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Navigate The Future Of Customer Service

by Kate Leggett, February 1, 2013

KEY TAKEAWAYS

Customer Service Leaders Struggle To Balance Cost And Customer Satisfaction

A large majority of customer service decision-makers say that good customer service is one of their top strategic priorities. But most organizations still focus primarily on cost-control measures: Only 37% have a dedicated budget for customer experience improvement initiatives.

The Customer Service Solution Landscape Is Becoming More Difficult To Navigate

Good service is difficult to deliver because the technology ecosystem that customer service organizations use has grown more complex over time. Vendor mergers and acquisitions, the rise in importance of social computing, and new cloud solution deployment options present new opportunities for customer service executives.

Pragmatic Preparation And Effective Execution Are The Keys To Success

In 2013, companies will continue to be selective in which customer service improvement projects they undertake. You need to understand customer service trends, pinpoint the opportunities for quick wins, craft a sound business case, define a set of small projects in a stepwise fashion, and execute flawlessly.



Navigate The Future Of Customer Service

Vision: The Contact Centers For Customer Service Playbook

by [Kate Leggett](#)

with [William Band](#) and Sarah Bookstein

WHY READ THIS REPORT

As organizations strive to succeed in the age of the customer, business and IT professionals responsible for customer service struggle to understand changing customer behavior, re-engineer end-to-end business processes, acquire and deploy the appropriate supporting technologies, and lead and sustain the organizational changes required to make the transition to new ways of working. This report is part of the contact centers for customer service playbook; it summarizes the top 15 customer service trends that you must take into account to deliver customer service excellence in 2013 and beyond. Use Forrester's customer service trends impact analysis framework to understand the key business trends unfolding in the next five years to make your plans bulletproof.

Table Of Contents

- 2 **Balance Cost And Satisfaction To Deliver Differentiated Service**
- 2 **Personalize Customer Service**
- 8 **Empower Agents To Deliver Quality Service**
- 11 **Take Advantage Of Maturing Customer Service Solutions**

RECOMMENDATIONS

- 14 **Pragmatic Preparation And Effective Execution Are The Keys To Success**

Notes & Resources

We reviewed Forrester's most recent research in the customer service and CRM solution spaces. We also analyzed our most recent inquiries from customer service solution buyers and users, vendors, industry analysts, and the media.

Related Research Documents

[Choose The Right Customer Service Solution For Your Business](#)

December 18, 2012

[The Forrester Wave™: CRM Suite Customer Service Solutions, Q3 2012](#)

July 11, 2012

[Transform The Contact Center For Customer Service Excellence](#)

June 22, 2012

[TechRadar™ For Business Process Professionals: Contact Center Solutions, Q3 2011](#)

August 29, 2011



BALANCE COST AND SATISFACTION TO DELIVER DIFFERENTIATED SERVICE

Nearly all customer experience decision-makers (93%) say that a good customer experience is one of their top strategic priorities, and 75% say they want to use customer experience as a competitive differentiator.¹ Customer service is the cornerstone of a company's customer experience strategy; 40% say that improving the customer experience is their top customer service goal, with a further 40% saying that it's their second most important goal.² However, the reality is that few companies are doing anything about optimizing the service experience; they still primarily focus on cost-control measures, and only 37% of companies have a dedicated budget for customer experience initiatives.³

The reason that good service is hard to deliver is because the contact center technology ecosystem has grown more complex over time as new communication channels and touchpoints become available. The constant churn of vendor mergers and acquisitions as sectors consolidate creates product and support risks that are beyond the control of customer service planners. New service delivery models such as more extensive managed services and cloud-based offerings present new opportunities for customer service executives, but it's not clear that they truly help enterprises transform their overall customer experience. In addition, companies struggle to align customer-facing organizations that own diverse customer service touchpoints that historically have not shared the same objectives, reporting structure, funding, business processes, data management strategies, technology, or culture.

Looking ahead, what are trends that will dominate the planning agendas of business and IT professionals responsible for leading and supporting customer service and support organizations in 2013 that support these overarching themes? Use our customer service trends impact analysis framework to pinpoint the key steps to make your plans bulletproof (see Figure 1).

PERSONALIZE CUSTOMER SERVICE

Customers expect to receive efficient, effortless, personalized service from companies that they interact with. Nearly half of US online consumers (45%) will abandon their online purchase if they cannot find a quick answer to their questions; 66% say that valuing their time is the most important thing a company can do to provide them with good service.⁴ However, customers are often disappointed with the level of service they receive. Forrester data shows that 57% of US online consumers say that they've had unsatisfactory service interactions in the past 12 months, 27% of whom vented via social channels, such as online customer reviews, Facebook status updates, or blog posts (see Figure 2).⁵

The cost of providing suboptimal service is staggering. For example, customers expect to be able to resolve prepurchase questions, manage their accounts, and receive post-sales support online. Three-quarters of consumers move to another channel when online customer service fails, and Forrester estimates that unnecessary service costs to online retailers due to channel escalation exceed \$22 million on average.⁶ Companies must pay attention to five trends (out of a total of 15) to ensure that their customer service is in line with customers' expectations.

