

# Contact Centers: Provide the Best Customer Experience for Business Success

## What You Will Learn

As contact centers enter their fifth decade of existence, emerging technological, business, and customer experience factors require companies to rethink long-standing assumptions in the era of customer centricity. Key questions that these companies must consider include:

- What is different about the customer experience era?
- What key considerations should we make about our contact center operations?
- How can we improve the customer experience in our contact centers and throughout our value chain?

This white paper, intended for business decision makers, explores these questions and provides guidance on how businesses and organizations can effectively collaborate with their customers in the customer experience era.

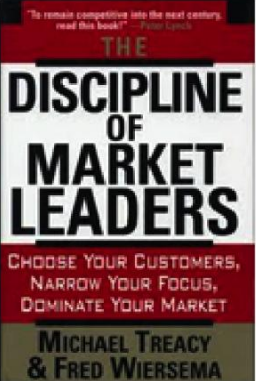
## Introduction

As Figure 1 shows, there are only a few ways for a company to differentiate itself from its competitors.

**Figure 1.** Emerging: Experience-Based Differentiation

**There Are Only 3 Ways to Ultimately Differentiate a Company**

- You Can Make the Best Product (Apple)
- You Can Be the Low-Cost, Most Efficient Provider (Southwest Air)
- You Can Provide the Best Customer Experience (USAA)



**Increasingly, Number 3 Is the Most Sustainable Approach to Enduring Business Success**

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Increasingly, global companies are focusing on customer experience as their primary sustainable competitive advantage. However, according to Forrester Research, few firms have “disciplined customer experience management in place”, and only “35% of firms follow a process for designing customer experience” (Megan Burns, “The State of Customer Experience Management”, Forrester Research, March 22, 2013).

What expectations do today's consumers have for customer care? Answering that question requires historical context of trends that have shaped the industry.

## The Three Waves of Customer Care

### Wave 1 - “Efficiently Efficient”

The history of customer interaction technologies and solutions has mirrored mega business trends, which in turn accelerated enterprise customer-facing technology investments. In the early 1980s the original wave 1 “call” centers were set up to provide roughly the same voice-centric services to a generic, randomly arriving customer. In this paradigm, an automatic call distributor (ACD) spread customer service demand in real time based on a first-arrival business model, with little regard to segmentation or any intrinsic customer value. Segmentation typically consisted of only two broad categories: “sales” and “service”. Contact center operations focused primarily on efficiency to counter the high cost of human capital - typically 70 percent of run-rate costs in the contact center. In addition, processes were put into place to mitigate then-expensive telecommunications costs, particularly advanced 800 service features and costly per-minute inbound usage rates that carriers charged.

### Wave 2 - “Efficiently Effective”

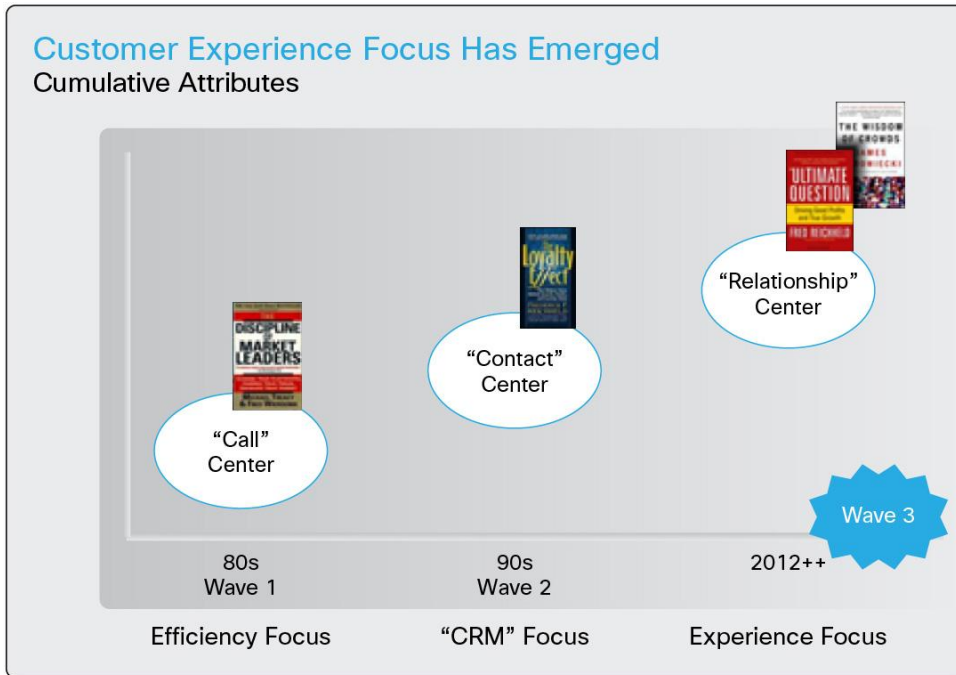
Wave 2 contact centers aligned with the customer-relationship-management (CRM) trend that appeared around 1995, which attempted to deliver multichannel differentiated service based on the characteristics of individual customers. Many businesses still have significant investments in wave 2 technologies, including computer telephony integration (CTI), interactive voice response (IVR), skills-based routing, workforce management (WFM), and others. Many companies still operate contact center platforms that are based on a traditional wave 1 supplier surrounded by wave 2 adjunct applications procured from third parties. In this paradigm, the forces of efficiency and effectiveness battle each other on a call-by-call basis - often with unfortunate consequences for the consumer. It is critically important to note that measurements of success in wave 2 are frequently older efficiency metrics from wave 1, such as “service level”, “average handle time”, and “oldest call waiting.”

