to others.

Via the internet, customers are now able to share customer service experiences and have at their fingertips the information they would need to switch to other suppliers. In December 1997 just 7% of people used the internet at home and 15% owned a mobile phone; by December 2006 three-fifths of people had home internet access (58%) and mobile phone usage had increased to 85%. This has been accompanied by a change in the way we communicate, with social networking via technology becoming one of the foremost changes in society. An illustration of how this growth in technology has empowered consumers is Dell's recent recall of 4.1m laptop batteries after a customer posted on his blog a video that showed one of its computers bursting into flames. More than a third of those with access to the internet in Great Britain say that they have chosen not to purchase a product as a result of comments on the web from customers or other private individuals (36%)[iii]. The widespread use of websites such as *MoneySupermarket.com* and *uSwitch.com* has also made it easier for customers to compare companies and switch suppliers, complicating customer retention. Now, much more than in the pre-internet era, poor service means poor business.

Consequently, the most successful organisations will develop technologies which align cost savings with customer needs and, where possible, increase value to all stakeholders rather than trading-off value between them. Online check-in provided by airlines is an example of this. Through online check-in, passengers are able to log onto the airline's website, choose a seat and print off their own boarding passes. The airlines save money, reducing the amount of time needed to process operations, and customers are given more choice as well as saving time by avoiding check-in and boarding queues at the airport. Similarly, Sony has been able to provide fast and accurate answers to their PlayStation 3 customers at low cost by using web self-service software to build self-sufficient customer community forums, where users can easily share their knowledge and aid each other. Sony is able to answer 96% of online customer enquiries automatically and reports that 47% of all customer enquiries are now handled via this self-service software[iv].

Engage employees, they are crucial to the process

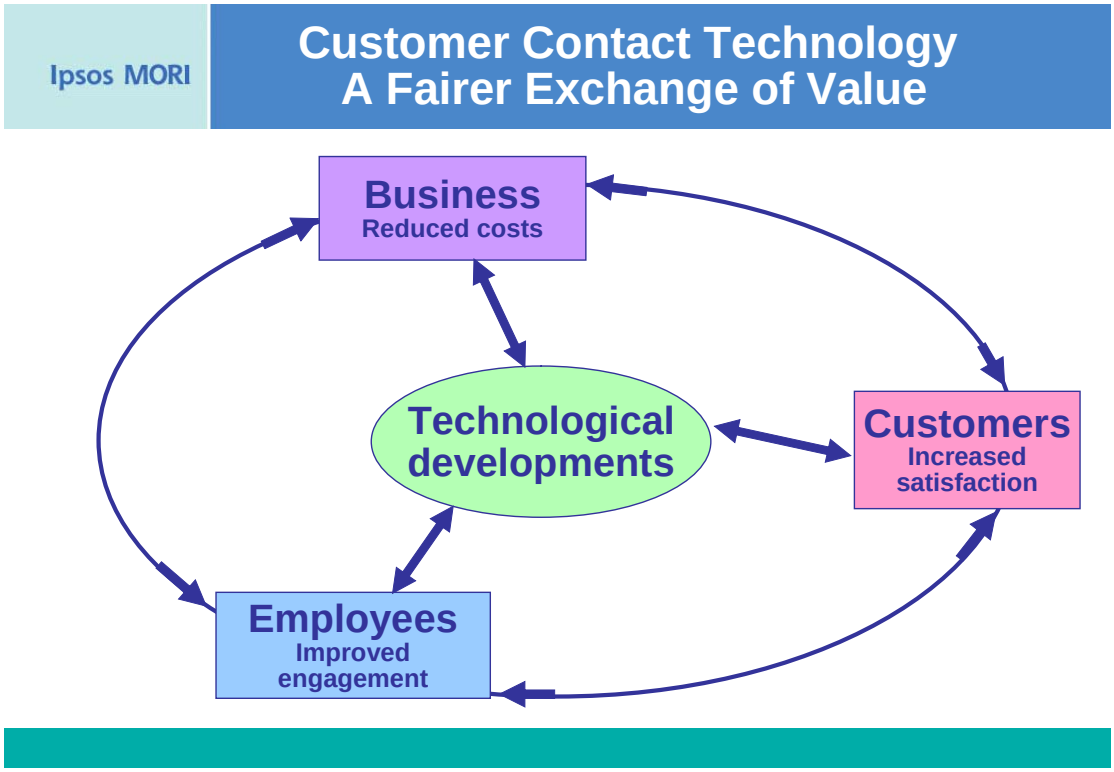
Customer contact agents' needs also require attention when considering new technologies. In most cases, technological advances will only succeed if supported