Figure 1 Customer Service Trends Impact Analysis Framework

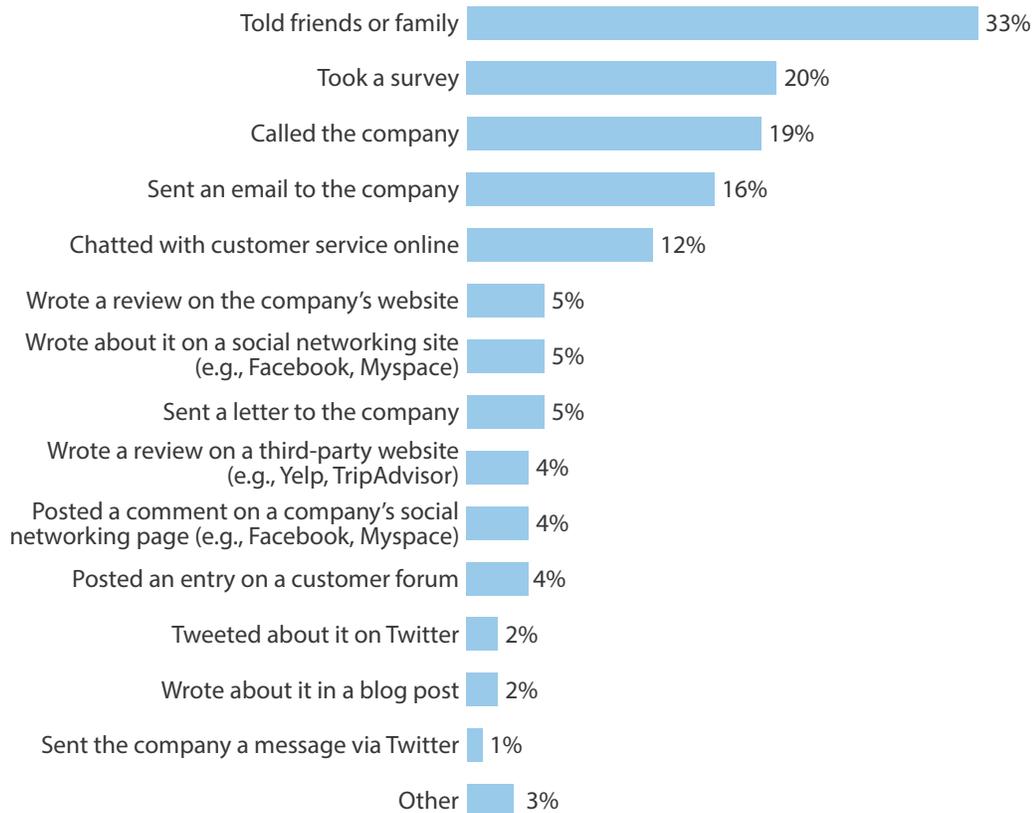
Opportunity areas	Trend	Impact on our organization			Indicated action
		Low	Medium	High	
Personalizing customer service					
Channel preference	Communication channel preferences are changing rapidly				
Mobility	Mobile solutions are becoming a must-have capability				
Agile service	Agile service is becoming more more important than multichannel service				
Proactive service	Customers expect proactive outbound communications				
Voice of the customer	Voice of the customer programs are operationalizing insights				
Empowering agents for optimal service					
Customer service as a competitive differentiator	Customer service is moving from cost center to differentiator				
Customer history	The universal customer history record is personalizing interactions				
Knowledge management	Knowledge management is becoming the jewel in the customer service crown				
Next best action	Next best action solutions are powering targeted offers				
Business process management	Business process management meets the front office				
Collaboration	Collaboration is improving the quality of service delivered				
Enabling technologies					
Best-of-breed solutions	Best-of-breed solutions continue to struggle to prove their value				
Software-as-a-service (SaaS)	SaaS solutions for customer service are becoming more popular				
Outsourcing	Outsourcing is gaining market share				
Analytics	Analytics are improving end-to-end customer experiences				

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Source: Forrester Research, Inc.

Figure 2 How Customers Complain About Poor Service

“In which of the following ways have you provided feedback or complained about unsatisfactory customer service interactions in the past 12 months?”



Base: 7,440 US online adults who have used any customer service method in the past 12 months (multiple responses accepted)

Source: North American Technographics® Customer Experience Online Survey, Q4 2012 (US)

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Source: Forrester Research, Inc.

Trend 1: Channel Preferences Are Changing Rapidly

Customers expect to use a broad variety of communication channels — self-service, voice, digital, and social — to interact with a company. Voice is still the primary communication channel that all demographics use, but voice is quickly followed by self-service channels, chat, and email. And channel usage rates are quickly changing. In the past three years, Forrester has seen an 18% rise in online web self-service usage, a 39% increase in the use of communities for customer service, and a 43% rise in chat usage (see Figure 3). In addition, newer channels such as cobrowsing, virtual agents, and SMS have gained traction. Consumer usage is one factor in choosing which channels to deploy;

another factor is ensuring that the channels deployed support the corporate brand. For example, for an investment firm catering to high net-worth individuals, voice and other live-assist channels rise in importance compared with a retail brand that caters to a youth audience for whom online, chat, and social channels may be more important.

In 2013 and beyond, customer service professionals will work on better understanding the channel preference of their customer base and better aligning their channel strategy to support their company's brand proposition. They will also work to guide customers to the right channel based on the complexity and time sensitivity of interactions and put proper escalation pathways in place to ensure a seamless transition from one channel to the next without losing context to ensure a pain-free service interaction.⁷

Figure 3 Use Of The Communication Channel For Customer Service Has Changed



Base: 7,506 US online adults who have used any customer service method in the past 12 months
 *Base: 7,638 US online adults who have used any customer service method in the past 12 months

Source: North American Technographics® Customer Experience Online Survey, Q4 2012 (US)
 *Source: North American Technographics Customer Experience Online Survey, Q4 2009 (US)

Trend 2: Mobile Solutions Are Becoming A Must-Have

More than one-third of US online adults own a smartphone; 43% of them fall into Forrester's SuperConnected consumers category.⁸ SuperConnecteds use their phones for information, research, commerce, and service. Mobility is gaining in importance in customer relationship management (CRM), not only because of increased consumer usage and satisfaction with this touchpoint, but also because of productivity gains. In a recent BearingPoint survey, organizations reported that mobile CRM delivered a 60% increase in customer satisfaction, a 30% increase in sales, and a 30% increase in productivity.⁹ Today, virtually all customer service vendors offer some mobile customer service capabilities.¹⁰ Many specialty customer service vendors supporting field agents also have robust mobile extensions of their applications. However, customer service mobile applications remain nascent as more companies focus on their mobile marketing, sales, and eCommerce mobility strategies.¹¹

