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FOUR WAYS TO IMPROVE DIGITAL CUSTOMER SERVICE

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This is the second in a series of articles on the digitalization of customer contacts. The first article, “Why Contact Centers Still Need People in the Digital Age,” discussed an emerging model that we call the virtual customer relationship center. These centers aim to optimally integrate digital and human touch points.

DURING THE PAST TEN years, companies have made enormous investments to provide customer service through digital channels. And although the adoption of these channels is revolutionizing how customers interact with businesses, the benefits in terms of cost reduction and customer experience have often fallen short of expectations. Companies would be wise to reconsider their approach.

The fundamental challenge is that companies continue to develop digital channels independently of their existing human-support channels, most notably the contact center. As a result, they fail to tap into the contact center’s value in providing multi-channel customer service and customer insight. This value is significant, even in the

context of an existing “digital first” channel strategy.

Because companies think about digital and human support separately, they make a common set of mistakes when designing and executing a multichannel strategy. They can correct these mistakes by following a corresponding set of imperatives that have the shared objective of leveraging the contact center’s insights and capabilities to increase the impact of digital initiatives. By taking these actions, companies can realize benefits from an improved customer experience sooner, sustainably reduce cost to serve, and more successfully ease customers into the self-serve habit.

Common Mistakes in Multichannel Strategy

Consumers have enthusiastically embraced digital contacts for the simplicity and time savings that they afford. A survey conducted by The Boston Consulting Group and NICE, a provider of customer experience data tools, found that 82% of consumers in

a sample from advanced economies use a web self-service channel. (See Exhibit 1.) However, the survey also found that 82% of consumers still call contact centers to speak with agents. The continued dependence on human assistance indicates that companies and their customers are not fully capturing the benefits of digital customer service.

Why are companies struggling to meet customers' needs through digital channels? Among the underlying reasons, four common mistakes stand out.

Automating Before Understanding Customer Behavior. Companies often decide which activities to automate on the basis of how easy it is to do so. The basic assumption is that digital self-serve channels will handle the simpler interactions, while humans step in to deal with more complex queries. However, this model does not always consider the real value to customers of the contact or how automating it might diminish that value.

For example, most subscription businesses make bills available online, regarding this as a simple way to address billing inquiries. But customers often go online not only to find out how much they owe, but also to understand how a charge is calculated, dispute a charge, request a payment extension, or learn how to reduce charges in the future. If they cannot get help with such inquiries in the digital channel, customers

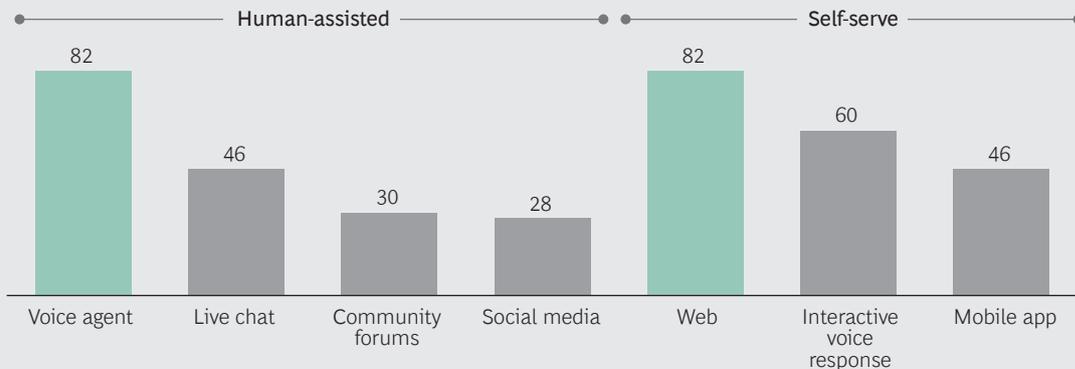
must call the contact center for assistance—and will likely be frustrated that they had to make multiple contacts to resolve their issue.

Making Customers Work Harder. Companies may try to force customers into digitally enabled self-serve channels by making the contact center's phone number hard to find or using other blunt approaches. Making it more difficult for customers to get their questions answered diminishes satisfaction and discourages contacts from customers with whom the company should be connecting, such as those who are considering switching to a competitor. Some companies steer customers to digital channels by offering financial incentives in exchange for a lower level of service. This approach fails to recognize the breakthrough that digital-only companies have achieved by providing a superior customer experience through low-cost digital channels. Customers develop extremely negative perceptions of a company that wants to charge them to use a channel that previously cost nothing.