by skilled and enthusiastic agents: automation needs to be backed up by real agents, web pages need moderating (even those driven by customer content like the PlayStation 3 example), and the avatars manning contact centres in virtual worlds like Second Life need operators.

When a new customer contact technology is being introduced agents become increasingly important, with them acting as important facilitators guiding customers through change. This is a critical point in the customer journey which needs careful management. At the same time agents face the challenge of having to familiarise themselves with the new systems. It is therefore essential to invest in training so that agents are fully supported; otherwise the benefits of this new technology to all stakeholders are likely to be diminished. Whilst the role of a customer contact agent may be changing, we are a long way off no longer requiring them at all. In fact we will probably *never* reach an agent-less situation; as long as there are processes, there will be real or perceived system failures, and as long as there are things going wrong, customers will want to share their frustrations with other humans.

If customers turn to the internet more and more for customer service needs, the number of interactions they have with customer service agents is likely to reduce. Therefore, each time there is an interaction it will be increasingly important that agents are engaged and do a good job. These interactions will not only be more precious due to their rarity but they are also likely to be more complicated or sensitive with routine information easily available online.

Investing in a technology which offers benefits to agents (as well as to the organisation and customer) is likely to result in better employee engagement and retention, resulting in further gains for customers and the business.
Consequently, there should be a fairer exchange of value between the business, customers and employees to realise the full benefits of future technologies:



A fairer exchange of value - a framework for evaluating new technologies

So, how does understanding this framework of a fairer exchange of value help organisations decide which technologies to invest in? When considering new technologies, some basic analysis should be performed to evaluate the costs and benefits for each of the key stakeholder groups. That is not to say that there should be a strict set of rules or a formal recipe. Nor should it be expected or even necessarily desired that all three stakeholder groups will benefit equally from any new technology. It is simply recommended that, before investing in a new technology, the impact on each of the stakeholders is considered and that attention is paid to how these costs and benefits are shared out. The table below is a simplistic example of such an analysis covering a range of customer contact technologies. It is not comprehensive but meant as a starting point. It is important to note that, whilst many organisations will see broadly similar costs and benefits from implementing a particular customer contact technology, there will be some variations due to local issues. Each organisation should therefore conduct its own analysis, which would ideally involve some form of consultation of employees and customers.

