CONTACTBABEL

The US Customer Experience Decision-Makers' Guide 2024-25

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The 2024-25 US Customer Experience Decision-Makers' Guide

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INTRODUCTION AND METHODOLOGY

The *"US Customer Experience Decision-Makers' Guide (2024-25 – 7th edition)"* is a major annual report studying the CX strategy, performance, operations and technology aspects of US organizations.

Taking a random sample of the industry, a detailed structured questionnaire was answered by senior CX and customer contact professionals in 178 organizations between June and September 2024. Analysis of the results was carried out in September 2024.

Additionally, a survey of 1,000 US consumers was carried out in June 2024 in order to understand their attitudes to elements of businesses' CX programs and what they understand a positive customer experience to be.

ContactBabel is grateful for the support received from the sponsors of the report. Complete editorial independence has been maintained at all stages, and readers can be confident about the objectivity of the report's findings.

Third-party White Papers, case studies and thought leadership pieces may also be referenced to assist readers who may wish to look more in-depth at specific areas or to gain another viewpoint.

SUPPLIER DIRECTORY

About Enghouse Interactive

Enghouse Interactive (EI), a subsidiary of **Enghouse Systems Limited** (TSX: ENGH), is a leading global provider of contact center software, services and video solutions, serving thousands of customers for over 40 years. EI solutions enable customers to deliver winning customer experiences by transforming the contact center from a cost center into a powerful growth engine.

Enghouse Interactive's core values – Reliability and Choice – are key differentiators in the global marketplace. Reliability speaks to EI's reputation for consistently honoring its commitments to its customers, staff, partners and investors. Choice is reflected in the unparalleled breadth of its CX portfolio, which enables customers to choose from a wide array of solutions, whether deployed on premise, in the cloud or on a hybrid platform. By leveraging a broad range of technologies and capabilities based on open standards, Enghouse Interactive simplifies the advanced integrations customers require.

Respecting local regulatory requirements, and supporting any telephony technology, Enghouse Interactive ensures that its customers can be reached by their customers – anytime, anywhere, and via any channel.

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Generative AI for CX: Accelerate Your Contact Center Capabilities with a Secure End-to-End AI-Powered CCaaS Solution from Google

UJET is the cloud contact center platform for businesses who put trust at the heart of their customer experience.

Our one-of-a-kind architecture and award-winning CX Intercloud deliver the most dependable foundation for security, reliability, and scale across cloud contact center operations.

With UJET, organizations gain a full voice and digital engagement suite that's equipped with smart device capabilities, powerful AI, and advanced analytics – all intuitively designed to make life easier for everyone involved.

From customers and agents to supervisors and executives, UJET delivers meaningful operational efficiency, higher interaction quality, and mission critical stability. Innovative brands like Instacart, Turo, Wag!, and Atom Tickets all trust UJET to enable exceptional customer experiences. So can you

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HOW DO ORGANIZATIONS COMPETE?

To maximize profits, in the past businesses focused on the variables over which there could be a large measure of control, such as managing the internal cost of production and service provision, employee salaries, price setting and sales resource allocation.

Large-scale advertising and widespread use of the Internet has made customers more aware of alternative products and services, meaning greater price competition and the need for companies to differentiate in ways that don't damage their bottom-line.

This meant that organizations competed to win business is either through a low cost product or service, or through selling goods of a higher quality (whether real or perceived) which allows greater flexibility in pricing.

More recently, as the customer is increasingly held at arm's length to the business (through the use of home shopping, contact centers or websites), the overall customer experience has become a battleground upon which to win customer favor.

