

Powering clients to a future shaped by growth

F R O S T  S U L L I V A N

EMBRACING THE FUTURE OF CX DELIVERY

A Frost & Sullivan Virtual Think Tank

By Alexander Michael, Global Practice Area Leader, Frost & Sullivan

IN PARTNERSHIP WITH

 **TELUS** International

Resilience and Channel Optimization: Immediate CX Priorities.....	4
Agents Are Fundamental to Automation Projects	5
Increasing AHTs, Evolving Device and Channel Preferences.....	5
Customers Drive the Security Agenda.....	7
WAHA Is in the Past, Present, and Future.....	7
The Last Word	8

Virtual Think Tank Participants:



Luciane Carillo
Director of CS, Latam
Netflix



Jim Radzicki
Chief Technology Officer
TELUS International

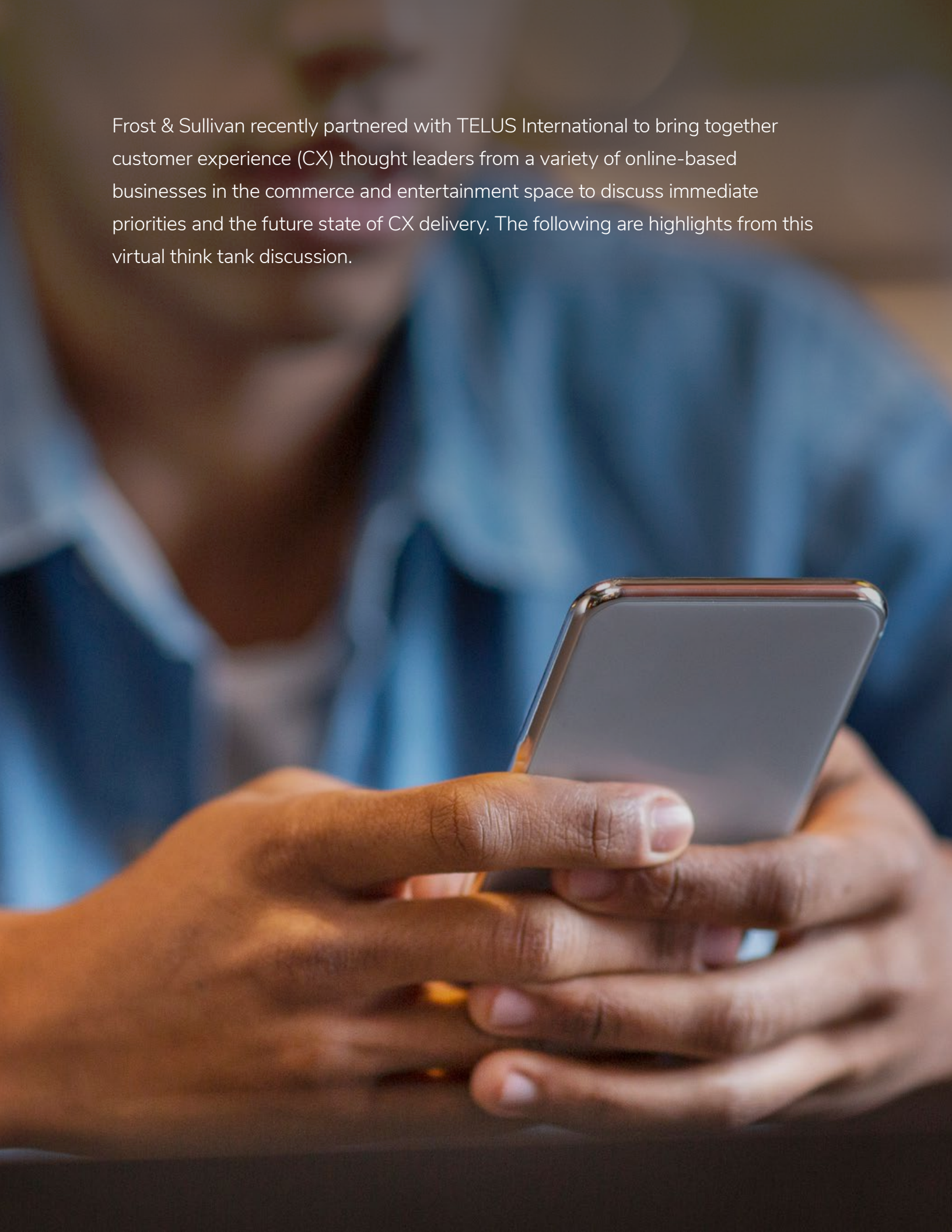


Kari Diederich
Director of Call
Center Operations
Bluestem Brands



Howard Sharpley
VP of Member Services
Ancestry

Frost & Sullivan recently partnered with TELUS International to bring together customer experience (CX) thought leaders from a variety of online-based businesses in the commerce and entertainment space to discuss immediate priorities and the future state of CX delivery. The following are highlights from this virtual think tank discussion.