		Company	Customer	Employee
Interactive Voice Response (IVR) *Automated telephone system*	Positive	Likely to result in cost savings - reduced time agent is on the phone	Customer may benefit from reduced time on call if regular user of a particular service or only requiring basic information. Could result in lower prices	Deal with fewer routine enquiries, making job more interesting
	Negative	Indirect - May result in reduced customer satisfaction	Customers may be frustrated by automated responses and find it difficult to navigate options. 38% of callers feel that being routed through complicated response systems and presented with lots of automated options is one of the most annoying aspects of call centres	Could result in reduced head-count with automation replacing some of the tasks previously conducted by agents. May have to deal with customers frustrated by automated responses
Voice Over Internet Protocol (VOIP) *Voice communications transmitted over the internet*	Positive	Significant savings on cost of calls	Could mean savings on cost of calls for customer too. Could result in lower prices	Opportunity for more flexible working
	Negative	Initial investment. Potential reliability issues	Potential issues with reliability and call quality	Potential issues with reliability and call quality
Speech Analytics *Automatic analysis of speech to extract useful information about the content or the speaker*	Positive	Likely to reduce costs by optimising agents' time in recognising the most relevant calls. Provides a tool for analysing recorded calls to provide agent with right feedback Analysis is done automatically, so can analyse more calls, more cheaply than if done manually. Helps identify issues quickly and can be used for cross-selling, marketing etc	Improved experience - agent likely to have a better understanding of their issue and to be able to empathise with them. Could result in lower prices	Provides real-time (or near real-time) detailed information about customer to help improve service
	Negative	Initial investment in technology and staff training. Still a relatively new technology, so teething problems common. There is potential for subversion by customers	Could be seen as invasive.	Closer scrutiny by management. Could result in reduced head-count e.g. Continental Airlines eliminated three full-time equivalent positions due to investing in a speech analytics solution
Video Calls *Customer and agent can see each other during the call on a video*	Positive	May result in more efficient communication (by adding visual element) - many benefits of face-to-face meeting with the cost savings of telephone	Enriched experience - able to communicate more effectively face-to-face. Being able to see the agent represents a priority for customers - 18% of call centre users said that one of the most annoying aspects of using call centres is not being able to speak to someone face-to-face	Improves communication - can demonstrate things visually to caller and visa versa, particularly useful for technical problems. Easier to empathise with callers
	Negative	Significant investment required for technology and staff training. Implications for the type of agent required - presentation more of an issue. Increased exposure of agent has risks	Need to have webcam - in October 2006 just 8% of broadband households were using webcams or video calls but the number is growing as webcams are relatively inexpensive. Potential issues with quality	Perhaps gives the customer more power vis-à-vis the agent. May find it harder to multi-task with customer watching. May require more training
Virtualisation *Ability to transfer calls throughout an organisation including to geographically dispersed contact centres*	Positive	Offers the opportunity for more efficient management of resources across the organisation - flatten out localised peaks. Potential to reduce overheads if agents work from home	Could result in improved customer service because agents more engaged	Opportunity for more flexible working practices e.g. home-working
	Negative	May be harder to monitor, control and train dispersed agents. Significant reorganisation required - major change in operation. Security issues involved with personal data being held outside company premises	Could result in a deterioration in customer service because agents not as closely scrutinised	Lack of office environment - may feel isolated. May not be able to refer to supervisor as easily
Web chat/Instant Messaging *Real-time time or near real-time communication using an instant messaging (IM) internet application*	Positive	Cost-effective method of servicing customers. Can encourage customers to add to content (e.g. PlayStation 3 forum). May help engage younger customers	May be a preferred channel for customers contacting companies while at work or with sensitive issues as it is more subtle than telephone. Could result in lower prices	Eliminates accents
	Negative	Still a significant minority of customers who do not have access to the Internet and some who do may not like to communicate this way. Issues with security surrounding transactions	May be concerns over security of personal information	There is a danger with written communication that there will be misunderstandings. Harder for agents to empathise with customers
Voiceprint security *Using measurable characteristics of a human voice that uniquely identifies an individual for authentication*	Positive	If used instead of security questions, would result in cost savings - reduced time agent is on the phone. If used in addition - added security	If used instead of security questions, will save time	If used instead of security questions, will save time on these low value interactions
	Negative	If used instead of security questions, there will be concerns over security	If used instead of security questions, there will be concerns over security. Some may be concerned about privacy, may not like organisations holding their 'voiceprint'	If used instead of security questions, the shorter calls may result in reduced head-count, though still require agent for more complex interaction
Contact centres in virtual worlds (e.g. Second Life) *Contact centres on the internet manned by avatars*	Positive	At the moment companies are deriving PR value from operating in Second Life	Enhanced experience - some of the benefits of a face-to-face interaction. Fun and different way of interacting	Enhanced experience - some of the benefits of a face-to-face interaction. Opportunity for more flexible working practices e.g. home-working
	Negative	Need to train staff. At present, will only reach a small proportion of customers: there were just 72,000 Second Life 'agents' in the UK in March 2007. There are questions over how successful it will be	Remains a virtual rather than real interaction	Will require training.

It is important to remember when conducting this analysis that whilst each of the stakeholders should be covered, they should not be considered in isolation as there are clear interrelationships. Customers not only interact and exchange value with the business but also between each other (which is increasing due to digital networking) and they may also be employees of the company or perhaps suppliers or investors. The nature of the relationship has changed from one-to-many (company – individual customers), to one-to-one (for example the Dell and Amazon approach to mass customisation), to the complex many-many relationships we see today with

customers networking with each other extensively and dividing their loyalties between several different companies even in the same category. The complexity of stakeholder relationships needs to be taken into account when evaluating future technologies.

