FROST & SULLIVAN

Midsized Call Centers take a Digital-first Approach

Cloud solutions to power customer service in 2019

SPOTLIGHT ON EUROPE

In Collaboration with

GENESYS

Executive **Summary**

With evolving consumer demands, organizations, both big or small, are realizing the tangible benefits of enhancing customer experience (CX) through seamless customer engagement. Technology is an essential lever in enabling even small businesses to improve customer and employee engagement, altering the basis of competition with larger, more well-established enterprises. Frost & Sullivan, in collaboration with Genesys, conducted a study to understand how midsized call centers are dealing with the changes in customer engagement and their impact on business. The survey also focused on uncovering their aspirations, priorities, and challenges. This Spotlight on Europe highlights specific findings from respondents in six markets – United Kingdom (UK), France, Italy, Denmark, Sweden, and the Netherlands.

The global survey of 600 executives (30% of whom were based in Europe) reveals an increasing awareness of CX and the value it brings to midsized call centers in Europe. Insights gathered from the study show clear indications of a digital-first mindset among a majority of respondents in pursuit of CX excellence, primarily in exploring emerging technologies to obtain not only operational efficiencies and scale, but also improve customer loyalty and lifetime value. Some of the key findings of the report are as follows:

- **2 in 3 midsized call centers believe that delivering good CX elevates competitive advantage:**

  Majority of respondents are embarking on initiatives to understand customer preferences and expectations better.

- **Improving customer loyalty and lifetime value are the most valued business benefits ahead of customer satisfaction and revenue goals:**

  The emphasis on knowing the customer and using that information to prioritize customers is similar to that of large enterprises.

- **46% believe predicting customer needs is most important in defining good CX:**

  The ability to anticipate and cater to customer needs are most important, followed by ensuring assistance for customers throughout their buying journey.

- **Most midsized call centers are taking the digital-first approach to serve customers:**

  Among the channels supported, live agent voice falls well below other digital channels at 65%, far below web (sites, forums, FAQs, web chats – 88.3%), email (85.6%), and social media (72.8%).

- **Over 50% are considering the cloud to mitigate business challenges:**

  Respondents' top considerations for cloud CX solution are improved business continuity, reduced cost of ownership, CAPEX avoidance, flexible scalability, ease of use, access to new capabilities, and fast deployment.

Midsized call centers are augmenting CX capability with emerging technologies:

Half of the respondents believe predictive customer engagement to be the technology priority for the next 12 months; 63% expect to apply artificial intelligence (AI) to engagement channels whereas 55% plan to support messaging apps and virtual assistants over the next two years.

In evaluating the customer engagement approaches, technological maturity, and degree of channel integration in midsized call centers, this Europe spotlight identifies critical areas and technology options for midsized call centers in improving CX initiatives to remain relevant in the digital era.

Customer Experience - A Business Imperative

Acquiring and retaining customers in today's overly competitive environment can be a daunting task for many organizations.

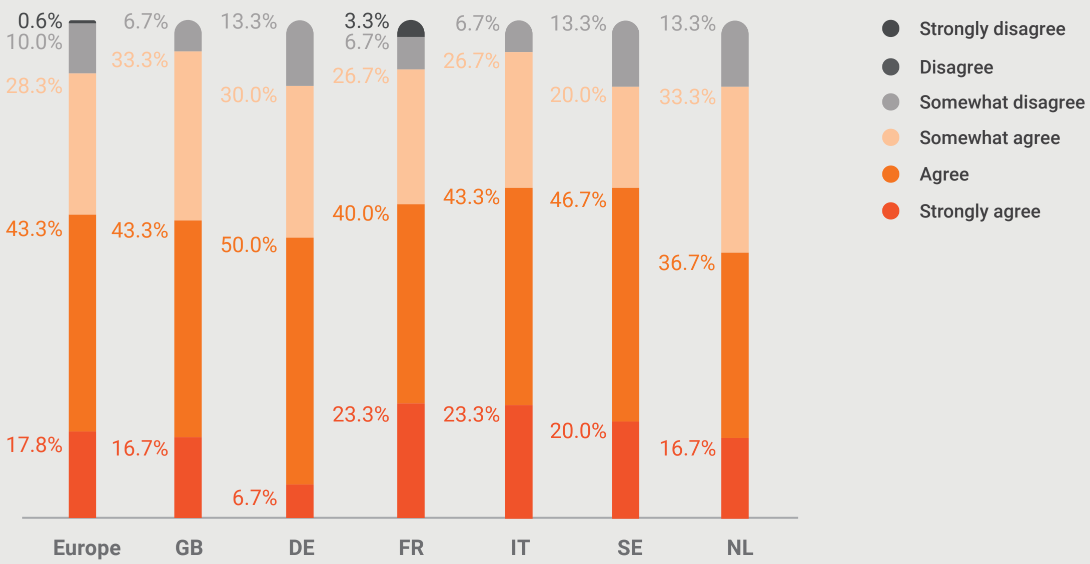
Beyond the conventional differentiators of price and wide product availability, the ability to create consistent and memorable CX is key to customers developing a unique emotional relationship with the products, services, and the overall brand.