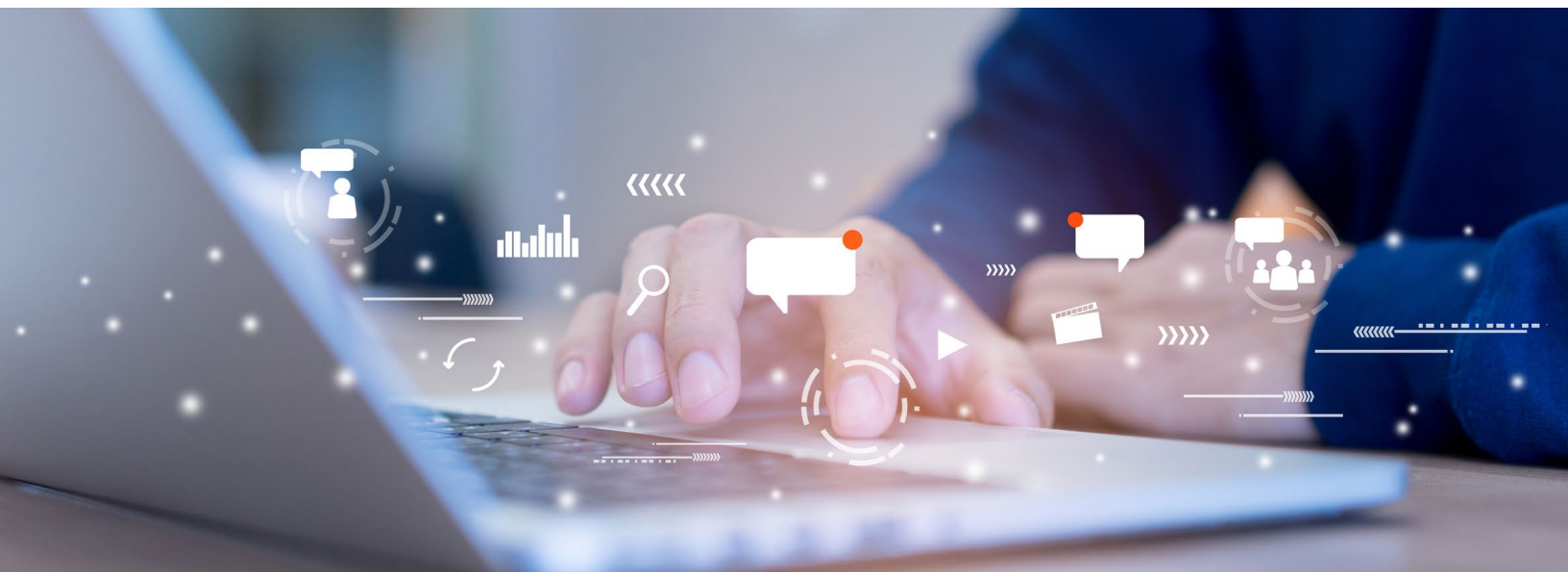
RESILIENCE AND CHANNEL OPTIMIZATION: IMMEDIATE CX PRIORITIES

Architecting resilience into customer journeys and maximizing agility at every level is an immediate objective for most CX professionals. Many CX executives have traditionally regarded accurate planning as the essence of their professional existence but have come to realize they can no longer plan for every eventuality. Consequently, pivoting will be an essential skill as they identify the levers they are still able to control to mitigate disruption.

Although the thought leaders' immediate priorities are different, they all recognize that their shared objective is to supercharge the customer experience and continue to deliver a differentiated and exceptional level of customer service. Clearly, these thought leaders are thinking for the long-term and planning for the future.

Channel optimization is still a big issue in many organizations, as is the need to make KPIs less transactional and more customer-centric, measuring positive outcomes like first-call resolution, CSAT, and NPS, and being able to differentiate the metrics between channels. Many businesses could do a better job at analyzing and generating insight from the data that is already available. The real-time benefits of data are increasingly appreciated to personalize interactions and build engagement with customers at each touchpoint.

