The Future of Customer Service: Digital, Data-driven, and Business-opportunity-rich

Cloud to play a key role on journey to boost revenue, improve security and user experience

As customer service shifts its focus to the digital world, organizations know they need to provide a streamlined, personalized user experience at every touchpoint if they want to remain competitive. To achieve that goal, many are planning to adopt a full slate of cutting-edge digital solutions, including automation, customer self-service options, advanced analytics, voice authentication, speech recognition, and more. But deploying and managing these sophisticated tools poses many challenges, both organizational and technical. As a result, IT leaders are increasingly relying on third parties to help them maximize the benefits of their customer-related technology and keep it laser-focused on achieving measurable business goals.

These are some of the findings of a new IDG/Verizon MarketPulse research study, which surveyed over 150 senior US business and IT executives in 10 industry segments about their customer experience strategy and technology plans.

Strategy Needs to Catch Up

Over the past year, two trends have combined to push the customer experience deeper into the digital realm. Though people had been browsing, shopping, and interacting with brands online for some time, the pandemic threw these habits into overdrive. As the online experience became primary, companies redoubled their efforts to provide speedy service, knowledgeable, personalized suggestions, and user-friendly transactions.

FIGURE 1.
Organizations Planning New Investments in Contact Center Technology

69%
In addition, there was a great shift of office employees—including customer service agents—to remote work.

“Sixty-nine percent of organizations are planning new technology investments in contact center solutions,” said Amrita Singh, Manager Product Marketing, CX and Contact Center Services, Verizon, citing an IDG-Verizon survey on unified communications and collaboration. “Considering the fact that our customer experience survey showed that 85% of IT leaders expect an increase in cloud-based customer experience solutions in the next 12 months, the future of the contact center is in the cloud.”

Both of these trends require companies to invest in technologies that work in concert to deliver the smooth, omnichannel experience today’s digital natives expect. Yet only 21% of organizations surveyed have an enterprise strategy in place for deploying their customer service technology. Most applications are funded by individual departments, rather than central IT. And nearly all companies say business units have adopted solutions that IT didn’t even know about—so-called shadow IT.

This uncoordinated, scattershot approach will not generate the omnichannel customer insights companies need to improve their service, nor will it give customers the unified, personalized experience they crave.

“If you don’t see how the customer journey happens, you can’t provide the exceptional experience you want to achieve,” said Singh.

In addition, shadow IT can conflict with enterprise programs and may not meet business security standards.

But though they are lagging in execution, most organizations realize the importance of having a guiding strategy for customer experience technology, and 79% said they are making it a priority to develop one.

**Top Goals: Boosting Revenue and Improving Security**

The top objective organizations cited for improving the customer experience was the ability to increase revenue through upselling and cross-selling. Seventy-two percent put this goal at the top of the list.

Companies attain success with additional revenue generation by using analytics, which helps them understand customers better and provide the right recommendations at the optimal time. Not surprisingly, 43% of organizations listed personalization as a top customer experience goal.

“If you have a deep understanding of what customers want and can address that need quickly and successfully, you increase your opportunity to generate revenue,” said Norma Dolores Cernadas, Director of Product Marketing, Advanced Communications for Verizon Business. “Applying data analytics across channels helps you better understand and meet customer demand.”

Another critical objective, cited by 60% of respondents, is minimizing the risk of fraud. While eliminating shadow IT would certainly help, today’s businesses need to do more. As online commerce grows, cybercriminals continually hatch new schemes—including spoofing the customer phone numbers companies often use for authentication.

“You now need to identify customers by more than their telephone numbers,” said Clifford Cibelli, Manager, Product Marketing, CX and Contact Center Services.
Marketing CX and Contact Center Services, Verizon. “There are machine learning voice authentication solutions that can automatically recognize a customer’s unique voice pattern.” In addition to improving security, voice authentication saves agents time, lowering costs. “Even if it takes an agent less than a minute to do manual verification, if you multiply that by the number of agents and customer calls every day, you’re wasting millions of dollars,” said Cibelli.

Not surprisingly, when asked about future technology plans, 73% of respondents said they are planning or considering voice authentication.