Figure 1: Importance of the factors on which your organization competes

Importance of the factors on which your organization competes
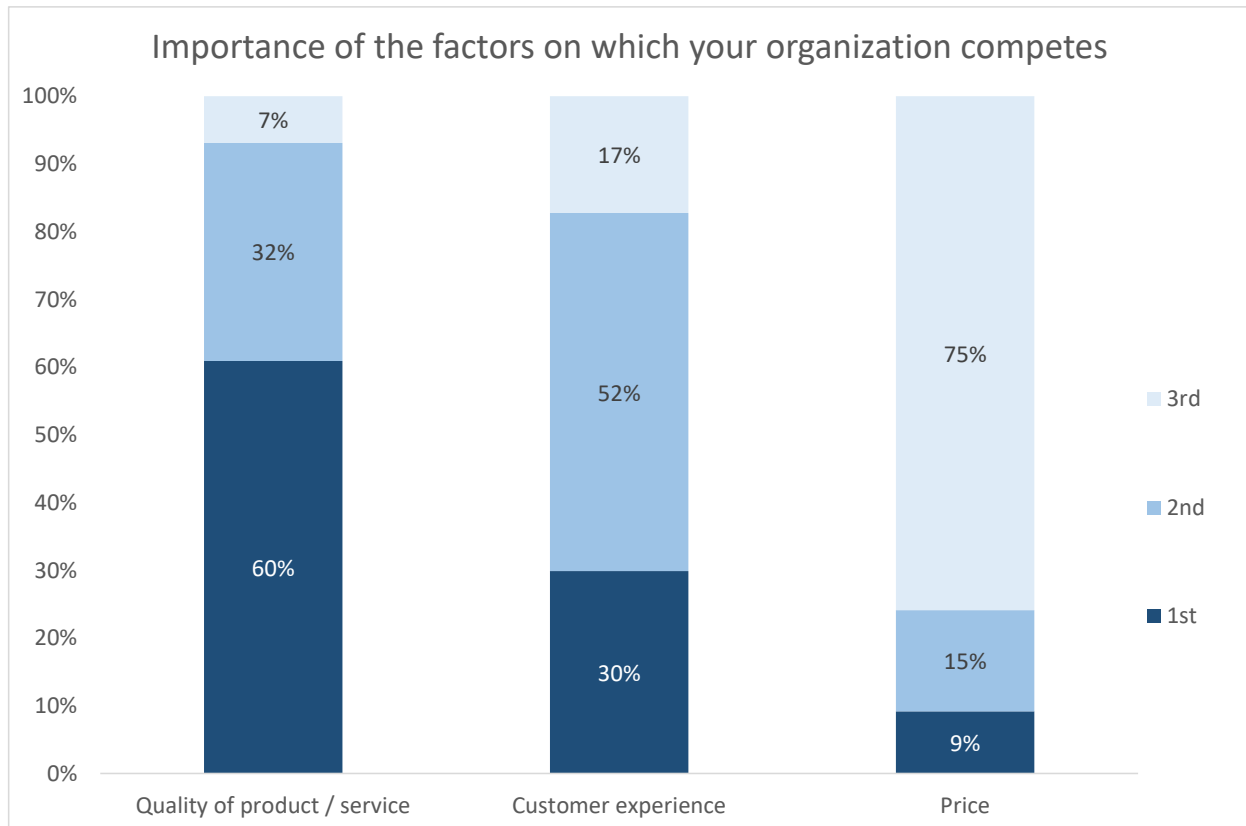
Survey respondents were asked how their organization competed, ranking three factors in order of importance: quality, price and customer experience.

As competition on price tends to mean lower profit margins for all of the companies in that sector, it is unsurprising that only 9% of survey respondents place this factor in first place.

It is notable to find that businesses are not in general considering price reduction to be a major strategy, perhaps as many producers of goods are also impacted by inflation passed on from their suppliers, and even services companies are experiencing wage inflation which limits their ability to cut prices.

60% of organizations stated that their primary competitive factor was quality, which has grown in significance since the survey was first conducted in 2018: quality and customer experience were similarly scored then, with around 40% of organizations choosing either as their primary competitive factor.

Since then, the proportion of organizations wishing to compete primarily on customer experience has dropped to only 30% this year, although this is still an increase on the pandemic years where only around 25% of organizations wished to compete on CX.

If many businesses are not focusing on customer experience, this gives an opportunity for others to double-down on their CX strategy and lock in loyal customers for years to come, benefiting by the contrast between themselves and those organizations who have lost or underestimate their CX concentration.

CX INVESTMENT: PEOPLE, PROCESS, TECHNOLOGY

Respondents were asked to describe the allocation of their investments in customer experience improvements, considering new technology, training of employees, business process improvements and fees paid to external consultants.

'Other' spending includes:

- Benchmarking
- Customer research
- Data management
- Network cybersecurity
- Setting up outsourcing.

Investments in technology are usually higher than that of investment in business process improvements, particularly in the smallest organizations, and non-commercials.