Don't leave people behind

The extent of the change we are likely to see over the next five years should not be exaggerated. Despite the developments in telecommunications, the importance of the 'classic' communication channels remains high and is likely to remain so until at least 2012. Organisations have to take into account the significant proportion of people, almost two-fifths, who still do not use the internet (37%). This figure is much higher among certain sections of society; 64% of those in DE social grades and 79% of those aged over 65 do not have access to the internet. Even among groups where the internet penetration is highest (AB social grades and those aged under 45) a fifth do not have access to the internet[v]. Further, our research suggests that the rapid trajectory in the growth of the internet has just about peaked for now, and internet access will continue grow, but very slowly. It may take a generation for significant further growth to take place, as people growing up with it or taking it on in middle age replace the now older generation[vi].

In addition, there remain certain interactions for which some customers will never consider using the internet, despite having the capability to do so. For example, a quarter of those who have access to the internet say that they would never consider using it for arranging financial products (26%)[vii] and typically only around 10% of people choice to contact their local council online.

Invest in integration, not just ever more technologies

The proliferation of contact channels brought about by advances in technology and the need to retain some of the classic methods of contact means an important challenge for the future will be the integration of these channels. Some organisations might integrate by allowing customers to choose from a range of contact methods for any particular interaction. Other organisations might see integration as an opportunity to recognise the strengths and weaknesses of different channels, promoting a particular channel for each type of interaction.

Just as it is necessary to consider stakeholders when deciding which technologies to invest in, it is also essential to consider stakeholders' needs when integrating and applying these technologies. If this is not done, problems may emerge not due to

inherent flaws in the technologies themselves but due to unanticipated interactions between different technologies upon integration, or between the technology and the people using it.

Conclusion

It is not revolutionary to propose that businesses need to worry about the needs of many stakeholders. And it would be unfair to suggest that businesses have not always been sensitive to the needs of their employees and keen to provide good customer service. But when making decisions about generating value in the past, the imperative to reduce costs has often carried more weight for the business than the need to improve employee satisfaction and to provide outstanding customer service. In the future, the most successful businesses will avoid investing in technologies or practices which simply trade off benefits between stakeholders, and will focus their efforts on strategies which increase the total value for all.

Claire Emes, Associate Director, Ipsos MORI Loyalty. Claire read Philosophy Politics and Economics at Oxford University before joining Ipsos MORI in 2003.

Luigi Di Lena, Research Executive, Ipsos MORI Loyalty. Luigi read Business Studies at Nottingham Business School before joining Ipsos MORI in 2007.

Ipsos MORI Loyalty specialises in helping organisations understand, grow and nurture loyalty. Ipsos MORI research helps its clients enhance their business performance by creating strong relationships with their customers and employees.

For further information contact:

Claire Emes

E: claire.emes@ipsos-mori.com

T: 020 7347 3063

References

i. *Attitudes towards Call Centres* – research conducted by Ipsos MORI, September 2004
ii. *Making Touchpoints Count* - presented by Gailynn Nicks of Ipsos MORI at European Customer Management World conference, 15 May 2007
iii. *The Business Impact of Blogs* - article by Gareth Deere of Ipsos MORI, www.ipsos-mori.com, 21 November 2006
iv. *Sony Answers Playstation 3 Customer Enquiries With Transversal,* Transversal press release, 21st March 2007
v. *Technology Tracker* – research conducted by Ipsos MORI, December 2006
vi. *Just Who Does the Internet Reach?* - article by Bob Worcester of Ipsos MORI, www.ipsos-mori.com, 18 March 2007
vii. *Ipsos MORI Financial Services Omnibus* – research conducted by Ipsos MORI, July-December 2006

Cost: Members - £150
Non-Members - £200

CCA | 20 Newton Place, Glasgow, G3 7PY | Tel: 0141 564 9010 | Fax: 0141 564 9011 | Email: cca@cca.org.uk

www.cca.org.uk