**Customer Self-Service and Business Goals**

Forty-two percent of companies said they want to streamline online processes for customers with new web-based automations and self-service options. Like chatbots, these tools increase convenience for users while reducing the need for costly agent interactions.

“If it’s done correctly, automation is the key to providing better customer service and improving the bottom line. It puts consumers in control, allows them to multitask, and saves time for them, as well as for agents,” said Singh.

Other key customer experience objectives were tied to business goals, including enhancing the partner and supplier experience (cited by 42%), positioning the company for growth with data knowledge (41%), building brand loyalty (40%), and attaining cost savings (40%).

**Top Challenges**

The survey revealed that some of the capabilities organizations value most will also be the toughest for them to implement.

Self-service topped the list, with 67% listing it as the most challenging area to improve. Getting self-service right is critical. When a system doesn’t perform well, it can backfire, leading to a poor customer experience. For example, customers may get frustrated and give up if a routing system doesn’t offer the option they want, and instead forces them into an endless loop of irrelevant suggestions.

Organizations also said mitigating the risk of fraud through better authentication—a top goal—is a significant barrier, with 61% listing it as one of the most challenging areas to improve. And over half said they would struggle with improving brand loyalty and data analytics.

**The Future: More Cloud Use and New Ways of Applying Technology**

Organizations envision a cloud-based, broader future for customer service technology. While nearly half rely on the cloud for deployments today, 85% expect cloud use to increase in the next 12 months.

Companies are planning many new deployments for customer service technology. The most popular option is a contact center, listed by 81% of respondents. But many also plan to invest in customer service technology for business sectors outside of customer relations, including manufac-
turing and production (76%), R&D (75%), IT and applications development (68%), marketing (58%), and sales (54%).

The top technologies companies plan to use for these deployments are voice-related, including voice authentication, speech recognition, and intelligent voice response—each planned by over 70%. Over half of organizations plan to add analytics, self-service options, virtual assistants, call recording, and video chat services within the next year.

A Need for Outside Expertise

Companies have ambitious goals for their customer service technologies, but implementing and managing them is easier said than done. One of the chief obstacles is organizational silos. Getting past them is the top reason organizations plan to use a third-party vendor for help.

“Outside experts speak to people across departments and connect the dots. They provide an objective point of view and help executives see the big picture of the customer journey and the benefits of unifying the customer experience,” said Singh. Outside partners can also improve security and manage complex installations. Ninety-seven percent of companies plan to use outside experts for integrating security solutions and implementing a cloud-based contact center.

“ When a contact center is hosted in the cloud, the company no longer has to worry about technology updates, which are handled by the vendor,” said Singh. “A cloud-based center is more cost-effective to manage and makes scaling much easier.”

Companies also need help with analytics, with 95% saying they intend to use outside experts for help. They also need assistance to determine the ROI of their customer service investments, with 82% saying they plan to rely on vendors to judge their technology’s effectiveness.

“Measurements change along with technology, and it’s hard for organizations to keep up. For example, a few years ago, a contact center measured success by metrics such as customer hold time and the time agents spend resolving problems. But if you’ve automated your easy transactions, agents are left dealing with more complex ones, and you have to measure things differently. A vendor with technology expertise knows how to evaluate results in a meaningful way,” explained Singh.

Reaping the Benefits of the Digital World

The Verizon survey shows that the foundation of customer service has become firmly rooted in cloud-based services and digital applications, and organizations are eager to seize the benefits this fast-paced world has to offer. Big data analytics brings a wealth of knowledge about customer preferences, allowing companies to personalize offerings across channels and obtain additional revenue from upselling and cross-selling. Service automations save time, lower costs, and put today’s customers where they want to be—in the driver’s seat. Voice authentication greatly improves security, while a cloud-based contact center lifts a heavy burden from IT and gives companies the freedom to experiment with cutting-edge solutions and scale them at will.

While setting up and managing an array of customer service solutions introduces a host of challenges, by leveraging third-party expertise, leaders can organize and fine-tune their technology to guide the business to an exciting, more profitable future.