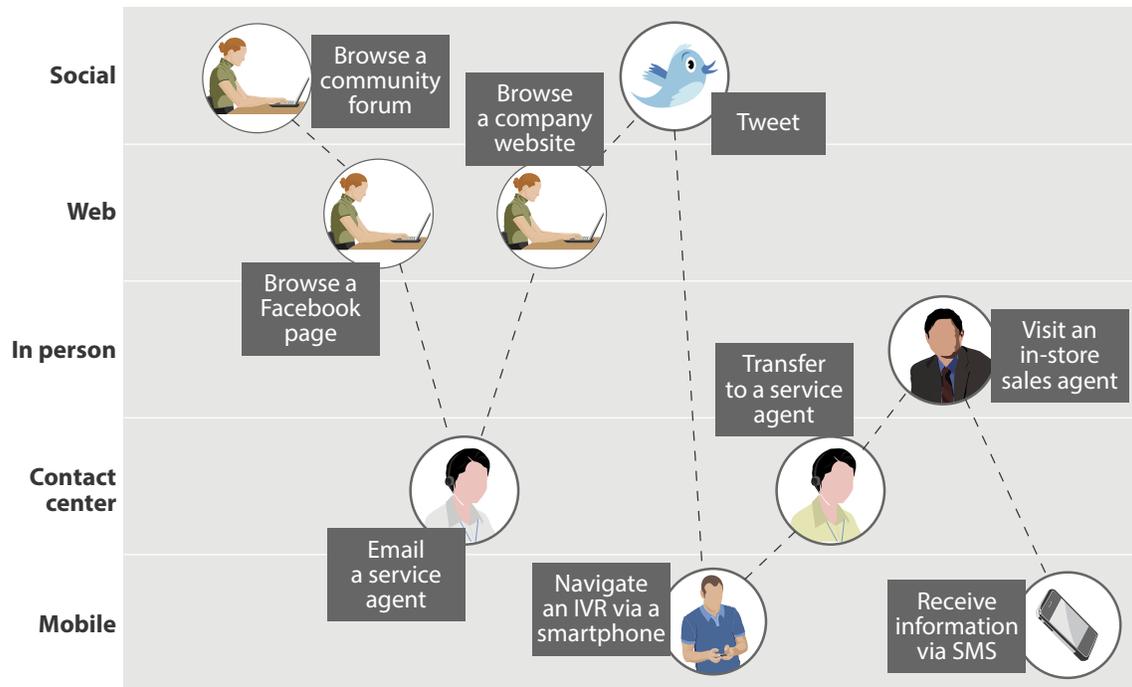
In 2013, customers will demand greater ability to interact with customer service organizations via mobile devices. Customers will also demand multimodal capabilities from mobile devices — for example, reading a FAQ while speaking with a customer service agent. Companies will respond to this challenge by creating centers of excellence that span marketing, customer service, eCommerce, and IT functions that are responsible for crafting a company's mobile engagement strategy and designing mobile architecture blueprints to manage companywide mobile technology investments.¹² More companies will move away from duplicating their web presence for their mobile offering and will focus on deploying the right usage scenarios that add value to customers in a mobile environment, with focused user experiences that allow them to accomplish tasks efficiently.

Trend 3: Agile Service Is Becoming More Important Than Multichannel Service

Customers expect consistent service experiences across the communication channels and touchpoints — like mobile, websites, kiosks, and in-store — through which they interact with companies. Customers also expect service to be agile — being able to start an interaction in one communication channel or touchpoint and complete it in another (see Figure 4). For example, a customer should be able to start an interaction over the phone and follow up with an email containing more detailed information, then walk into a store to complete the interaction. Each interaction should convey consistent and personalized data, contextual knowledge, and information to the customer.

In 2013 and beyond, customer service management professionals will continue to work on breaking down communication silos within and outside of customer service and standardizing the resolution process and customer service experience across communication channels and touchpoints. In fact, in a recent survey, 74% said that improving cross channel customer experiences was their top objective.¹³ To be able to do this, companies will look at mapping the most prevalent end-to-end customer journeys across touchpoints and communication channels, identifying the pain points and disconnects, and addressing them with attention to technology, master data management strategies, business process rework, and better organizational alignment.¹⁴

Figure 4 Customers Demand A Consistent Service Experience Across Channels And Touchpoints



Source: June 22, 2012, "Transform The Contact Center For Customer Service Excellence" Forrester report

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Source: Forrester Research, Inc.

Trend 4: Customers Expect Proactive Outbound Communication

Proactive outbound communications notify customers of key events of interest to them, such as flight schedule changes, bank balance changes that exceed a certain threshold, or the availability of a new bill to be paid. Consumers can opt into these communications and can identify their preference for what types of communication they want to receive, which channel(s) they want to receive it on, and when the company should or should not send notifications. Proactive communications deflect inbound calls, reducing costs and boosting consumer satisfaction and revenue.¹⁵ According to Forrester's Forrsights Networks And Telecommunications Survey, Q1 2012, 29% of enterprises were planning to invest in proactive outbound communications in the next 12 months.¹⁶

In 2013, organizations will continue to adopt proactive outbound communications that comply with regulations and will rely on vendor expertise in specific verticals to help personalize service.¹⁷ The types of proactive outbound communications will broaden to include emergency notifications, collection messages, customer support services like service alerts, workarounds, and new content and personalized offers.¹⁸ The range of channels for proactive outbound will increase to include social channels such as Facebook and Twitter. More powerful smartphones and increased

bandwidth will allow proactive outbound applications to use rich media with embedded links to improve the user experience. Outbound communication technology will also be more deeply integrated into the contact to support scenarios where customers want connect to an agent after receiving a message.¹⁹

Trend 5: Voice Of The Customer Programs Are Operationalizing Insights

It is critical for a company to receive feedback about its products, services, and organizational processes so that it can optimize the customer service experience. This can be done via traditional channels like surveys and by social listening. In 2012, Forrester saw more companies (68%) adopt voice of the customer (VoC) programs than in 2011 (55%). However, companies struggle to distribute the analyzed data and act on pertinent feedback to deliver quantifiable business value.²⁰ VoC programs also continue to face serious resource constraints: only 23% of respondents reported having adequate resources.²¹

In 2013, companies will leverage VoC data on two fronts. First, companies will double down on their efforts to gather VoC insights and will put end-to-end feedback processes in place across all supported communication channels and touchpoints so that they can act on that feedback. Second, firms will use VoC insights directly within customer service, leveraging customer satisfaction ratings and direct customer feedback as the primary metric to measure the success of their customer service operations. Vendors have been making it easier to link feedback to customer records due to CRM and workforce optimization vendors' acquisition and integration of social listening and enterprise feedback companies.²² In addition, vendors now offer sophisticated text analytics and data mining algorithms to uncover significant patterns in data that can be used to drive business decisions that help boost revenue and customer retention.

EMPOWER AGENTS TO DELIVER QUALITY SERVICE

Customer service organizations strive to deliver a differentiated service experience for their customers; this adds value to commoditized products and services and spurs customer loyalty. They're paying more attention to empowering customer service agents with the right content, clean data, and customer-centric policies to better serve their customers. Forward-thinking organizations are also using new metrics that drive customer-centric behavior. These focus areas help increase first closure rates for incidents while keeping handle times down and satisfaction high. Companies must understand seven important trends (out of a total of 15) to be able to do this well.

Trend 6: Customer Service Is Moving From Cost Center To Differentiator

Customer service organizations are typically managed as a cost center: surveys from ICMI and Dimension Data suggest that 50% to 70% of companies consider their contact center to be a cost center.²³ As a result, contact centers focus on the key metrics of productivity, efficiency,

and regulatory compliance rather than customer satisfaction metrics. However, we are seeing that customer service organizations are gradually shifting away from focusing just on cost and compliance metrics to pragmatically balancing the cost of operations and satisfaction metrics.

