

# Transform The Contact Center For Customer Service Excellence

## Executive Overview: The Contact Centers For Customer Service Playbook

by Kate Leggett

May 1, 2017

### Why Read This Report

Customers increasingly demand effortless customer service. Customer service executives face the constant challenge of simultaneously meeting customer expectations and business cost goals. Forrester's contact centers for customer service playbook outlines four steps for application development and delivery (AD&D) professionals to optimize and innovate 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.

This is an update to the report last published on April 11, 2016; Forrester reviews and updates it periodically for continued relevance and accuracy.

### Key Takeaways

#### **Customer Service: Easy To Talk About, Hard To Deliver**

Outstanding customer service is a cornerstone of any company's customer experience strategy. However, few companies are able to deliver due to the increasing complexity of the technology ecosystem, changing customer demands, new technology deployment methods, and vendor mergers and acquisitions.

#### **Delivering Good Customer Service Requires A Disciplined Approach**

This playbook outlines the four critical steps in transforming customer service processes to deliver distinctive customer experiences that will set your company apart in the marketplace: 1) establish the value of customer service; 2) set the right strategy; 3) execute the strategy with precision; and 4) measure and improve operations.

#### **Customer Service Technology Strategies Focus On Business And Customer Value**

By leveraging the right technology and processes, organizations create deeper value-adding relationships with their clients. This leads to increased retention, spending, and advocacy — all of which drive more top-line revenue.

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by [Kate Leggett](#)

with [Stephen Powers](#), [Art Schoeller](#), [Ian Jacobs](#), and Chad Rafferty

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## Transform Customer Service To Deliver Great Experiences

Customer experience (CX) is the sum of all the experiences a customer has with a company over the duration of the relationship — including awareness, discovery, attraction, interaction, purchase, use, customer service, and advocacy. Seventy-six percent of decision makers working in customer service departments we surveyed say that improving CX is a top priority, and 50% seek to improve differentiation in the market.<sup>1</sup> The reality? Many companies still struggle to optimize the service experience, and more than a quarter manage their customer service operations solely as a cost center. It's no wonder that customer satisfaction levels for customer service decreased four years in a row from 2013 to 2016.<sup>2</sup>

### Customer Service Has A Direct Impact On A Company's Bottom Line

Customer service, a cornerstone of an organization's CX strategy, is the ability to provide service to customers — either via self-service or via an interaction with a contact center agent — before, during, and after a purchase. AD&D professionals supporting customer service operations must pay attention to their customer service strategy because:

- › **Good customer service experiences boost repurchase odds and long-term loyalty.** Customer loyalty has economic benefits measurable over three dimensions: willingness to consider another purchase, likelihood to switch business to a competitor, and likelihood to recommend to a friend or colleague.<sup>3</sup> The revenue impact from a 10-percentage-point improvement in a company's CX score can translate into more than \$1 billion.<sup>4</sup>
- › **Poor customer service experiences lead to increased service costs.** The cost of failing to meet these expectations is high: Almost half of US online adults will abandon their online purchase if they cannot find a quick answer to their questions; 69% of online consumers move to another channel when online customer service fails; and Forrester estimates that unnecessary service costs for online retailers due to channel escalation are \$22 million on average.<sup>5</sup>

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Forrester Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140 USA  
+1 617-613-6000 | Fax: +1 617-613-5000 | [forrester.com](http://forrester.com)

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- › **Poor customer service experiences also lead to customer defection and service loss.** For example, if a company has 4 million customers, and each customer spends \$100 per year, the total projected annual revenue would be \$400 million. Three out of five of US online adults say that they are unlikely to return to a website that does not provide a satisfactory customer experience, and typically only about 2% of them will complain to the contact center.<sup>6</sup> For this company, that represents 2.4 million customers. At \$100 apiece, this means a \$240 million loss in revenue annually.

**Complex Technologies Hamper Customer Service Strategies**

The customer service technology ecosystem has grown more complex due to new communication channels, new touchpoints, new deployment methods like cloud-based solutions, and vendor mergers and acquisitions. As a result, customer service leaders struggle to enforce a consistent process and experience across their workforce.<sup>7</sup> Specifically, they need to:

- › **Use a consolidated customer service tool set.** Often, transactional data and customer history are neither consistent nor consistently available across communication channels. The majority of companies have non-integrated communication channels: phone, email, chat, and web self-service.<sup>8</sup> Many are adding new channels such as chatbots, virtual agents, and messaging, but they often do so in silos, which don't tie into the more established channels. Customers receive inconsistent service because of this lack of integration, which increases costs and decreases customer satisfaction.
- › **Follow consistent processes.** Customer service agents often use multiple, disconnected applications when resolving a single customer issue. This lack of a standardized discovery process — and lack of automation wherever and whenever possible — hinders agent consistency and productivity, increases agent training times, and leads to a higher level of agent turnover due to frustration with the tool set.<sup>9</sup>
- › **Comply with policy.** Regulations in industries such as financial services and healthcare are becoming increasingly complex. Few real-time processes in customer service organizations audit agent actions against policy requirements, leading to higher service costs due to incurred penalties.<sup>10</sup>
- › **Do the right thing for the customer.** Customers expect service interactions tailored to their persona, transaction and interaction history, and current state. Yet customer service leaders can do little more than deliver service interactions tailored to broad customer segments. They cannot optimize process flows and decisions — or next best actions — for more personal and successful business outcomes that foster relationships, trust, and loyalty.