Overlooking Interdependencies in Service Delivery. When companies fail to coordinate roles, incentives, and governance among channels, they risk developing their digital service without the needed focus on the complete customer experience. A case in point is measuring a digital channel's performance by the percentage of sales or service contacts that occur through that

EXHIBIT 1 | Consumers Embrace Digital but Still Call for Support

Used by respondents during a 12-month period (%)



Source: BCG-NICE consumer survey, 2016.

Note: Respondents were consumers in Australia, France, the Netherlands, the UK, and the US.

channel. This metric incentivizes digital teams to increase sales traffic to their own channels, without regard for the impact on the customer experience or other consequences. For example, teams managing digital channels will offer promotions to prospective customers, but these often have the unintended effect of increasing calls to the contact center by customers confused about the offer and how to get the best deal.

Not Being Prepared to Relieve Digital Pain Points. Customers often encounter pain points when using digital channels. For example, in many service industries, 35% to 50% of web self-serve interactions are not successful. (See Exhibit 2.) Yet most companies lack insights into the specific failures that lead customers to contact human support channels for help. Such failures can take the form of process dead ends, confusing messages, cluttered user interfaces, broken links, and even system outages. Adding to the complexity, the fast-changing nature of digital features means that the pain points themselves are changing rapidly. In order to target investments to improve digital channels, companies need to understand the paths customers follow, where the failures are occurring along those paths, and the impact they are having on call volumes. Each channel typically maintains transactional data that can provide insights into these issues. However, most companies neither take a coordinated approach to analyzing data across channels nor assign accountability

for controlling the cross-channel customer experience.

Four Imperatives to Promote Success

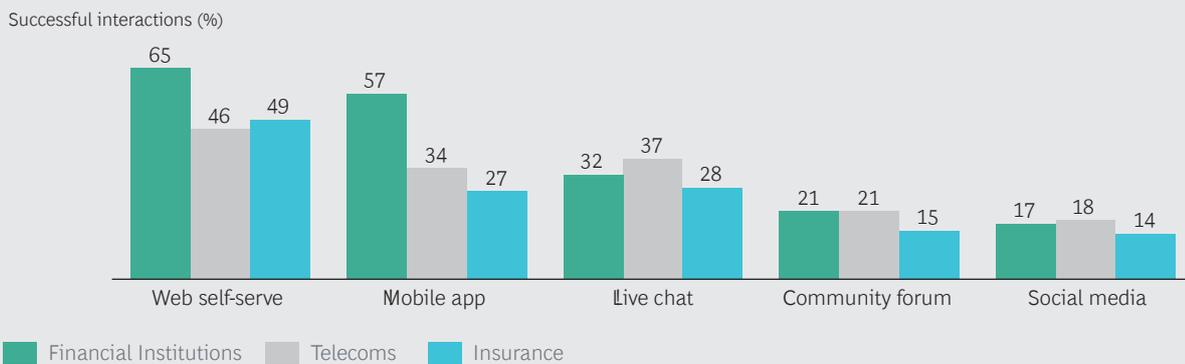
Four imperatives should guide the effort to address these mistakes and promote a seamless multichannel customer experience.

1. UNDERSTAND CUSTOMER BEHAVIOR BY ANALYZING DATA ACROSS ALL CHANNELS

Contact centers produce a huge quantity of valuable information. Call recordings alone can amount to as much as 1 terabyte of data every day. However, much of this data is unstructured (primarily free-text fields and voice recordings) or hidden in log files accessible only by the IT department. As a result, companies have historically struggled to tap into its value.

Today, companies can apply advanced analytics to this trove of data, enabling them to gain a better understanding of the reasons for customer contacts. For example, BCG helped a Southeast Asian telecommunications company use natural-language-processing software to gain insights into customer behavior, including the reasons for calls, calling patterns, and general customer sentiment about the company or brand. As a result, the company was able to determine that 45% of customer contacts could be automated through digital channels or avoided entirely.

EXHIBIT 2 | Interactions in Digital Channels Are Often Unsuccessful



Source: BCG-NICE consumer survey, 2016.

Note: Consumers in Australia, France, the Netherlands, the UK, and the US answered the question, "Was the query/problem fully resolved within the channel?"

Analyzing data on where customers look first to get help can also yield valuable insights. For an increasing number of customers, a web search is the first recourse when seeking answers about products or services. And they often find what they're looking for. Customers who Google a company's contact number, for instance, typically see it displayed in a large font at the top of the search listings. Leading companies use search engine marketing to funnel search queries into relevant online answers.

2. CO-OPT THE CONTACT CENTER TO SUPPORT DIGITAL SERVICES

Rather than forcing customers into digital channels, companies should create the conditions that will encourage them to change their habits over time. In our experience in multiple service sectors, switching to digital channels is not a one-time event but rather a transition that typically requires up to two years. To get customers into the habit of using digital self-serve, five criteria need to be met. Customers must:

- Know that the channel exists.
- Be confident that they will get the outcome they want.
- Have a good enough reason to try the channel.
- Have a seamless entry process that involves less effort than doing things the old-fashioned way.
- Be satisfied that their needs were met with minimal effort.