CX as the new competitive advantage:

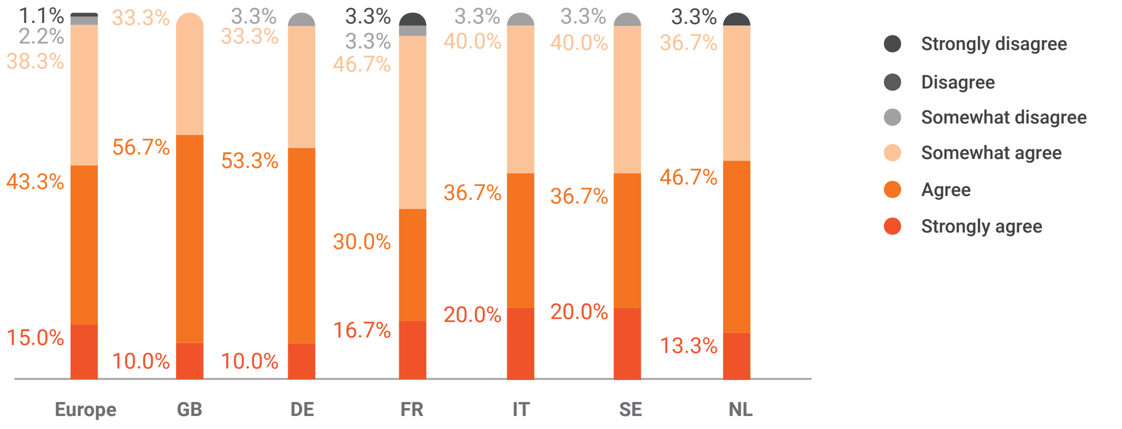
Midsized call centers in Europe recognize the value of CX in a manner similar to that of large enterprises, with 61% either agreeing or strongly agreeing that their CX initiatives are effective in enabling them to retain a competitive advantage.

Similar sentiments were observed across the 6 markets surveyed. Over 58% are aware of the correlations between customer service/CX and business performance, with respondents from France relatively less vocal about this.

Customer Service and Customer Experience help us gain competitive advantage in the market



We understand correlations of Customer Service/Customer Experience and business performance

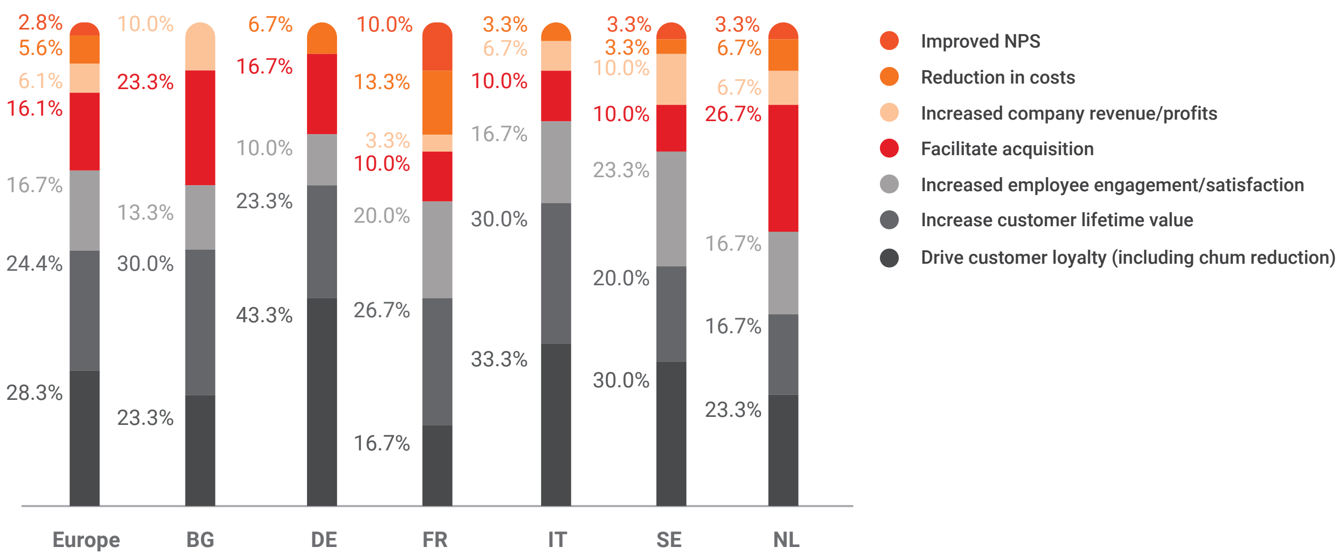


Increasing customer loyalty and lifetime value:

28% of European midsized call centers chose improving customer loyalty and reducing churn as the most significant business benefits they hope to achieve. Increasing customer lifetime value is a critical metric for one in four respondents highlighting the growing maturity of midsized call centers in customer acquisition and loyalty, and the importance of monetizing robust customer data to identify new revenue streams. That stated, one in five respondents from France and Sweden selected increased employee engagement/satisfaction as the most significant business benefit they hope to achieve.`

Customer loyalty and retention as well as employee engagement influence customer lifetime value and CX delivery. The CX strategy a business adopts should align with its business objectives and facilitate understanding of whether customer needs are being met and determine suitable engagement channels to ensure consistency across every touchpoint.

What is the primary business benefit that your organization is hoping to achieve?