In Frost & Sullivan's opinion, organizations must emphasize the self-sufficiency of the entire agent environment, working towards more cross-skilled teams to mitigate problems that typically depress customer-centric KPIs. Thought leaders believe that knowledge management and agent training will require more attention. Training should not be confined to facts, procedures, and tools but expanded to teaching an organization's culture to embody the brand positioning it is striving for. This needs to happen right from the start. In the words of one thought leader from the retail industry: "It goes back to how we are teaching the culture immediately at new-hire training. To be able to give that knowledge to our agents and talk about brand positioning, I think, is really critical for them."



AGENTS ARE FUNDAMENTAL TO AUTOMATION PROJECTS

Regardless of channel, CX professionals should be looking for ways to future-proof customer problems and anticipate questions they might have later in the process.

One thought leader, who has over five million calls coming into her IVR every year, shares that her main automation priority right now is AI. She wants to understand the customer journey fully, from a new customer activating an account to placing an order to receiving the order. Appreciating customer expectations based on information captured throughout the customer journey is a prerequisite to identifying the processes that should be automated.

Jim Radzicki, CTO at TELUS International, has noticed a tendency to harness AI to enhance the employee journey in much the same way. He has seen many companies increase their efforts to augment the agent experience, making agents' jobs easier by giving them a bot or knowledge-based assistant. For example, a TELUS International client was clocking, on average, 133 seconds for agents to navigate all their knowledge bases. The introduction of a knowledge-based assistant bot reduced the navigation time to 16 seconds.

Another advantage of this approach is that bots are tested on employees, not customers. Only when the bot is solid, does it go into production as a customer-facing resource. If agents feel the bots work for them and supply the right answers, odds are they will also satisfy the customer base. One challenge is that knowledge bases start to stagnate and get flat the minute they go into production. Bots trained on agents address this challenge of keeping bots fresh and relevant.

In Frost & Sullivan's opinion, partnerships with CX outsourcers and technology vendors is essential to achieving agility and CX improvements through technology. Organizations will ask CX partners to take ownership of delivering an outcome, not just providing a service. However, if organizations hold outsourcers and vendors to an outcome, they must give up some control in return, and that may be a difficult mindset to change.

INCREASING AHTS, EVOLVING DEVICE AND CHANNEL PREFERENCES

CX thought leaders agree that, when the pandemic first struck, they got a hall pass from customers for the first one to two months. Customers were willing to hold a little longer, were more understanding of delays, and most businesses saw average handle times (AHT) increase. The AHT spike was caused primarily by agents working from home taking their time to interact with customers, which created an efficiency dilemma for supervisors. One thought leader has witnessed agents crying with customers, and although agents are supposed to be empathetic and caring, it is undesirable to be too empathetic.

Radzicki made the same observation from an outsourcing perspective. He thinks call and chat handle times extended during lockdown because, like in our own work environments, more

personal conversations happened through those interactions. The focus was no longer on completing a process quickly.