In 2013, companies will continue to slowly move away from treating their customer service operations solely as cost centers. They will strive to put in place a more Balanced Scorecard of metrics that include cost, compliance, satisfaction, and revenue metrics that will better align with their brand value and drive the right agent behavior. Companies will start to align and monitor metrics for voice, digital, and social communication channels and analyze the differences in measures derived from these channels to drive process improvements.²⁴ They will also put more emphasis on measuring the productivity and satisfaction of end-to-end customer service processes, including both front- and back-office steps.

Trend 7: The Universal Customer History Record Is Personalizing Interactions

Customer service agents must have access to a customer's profile, current situation, and prior purchase and interaction history in order to deliver personalized service.²⁵ The universal customer history is the record of a customer's prior interactions over all of the communication channels they have used; it allows the agent to quickly add value during a new interaction. Today, organizations still have fragmented ownership of communication channels, with marketing and eBusiness organizations being the primary purchasers of social listening, enterprise feedback management, and social media technologies.²⁶ In many cases, firms have implemented these technologies in functional and technological silos, unintegrated with customer databases, product databases, or case management systems. Survey data backs this up: only 19% of companies support multichannel integration, while 21% support back-end integration.²⁷

In 2013, we expect enterprises to start to break down the siloed implementations of communication channels by either reimplementing these technologies or by more deeply integrating existing standalone communication channels and making a unified customer history accessible to customer service agents. We also anticipate that they will make organizational changes to either use the same metrics to manage communication channels that are owned by various functional organizations or to bring the management of these channels under the same executive leadership. Companies will also start to move the management of social inquiries out of marketing departments and into customer service organizations.²⁸ They will also formalize the business processes and governance structures of managing social inquiries.

Trend 8: Knowledge Management Is Becoming The Jewel In The Customer Service Crown

Knowledge management solutions are a critical necessity for agents who rely on standardized answers to efficiently answer customer inquiries. It is also important to customers; 67% of consumers use web self-service to find answers to their questions.²⁹ Customer service technology

vendors are responding to this requirement and have snapped up a number of specialty knowledge management vendors: Consona (now Apteon) acquired KNOVA; RightNow acquired Q-Go and was subsequently acquired by Oracle; Servigistics (now PTC) acquired Kaidara; salesforce.com acquired Intranet; and Oracle acquired InQuira.³⁰ These acquisitions highlight that knowledge is more powerful if it can be delivered in a proactive way, across communication channels and touchpoints, and contextualized to the customer's persona and the issue at hand.

During 2013, expect companies to adopt best practices in knowledge management for an increased ROI.³¹ The focus will also be on making knowledge practices more agile, with minimal overhead.³² Expect customer service organizations to 1) make content capture from disparate sources, such as email, social media, and forums, easier; 2) make locating the right content easy by including curated and uncurated results in search results, integrating with natural-language solutions like virtual agents, and using data from successful interactions to dynamically rank content for more successful search experiences; 3) allow agents and customers to rate and comment on content; 4) publish content without arduous review cycles; 5) tightly link case management and knowledge management solutions for greater service efficiencies; and 6) be more data-driven by using analytics to obtain insights on the value of content.

Trend 9: Next Best Action Solutions Are Powering Targeted Offers

Targeted offers are a core ingredient of a customer service strategy of cross-selling and upselling. Firms must personalize all offers that they present to a customer, whether that is by an agent or via a mobile or self-service session. Organizations must also strive to determine whether or not to present an offer based on the customer's satisfaction with the interaction. The ability to optimize agent actions may be either rules-driven or based on predictive models, or some combination thereof.

In 2013, customer service organizations will continue to investigate methods to recommend agent next best actions during the service resolution process to offer service tailored to the customer's unique needs and past purchase history.³³ These next best actions are not limited to cross-sells and upsells but also help guide agents through the most successful resolution path by telling them what is the next best process step to take that is aligned with business imperatives.³⁴ Expect predictive analytics vendors to continue to move away from selling decisioning platforms that power next best actions to selling packaged usage scenarios for customer service that are easier to deploy and monetize and which include business-friendly tools to create and tune models.

Trend 10: BPM Meets The Front Office

In recent years, we have seen organizations formalizing agent actions in order to standardize service delivery, minimize agent training times, ensure regulatory and company policy compliance, and control costs.³⁵ Traditional business process management (BPM) vendors have moved into the customer service space, some traditional niche customer service vendors now offer BPM capabilities,

and a new set of vendors that offer hybrid BPM and CRM capabilities have gained traction.³⁶ These solutions allow the visual modeling of customer service process flows that lead agents through a set of process steps that map to user interface screens. Agent screens contain the scripts, knowledge, and back-end data that are relevant to that step of the process.

In 2013, expect to see continued focus on guiding agents through the service resolution process and the end-to-end process, which may involve back-office tasks. Customer service vendors will continue to mature their offerings with simpler visual modeling tools geared toward the business user and more sophisticated decisioning logic that is rules-based or driven by predictive analytics. Also expect to see out-of-the-box best-practice process flows and industry-specific solutions. We will see better reporting and analytics in order to monitor overall key performance indicators (KPIs) and optimize the success of each process flow. We will also see workforce management capabilities such as quality management, scheduling, and performance management extended from the front office to the back office in order to optimize the execution of the end-to-end process.³⁷

Trend 11: Collaboration Is Improving The Quality Of Service Delivered

We've seen the adoption of collaboration increase in recent years. Trends include 1) greater adoption of customer service and ideation communities that help deflect contacts, increase agent productivity, result in better product alignment with customer needs, and increase satisfaction scores; 2) harvesting of community knowledge for inclusion in the corporate knowledge base; and 3) agent-to-agent collaboration where forward-thinking organizations, primarily in the high-tech sector, are breaking down rigid agent tier structures in favor of a more collaborative environment with subject-matter experts to increase first-contact resolution rates. However, the biggest trend that we have recently seen is that collaboration is becoming a corporate mindset. Companies are adopting real-time collaboration, in the form of activity streams, around objects such as sales opportunities, customer service cases, and content.³⁸

In 2013, expect greater focus on collaboration. Expect companies to better connect communities with customer service technologies to encourage customer-customer, customer-agent, and agent-agent collaboration to achieve better incident closure rates and higher satisfaction. Expect more companies to relax their agent tier structures in an effort to foster more knowledge sharing. Also expect companies to leverage activity streams that are now part of CRM technology in order to adopt collaborative environments that cross functional organizational silos and allow the right resources to interact in near real time to drive business results.