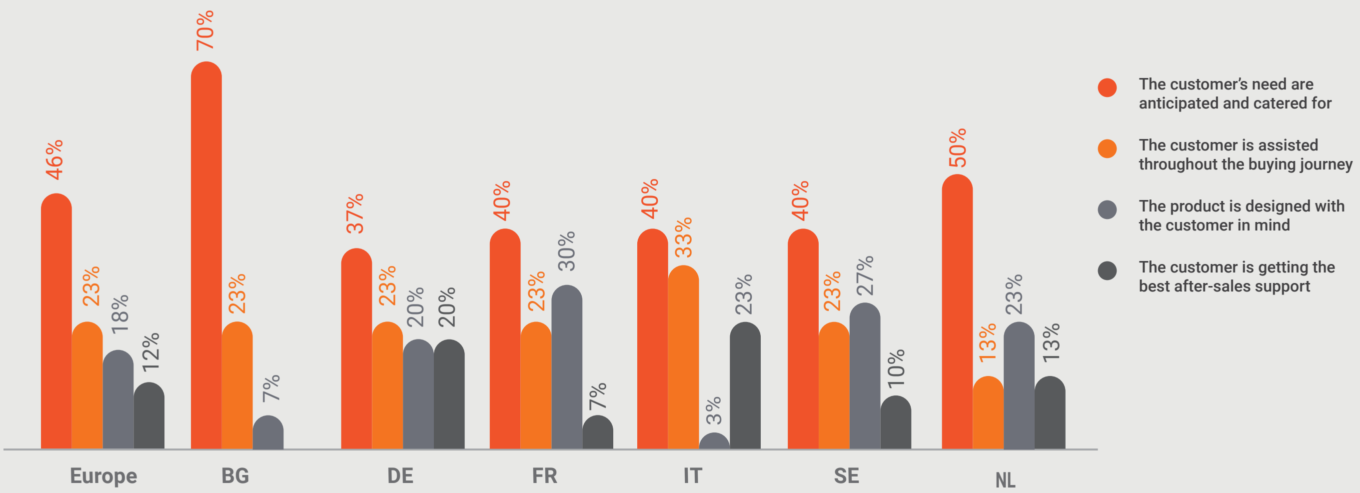


Customers Defining CX
on Their Own Terms

Defined as the sum of interactions a customer has with a brand, from awareness and attraction to purchase, care, retention, and advocacy, CX can be a complex endeavor for most organizations.

For customers to forge an emotional relationship with brands, organizations need to rethink their engagement strategy to ensure it embodies an integrated view of customers at multiple points – marketing and sales, purchasing, customer service and support – of the journey. This requires advanced data analytics and integration with customer relationship management tools and back-end systems.

As a concept, how would your organization define delivering good CX? Good CX is delivered when...



Predicting need is most important in defining good CX:

When asked how their organization would define good CX delivery, almost half (46.0), primarily from the UK and the Netherlands, chose anticipating and responding to customer needs accordingly as the most crucial aspect. One in four European midsized call centers acknowledged the significance of assisting customers throughout their journey as the hallmark of good CX.

Respondents from France, Netherlands, and Sweden also emphasized the importance of product design with the customer in mind. The ability to track the customer journey across multiple channels and analyze insights in real-time to anticipate and personalize interactions is critical to improving the customer journey. By switching from a reactive to proactive model, organizations, irrespective of size, can provide a more customer-centric experience.

CX is more than just after-sales services:

Only 12% of respondents believe after-sales support to be the most important factor for CX which is indicative of the significant maturity levels of midsized call centers in their customer service and engagement strategies. That stated, more than one in three midsized call centers in Europe highlighted inconsistencies across their organizations in understanding the importance of customer service and CX to business sustainability, potentially hindering the delivery of a consistent omnichannel experience to customers.

Context should underpin CX strategy in enabling delivery of a personalized, integrated, and consistent CX. Reducing customer effort and applying analytics to shape strategy and product roadmaps are pivotal to proactively engaging customers via their preferred channel to drive sales.

Midsized Call Center
CX Transformation Journey

Over 76% of European midsized call centers affirm the potential of technology in disrupting and reshaping markets, businesses, and industries. This necessitates developing relevant customer service and engagement competencies that align with long-term organizational strategy and consumer demand.