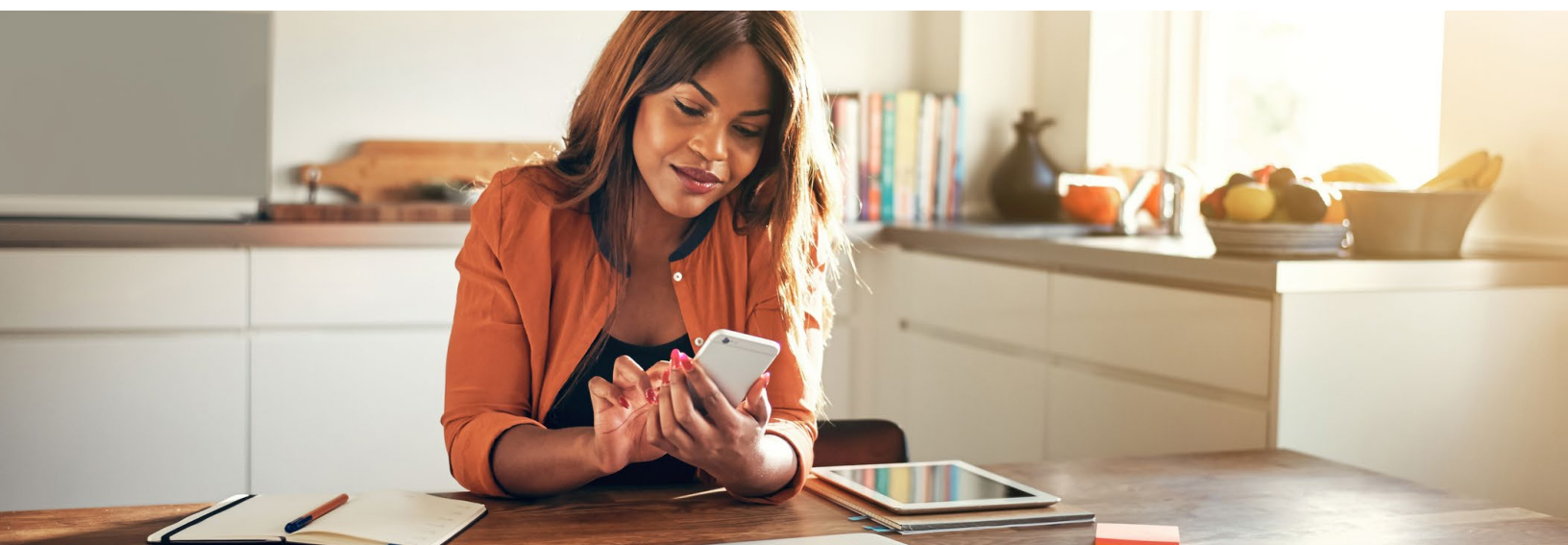
Another thought leader observed that people were buying like crazy, with a sense of urgency. She recently conducted a customer survey, which suggested customers were feeling stressed and anxious, becoming more demanding as a result. They want a better experience when they call and want agents to really hear them: “Hear me out, and then tell me what you’re going to do for me.” Customers seek natural conversations and react when agents sound robotic or scripted, and that is another driver behind the rising handle times. The impression that customer service expectations have risen back up, now that the initial shock has settled down, is shared by most organizations.

Many businesses are also noticing a change in customer behavior that affects device and channel preferences. Customers increasingly use smartphones and tablets, and 80% of one thought leader’s order volume now comes from small screens. Consequently, app optimization is more important than ever.

CX executives have been detecting a significant increase in the popularity of chat. One thought leader, whose incoming traffic used to be 15% chat and 85% voice, has experienced a shift to almost 50/50. That is, of course, good news to counterbalance increasing voice AHTs, and TELUS International is finding that the introduction of digital channels stimulates an increase in customer satisfaction.

This chat trend may not be as prevalent in all industries, however, considering that this virtual think tank is dedicated to online businesses. It is likely that customers, who already engage through digital devices, will also want to communicate through digital channels. In Frost & Sullivan’s opinion, customers pick channels based on their level of anxiety. Anxious customers are likely to gravitate towards voice. If organizations reduce anxiety – e.g., by proactively communicating with customers – they are better able to optimize the channel mix.

The omnichannel transformation must continue in CX delivery, and organizations will further introduce bots and other new tools. However, they should also keep optimizing the current tools and give customers options through all channels. A customer may come in via the IVR wanting to hear about the returns policy. Texting the information (so the customer does not have to listen to it) and providing a web link could be a better option than connecting the call to a human agent.



CUSTOMERS DRIVE THE SECURITY AGENDA

Previously, many organizations considered security to be cumbersome and an obstacle to smooth CX delivery. However, customers expect organizations to treat security as an essential element of the value proposition. Security is not just a question of governance-led box-ticking.

Frost & Sullivan has invented a digital trust index to analyze the relationship between trust and revenue. It found that only a quarter of consumers exhibit high digital trust. Moreover, marketers significantly overestimate their customers' digital trust (a 14-point gap between perception and reality) and make the wrong decisions as a result.

Further, Frost & Sullivan has been able to show that customers with high digital trust spend significantly more online than consumers with low trust. With CX being increasingly digital and agents working from home, it is essential to build trust through process design. Organizations may need to break up some workflows because there are sensitive activities they will want to be accomplished in an office for security reasons.

Howard Sharpley, VP of Member Services at Ancestry, which handles abundant sensitive information and serves approximately 2.5 million customers through phone, email, chat, chatbots, and social media, believes the stakes are increasing: "I think we've always done a good job of keeping information private. As we move to more and more digital channels, there's always another level of sensitivity and definitely some room to improve security postures."

Sharpley thinks the best way to address the problem is to take sensitive data out of the hands of agents working from home and use technology to complete the transaction. For example, if customers never speak their credit card numbers but type them in on their phones, the agent only sees a checkmark that a credit card was accepted. The security problem is solved because the data was never recorded, appeared on screen, or was stored anywhere.

