NRG+ | THE NORTHRIDGE GROUP

The State of Customer Service Experience

Executive Summary

Providing excellent Customer Experiences is essential to the survival of all businesses, but it can be difficult to understand the nuances of how interactions with a company impact customers both positively and negatively.

Equally important are the customer service and experience actions and investments made by a company's leadership, proactively and in response to consumer sentiment and/or feedback.

Customers look at their experiences with a company as a combination of all the contacts they make across channels to resolve their issues. Companies that learn to deliver a seamless, personalized experience across all channels will have a competitive advantage.

To find out what customers really think about the experiences they have interacting with companies and to determine whether their impressions are in sync with what the leaders of those businesses perceive about the level of service they provide, we conducted parallel surveys with customers and business leaders.

Part II: Business Investments vs. Customer Preferences

Section I: Investments in People and Processes

- + Does where we work impact how we work?

- + Contact center associates want to work from home; Customers say ok, but many business leaders don't.

- + The Experience Gap: Businesses score themselves higher than consumers do!

- + Training is a high priority for business leaders and customers alike.

Section II: Investments in Technology

- + Smart investments in the right contact center technologies prove critical for maintaining and improving the Customer Experience.

- + Live agent chat is making inroads with customers; It should be considered an investment priority.

- + IVR & Automatic Callback: Contact center technologies with great potential when done right.

*This is the **seventh time** The Northridge Group has conducted a **"State of Customer Service Experience"** study and the fourth time we have surveyed business leaders. Our report provides insights that business leaders can use to improve the Customer Experience at their organizations.*

Investments in People and Processes

Does *Where* We Work Impact *How* We Work?

Before the COVID-19 pandemic, almost all contact center associates worked strictly in contact center offices. When the pandemic hit, most associates were sent home to work remotely. This arrangement worked out better than anyone expected.

Today it is exceedingly difficult to get associates to go to a contact center five days a week because they simply don't have to anymore. Companies that required associates to return to the office full-time have experienced notable attrition.

Workers have had the upper hand in the current job market, so discontinuing remote work for contact center associates may be a costly decision for employers. Offering permanent hybrid or remote positions may be the smart way for employers to attract high-performing associates and offers the greatest defense against attrition.

> *One of the most important elements to this whole dynamic is **understanding how to measure and monitor productivity and quality** in remote, hybrid, and on-site environments.*

Contact center associates want to work from home? Customers say "No problem!"

Now that working remotely has become commonplace, it's no surprise that customers don't object to customer service associates working from home.

47% of customers knowingly **spoke with a contact center associate working from home**

72% said this **did not impact** the agent's ability to resolve their issue

Northridge's Quality Monitoring specialists have also observed that some customers respond positively to associates working from home and may even engage in personal conversation around it. As long as contact center associates are able to resolve a customer's issue to their satisfaction and do so in a timely manner, the location seems to be less important in the eyes of the customer.

NORTHRIDGE **SUCCESS STORY**

Optimized training, Quality Monitoring, and Workforce Management (WFM) are all vital to delivering excellent customer service experiences. A contact center assessment that focuses on all of these can help improve the live-agent experience for customers.

We recently helped a leading consumer retailer improve its contact center performance with an operations redesign. Our recommendations resulted in a **20%-point** improvement in their Net Promoter Score (NPS), as well as long-term WFM investment strategies for staffing, training, and metrics.

Business leaders not aligned with customers or their associates when it comes to work from home policies.

Offering contact center associates the option to work from home or to work on a hybrid basis increases the chances of recruiting and retaining top talent, yet many companies are planning to bring contact center associates back to the office full-time.

While **37%** of businesses offer permanent remote work for contact center associates, our research indicates that more than one-third of businesses plan to go back to working full-time on-site.

These employers may have trouble recruiting and retaining good talent. Employee attrition is costly so companies should carefully evaluate the pros and cons of mandating full-time onsite work. It may be a mistake in some cases.

Surprisingly, they expressed less concern about recruiting and attrition. Only **29%** of business leaders reported that recruiting was a big concern and only **25%** of business leaders reported that attrition is a big concern. That may change if/when they return to full-time onsite work models.