### Wave 3 - “Effectively Efficient”

Wave 3 began to emerge when significant technological and societal disrupters that affected consumer expectations, preferences, and channel choice began to appear. The effects of such channel shifts (especially the global explosion of mobile devices), time-constrained consumers, and emerging generational preferences - combined with the power (and threat) of social media - has forced companies to rethink their customer care strategies and the experiences they deliver across all customer touch points, including physical and virtual. Wave 3 contact centers operate clearly within the customer experience paradigm, where each interaction can be a make-or-break “moment of truth” in an overall lifetime of interactions. In addition, leading companies are migrating to new measurements of success - often with outcome vs. transactional orientation - and leading providers of differentiated customer experiences are adopting emerging metrics such as first-contact resolution (FCR), reduction in customer effort (RICE), and net promoter score (NPS).

Figure 2 shows a summary of all three customer care waves.

**Figure 2.** Overview of the Three Waves of Customer Care



### The New Customer Experience Era

Industry thought leader Bruce Temkin defines customer experience as the “perception that customers have with an organization based on their interactions” with the goal of “consistently exceeding their needs and expectations” (Bruce Temkin, “Customer Experience Matters”, May 2008). As wave 3 unfolds, the era of the customer is well underway. Some of the key customer expectations that companies must meet or exceed in this era follow:

- The primary goal must be to make it easy for customers to buy products and get services when and how they need them. Core contact center processes - including customer identification, understanding current relationships (qualification), the context of the customer’s contact with the firm, and routing and assigning customer contacts to either human or silicon (self-service) assets - should begin and end with ease of use for the customer.
- Customers expect 100-percent satisfaction guaranteed for products and services and a “make it right” culture when expectations are not met. Contact center agents who are not empowered and need to “check with their supervisors” to merely do the right thing put customer loyalty at risk.
- Customers expect to be able to contact firms anytime, in any way, and on any device - and they expect a timely response to their inquiries. Increasingly, analyses of inbound queues in traditional voice contact centers show a propensity of callers on mobile devices. Why shouldn’t the mobile application - tightly coupled with the contact center application - be the starting point for experience-based differentiation?

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- Customers expect firms to know who they are and their buying history. Customers are often frustrated by onerous and complex qualification processes embedded in touch-tone applications on IVR systems. In addition, customer service agents who do not have the complete customer relationship, history, and experiences at their desktops run the risk of alienating customers who do know their history, experience, and value to the firm.
  - Customers expect the entire enterprise to understand who they are and their relationship to the firm. A fractured experience between the web, contact center, and brick-and-mortar locations places customer relationships at risk. Customer-friendly contact center processes - with their repeatability and measurability - are a metaphor for how the rest of the enterprise should aspire to operate. Particularly important is consistency of service delivery in and among communications channels.
  - Customers expect firms to deliver the same great experiences they receive from other companies that the firm may not compete with. The new competition is “best experience” whether or not a firm competes with the supplier of that experience.
  - Increasingly, a superior customer experience has a much higher impact on loyalty than lower prices. For example, recent studies show customer experience now accounts for 55.1 percent of loyalty for banks and 46.5 percent for retailers (Forrester Research, North American Technographics Customer Experience Online Survey, Q42012 [United States]).