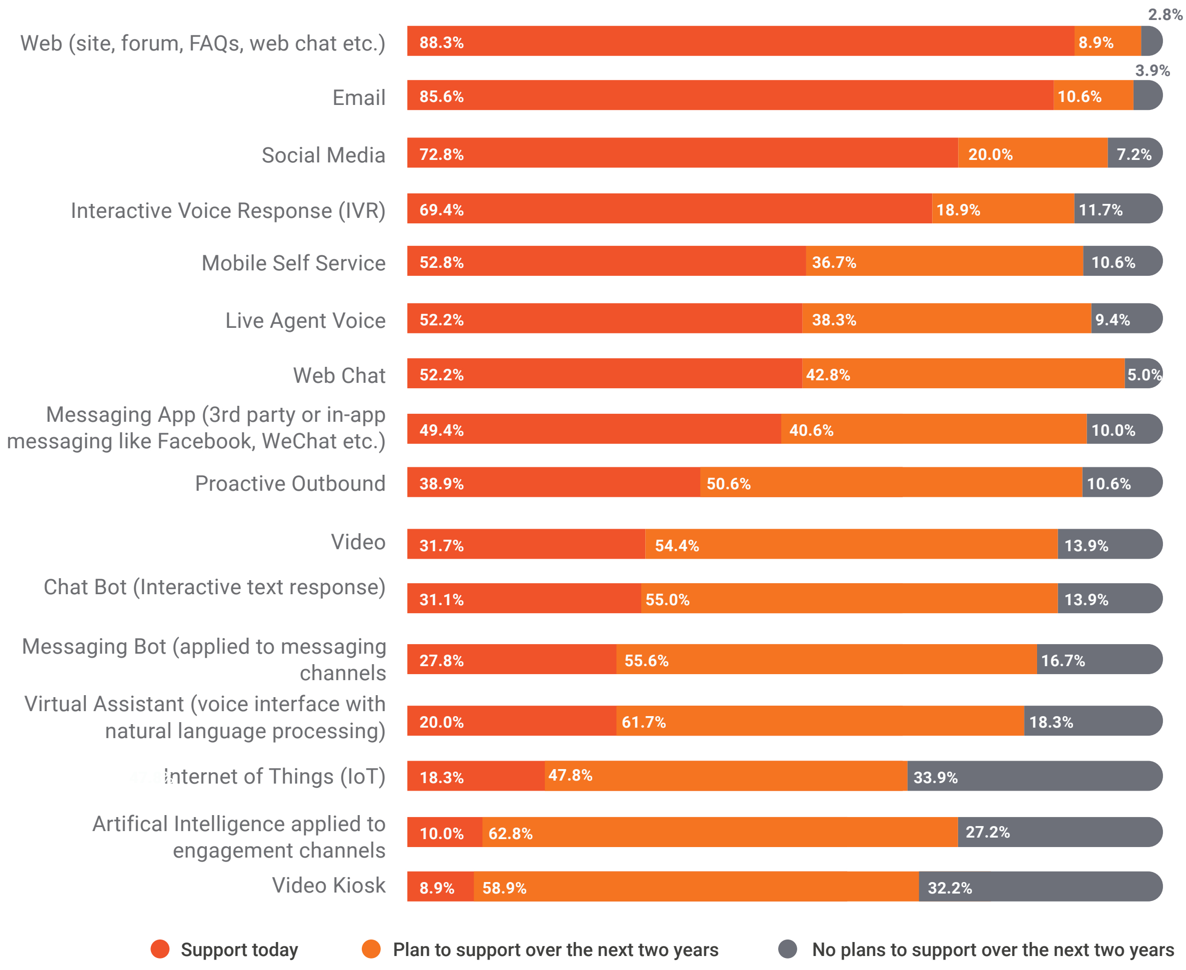
Digital and self-service leading interaction

As more customers use digital channels to interact and transact with businesses online before seeking live assistance, the need for seamless digital CX is more pressing than ever. European midsized call centers reflect this trend by embracing the digital-first approach in customer interactions. Based on the channels supported, live agent voice is at the sixth spot with support from 52.2% of respondents, well below web (sites, forums, FAQs, web chats – 88.3%), email (85.6%), and social media (72.8%), and the increasingly popular mobile self-service (53%).

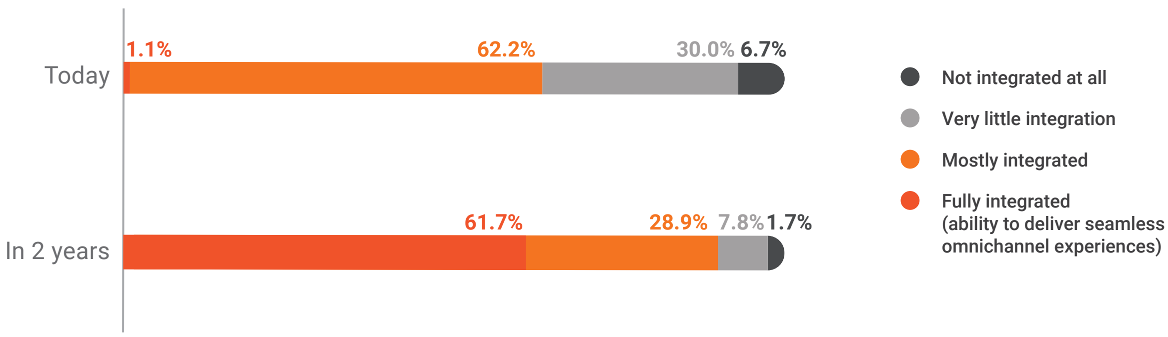
Many organizations indicated little need to offer live agent voice before achieving a certain operational scale, thus rationalizing customer support costs while providing customer convenience. The adoption of all self-service communication channels, not just web or mobile-self services, is also rising. Use of self-service communication channels, not just web or mobile-self services, is also rising. Although AI, video, proactive outbound, virtual assistants, messaging apps, nd bots have relatively low penetration, respondents are planning to support them over the next two years – 63% expect to apply AI to engagement channels whereas 55% plan to support messaging apps and virtual assistants.

Complete channel integration combining voice with digital channels is essential to unifying the customer journey. Midsized call centers also need to include self-service and automation features to mitigate costs and streamline CX.

Which of the following interaction channels does your organization support today, plan to support over the next two years or have no plans for?



How integrated are your engagement channels today and will be in 2 years' time?