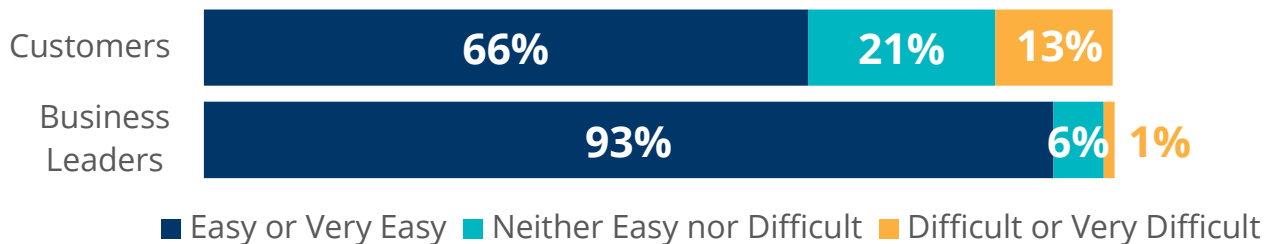**37**% of businesses offer **remote work**

34% of businesses plan to go back to **on-site work**

The Experience Gap: Businesses are not scoring as well as they think with customers when it comes to Customer Experience.
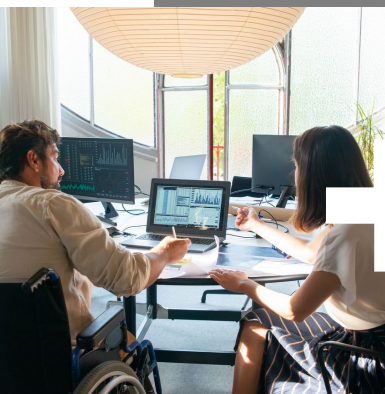
93% of business leaders surveyed believe their companies make it easy for customers to resolve their issues, only **66%** of customers felt this way in return.

The response speed associated with live agent chat offers businesses the opportunity to shift volume to a channel that provides them with higher productivity at a lower service cost. However, this channel will only be popular with customers if it allows them to quickly and effectively solve their problems. Many companies aren't there yet. More must be done to provide customers with quick and easy paths to issue resolution.

How easy is it for customers to get their **customer service inquiries or issues** handled efficiently?

	Easy or Very Easy	Neither Easy nor Difficult	Difficult or Very Difficult
Customers	66%	21%	13%
Business Leaders	93%	6%	1%

■ Easy or Very Easy ■ Neither Easy nor Difficult ■ Difficult or Very Difficult

✚ NORTHRIDGE SUCCESS STORY

A **Fortune 25 healthcare insurer** partnered with **The Northridge Group** to conduct an end-to-end assessment of their Capacity Planning and Workforce Management (WFM) processes, with the goals of lowering operating costs, improving customer service, and enhancing employee satisfaction.

We identified opportunities for increasing visibility to true staffing requirements, improving accuracy of Full-Time Employee (FTE) "net lines", consolidating queues, maximizing resource utilization effectiveness, and implementing call handling metric outcomes.

Our recommendations resulted in an estimated **20%** reduction in overtime and **25%** reduction in new hires; a **6%** increase in agent utilization for call handling; and the identification **of $52M-to-$74M** in cost reduction opportunities.

Customer service training – a high priority for customers and business leaders.

Customers and business leaders agree that <u>training</u> for customer service representatives should be a high priority.

When asked about their customer service investment priorities, more business leaders chose training than any other customer service investment (except for 24/7 customer service availability). Interestingly, customers ranked these same two areas--24/7 availability and better training--as the top investments they believe businesses should make, but in reverse order.