Figure 2: Investment in CX improvements, by revenue

Investment in CX improvements, by revenue

	New technology	Employee training	Business process improvements	External consultancy	Other
Average	38%	18%	25%	12%	7%
Not a commercial organization	53%	14%	22%	12%	
More than $1bn	30%	17%	32%	8%	13%
$100m - $1bn	38%	25%	29%	6%	3%
$10-100m	25%	20%	26%	19%	10%
<$10m	48%	14%	20%	15%	4%
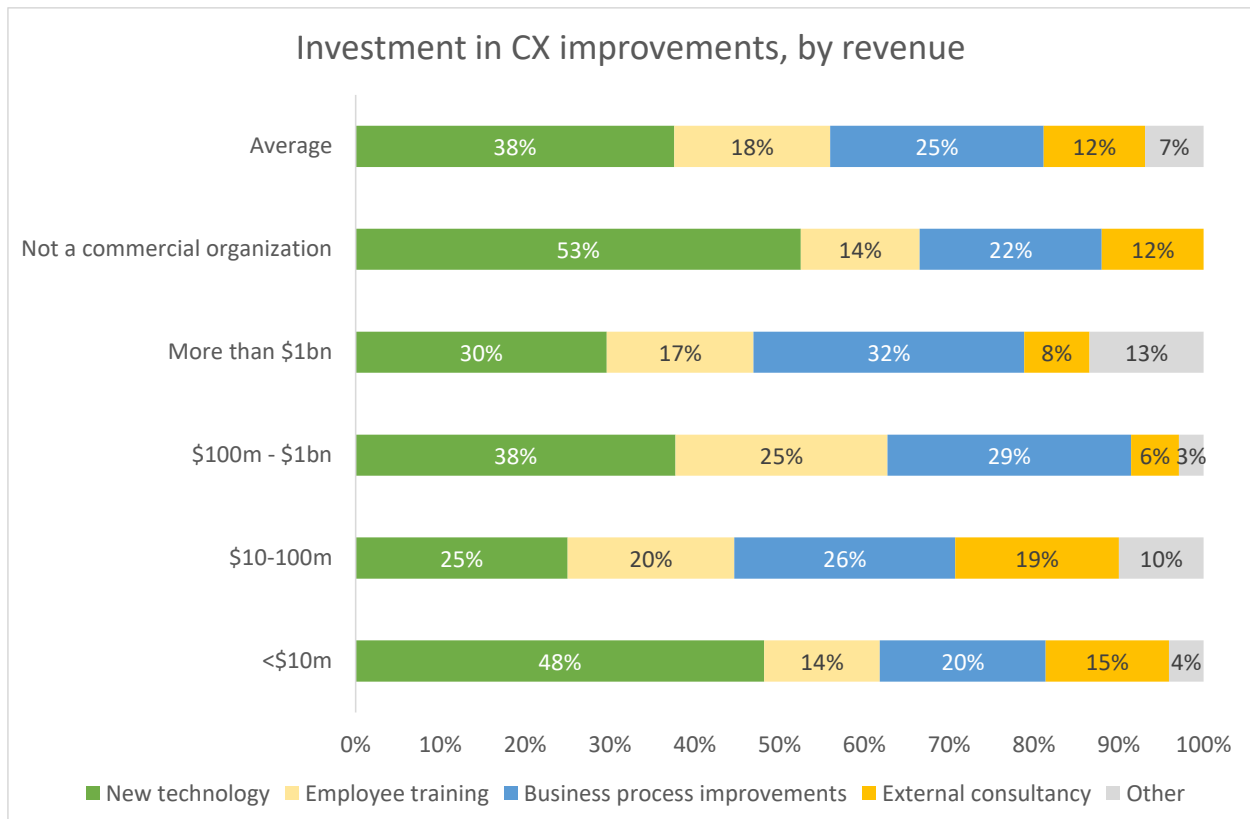
CX INVESTMENT: CHANNEL FOCUS

Before looking which channels are receiving the most CX investment, it is important to put omnichannel into perspective.