TAKE ADVANTAGE OF MATURING CUSTOMER SERVICE SOLUTIONS

The need to evolve business processes and technology to better serve customers was at the top of the planning agenda for many organizations and it will continue to be critically important in 2013. As you set your plan for the next 12 months, take into account these four (out of a total of 15) trends.

Trend 12: Best-Of-Breed Solutions Continue To Struggle To Prove Their Value

Customer service organizations have historically adopted a technology ecosystem comprised of many disparate technologies that are either custom-built or procured from single-purpose niche vendors. In addition, these technologies were either implemented in a siloed manner or inflexibly wired together. However, in the past five years, customer service solutions have matured and many large CRM suite vendors now offer excellent, full-featured solutions targeting customer service organizations of different sizes, varying levels of interaction complexity, and a variety of industry verticals.³⁹

In 2013, buyers will purchase customer service solutions instead of custom-building them due to the maturity of the vendor landscape.⁴⁰ They will also be in a strong position to push best-of-breed vendors to demonstrate that their solutions are differentiated and have measurable business value compared with the capabilities available in CRM suite customer service solutions. Buyers will accomplish this through pilot demonstrations, strong customer recommendations, and more flexible contract arrangements than in the past. They must then weigh this differentiation against the pain of integrating multiple customer service solutions, the overhead of managing software upgrades from different vendors, the overhead of managing multiple contracts from different vendors, and the risk of these best-in-breed solutions being acquired.

Trend 13: SaaS Solutions For Customer Service Are Becoming More Popular

Forrester estimates that nearly 70% of organizations are either currently using SaaS solutions for horizontal business processes like CRM or are interested in doing so.⁴¹ The main benefits of SaaS include increased business agility and speed of deployment, as well as the ability to focus on projects critical to the success of the business. Vendors are realizing this trend and are doubling down on efforts to offer comprehensive customer service SaaS solutions. In addition to salesforce.com, the most well-known CRM SaaS solution, all major CRM suite vendors that offer a customer service solution now offer a SaaS option, including Microsoft Dynamics CRM, Oracle, SAP, and Sage. And a new crop of SaaS-based social customer service solutions has gained market attention.⁴² However, SaaS requires new ways of thinking about vendor selection, contracting, risk tolerance, and organizational skill set requirements.

In 2013, customer service organizations will continue to evaluate their SaaS strategy. They will also continue to mature their skills that address emerging needs around SaaS and cloud initiatives in several ways. For example, they will move to an agile project development methodology.⁴³ They will transition to new governance models where IT provides “just enough” centralized coordination and oversight to achieve enterprisewide goals. And they will move toward vendor management processes that include negotiating new types of contracts, SLAs, and pricing models, and risk mitigation plans in the case of mergers and acquisitions or vendor failure.⁴⁴

Trend 14: Outsourcing Is Gaining Market Share

The customer service outsourcing vendor landscape has gone through tremendous M&A activity in the past 10 years to provide global coverage, industry focus, process maturity, and economies of scale. In recent years, there has also been a surge of newer outsourcers. These much smaller firms typically focus on a single industry vertical, providing differentiated customer experiences that garner loyalty at a higher cost than from global outsourcers. Customer service organizations continue to consider outsourcing their operations to reduce customer support costs. However, outsourcing requires the alignment of not only people skills, but also business processes and technology between the provider and the enterprise. In 2012, Forrester found that 20% of companies outsourced or were very interested in outsourcing their operations, with a further 8% interested in doing so.⁴⁵

In 2013, expect outsourcing — via both global outsourcers and newer boutique firms — to slowly gain market share as each outsourcing model finds its niche. Expect to see a rise in outsourcers using home agents to provide their clients with greater business agility to respond to peaks and troughs in demand.⁴⁶ Expect as well to see more companies looking to outsource their contact center technology while staffing customer operations with their agents. Gain-sharing contracts, where outsourcers and companies agree to share financial gains as a result of continuous improvement and/or innovation, will also become more viable.

Trend 15: Analytics Is Improving End-To-End Customer Experiences

Customer communication channels and touchpoints are often managed by different functional organizations within a company.⁴⁷ Few companies extend measurement — a core strength of voice-only call centers — to other communication channels. For example, Dimension Data reports that 28% of organizations measure web self-service interaction costs, 19% measure web chat, 10% measure social media, and 6% measure smartphone applications. Without these metrics, organizations ignore cost and customer satisfaction metrics of the end-to-end journey and fail to answer basic questions such as the cost of and reasons for cross-channel escalations.

In 2013, expect customer service organizations to start moving forward with more holistic measurement programs for communication channels and touchpoints. This will allow customer service organizations to understand the cost and success of end-to-end customer journeys and pinpoint areas of addressable pain, such as an escalation from a mobile self-service session to an agent-assisted call. It will also allow organizations to derive insights from customer behavior, such as an analysis of the variation of journeys by customer tier or issue type. Organizations will be able to use those insights to better contextualize and personalize end-to-end experiences, increasing satisfaction and long-term loyalty. Vendors will make this analysis easier by providing better tools to harvest large amounts of data and provide insights that are well-integrated with customer service technologies.

RECOMMENDATIONS

PRAGMATIC PREPARATION AND EFFECTIVE EXECUTION ARE THE KEYS TO SUCCESS

The world economy shows signs of a slow recovery as we enter 2013. Companies will continue to selectively undertake customer service projects instead of large transformation initiatives; a solid business case and execution will remain critically important. You need to pinpoint the opportunities for quick wins, define a set of small projects to be executed in a stepwise fashion, and execute flawlessly.⁴⁸ To be successful, be sure to:

- **Audit your customer service ecosystem.** Perform a thorough audit of the customer service technologies you use as well as the processes you support across the different communication channels. Understand the maturity of the technologies you have, using Forrester's TechRadar™ for contact center solutions to guide you.⁴⁹ Pinpoint newer technologies and business process changes to deliver a better customer service experience.
- **Understand your customer.** Survey your customers to understand how they want to interact with your customer service organization. Use this data to formulate plans to evolve your offering.
- **Build a sound business case.** Be pragmatic in choosing which projects to tackle. Build a sound business case using Forrester's Total Economic Impact™ (TEI) methodology to justify your initiative.⁵⁰ Then follow best practices in executing your changes.
- **Incorporate feedback loops.** Your work is never done. Continually measure the success of customer service interactions against cost and satisfaction goals. Look for ways to evolve customer service in a way that it stays aligned with your company's overarching goals and mission.