### In with the Old, Out with the New?

Within most contact center environments, companies have done an admirable job in integrating the classic wave 1 voice channel and adjunct interaction capabilities “into” but not necessarily “across” their various lines of business. Most of today’s contact center environments are architected primarily around traditional voice, and they reflect a “best-of-class” model common during “wave 2” of the Cisco® Contact Center industry maturity model.

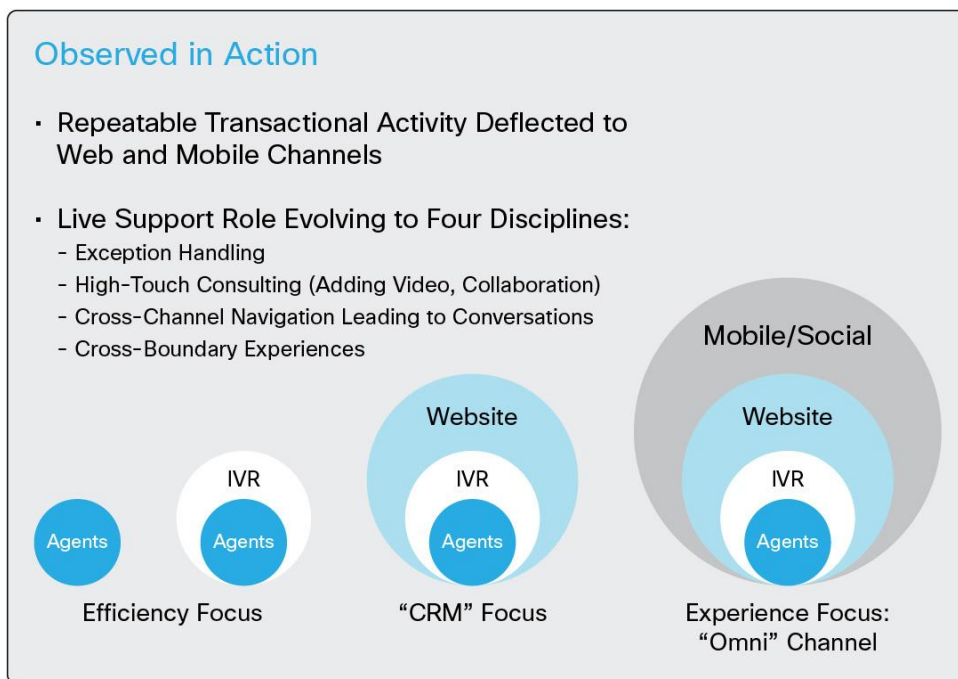
However, most current customer care technology architectures are a source of business constraint in promoting better customer experiences because of the multiple layers of routing, treatment, and work assignment in a hierarchical vendor stack, deployed in a geographically distributed model where each location has replicated adjunct technologies. This approach adds layers of complexity and resource intensity, and ultimately translates into numerous challenges, including optimizing individual service representatives, delivering new business value quickly (agility), first-contact resolution, and cross-selling and up-selling at a “customer” rather than “product” level. This added complexity ultimately means a higher total cost of ownership (TCO) for contact center operations than is truly necessary.

Observations indicate that within the customer contact discipline, additional investment of “wave 3” solutions alongside an existing “wave 2” environment as described will not likely lead to either incremental customer value or the required breakthrough customer experiences that increasingly focus on “experience-based differentiation”. A different approach is required.

### The Experience-Focused Wave 3

Contact centers have evolved significantly in the last 10 years, accelerated by new customer expectations, advancing technology architectures, and new measures of success. In the third wave, companies are increasingly focused on moving repeatable interaction types to their web and mobile channels for both cost reduction and customer satisfaction outcomes. This approach is far different from the early days of contact center operations, where companies depended largely on assisted service with more expensive human assets, front ended by applications that attempted to qualify the customer contact in real time and distribute the contact to the correct resource. Figure 3 illustrates some of these dynamics.

**Figure 3.** Third-Wave Interaction Dynamics



As the wave 2 era comes to a close, mobile devices are dramatically emerging as key components in the overall customer experience. Whereas the wave 2 era was characterized largely by an attempt to segment both customers and customer care resources under the banner of "loyalty", the dynamic nature of today's contact center operations - with its random arrival patterns of both customers and resources - makes promoting loyalty in operations a daunting challenge.