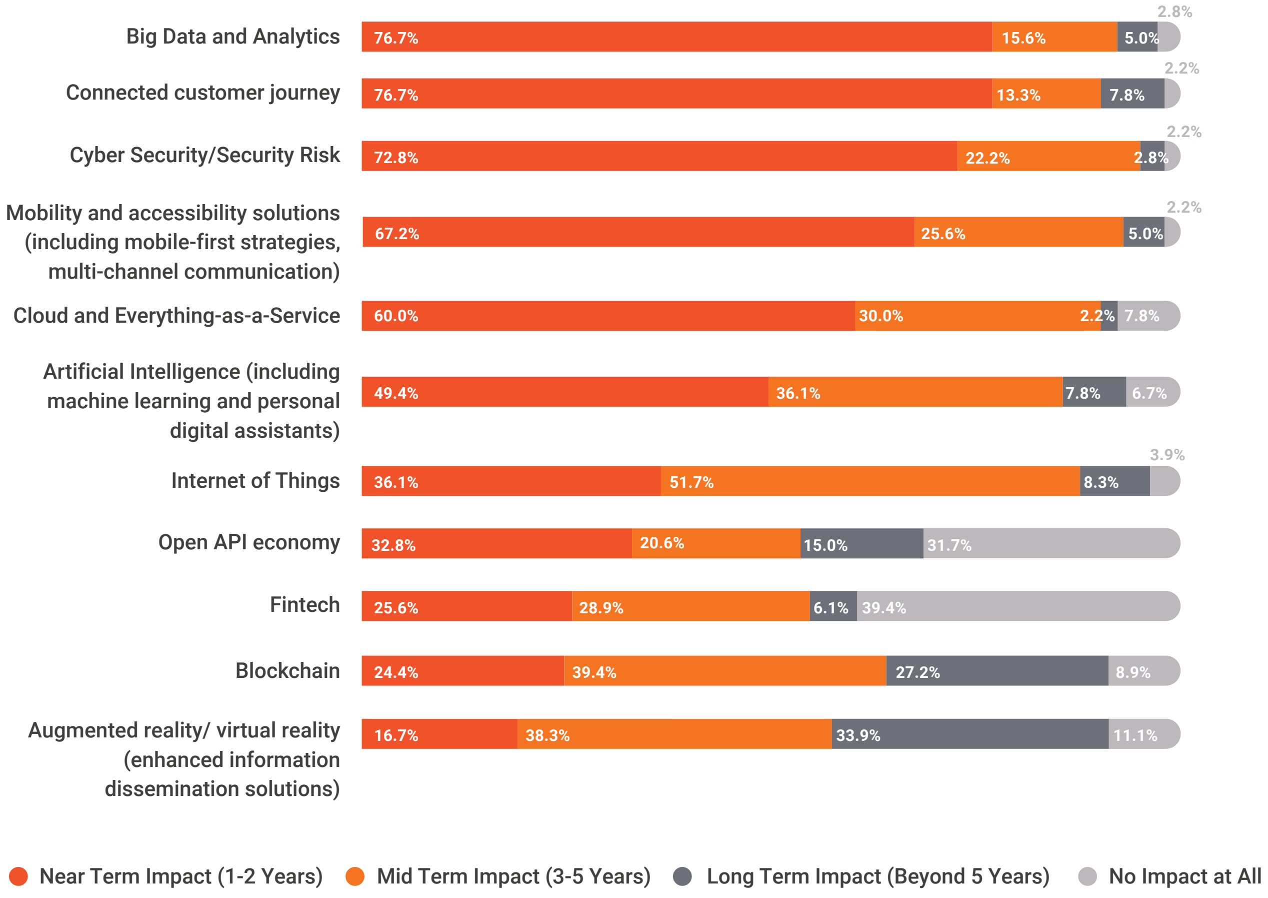


Capturing the potential of omnichannel CX to eliminate data silos

Customers demand frictionless, personalized experience across the channels they use. They want business interactions, whether asynchronous or in real time, to be intelligently connected as conversations with context across channels. Organizations, however, often struggle with a patchwork of disparate touchpoints without an overarching strategy to ensure consistent and effortless CX across channels and departments.

Only under 2% of European midsized call centers have full cross-channel integration for seamless omnichannel CX, with the rest at varying levels of integration. However, within the next two years, 61.7% of respondents expect to achieve full integration across multiple channels while 28.9% aim to be mostly integrated.

When do you see the following trends having the greatest impact on your business? Please select the most applicable timeframe for each trend. (SA)



Nearly 77% of midsized call centers in Europe recognize customer journey as having the most immediate impact on their business. However, when asked about their ability to map or manage the customer journey, only 14% expressed confidence about meeting their current and future needs. The lack of unified data platforms could be a key factor hampering organizations' ability to deliver a consistent experience – only 17% indicated having a single platform that fully integrates all channels whereas 46% use multiple platforms with some connections between channels to capture and manage customer interaction data.

European midsized call centers understand the value of emerging technologies, primarily AI-driven predictive personalization (e.g., natural language speech technologies, machine learning, big data, deep neural networks) – 77% of respondents believe big data analytics could have an immediate impact on their financial performance while 50% plan to support AI (e.g., machine learning and personal digital assistants) to have a similar effect. About 63% of respondents plan to support AI applications on engagement channels in the next two years. However, only 10% of respondents expressed confidence in their analytics systems for current and future needs.