Figure 3: Inbound interactions by channel (year-end 2023)
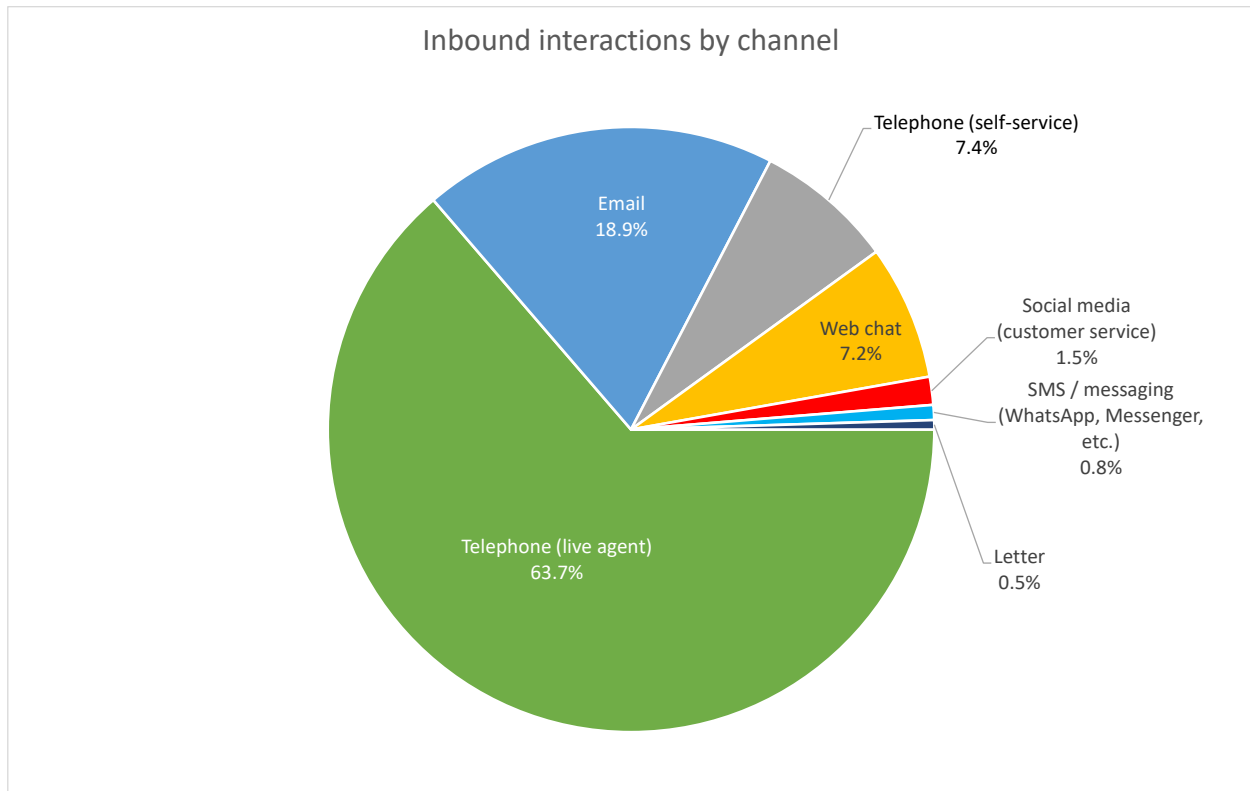
The proportion of live inbound interactions by telephone has remained fairly steady for a number of years. Telephony self-service interactions has dropped from its long-term historical figure of 10%, which may only be a statistical anomaly.

After dropping to under 14% in 2022, email accounts for almost 19% of respondents' interactions this year.

Web chat has shown very strong growth, up from 4.7% in 2019 to 7.2% this year, although this is a slight drop on recent years' figures.

Social media rose to its highest figure of 3.7% in 2021, but this year's respondents only handle 1.5% of their interactions through this channel, and expect a modest increase next year.

As not all of the same respondents take part in this survey every year, a jump or drop in the usage of a minor multimedia channel could be an industry-wide phenomenon or a case of a handful of early-adopters skewing the results, which is certainly possible where only a few use a channel, and where mean averages are used.

As such, a question is asked to respondents about how each inbound channel will change (if used by the respondent), so being able to judge if any alterations in the use of channels is due to real changes at a contact center-level, or is more of a statistical blip caused by a different set of respondents providing data each year.

