

CCW Digital | Executive Research Report

Outsmarting Adversities | Customer Service Trends & Opportunities

WRITTEN BY: BRIAN CANTOR

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Introduction

Customer service teams have long aspired to integrate their channels, embark on digital transformations, reduce customer effort, and personalize interactions. These ambitions have not, however, come to fruition.

Throughout 2022, CCW Digital research confirmed the dramatic extent to which brands were falling short of their goals to create seamless, highly relevant customer journeys. Only 15% of consumers felt that brands were sufficiently personalizing interactions, and only one-third felt the agents with whom they speak know or care about their issues. Many expressed their doubt about the efficacy of digital channels, while also confirming frustration with the amount of time they spend on hold.

Unsurprised by these revelations, customer service leaders were candid about their own shortcomings. More than 90% complained about agents having to access multiple systems for even the most typical interactions, and roughly 80% admitted that they were not delivering seamless end-to-end experiences. Many also cited lapses in customer data and ineffective automation investments.

As 2023 begins, brands cannot afford to let these challenges linger. It is essential that they unify their customer experiences to deliver the frictionless, personalized, predictive, and proactive experiences customers have long been demanding.

More importantly, it is imperative that customer service teams take action to future-proof their operations. Customer and employee demands are consistently evolving, and the stakes of great customer service are constantly growing. Brands that build agile, customer-centric technology frameworks will be able to steadily adapt – and deliver stellar results – no matter how the marketplace changes.

To support this endeavor, CCW Digital and Sprinklr partnered on a comprehensive research inquiry into contact service trends for 2023. This report highlights the findings, revealing the specific challenges that are thwarting success – and the specific actions leading companies can take to achieve success today and tomorrow.



Methodology & Demographics

CCW Digital and Sprinklr commenced the Customer Service Trends & Opportunities research initiative in December 2022. The survey attracted participation from 301 global leaders in the customer contact and customer experience spaces.

Example respondent job titles include senior customer service manager, senior customer services officer, head of customer experience management, senior director of customer care, vice president of customer success, vice president of customer experience, director of call center operations, senior director of customer service, head of customer activation, chief customer officer, head of customer service, and customer experience director.

Respondents represented companies of all sizes, with 37% generating over \$1 billion in revenue and 47% garnering under \$250 million. More than 51% of respondent organizations employ over 1,000 individuals, while 40% employ fewer than 500.

Challenges to Address in 2023

It takes but a quick glance at lagging customer satisfaction scores, enduring inefficiencies, and long-standing employee frustration to recognize that customer service teams have not been reaching their full potential. They are not empowering their agents and chatbots to wow customers and, in turn, are not empowering their brands to “compete on the customer experience.”

It takes a deeper dive, however, to understand exactly what is going wrong within the customer contact function. Upon surfacing the most pressing challenges, brands can begin building their roadmaps for success.

Disconnected Experiences

Commentary about operational silos, disconnected systems, and fragmented customer journeys is inescapable within the customer contact community, and with good reason. Only a small percentage of organizations are meaningfully unifying their customer experience operations.

Just 22% of customer service leaders, for example, say their organization has completely unified customer data.

The findings are nearly as alarming for enterprise systems (30%), objectives and metrics (30%), contact channels (33%), and departments (34%).

It may seem encouraging that most organizations have made some progress toward unifying their customer contact operations. But without fully unifying any of these facets, the typical business has no chance of delivering an exceptional customer experience. Their experiences will impose undue effort on customers, their employees will introduce conflicting and inconsistent messages, and their interactions will lack sufficient personalization.

Impersonal Interactions

Adages like “treat customers as people, not numbers” or “treat customers as one in a million not one of a million” underscore the importance of personalization. They support the notion that the best brands do not simply answer questions or process transactions but meaningfully connect with customers.

Such connection is unfortunately seldom in today’s customer experience landscape; the typical organization is not doing enough to personalize interactions.

A non-trivial 11% admit that they make no effort whatsoever to personalize interactions. Another 36%, meanwhile, limit their personalization efforts to referencing “basic profile details” in some or all communication.

The remaining 53% are making strides toward personalization, but most still have room to improve. More than 41% personalize by referencing deeper profile data during conversations, which means only 12% are actively predicting and proactively tailoring interactions based on specific customer needs, intentions, or sentiments.

Acknowledging a customer’s account status and profile details may be a nice gesture, but it is that lattermost endeavor – anticipating and proactively addressing customer needs – that truly enables brands to stand out from the crowd. That notion of “predictive personalization” is particularly true in a digital-first landscape where customers are not seeking lengthy small talk about their lives but are very much gravitating toward brands that surface highly relevant content in the most convenient and frictionless manner possible.

Digital Deficiencies

CCW Digital research routinely confirms that customers have far more confidence in traditional voice interactions than they do digital channels, but it is not because they love talking on the phone in the 21st century. Rather, it is because digital customer service experiences continue to underwhelm.