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## Forrester's Contact Centers For Customer Service Playbook

Forrester receives a wide variety of client inquiries, ranging from “What business and technology trends are important for creating a sound customer service strategy?” to “What should our contact center road map look like to ensure the success of our new customer service strategy?” Forrester’s contact centers for customer service playbook helps AD&D pros transform customer service via four critical steps (see Figure 1):

1. **Discover: Articulate the value of customer service in business terms.** To realize the business value of customer service strategies and technologies, AD&D pros need to understand the key customer and technology trends, how to quantify the business impact of these trends, and how to assess their organization’s business capabilities to optimize customer service. First, evaluate your current contact center solutions to understand their maturity for customer service; this will guide you in developing a strong business case to pinpoint opportunities within your own organization.
2. **Plan: Set the strategy for customer service operations.** To plan for transforming your approach to customer service and contact center operations, consider four key dimensions: strategy, process, people, and technology. These elements will vary based on your company’s growth phase. AD&D pros must build a strategic plan for customer service, set business and technology priorities, and create the customer service road map to ensure success.
3. **Act: Execute the strategy.** Once a plan is in place, organizations must manage change effectively to ensure a smooth transition. This includes organizing for success through appropriate staffing and training initiatives, strengthening governance practices, and selecting the most appropriate technology solutions — whether in-house or outsourced.
4. **Optimize: Measure and improve customer service operations.** New practices and initiatives often take many years to unfold. Your strategy must grow deep roots to remain effective and continuously improve operations. Customer satisfaction, cost, revenue generation, and compliance measures are just a few of the metrics that companies should use to evaluate the success of their customer service strategy and benchmark against the market. Be aware that executive buy-in, consistent communication, and training practices are crucial for ensuring ongoing success.

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**FIGURE 1** The Contact Centers For Customer Service Playbook

DISCOVER	PLAN	ACT	OPTIMIZE
Vision	Assessment	Organization	Performance Management
Landscape	Strategic Plan	Processes	Benchmarks
Business Case	Road Map	Tools And Technology	Continuous Improvement

**What It Means**

## Contact Center Customer Service: An Opportunity For Success

Organizations have the opportunity to gain a competitive advantage by delivering a differentiated contact center experience. This includes pain-free customer service, proactive engagement, real-time responses, mobile capability, and social interactions. Ultimately, strong contact centers are good for business. Success requires a coordinated effort across four key dimensions: strategy, process, people, and technology. AD&D pros should start by measuring the maturity of their offering and then articulating a vision for their end goal. Forrester's contact centers for customer service playbook can help.

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## Endnotes

- <sup>1</sup> Seventy-six percent of business and technology influencers and decision makers working in customer services departments reported that they saw improving “the experience of our customers” as a top priority. Source: Forrester Data Global Business Technographics® Priorities And Journey Survey, 2016.
- <sup>2</sup> Source: “2016 Global Contact Centre Benchmarking Report,” Dimension Data (<https://www.dimensiondata.com/Global/Global-Microsites/CCBenchmarking/Pages/Homes.aspx>).
- <sup>3</sup> Forrester data confirms the strong relationship between the quality of a firm’s customer experience — as measured by Forrester’s Customer Experience Index (CX Index™) — and loyalty measures such as willingness to consider the company for another purchase, likelihood to switch business, and likelihood to recommend. See the Forrester report “[The Business Impact Of Customer Experience, 2014.](#)”
- <sup>4</sup> To help CX pros prove the business value of a better enterprise customer experience, we built simple models that show how revenue increases when a company’s CX Index score goes up. Our models show that the benefits are significant across all 13 industries we looked at. Wireless carriers and hotels have the largest potential upside: more than \$1.6 billion. CX pros should use the interactive models in this report to estimate the range of benefits their firm might see. That data — combined with customers’ verbatim comments and CX stories — will help CX leaders make a powerful case for change. See the Forrester report “[The Business Impact Of Customer Experience, 2014.](#)”

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<sup>5</sup> Forty-five percent of US online adults are likely to abandon their online purchase if they cannot find a quick answer to their question. Sixty-five percent said that valuing their time is the most important thing a company can do to provide them with good online customer service. Source: Forrester Data Consumer Technographics North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US).

For more information on customer service strategy, see the Forrester report “[Contact Centers Must Go Digital Or Die.](#)”

<sup>6</sup> Forrester conducted an online survey fielded in March 2017 of 4,513 US online adults ages 18 and older. Source: Forrester Data Consumer Technographics North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US).

<sup>7</sup> Customer service decision makers understand the discovery process that they would like their agents to follow when resolving an issue for a customer. However, customer service organizations often lack the ability to enforce consistent discovery processes across disconnected sources of information and knowledge. Closing the gap between desired and actual customer service delivery starts with addressing some of the basics of governance. See the Forrester report “[Better Governance Leads To Better Customer Service — Yes, Really!](#)”

<sup>8</sup> The majority of customers agree that valuing their time is the most important factor in good customer service. Customers want an accurate, relevant, and complete answer to their question upon first contact with a company, and they want effortless transitions across multiple touchpoints (web, tablet, in-person, etc.) from the channel of their choice (e.g., voice, chat, email, or social) without having to repeat themselves. See the Forrester report “[Trends 2016: The Future Of Customer Service.](#)”

<sup>9</sup> The CX team must be the force architecting the strategy and bringing together teams across channels and departments to ensure an effective implementation. Communication and collaboration between disparate teams are necessary for success. See the Forrester report “[Design Your Contact Center From The Outside In.](#)”

<sup>10</sup> Use desktop alerts and directions to guide agents through complex processes. See the Forrester report “[How To Measure And Improve The Contact Center Agent Experience.](#)”

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