ENDNOTES

- ¹ In a survey of 86 customer experience decision-makers, 93% said that customer experience is among their companies' strategic priorities. For 28%, customer experience isn't just on the list, it's at the top. See the April 24, 2012, "[The State Of Customer Experience, 2012](#)" report.
- ² In a survey of 75 customer service decision-makers, 40% of the respondents reported that improving the customer experience was their most important customer service goal. A further 40% reported that this was their second most important customer service goal. In contrast, only 12% of companies reported that their top goal was to reduce customer service costs and just 3% of companies cited improving agent productivity as the most important goal for their operations. See the November 7, 2011, "[Craft Your Contact Center Investment Plans In Light Of Technology Adoption Patterns](#)" report.

- ³ Forrester surveyed 86 customer experience decision-makers from large North American firms to gauge the importance of focusing on a customer experience strategy, and the types of customer experience projects undertaken. See the April 24, 2012, "[The State Of Customer Experience, 2012](#)" report.
- ⁴ In a survey of 7,638 US online adults who have used any customer service method in the past 12 months, 45% stated that they are very likely to abandon their online purchase if they can't find a quick answer to their question; 66% stated that valuing their time is the most important thing a company can do to provide them with good online customer service. See the January 23, 2012, "[Understanding Customer Service Satisfaction To Inform Your 2012 eBusiness Strategy](#)" report.
- ⁵ Source: North American Technographics® Customer Experience Online Survey, Q4 2012 (US).
- ⁶ When consumers switch from the Web to the phone, email, or chat, a company's cost to serve them goes up dramatically. Forrester built models to total the unnecessary costs that a retailer might incur as a result of missed self-service opportunities. Calculations showed an extra \$22,567,967 in sales and service costs that could have been avoided if the website had enabled users to complete their goals online. See the August 21, 2012, "[Websites That Don't Support Customers Waste Millions](#)" report.
- ⁷ Low-complexity customer interactions are best suited for online self-service, including site search, FAQs, and virtual agents. Click-to-call, click-to-chat, community forums, and some virtual agent technologies will be most aligned with the majority of medium-complexity customer interactions. High-complexity customer service interactions will be most appropriate to channel through live help: click-to-call, reactive or proactive chat, co-browsing, and the telephone. See the June 25, 2010, "[Selecting Online Customer Service Channels To Satisfy Customers And Reduce Cost](#)" report.
- ⁸ For its North American Technographics Benchmark Survey, Q3 2011 (US, Canada), Forrester conducted a mail survey fielded in July 2011 of 64,515 US and Canadian households and individuals ages 18 and older. Forty-three percent are classified as SuperConnecteds: consumers who access the mobile Internet at least weekly or perform multiple advanced activities at least monthly. These are the most sophisticated users of mobile phones. One-third are classified as Entertainers: consumers who listen to music, watch video, or play games on their phone at least weekly. Eleven percent are Connectors: consumers who use mobile for work at least 25% of the time and who use advanced services at least monthly. One in five are Communicators who communicate at least weekly using SMS and who may use MMS, IM, or personal email at least monthly. Twenty-six percent are Talkers and 7% are Inactives (those who do not own a mobile phone). See the November 2, 2011, "[The State Of Consumer And Technology: Benchmark 2011, US](#)" report.
- ⁹ Mobility has become a key corporate priority. For example, a recent Forrester survey found that 47% of firms said that supporting more mobile devices, such as smartphones, was a critical or somewhat critical telecom priority for their company, and 49% of enterprises identified supporting more mobile applications for out-of-office users as an important telecom initiative for their firm in the coming year. See the August 22, 2011, "[Best Practices: The Right Way To Implement Mobile CRM](#)" report.
- ¹⁰ Major CRM suite customer service solutions offer mobile capabilities to varying degrees of completeness of solution. See the July 11, 2012, "[The Forrester Wave™: CRM Suite Customer Service Solutions, Q3 2012](#)" report.

- ¹¹ Forrester ranks mobile customer service solutions in the survival phase in an assessment of the maturity and business value derived of 24 contact center solutions for customer service. Mobile customer service solutions are hampered by the number of mobile form factors and operating systems to support, the changing vendor landscape, and the choice of value-add use scenarios to deploy. Once these early adoption issues are solved, new quantifiable case studies will come to light, confidence will go up, and mobile customer service's value will be realized. See the August 29, 2011, "[TechRadar™ For Business Process Professionals: Contact Center Solutions, Q3, 2011](#)" report.
- ¹² Mobile is the visible manifestation of a much broader shift to systems of engagement that marry physical context and digital intelligence to deliver service directly into a person's hands. This shift will add value and take cost out of every business service, workflow process, and business application. But mobile engagement will also require wholesale changes to a company's app design, service delivery, IT skills, technology assets, and even your business model. Because mobile projects span business, marketing, and IT, they require coordination across all three groups. Best-in-class companies have dedicated executives and a well-funded mobile center of excellence to bring the right people and funding together. See the November 16, 2012, "[Great Mobile Experiences Are Built On Systems Of Engagement](#)" report.
- ¹³ In a survey of 86 customer experience professionals, 77% said that improving the online customer experience was the main objective of their customer experience program and 74% of respondents said that improving cross-channel customer experiences was their main objective. See the April 24, 2012, "[The State Of Customer Experience, 2012](#)" report.
- ¹⁴ High-quality data, when used effectively, can provide that elusive single view of a customer — a fundamental element to enable customer service reps to offer personalized, value-added service. IT must partner with business process pros supporting customer service operations and change the conversation to focus on the quantifiable business impacts of poor data quality — such as increased operational costs and lower customer satisfaction scores — and craft a solid business case to drive data improvements. See the December 13, 2011, "[The Secret To Better Customer Service: High Data Quality](#)" report.
- ¹⁵ Companies eliminate repetitive inbound calls on common topics by proactively providing customer information on changes or account updates. This reduces the number of both support calls and opportunities for mishandling customer information. Customers appreciate receiving timely information that indicates the company is looking out for their best interests. Proactive communication is also used to alert customers to special events which helps predict a customer's interest and targets promotions to generate new revenue. This supports marketing campaigns without the expense of other forms of expensive advertising. See the February 7, 2012, "[Update 2012: Proactive Outbound Notification Saves Money](#)" report.
- ¹⁶ The Forrsights Networks And Telecommunications Survey, Q1 2012 was fielded to 2,347 North American and European network and telecommunication decision-makers from small and medium-size business (SMB) and enterprise companies with two or more employees. This survey is part of Forrester's Forrsights for Business Technology and was fielded during January 2012 and March 2012.
- ¹⁷ In 2009, the US Federal Trade Commission (FTC) added two amendments to the Telemarketing Sales Rule that let callers sign up for the no-call list. The amendments restrict prerecorded messages to customers

unless the customer has previously agreed to accept such calls from the seller. This will not limit calls that are purely informational prerecorded messages, such as appointments or flight schedule changes. This puts the burden on vendors to get customers' permission up front and ensures that the vendors only send information of interest to customers. See the February 7, 2012, "[Update 2012: Proactive Outbound Notification Saves Money](#)" report.