Figure 4: How do you think inbound channels will change in your contact center in the next 12 months? (if used)

How do you think inbound channels will change in your contact center in the next 12 months? (if used)
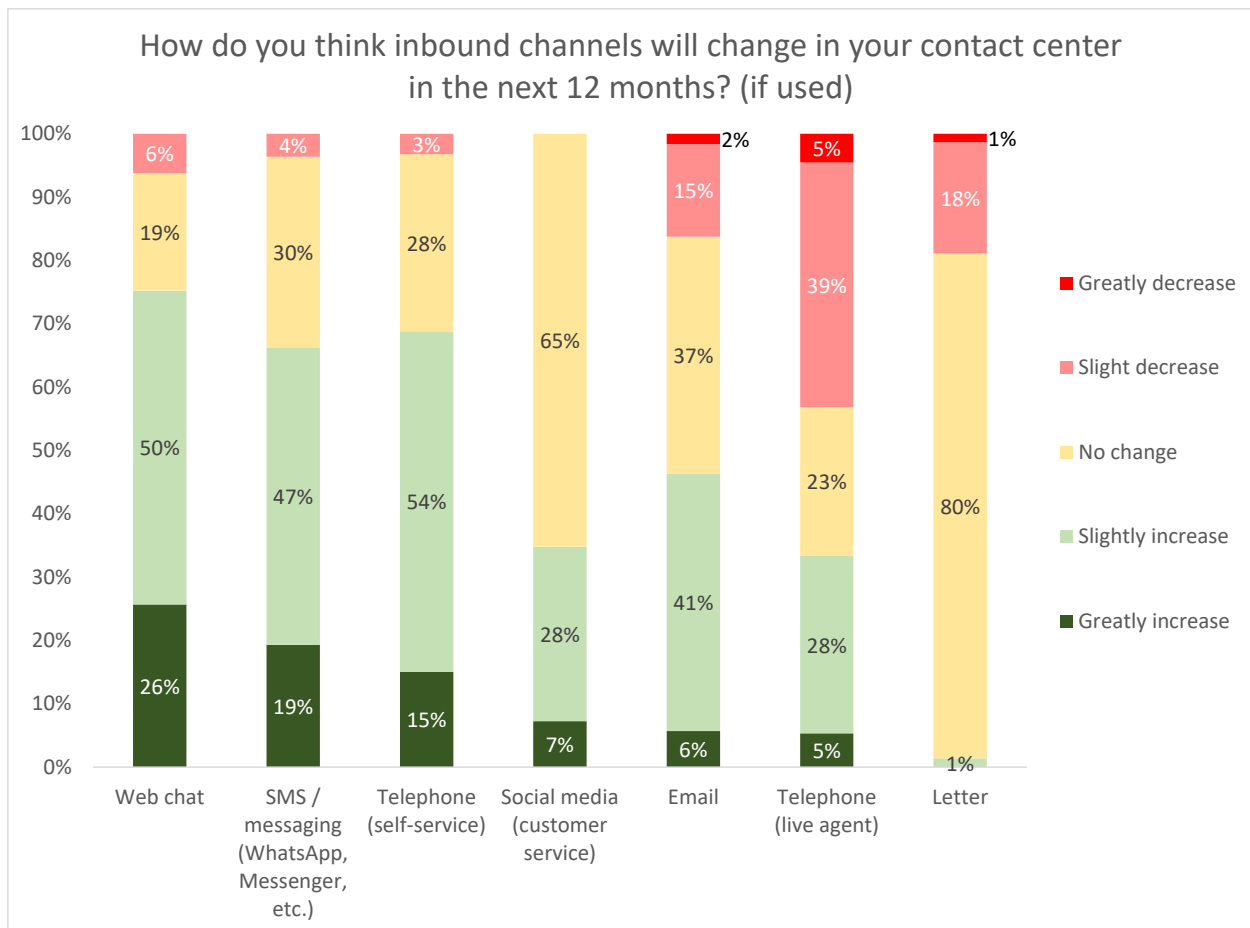
More respondents believed the live telephony channel volumes would decrease (44%) than thought they would increase (33%), which is a continuation away from the historical long-term trend of rising call volumes.

The previous chart's real message is that channels aren't being replaced, but rather augmented, and businesses have to accept that they need to develop an omnichannel approach, as that's what their customers are expecting. This means that the pressure to unify the view of the customer across channels is a challenge that isn't going to go away.

Turning to how customer experience investment is spent by channel, it is easy to see that for the majority of vertical markets, digital channels such as email, web chat, website and social media receive far more attention and investment than the traditional telephony channel, despite the former accounting for around 25% of inbound interactions (excluding web self-service), compared to around 70% coming through telephony (whether live or self-service). The focus on digital expenditure is higher in organizations with higher revenues.