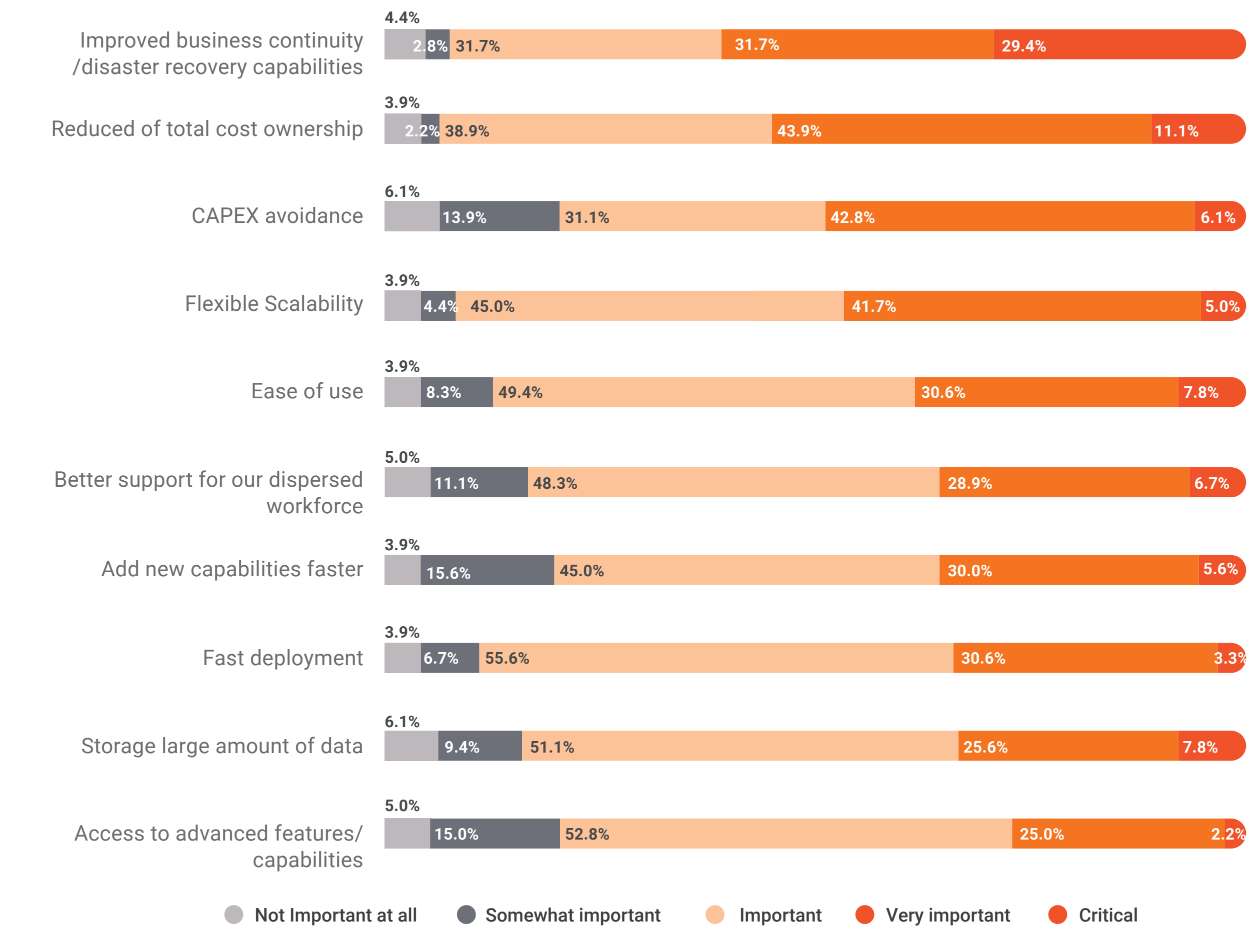
Organizations need to be data mature, i.e., build capability to collect customer interaction data in real-time and apply advanced data analytics and integration tools that consolidate fragmented data from multiple touchpoints on a single system for a unified view of the customer. AI-driven predictive routing represents the next phase in CX innovation blending automation and machine learning to understand customer needs and anticipate their next possible actions.

The case for cloud in optimizing business performance

When sourcing new technology, European midsized call centers' top commercial considerations revolve around reducing the total cost of ownership, validating returns on investment (ROI), seamlessly integrating with other systems, and boosting evergreen capability/ future-proofing new technology assets. Close to 60% of respondents chose cost to be in their top 3 considerations.

Most midsized call centers surveyed see the potential of a cloud-enabled CX solution in mitigating and optimizing business challenges, be it full cloud deployment on a public or private cloud platform or customized hybrid deployment models. About 60% of midsized call centers recognize the immediate impact of cloud and everything-as-a-service on their business in the near term.

On a scale of 1 to 5 (1 being Not Important at All and 5 Critical), how would you rate the importance of the following in your considerations to move to hosted/cloud CX solutions? (SA)



One in three European midsized call centers considers improved business continuity as the most crucial reason to adopt hosted/cloud CX solutions, to ensure prompt regional disaster recovery response in case of an outage, isolate location specific problems.

Implementation cost is a critical consideration for one in four respondents that believe it can undermine midsized call centers' ability to deliver omnichannel CX – 55% chose total cost of ownership while 49% indicated CAPEX avoidance to be very important/critical reasons to move to hosted/cloud CX solutions.

One in three European respondents revealed the lack of systems/applications integration as hampering their omnichannel goals. Unsurprisingly, almost half of the respondents believe flexible scalability, ease of use, and ability to add new capabilities as key considerations for hosted/cloud CX solutions.

Cloud represents a cost-efficient path to modernization for midsized call centers looking to scale at the pace their business needs dictate. A cloud-based, omnichannel contact center provides midsized contact centers with the benefits of automation, data collection, and analytics to help level the playing field with larger companies while allowing them to capitalize on their agile position in forging deep personal relationships with customers.