Customer service managers find that interactive proactive communications improve customer satisfaction, add value with personalized messages to individual recipients, and reduce contacts into the contact center. See the February 7, 2012, "[Update 2012: Proactive Outbound Notification Saves Money](#)" report.

¹⁸ For example, VMware uses Twitter to push out new knowledge base content to its followers, deflecting calls from the contact center. See the March 25, 2011, "[Case Study: VMware Uses Knowledge Management To Empower Its Customers With Relevant Content](#)" report.

¹⁹ Proactive outbound communications embrace the agile customer journey by allowing customers to interact with agents after receiving an outbound message.

²⁰ In a survey of 102 customer experience professionals, two-thirds of respondents reported that their VoC programs did not deliver financial results due to the inability to calculate these results. However, those who do connect the dots successfully told us that their VoC efforts drive retention and growth metrics. See the October 2, 2012, "[The State Of VoC Programs, 2012](#)" report.

²¹ VoC programs continue to face serious resource constraints. For the past two years, only 23% of respondents report having adequate resources. And fewer than half say that their data collection and analysis tools are sufficient. With strapped resources, it's no wonder companies aren't getting the desired impact from their VoC programs. See the October 2, 2012, "[The State Of VoC Programs, 2012](#)" report.

²² Salesforce acquired Radian6 in 2011. Source: "Salesforce.com Signs Definitive Agreement to Acquire Radian6, the Industry's Leading Social Media Monitoring Platform," salesforce.com press release, March 30, 2011 (<http://www.salesforce.com/company/news-press/press-releases/2011/03/110330.jsp>). Verint acquired Vovici in 2011. Source: "Verint to Acquire Vovici Creating Category Leader in Voice of the Customer Solutions," Verint press release, July 19, 2011 (<http://verint.com/about/investor-relations/financial/verint-to-acquire-vovici-creating-category-leader-in-voice-of-the-customer-solutions>). Nice acquired Fizzback in 2011. Source: "NICE to Acquire Fizzback, Introducing the Most Complete Customer Experience Management Offering with the Integration of Revolutionary Real-Time Voice of the Customer Solution," NICE press release, September 19, 2011 (<http://www.nice.com/nice-acquire-fizzback-introducing-most-complete-customer-experience-management-offering-integration>).

²³ In January and February 2011, ICMI surveyed 428 contact center professionals working in centers of all sizes and shapes around the globe about their centers' ability to strike a balance between call center efficiency and the customer experience. Less than one-third (30%) of contact center professionals surveyed rate their centers as successful at achieving the balance between call center efficiency and customer experience. Source: "The Business Value in Balancing Call Center Efficiency with Customer Satisfaction," Avaya, June 2011 (http://www.icmi.com/~media/Files/Resources/Whitepapers/ICMI_Avaya_Whitepaper_Balancing%20Call%20Center%20Efficiency%20with%20the%20Customer%20Experience_June%202011.ashx).

In a survey of global 609 contact centers by Dimension Data, 52% identified themselves as cost centers. This number remains unchanged from 2011. Source: “Global Contact Centre Benchmarking Report 2012,” Dimension Data, November 19, 2012 (<http://www.dimensiondata.com/microsites/ccbenchmarking/Pages/Home.aspx>).

- ²⁴ Metrics for phone, email, IVR, social media, and web self-service are not the same. Choose metrics that make sense for the communication channels you support. Expect to see a high-level correlation between metrics and outcomes from different communication channels. For example, see if customers have the same satisfaction ratings or first handle rates in each communication channel. When differences surface, dig deep to find and fix the underlying root cause, which often is the result of broken processes for a supported channel. See the August 21, 2012, “[Implement Effective Customer Service Metrics](#)” report.
- ²⁵ Three types of data inputs are needed for contextualization: profile — who the customer is; history-what the customer did in the past and situation — what is happening to the customer now. See the November 19, 2012, “[It Ain’t Personal; Get Up Close And Contextual](#)” report.
- ²⁶ In Forrester’s August 2011 Global eBusiness And Channel Strategy Professional Online Survey of 119 eBusiness and channel strategy executives, 91% said that they were responsible for the website and digital channels, 51% said they were responsible for the mobile strategy, and a surprising 25% said that they were responsible for their call center strategy.
- ²⁷ In a survey of 144 eBusiness and channel strategy professionals, when asked how they felt about their company’s execution in the following areas, 19% were confident of their multichannel execution, and 21% were confident of their back-end integration capabilities. See the June 24, 2011, “[Multichannel Execution Falls Short](#)” report.
- ²⁸ Forrester, in conjunction with CustomerThink, surveyed 75 contact center decision-makers to understand their adoption patterns of 18 different technologies. Forty-seven percent of those surveyed reported that they have implemented or are expanding their customer communities, 42% said that they offer customer service via social sites like Facebook and Twitter, and 39% said that they use social listening technologies.
- ²⁹ This data was derived from the North American Technographics Customer Experience Online Survey, Q4 2012 (US), which asked 7,506 US online consumers what communication channels they had used to receive customer service in the past 12 months.
- ³⁰ Two major acquisitions dominated the knowledge management space in 2011: Oracle’s acquisition of InQuira and Oracle’s acquisition of RightNow Technologies. Source: Kate Leggett, “Standalone Knowledge Management Is Dead With Oracle’s Announcement To Acquire InQuira” Kate Leggett’s Blog, July 28, 2011 (http://blogs.forrester.com/kate_leggett/11-07-28-standalone_knowledge_management_is_dead_with_oracles_announcement_to_acquire_inquirea) and Kate Leggett, “More Market Consolidation With Oracle Acquiring RightNow: More Questions Asked Than Answered,” Kate Leggett’s Blog, October 24, 2011 (http://blogs.forrester.com/kate_leggett/11-10-24-more_market_consolidation_with_oracle_acquiring_rightnow_more_questions_asked_than_answered).
- ³¹ Knowledge management best practices are mature and well-documented. See the March 25, 2011, “[Best Practices: Knowledge Management For Customer Service](#)” report.