Contact centers and other human channels can play a key role in satisfying these prerequisites by providing guidance on how to use digital services. Companies can steer customers to digital channels at multiple points: new customers can be signed up for digital services and educated on how to use them by sales teams, while existing customers can be targeted with information about the benefits of digital and likewise receive coaching on self-serve. Companies can achieve better returns on these initiatives by targeting habitual callers—it is common

for 30% to 40% of calls to the contact center to be made by 10% of customers.

Contact centers can be supported by technologies like co-browsing (which enables a chat agent to walk a customer through an online process) and visual interactive voice response (which allows customers to view options on their smartphone when they call the contact center). By giving contact center agents the tools and processes they needed to help customers get comfortable using digital self-serve, a global power and gas retailer raised the share of calls during which a customer signed up for an online account from 1% to approximately 20%.

3. INTEGRATE DIGITAL SELF-SERVE AND HUMAN SUPPORT

Companies should determine how digital and human channels can best support each other in helping customers resolve issues or complete transactions faster. Human-assisted channels, such as chat, social media, and community forums, can add more value if their purpose is to help a customer remain with digital self-serve.

By taking this integrated view, companies can prioritize the building of channel capabilities that will allow them to meet demand most effectively. For example, the ability to view customers' browsing histories on the company's website can help contact center agents support customers who began their interaction in a digital channel.

A major European telecommunications provider has implemented integrated support in an innovative way. Consistent with its market position as a premium brand, the company does not force customers to use digital channels by limiting access to agents. Its strategy is to move contacts to digital self-serve through easy-to-use, powerful apps—and never to make it harder to reach an agent. The company's mobile app includes a "magic button" that customers can use to schedule a callback or engage in a live chat with an agent at any point. This approach has a long-term benefit: over time, more customers choose to self-serve as they get comfortable using the app.

4. REDUCE FAILURE POINTS BY ANALYZING HUMAN AND DIGITAL CONTACTS

Companies can combine digital and contact center analytics to identify and eliminate the digital failures that lead to new contacts with human agents. The most valuable insights come from linking together the footprints customers leave when they interact with each channel. These allow companies to identify the points where customers are abandoning self-serve and calling the contact center.

Many companies already have the necessary data but often lack the skills and technical capability required to extract, tag, and combine insights from multiple sources. The opportunities are significant. Teams leading digital channels can use web analytics tools to develop a detailed picture of customer activity. Contact centers can track customer journeys through data generated by interactive-voice-response systems, telephone contacts, customer-relationship-management systems, and postcontact surveys. And they can use more advanced analyses to glean insights from other sources, including social media and community forum posts. Matching a unique customer identifier across the different data sources can involve a great deal of analytical effort, but the rich insights provided into customer behavior enable companies to design, build, and test better digital experiences.

For example, a global energy retailer recently discovered that approximately 20% of customers who tried to log on to its mobile app failed to do so because of how the screen rendered on certain smartphone brands. By making simple improvements to the user interface, the company was able to address the problem and enable these customers to use the self-serve channel.

Enabling the Contact Center to Support the Digital Experience

The common theme running through all four of these imperatives is the key role that human contact plays in enabling the digital customer experience. In practice, contact center leaders in many companies

find it hard to shape the digital agenda. Although much of the fault lies with organizational barriers, the solution needn't be as drastic as changing the company's structure. Measures such as the following can give the contact center a seat at the table in discussions about the design and delivery of multichannel services:

- Give customer journeys and experiences a prominent place on the agenda of leadership forums. For example, at one North American credit card issuer, the executive committee listens to a set of customer calls every week and then considers how the company's priorities might need to change to address the issues raised.
- Introduce mechanisms to drive better collaboration between channels. A European telecom company made the digital team accountable for cost-to-serve improvements across all channels, implicitly incentivizing better-quality digital channels.
- Form cross-functional, agile teams to focus on specific customer pain points and devise ways to improve service. Agile ways of working were commonly used to improve customer service and value propositions by digital-first companies like Spotify, but have since been adapted and scaled effectively at more traditional companies across industries.

COMPANIES THAT RECOGNIZE THE contact center's important role in providing digital customer service can improve the customer experience, reduce the cost of contact, and increase revenue per customer. Human agents will generate more value per call—even as call volume falls—by resolving difficult customer problems, improving loyalty, and finding ways to upsell and cross-sell. Although it may seem counterintuitive that the path to a superior digital experience runs through the contact center, companies that exploit the interdependencies of human and digital channels to their advantage will reach the next frontier of customer service.

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