Service Availability and Training Rank as the
Top Two Investment Areas for Performance and Experience

BUSINESSES				CUSTOMERS
24/7 customer **service availability**	01	01	Better **training** for customer service representatives	
Better **training** for customer service representatives	02	02	24/7 customer **service availability**	
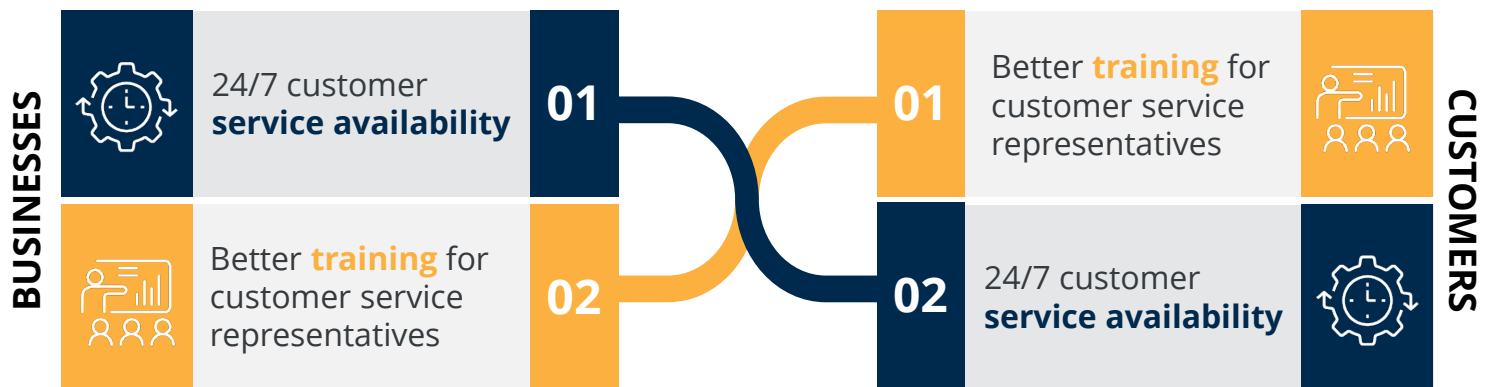
While business leaders believe their company already has appropriate training and learning management systems in place, **92%** of business leaders would like to provide additional training to their customer service representatives, with soft-skills training being the top area of investment and/or improvement at **29%**.

✚ NORTHRIDGE **SUCCESS STORY**

Providing training to supervisors as well as associates can drastically impact the Customer Experience in situations where a live associate is interacting with a customer. We partnered with a Fortune 100 telecom company to provide a <u>coaching development program</u> for contact center supervisors to quickly drive transformational results. Within six weeks of coaching, Voice of the Customer Representative Satisfaction improved by more than **4%** overall, and by more than **10%** for a supervisory team targeted for improvement; the company's First Contact Resolution (FCR) percentage also increased by **40 basis points**.

There are a myriad of connection points between your business and the end customer, and while your contact center associates may not be the first point of contact, there is no doubt they are the most important.

In my experience working with large contact center operations, we see that managers often lack the time and resources needed to properly evaluate associate performance--it's why they bring in outside Quality Monitoring experts who can objectively assess the situation and offer honest, practical insights and recommendations for improvement.

Lisa Butler
Managing Principal, Service Delivery

The Quality Monitoring process involves both the collection and mining of data from a company's customer calls, emails, chat, and social media – ideally combining it with other company data to derive insights from deeper in the organization. While this process varies slightly by industry sector and company size, I've found the most complex and nuanced Quality Monitoring programs are often tied to the healthcare industry.

Health insurance providers handle calls from both members and providers and are required to meet specific compliance standards and contend with extensive regulations to maintain state contracts. Third-party Quality Monitoring teams that are trained in the complexities of the specific regulations are best suited to help insurance providers monitor the performance of associates.

It is critical to pinpoint the areas that contact center associates need to improve on so they can be rectified. When data is collected across multiple channels and deciphered, the story it tells can be used to improve associate performance and enhance the Customer Experience.

Investments in Technology

Smart investments in the right contact center technologies prove critical for maintaining and improving the Customer Experience.

Our research indicates that customers are quite willing to embrace contact center chat technologies as long as the process can quickly, efficiently, and consistently solve their issues.

Interactive Voice Response (IVR) technology is a solution that presents infinite possibility for improving the overall Customer Experience, routing calls efficiently, reducing hold times, and connecting customers to the right contact center associates the first time around. The key to making this all work--and where we almost always see it go awry--is in its initial set up and configuration. Put simply, poor IVR implementation can wreak havoc on the Customer Experience.

Automatic Callback is another technology that has been highly touted for its potential to improve contact center wait times and provide a better Customer Experience. Its success hinges on its reliability and that your customers trust that it works.