Conclusion

In an always-connected world, where immediacy and personalization are now the prerequisites for customer success, omnichannel contact centers are fast becoming the new norm. Most European midsized call centers surveyed are aware of the need to optimize customer interaction throughout the entire customer journey, eliminating silos while consolidating disparate systems to improve CX. This is evident from the significant number of respondents embracing a digital-first approach by increasing investments in new technologies and predictive customer engagement capabilities.

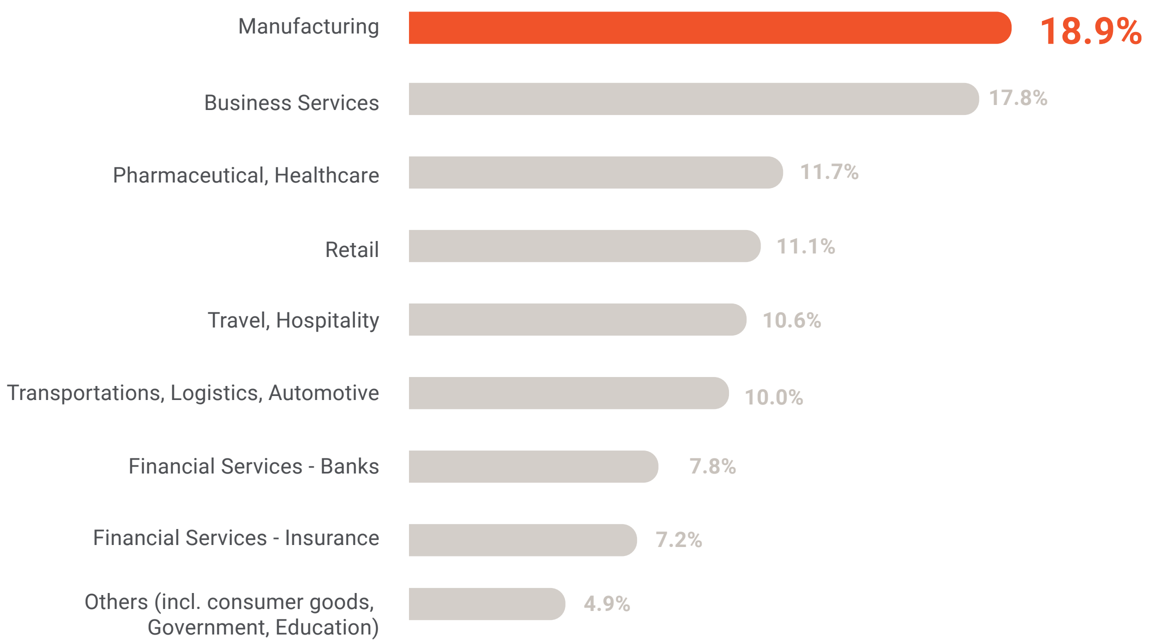
The customer journey is at the center of developing a customer-centric engagement strategy. Digital tools provide an immediate opportunity for midsized call centers to disrupt the traditional approach by helping to adapt legacy systems to newer more agile platforms as well as align people and processes to improve customer engagement and achieve better business outcomes. The investment in omnichannel support programs requires clearly-defined metrics including greater customer retention and increased revenue opportunities to demonstrate significant ROI and self-funding potential.

Methodology

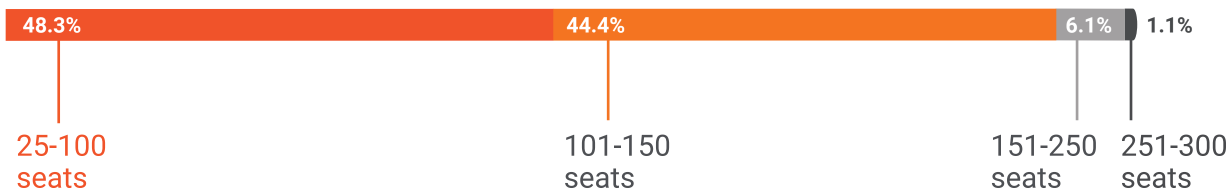
Frost & Sullivan surveyed 600 senior executives across various industries to uncover insights on midsized call centers' approach toward CX delivery excellence, the role of CX in business, perception of technology (e.g., adoption and impact), as well as organizational pain points and challenges in CX delivery To attain a localized perspective, we surveyed executives from 26 countries including 180 respondents from Europe. The study defines midsized call centers as having 15 to 300 contact center seats, except for Europe which covers only 25 seats and above.

Respondents in this study work in various verticals. However, the majority were from industries shown below:

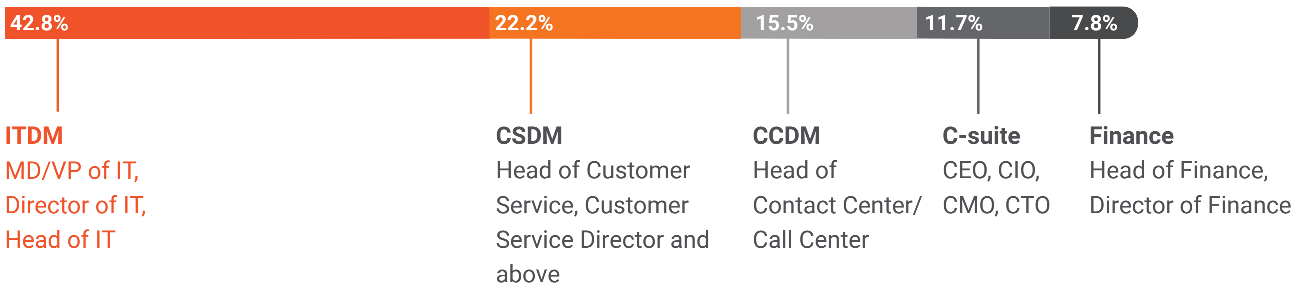
What is your main industry?