- ³² Two-thirds of customers say that “valuing their time is the most important thing a company can do to provide good service.” A knowledge base is typically used to empower agents and customers with answers to customer questions. But traditional knowledge management is difficult because of the confusion around the term and its checkered reputation. There should be more focus on establishing a collaborative content hub. Source: Kate Leggett, “The New Knowledge Management: What Does A Collaborative Content Hub Look Like,” Kate Leggett’s Blog, August 1, 2012 (http://blogs.forrester.com/kate_leggett/12-08-01-the_new_knowledge_management_what_does_a_collaborative_content_hub_look_like).
- ³³ The goal of “next best action” is to target offers to boost customer lifetime value, deliver consistent cross-channel experiences, harvest customer leads from sales, marketing and other sources, and continue to optimize back-office orchestrations. See the April 13, 2011, “[Boost Customer Lifetime Value Through Next Best Actions In Multichannel CRM](#)” report.
- ³⁴ Next best action can cost-effectively improve the consistency of service delivered across multichannel customer-facing business processes. It can also help organizations elevate agent efficiency, personalize service, and meet compliance goals. See the May 31, 2011, “[Best Practices: Next Best Action In Customer Relationship Management](#)” report.
- ³⁵ Customer service managers struggle to balance customer experience and cost: Siloed communication channels, impersonal service, and an inability to enforce company processes or meet regulatory compliance negatively affect satisfaction and increase costs. By extending BPM best practices and technology to the front office, customer service organizations can improve the consistency of service delivered, elevate agent efficiency, personalize service, and meet compliance goals — at a cost that makes sense to the business. See the October 5, 2010, “[Extend Business Process Management To The Front Office To Transform Customer Service](#)” report.
- ³⁶ Niche customer service vendors such as Sword Ciboodle, KANA, Numara Software, PegaSystems, and others offer BPM capabilities for customer service to varying degrees. See the December 10, 2010, “[Market Overview: Customer Service Specialty Solutions](#)” report.
- ³⁷ Although the back office is a part of the business that remains largely “unseen” by customers, it can become the leading source of headaches for your customer service organization. According to some experts, issues with back-office processing — such as data entry errors, workflow delays and billing mistakes — can make up 10-20 percent of all the call volume flowing into a contact center. In fact, TARP Worldwide, a firm known for its customer experience consulting work, has repeatedly found that up to 60 percent of customer dissatisfaction sources are found in the back office. Source: Craig Seebach, “Taming the Back Office Effect on the Call Center--Part 1,” ICMI, September 20, 2009 (<http://www.icmi.com/Resources/Articles/2009/September/Taming-the-Back-Office-Effect-on-the-Call-Center-Part-1>).
- ³⁸ Firms are increasingly using collaboration and networks to gain competitive advantages. See the November 5, 2012, “[Mapping The Value of Social Business And Collaboration](#)” report.
- ³⁹ Customer service suite CRM vendors provide robust and complete customer service capabilities across all dimensions measured. See the July 11, 2011, “[The Forrester Wave™: CRM Suites Customer Service Solutions, Q3 2012](#)” report.

⁴⁰ During the past five years, these solutions have greatly matured as vendors have focused on solidifying the foundational building blocks of their customer service capabilities. Vendors have folded in new technologies such as social computing, business process management, decisioning, business intelligence, and mobility into their solutions to allow enterprises to offer differentiated and personalized customer service experiences using solutions from a single vendor. There are now many excellent solutions to choose from that not only provide customer service capabilities but can also be extended to provide holistic customer management capabilities at a later date. See the December 18, 2012, “[Choose The Right Customer Service Solution For Your Business](#)” report.

⁴¹ Source: Forrsights Software Survey, Q4 2011.

⁴² Examples include: Conversocial, Get Satisfaction, FuzeDigital, MindTouch, and Zendesk.

⁴³ Organizations are increasingly adopting software-as-a-service (SaaS) CRM solutions. To be successful, they have to focus on increasing the use of agile development, and moving from an IT to business organizational technology structure. See the November 12, 2012, “[Capitalize On SaaS CRM Solutions With Better Governance](#)” report

⁴⁴ Software-as-a-service (SaaS) contracting has become more important to organizations; firms are now scrutinizing deals before signing. SaaS agreements matter more than ever because of greater quantities of mission-critical data and larger dollar amounts across a wider range of technology categories. See the September 13, 2011, “[Inquiry Spotlight: SaaS Pricing And Contracting, Q3 2011](#)” report.

⁴⁵ Source: Forrsights Networks and Telecommunications Survey, Q1 2012.

In a 2012 survey of 631 contact center executives by Dimension Data, outsourcing grew by 4% in 2012. Source: “Global Contact Center Benchmarking Report 2012,” Dimension Data, November 19, 2012 (<http://www.dimensiondata.com/microsites/ccbenchmarking/Pages/Home.aspx>).

⁴⁶ Employing home agents offers several potential benefits, such as improved recruiting opportunities, flexible work hours, and lower infrastructure. See the August 2, 2011, “[Update 2011: Are Home Agents Right For Your Contact Center?](#)” report.

⁴⁷ For example, 81% of eBusiness and channel strategy executives own the web self-service touchpoints; 58% own the mobile channel. See the December 18, 2012, “[Choose The Right Customer Service Solution For Your Business](#)” report.

⁴⁸ Forrester’s contact centers for customer service playbook outlines four steps for AD&D professionals who want to optimize and innovate with customer service operations: 1) discover: establish the value of customer service; 2) plan: set the right strategy; 3) act: execute the strategy with precision; and 4) optimize: measure and improve operations. See the June 22, 2012, “[Transform The Contact Center For Customer Service Excellence](#)” report.

⁴⁹ Forrester uses the TechRadar™ methodology to make projections for more than a decade into the future of the use of technologies in a given category. We make these predictions based on the best information available at a given point in time. Forrester intends to update its TechRadar assessments on a regular schedule to assess the impact of future technical innovation, changing customer and end user demand,

and the emergence of new complementary organizations and business models. See the August 29, 2011, “[TechRadar™ For Infrastructure And Operations Professionals: Contact Center Solutions, Q3 2011](#)” report.

⁵⁰ Forrester’s Total Economic Impact methodology helps customer service leaders make better decisions by helping them quantify, communicate, and realize the complete business value of a technology investment. See the September 10, 2012, “[Win Funding For Your Customer Service Project](#)” report.

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