*These foundational technology systems should be complimented by **a host of new and emerging contact center technologies**, including AI and machine learning, chatbots, virtual assistants and voice, among others.*

Response versus Resolution: Live agent chat is making inroads with customers.

While live agent chat and phone remain statistically tied for the fastest response times, an increasing number of customer issues are being resolved through the chat channel.

Compared to just a few years back, our latest research shows chat increasing by **7%** when it comes to issue resolution. For a sizable portion of businesses today, this means that customers are finding chat to be the fastest way to both elicit responses and solve issues, when compared to other customer service channels. This mirrors what our experts are seeing in the marketplace today, indifferent of company size or industry sector--live agent chat is going to continue to grow, and companies need to evolve their investment strategy to factor in the role of chat.

■ Chat with Agent   ■ Phone Call

Fastest Response

2019	66%
	68%
2022	72%
	73%

Fastest Issue Resolution

2019	18%
	61%
2022	25%
	54%
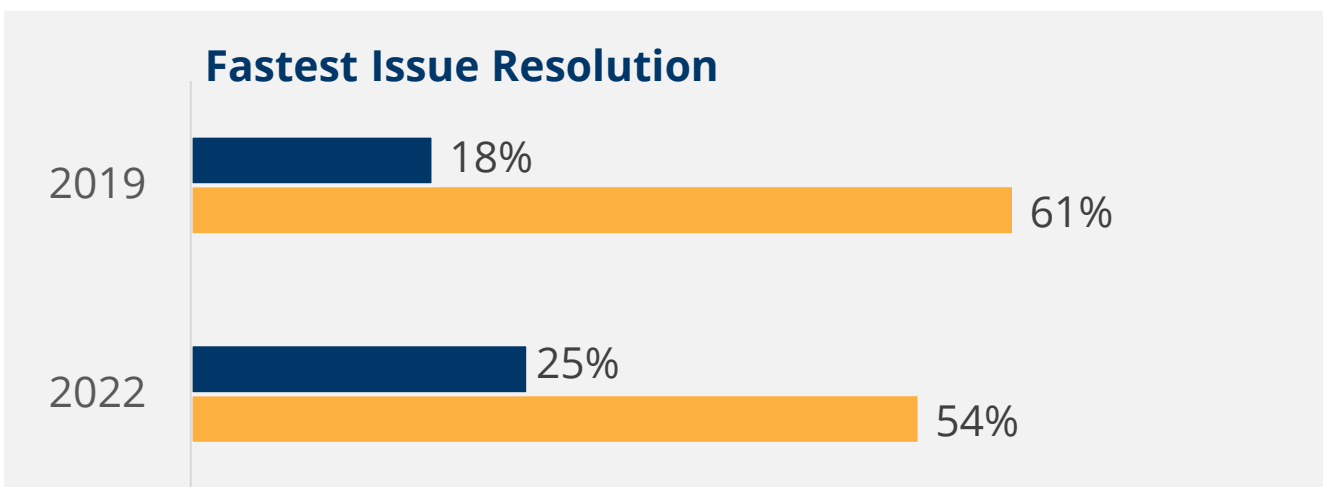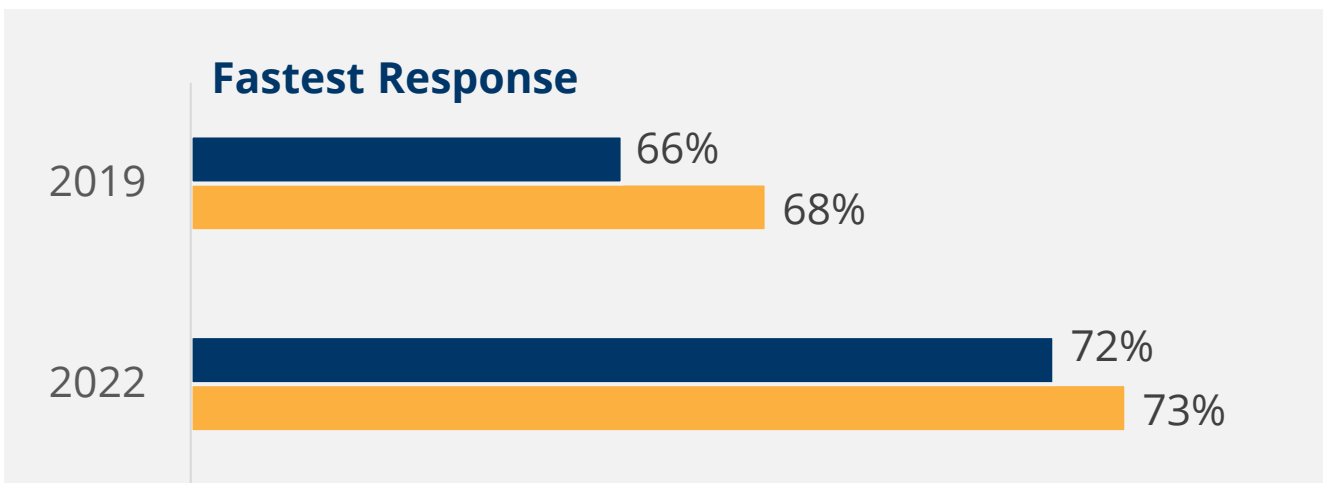
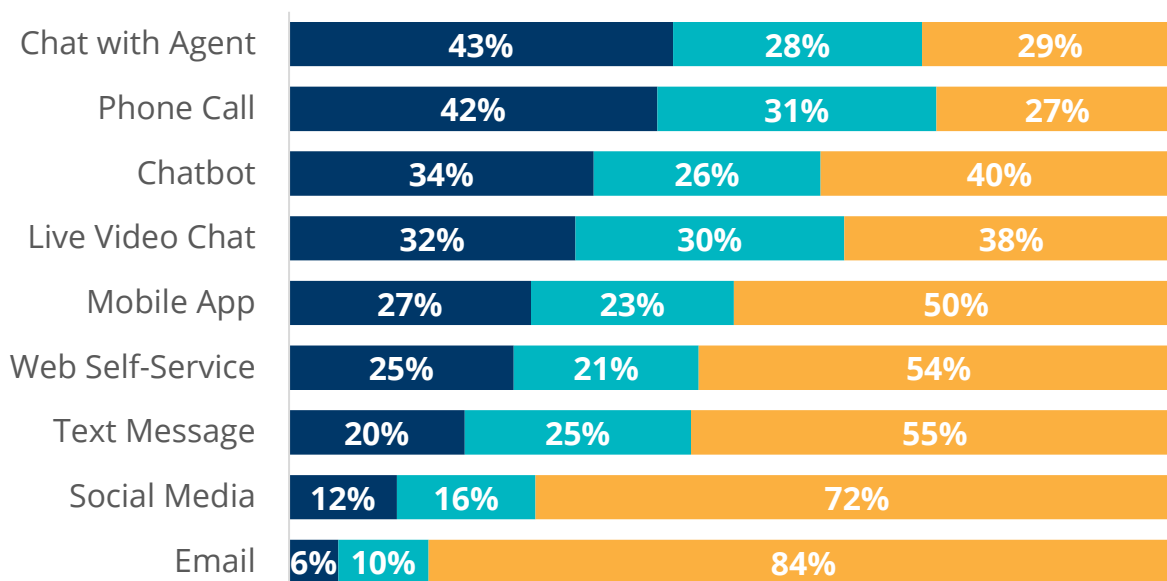# Live agent chat should now be considered an investment priority.

Our research indicates that customers want companies to prioritize investments in chat and social media. The beauty of live agent chat is that it offers customers the human touch along with the likelihood of quick issue resolution. At the same time, it provides businesses with higher productivity at a lower cost than phone calls.

Businesses are starting to recognize the importance of access to live agent chat.

+ In 2019, only **40%** of business leaders reported that their company offered any type of chat (live agent or chatbot).

+ Today, **62%** of business leaders claim their company offers live agent chat.

Customers and businesses alike are increasingly gravitating to the live agent chat service channel, which we believe has the potential to deliver better efficiencies and experiences for all.