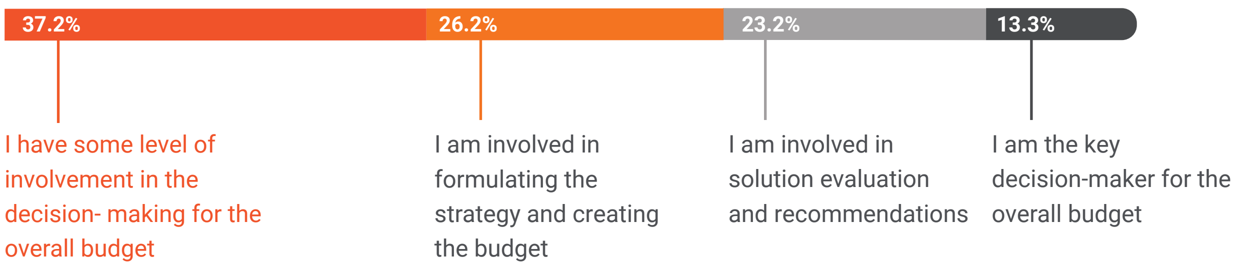
What is the size of your contact center or Customer Service Department?



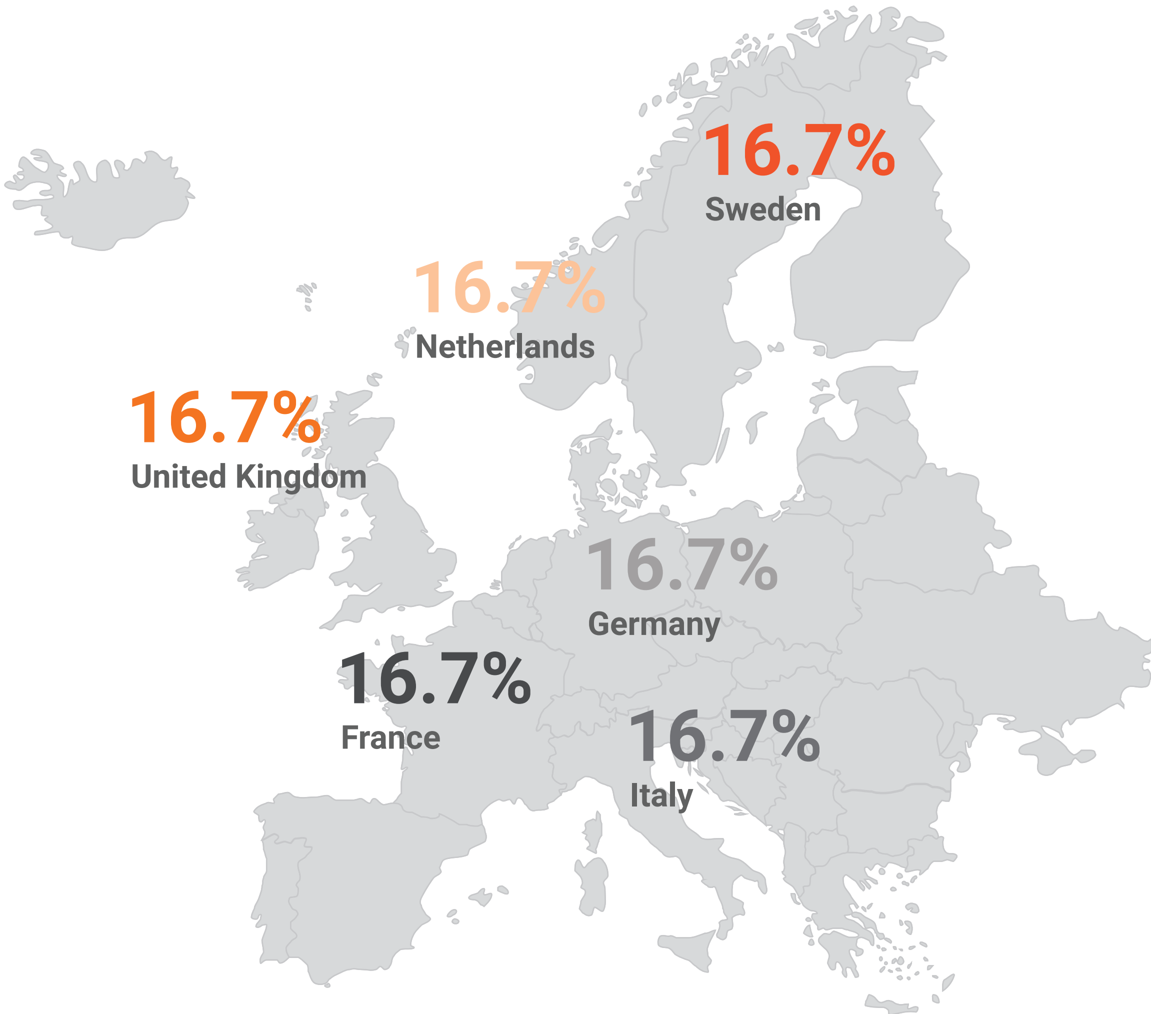
Which of these titles best describes your role within your organization?



What is your level of involvement with regard to your organization's customer service/experience solutions budget?



In which country are you based?



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