Figure 5: Investment in CX channel, by revenue
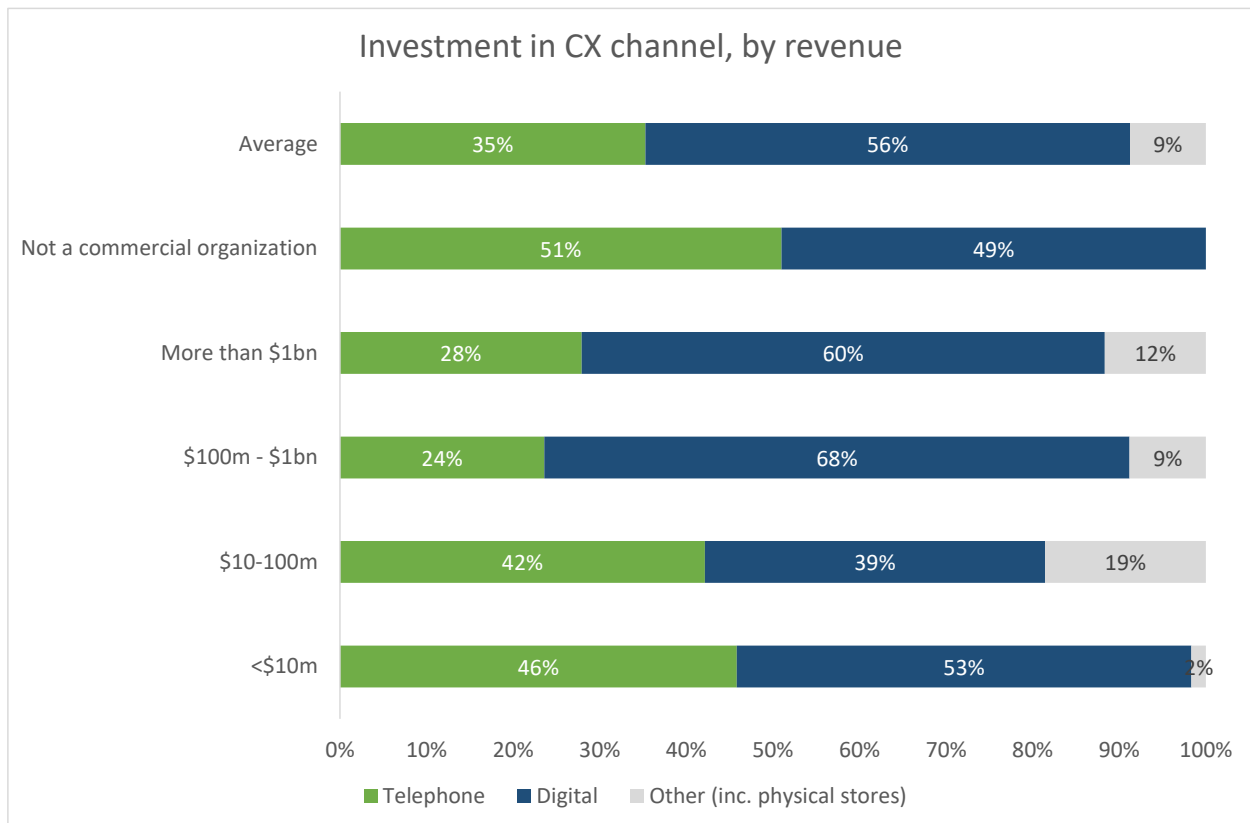
Reported 'other' expenditure includes:

- APIs
- CRM integration
- Infrastructure
- Physical stores
- Point of sale infrastructure.

CORPORATE SUPPORT FOR THE CX PROGRAM

Respondents were asked how well their organization currently supported their customer experience programs. In the main, the results were not entirely positive, with 40% of organizations stating that their CX technology was either poor or average, 36% being lukewarm about the number of dedicated CX employees, and 32% being quite negative about the budget available for CX improvements with 39% feeling the same about the amount of time available for CX.

On the positive side, 54% commended their executives' commitment, so it appears as though it is more the execution of CX improvement rather than the acceptance of the concept itself which needs to be improved.

Having said that, the widespread finding that there were not always enough time and resource for CX improvement shows that having a customer-centric culture does not easily or necessarily translate into actual action to improve CX.