Chat with Agent has surpassed the phone as the fastest route to issue resolution

	Within Minutes	Within an Hour	A Day or More
Chat with Agent	43%	28%	29%
Phone Call	42%	31%	27%
Chatbot	34%	26%	40%
Live Video Chat	32%	30%	38%
Mobile App	27%	23%	50%
Web Self-Service	25%	21%	54%
Text Message	20%	25%	55%
Social Media	12%	16%	72%
Email	6%	10%	84%

Speed of Issue Resolution - Customers' Perspective

■ Within Minutes   ■ Within an Hour   ■ A Day or More

A Tale of Two Technologies

Both **Interactive Voice Response (IVR)** and **Automatic Callback** technologies present businesses with huge opportunities to improve the Customer Experience. When working properly both IVR and Automatic Callback create efficiencies and help solve issues faster. Both technologies garnered positive feedback from survey respondents, but there is clearly room for improvement.

Interactive Voice Response Technology

22% of survey respondents reported their experience with IVRs to be as easy or easier than interacting with a live agent.

12% found IVRs to be easier to interact with than dealing with a live agent.

Surprisingly, only **3%** of business owners say they are prioritizing investments in IVRs. Implementing IVR use is a major investment. Companies that make that commitment should invest in ensuring that their customers have positive experiences with it.

Automatic Callbacks

Acceptance of this technology has grown over the years, as has consumer sentiment towards its performance and capacity to improve their call experience. Shorter wait times means less time on the phone overall, which is something both businesses and customers want.

82% of respondents reported they have allowed an automatic system to call them back when offered, and **65%** of these who allowed the callback reported that it worked well.

This is a technology with great upside potential, but again, companies must ensure the systems are working properly or they won't reap the benefits.

While <u>AI and other emerging technologies</u> will continue to play vital roles when it comes to delivering superb customer service and experience, we have seen that their success only extends as far as the implementation and process management plans that underpin their usage. Indifferent of industry or size, getting the first use-case identified and executed will set the stage for a wider adoption.

Bryan Gillis
*Managing Principal,
Growth & Emerging Markets*

<u>Self-service</u> functionality lets customers engage at their convenience, chatbots offer customers immediate assistance, and scheduled alerts inform customers about billing issues and service interruptions in advance. Together this automated flow of information leads to a more informed customer and mitigates the escalation of issues before they arise.

<u>AI-powered decisioning engines</u> with predictive and proactive capabilities can help companies take appropriate actions during real-time customer interactions on every channel. By resolving customers' issues quickly, contact centers can drive higher customer satisfaction scores, better <u>First Contact Resolution (FCR)</u> rates, lower Average Handle Times (AHT), and improved Customer Experience. Having the ability to predict customer behavior, be proactive to customer needs, and personalize as well as optimize interactions for each customer leads to better customer engagement and is invaluable.

For example, <u>chatbots</u> are great for basic queries and directing customers to the correct customer service agent when complex problems arise, but care must be taken to implement these functionalities correctly and to ensure that contact center associates are trained to utilize all tools effectively. Well-thought-out implementation and change management strategies are key to their success. Every contact center situation is unique and requires customized solutions.