In essence, wave 3 inverts the contact center paradigm, because increasingly only exceptions are targeted to reach live service. Herein lies the challenge: Exceptions are unpredictable by nature and therefore difficult to script and to establish consistency around. Furthermore, exceptions are best served by empowered resources that are chartered to "make it right" at key moments of truth. By definition, exceptions in a customer relationship are an attrition risk and need to be handled very differently than yesteryear's highly scripted interactions. Hence, many leading firms are modifying the key outcome in their contact center operations to a first-contact-resolution model (high correlation to loyalty) and deemphasizing efficiency metrics such as service level (low correlation to loyalty).

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## Delivering Experiences That Matter: An Example

Imagine that one of your existing customers, Ken, is web surfing on his mobile device and realizes he wants to purchase a new product - but first he needs the answer to an interoperability question with a product he already owns. Because your mobile application is already enabled for channel shift to assisted service (not just a “call us” button) and your databases are updated to include multiple forms of authentication, Ken presses an “Assist me” button and is sent directly to live, assisted service. There is no need for a complex or frustrating authentication process, because your mobile application also embeds Ken’s account number within its application. Wave 1 treatments such as music on hold, repetitive generic announcements, and other mass forms of qualification are a thing of the past - replaced by a prompt, personalized experience.

The customer service agent is already aware of Ken’s relationship with the firm, and is fed specific customer satisfaction, Net Promoter, and Klout score information in a desktop gadget that is updated in real time, including recent tweets in which Ken mentioned a competitor’s product. Greeting Ken by name and thanking him for his 9-year buying history with your firm, your agent hears Ken’s interoperability question. Automated contact center reports previously indicated that this question is a frequent one, so your customer experience organization has already prepared a 2-minute video with the answer and specific instructions. Your agent shares this video with Ken by pushing a secure URL and they watch together. The video answers 95 percent of Ken’s concerns, and the one additional question he had is answered when your agent uses the IM application to access an “Expert Finder” application in the back office. With Ken’s concerns satisfied, he orders the product and the agent - taking advantage of a small, discretionary budget - waives shipping costs.

Later that day your social media group notices a positive comment that Ken made on Twitter, and updates the agent’s data file to reference this specific tweet.

## Recommendations for Contact Centers Operators

- Your contact center strategy is in the hands of your customers, literally. The mobile device should be a key starting point for your next-generation customer care experience.
- Stop comparing yourself to your competition - unless they are undisputable customer care leaders. Better to look at the best in any industry and adapt that competitor’s customer care strategies in your own way.
- Your call center is no longer just a place - through virtualization and extended value chains, the disciplines found in your contact center should extend to everywhere you touch your customers. These disciplines should include customer segmentation, context, and service-to-value as consistently in your electronic and mobile channels as in your contact center operations.
- Efficiency is good only if it translates into efficiency for your customers. If it doesn’t, stop doing it.
- Be careful not to over-automate customer processes, or at least provide customer-friendly channel navigation to assisted service. Self-service is a powerful tool, but it can also be a trap where firms lose touch with their customers by delivering commodity experiences with little differentiation.
- Begin to embed higher-order customer outcomes into your contact center operations, such as first-contact resolution, Net Promoter score, or reduction in customer effort. Deemphasize efficiency metrics such as average speed of answer and service level over time unless you have contractual service-level agreement (SLA) obligations.
- Provide your contact center resources the power and authority to “make it right” for customers at key moments of truth where customer loyalty is at risk. They are your brand ambassadors and you should treat them and enable them as such.

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- The customer experience era puts pressure on the entire service value chain, including brick-and-mortar, web, mobile, your direct sales force, and the contact center, to act consistently and in accord. Fractured experiences and inability to perform smooth hand-offs between these entities is a key source of customer frustration and eventual attrition.

## Conclusion

The customer experience era is in full operation, and many companies are rightly rethinking their strategies across the full spectrum of customer touch points. It is critical that companies step back from long-held assumptions in each of their servicing domains, starting with the contact center, in addressing this emerging customer experience challenge. Companies with the highest customer experience ratings typically enjoy some of the best financial performances in their peer groups, where research has demonstrated a high correlation between experience and loyalty and profitability. The contact center is an excellent starting point in moving to a differentiated experience that delivers new valuable outcomes in the third wave.

## For More Information

For information about Cisco customer care products, please visit: <http://www.cisco.com/go/cc>.




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