In auditing their digital shortcomings, 62% of brands acknowledge inconsistencies in their communication. Whether not communicating the same information, not meeting the same experience standard, or not staying true to their brand voice, these organizations are failing to achieve alignment throughout the digital journey.

The majority of companies are also struggling with ineffective AI solutions (60%) and insufficient resourcing (54%).

From fueling chatbots to content recommendations, AI has the power to make digital experiences more convenient, personalized, and relevant. Ineffective AI investments squander this opportunity and ultimately subject customers to generic and unproductive experiences.

Without valuable self-service options, these customers will have no choice but to turn to live agent support. But insofar as the majority of brands are inadequately resourcing their digital experiences, agents may not even be available in the customer's channel of choice. If they are, they may not have the skills, data, or capacity to deliver an efficient experience.

Collectively, these shortcomings eradicate customer trust in digital channels – at a time when 90% of consumers evaluate brands based on the quality of their web and mobile experiences.

Insufficient Insights

The entire premise of customer centricity hinges on data. If a company lacks sufficient insight into who its customers are and what those customers want, it has no chance of even delivering a valuable experience, let alone a highly personalized one.

Unfortunately, the typical customer contact team is struggling with every facet of the customer intelligence process.

Nearly 51% of brands, for example, say they are struggling to even capture meaningful data about customers. Even greater percentages of organizations face difficulty analyzing data (67%), unifying data (64%), using data to improve customer experience operations (63%), empowering frontline agents with relevant context (58%), and sharing insights outside the contact center (55%).

These struggles produce a multitude of negative consequences for brands. First, they prevent organizations from understanding aggregate customer needs and identifying lingering pain points and inefficiencies. This prevents brands from designing the right experiences, while also curbing their ability to appropriately resource and train. Simply put, it all but ensures customers will have to endure frustrating, high-friction journeys only to reach bots or agents ill-equipped to solve their problems.

Not simply a problem for customer experience and contact center teams, insufficient intelligence hurts the overall business. Without insight into what customers are demanding and how they are behaving, functions like sales, marketing, and product development are also unable to refine their operations.

Beyond plaguing overall experience design, a lack of data also affects frontline interactions. If agents do not have robust, predictive insight into a customer's identity, sentiment, and intentions, they will struggle to sufficiently personalize conversations. They will certainly fail to anticipate and proactively address future concerns.

Underscoring the agent-level issue, only 19% of companies say that frontline agents have complete context about a customer and their conversation history upon beginning an interaction. Just over 54% have context in some cases, while a staggering 27% almost never have such insight.

More than a quarter of brands, therefore, essentially require agents to ask customers repetitive questions. This all but guarantees inefficient and frustrating conversations.

Elevating CX | Future-Proofing Organizations For 2023 and Beyond

The bad news? Customer service teams are facing an abundance of challenges. Their operations are not unified, their data is not actionable, their digital channels are not effective, and their interactions are not personalized.

The good news? The majority of customer service leaders are committed to improvement in 2023. By turning these commitments into actions, brands will not only overcome their lingering setbacks but future-proof their operations against future challenges.

Connecting the customer contact operation is a particular priority for today's businesses, with a healthy 73% planning to invest in solutions for integrating the customer experience.

Specific technology focuses include artificial intelligence (a priority for 64%), customer data management (64%), and employee experience (58%). This hierarchy reflects a commitment to making operations and interactions more productive, uncovering more actionable insights about customer experience opportunities and performance, and empowering employees to engage in efficient yet highly empathetic conversations.

A deeper dive into the data reveals how organizations will achieve these goals.

Opportunities for AI

In truth, there are few aspects of the customer experience that cannot benefit from artificial intelligence. The realities of business strategy and limitations of investment dollars, nonetheless, require businesses to prioritize certain use cases.

Leveraging AI to power chatbots and improve customer data represent the most widespread priorities; 53% of businesses view them as paramount focuses for 2023.

Both directly address the pressing challenges facing today's organizations. The inadequacy of existing AI solutions has not only been discouraging customers from self-service but thwarting trust in the overall digital customer experience. By harnessing the power of conversational AI, companies can deploy self-service experiences that allow customers to communicate in their natural language – and receive solutions that are highly relevant and easy to understand. All the while, the bot will be capturing vital customer intelligence that can be used to inform and improve future experiences.

Brands have been struggling with all facets of customer intelligence strategy – the majority face challenges with everything from collecting data, to unifying it, to actioning it – and AI can remedy this issue. It can empower organizations to capture, analyze, and democratize insights from all customers, interactions, and channels. Companies will not only gain a better understanding of their customers but a clearer window into improvement opportunities.

AI agent assist represents another comparative priority; 44% will prioritize such investments in 2023. The endeavor is very important in today's customer service landscape; as customers increasingly turn to self-service for simple issues, they will primarily rely on agents for more complex inquiries. By using AI to surface relevant knowledge and customer data in real-time, agents will be more prepared for these complex issues – and also able to devote more focus to connecting with customers through warmth and empathy.