WAHA IS IN THE PAST, PRESENT, AND FUTURE

Working from home gives access to a much broader, possibly better-qualified pool of applicants who would not want to come into an office for a fixed shift every day. Most organizations believe work-at-home agents (WAHA) will be an essential part of their operational make-up after the pandemic. Frost & Sullivan estimates that 25-30% of agents will continue working from home on average, and in some organizations, it could be a much higher share.

During the first wave of COVID-19, two thought leaders surveyed their employees and found that only 10-15% of employees were keen to return to the office. However, one thought leader remarked that, although his agents had clearly loved working from home for the first 60-90 days, he was noticing some fatigue. CX executives need to catch up with the new reality of working and address all the detailed aspects that may have been a lower priority initially, such as technology, coaching, training, onboarding, and development to make WAHA effective for everyone.

Some executives feel WAHA should be a reward and would allow their best-performing agents to work from home. Others take the exact opposite view. Luciane Carrillo, LATAM Director of Customer Services at Netflix, shared that 90% of her global agents are at home right now and that Netflix is not obligating anybody to go back to the office. Its focus is on adapting to individual circumstances and giving more options to agents who do want to go back to the office: “At Netflix, we are not going back to the office any time soon. So, I think the focus has been on making work from home really work for agents. I don't like to put it as a reward, actually. We are very much people over process, and working from home is working.”

One thought leader shares that WAHA was already part of her past, as her company built a WAHA model eight to nine years ago. Hiring in its local area had become very challenging, forcing the company to be critical thinkers on how to find the agent skillsets it was looking for. She found the flexibility of the WAHA model allowed her to recruit from the entire state, finding new hot spots and shedding the constraints of one specific location. The company employs a mix of people who are more successful working from home and people who are more successful in a brick-and-mortar. Allowing agents to work where they are going to be the best makes perfect sense.

CX thought leaders agree that successfully working from home is a skill in itself and that promoting the culture of an organization, really achieving buy-in and passion for the brand, is tough to achieve externally over a Zoom call. It is a big concern that new-hires who have been interviewed, trained, and developed online risk missing that cultural aspect.

Thus, organizations need to be creative to maintain culture and keep agents happy when they have never been to a site. It is essential to embed culture in agents' day-to-day activities to bring uniqueness and originality to the engagement with customers. And, it makes no difference whether activities are outsourced or performed in-house. Competent outsourcing partners will have accumulated agent experience best practices but have an opportunity to stand out for their ability to commit to the client's culture and achieve cultural buy-in from the relevant agents.

THE LAST WORD

In Frost & Sullivan's opinion, a handful of words sum up the future of CX delivery: resilience, agility, digital, empathy, engagement, and security.

Organizations have learned a lot already and are busy applying their learnings from the first lockdown to CX strategy development. Brands cannot operate in emergency mode the next time there is a global crisis, and successful CX delivery will come down to culture, attitude, and trust. From the discussion during the virtual think tank, it is clear that thought leaders are shifting focus from policy enforcement to enablement, mitigation, motivation, and training.

NEXT STEPS

- **Schedule a meeting with our global team** to experience our thought leadership and to integrate your ideas, opportunities and challenges into the discussion.
- Interested in learning more about the topics covered in this white paper? Call us at 877.GoFrost and reference the paper you're interested in. We'll have an analyst get in touch with you.
- Visit our **Digital Transformation** web page.
- Attend one of our **Growth Innovation & Leadership (GIL)** events to unearth hidden growth opportunities.
- Learn more about our sponsorship partner for this Virtual Think Tank, TELUS International – **telusinternational.com**

Silicon Valley

3211 Scott Blvd
Santa Clara, CA 95054
Tel 650.475.4500
Fax 650.475.1571

San Antonio

7550 West Interstate 10
Suite 400
San Antonio, TX 78229
Tel 210.348.1000
Fax 210.348.1003

London

Floor 3 - Building 5,
Chiswick Business Park
566 Chiswick High Road
London W4 5YF
Tel +44 (0)20 8996 8500
Fax +44 (0)20 8994 1389

✉ myfrost@frost.com

☎ 877.GoFrost

🌐 <http://www.frost.com>

FROST & SULLIVAN

Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today's market participants. For more than 50 years, we have been developing growth strategies for the Global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies?

For information regarding permission, write:

Frost & Sullivan

3211 Scott Blvd

Santa Clara, CA 95054

F R O S T  S U L L I V A N