By combining AI-driven and automation functionalities--a trend we have seen with many of our <u>telecommunications</u> clients--contact centers can operate more efficiently, deliver a better omnichannel experience, and more effectively engage with customers.
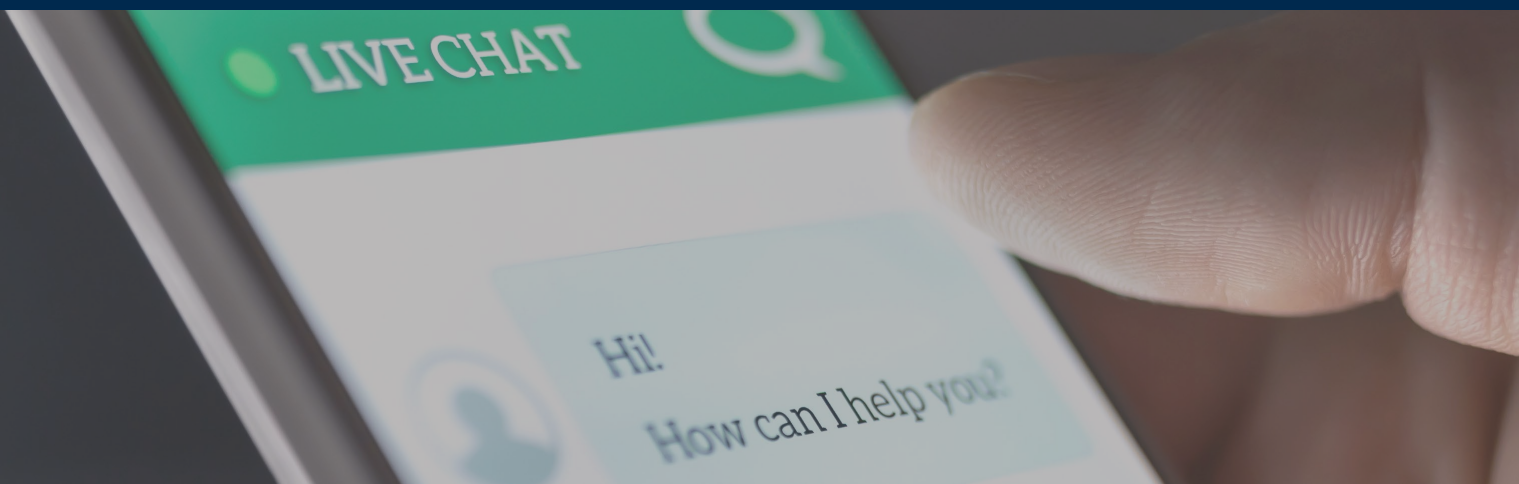
In Summary

Customer loyalty is a reward that is earned by companies that learn to consistently provide exceptional experiences for their customers.

Today, as so many businesses struggle to overcome a host of hardships and obstacles such as supply chain shortages and staffing difficulties, it is more important than ever for business leaders to ensure that the customer service they offer is worthy of their customers' loyalty to their products, services, and brand. In the long run, attention to customer service is always a good investment. We sincerely hope that the survey results shared in this report will provide insights that business leaders across all industries can use to improve the Customer Experience at their organizations.

NORTHRIDGE **SUCCESS STORY**

One of the nation's largest credit bureaus asked **The Northridge Group** to assess their current customer service staffing and growth strategies to enable better future Workforce Management (WFM) planning decisions.

The scope of our assessment included headcount projections, the impact of different staffing models (remote, hybrid, and on-site), operating hours efficiency, and other factors.

Our Work From Home (WFH) planning model allowed us to make post-COVID recommendations that helped the client mitigate risks and reduce costs as they transitioned to a permanent hybrid arrangement.

Survey **Methodology**

The Northridge Group's "State of Customer Service Experience 2023" study surveyed 1,000 U.S. customers over the age of 18 on a variety of Customer Experience issues. In parallel, 250 U.S. business leaders were surveyed on the same or similar issues.

Customer Survey
N = 1,000 U.S. Customers over the age of 18
Survey conducted in July 2022

Customers were surveyed on their Customer Experiences, their channel preferences; their expectations and experiences with response times, issue resolution by channel, and customer effort; as well as their views on self-service tools and corporate investments for improving Customer Experience.

Business Leaders Survey
N=250 U.S. Business Leaders at companies ranging from small/mid-size to multi-billion-dollar global enterprises
Survey conducted in July 2022

Business leaders were surveyed on their opinions regarding Customer Experience, customer channel preferences, channel effort and speed, and customer service metrics, as well as their views on self-service tools and investments for improving the Customer Experience.

This is the seventh time The Northridge Group has conducted the "State of Customer Service Experience" study and the fourth time we have surveyed business leaders. Surveying customers and business leaders in parallel, allows us to identify critical gaps between customers' expectations and companies' abilities to deliver a seamless and effortless omnichannel customer service experience.

To learn more about the Customer Experience trends we have tracked over the years, download our previous **Customer Service Experience reports**.

Contact Us for a Consultation with One of Our Experts!

The Northridge Group is a leading management consulting firm, specializing in Customer Experience solutions and Operational Excellence initiatives, utilizing advanced data analytics and business process redesign to deliver results for our clients. Northridge provides professional services for mid-market and large enterprises as well as key government agencies.

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