AI assist solutions will also have a favorable impact on the employee experience; the effort today's agents spend fumbling through knowledge bases and CRM systems tends to be one of the greatest drivers of dissatisfaction and churn.

Rethinking the Employee Experience

Happy agents yield happy customers, which means initiatives to increase employee satisfaction and engagement are perennially paramount in the contact center. Rising customer expectations, growing work complexity, and ongoing labor market challenges only underscore the need to rethink the employee experience in 2023.

Signposted by the interest in agent assist as a top AI priority, “easy to use technology” represents the #1 solution for improving the employee experience in 2023. More than 69% of companies plan to invest in technology that reduces agent effort.

Always a priority – agents who spend too much time accessing multiple systems or searching through convoluted databases are neither performing high-value work nor experiencing the joy of supporting customers – such technology is especially important in today’s work landscape. With a greater percentage of companies relying on distributed work, including at-home agents, gig workers, and outsourced personnel, there are less opportunities to provide face-to-face guidance for difficult systems or convoluted processes. If the tools do not “just work,” agent performance (and, ultimately, the customer experience) will suffer.

Because face-to-face guidance is more difficult in today’s environment, it is unsurprising that 64% of organizations are prioritizing investments into coaching and training. Agents may not be able to ask their desk neighbor for

help when things go wrong, and supervisors may not be able to look over their team members’ shoulders to spot performance issues. Ensuring that agents have appropriate training, therefore, is the only way to achieve high levels of quality and productivity.

The fact that today’s interactions are becoming more complex – and taking place across new channels – heightens the importance of retraining agents for success in the new business normal.

Cognizant that successful employees require great leaders, 53% of brands will invest into leader and manager effectiveness. These companies refuse to let new technology and changing work environments prevent leaders from understanding, supporting, and motivating their teams.

Measuring Success in 2023

Investing in AI to improve customer experiences, unlock more actionable intelligence, and support agent performance should lead to favorable results.

What defines success in the eyes of today’s customer contact leaders?

Increasingly, the answer is customer retention. More than 62% say that retention rate will become more important in 2023. Related goals of customer lifetime value (47%) and customer loyalty (46%) rank as the next-biggest priorities.

Emphasizing customer retention would make sense in any landscape; what is the point of delivering exceptional interactions if it does not cause the customer to stay with the brand – and spend more money?

Such outcomes are, however, especially important amid the economic uncertainty of 2023. As customer service leaders worry about customers cutting costs – not to mention potential reductions in their own budgets – it is imperative to make sure they are doing everything in their power to nurture the customer relationships they already have. If they become less of a priority for their existing customers (or, worse, lose these customers to a competitor), they may not have the budget or opportunity to fill the void with new ones.



The Time for Action is Now

Frustration over disconnected experiences has lingered for far too long. As a result, the promise of customer centricity has consistently gone unfulfilled.

With customer and agent demands rising at the same time the stakes of satisfying them have become greater, successful brands will not let these challenges persist. They will unite their systems, align their customer experience visions, connect their channels, optimize their customer intelligence strategies, empower their employees, and deliver exceptional experiences at every phase of every journey.

Upon doing so, they will finally foster the seamless, omnichannel environment they have long been pursuing. Customers, in turn, will finally receive the frictionless, personalized, predictive, and proactive experiences they have long been seeking.

Best of all, these brands will remain ahead of the curve. They will be able to empower their teams and wow their customers even as new competitors arise, new preferences develop, and new challenges emerge.

About Our Research Partner

Sprinklr is the unified platform for all customer-facing functions. We call it unified customer experience management (Unified-CXM). We help companies deliver human experiences to every customer, every time, across any modern channel, at a once-impossible scale. Headquartered in New York City with over 2,400 employees globally, Sprinklr works with more than 1,000 of the world's most valuable enterprises —global like Microsoft, P&G, Samsung and more than 50% of the Fortune 100.

Website: <https://www.sprinklr.com/>

About the Author



**Brian Cantor, Principal Analyst & Director,
CCW Digital**

Brian Cantor is the Managing Director of Customer Management Practice's Digital division. Driven by a passion for helping brands better empower their employees and more meaningfully connect with customers, Brian oversees research, product development, editorial vision, and commercial strategy for properties like CCW Digital and Customer Engagement Insider. Reaching a community of almost 200,000, these digital properties offer industry-leading commentary, research reports, and virtual event sessions.

Meet Our Analysts:

Brooke Lynch
Senior Analyst & Staff Writer

Wandy Ortiz
Content Analyst

Christine Ducey
Content Analyst

Get involved:

Ben McClymont
Divisional Sales Director
E: ben.mcclymont@cmpteam.com

Simon Copcutt
Head of Strategic Accounts
E: simon.copcutt@cmpteam.com