Figure 6: How well does your organization currently support your CX programs?

How well does your organization currently support your CX programs?

Category	Excellent	Good	Fair	Average	Poor
CX technology	5%	21%	33%	24%	16%
Amount of time available for CX improvement	7%	24%	30%	18%	21%
Available resources / budget	8%	32%	28%	15%	17%
Number of dedicated CX employees	15%	30%	19%	16%	20%
Board level support/executive commitment for CX	20%	34%	22%	13%	11%
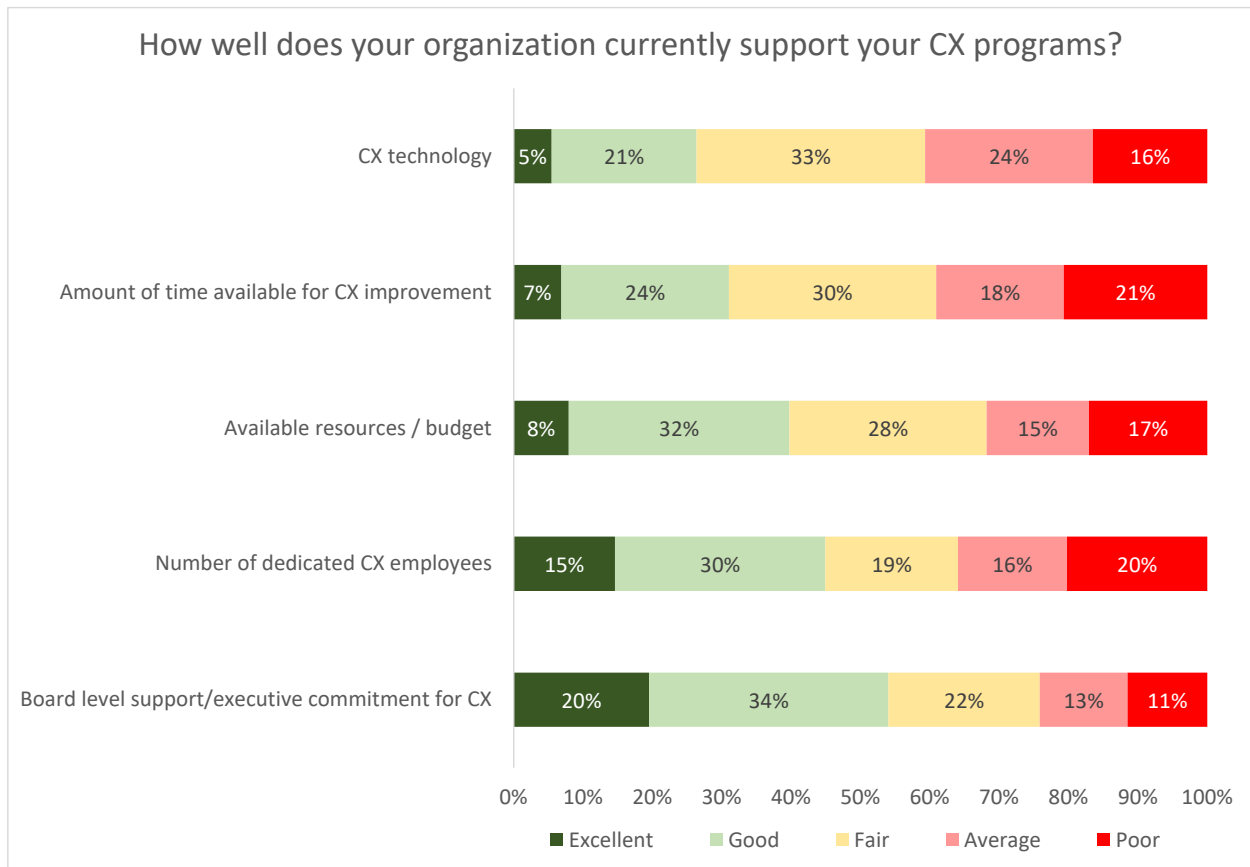
When considering the capability of customer experience technology by the size of the contact center, there are very significant proportions of contact center-owning respondents who ranked their CX technology as being poor or average, particularly those with smaller operations.

While there was a positive correlation between contact center size and the satisfaction with their CX technology, there is still substantial room for improvement.

Figure 7: How well does your organization currently support your CX programs? (CX technology) – by contact center agent position range
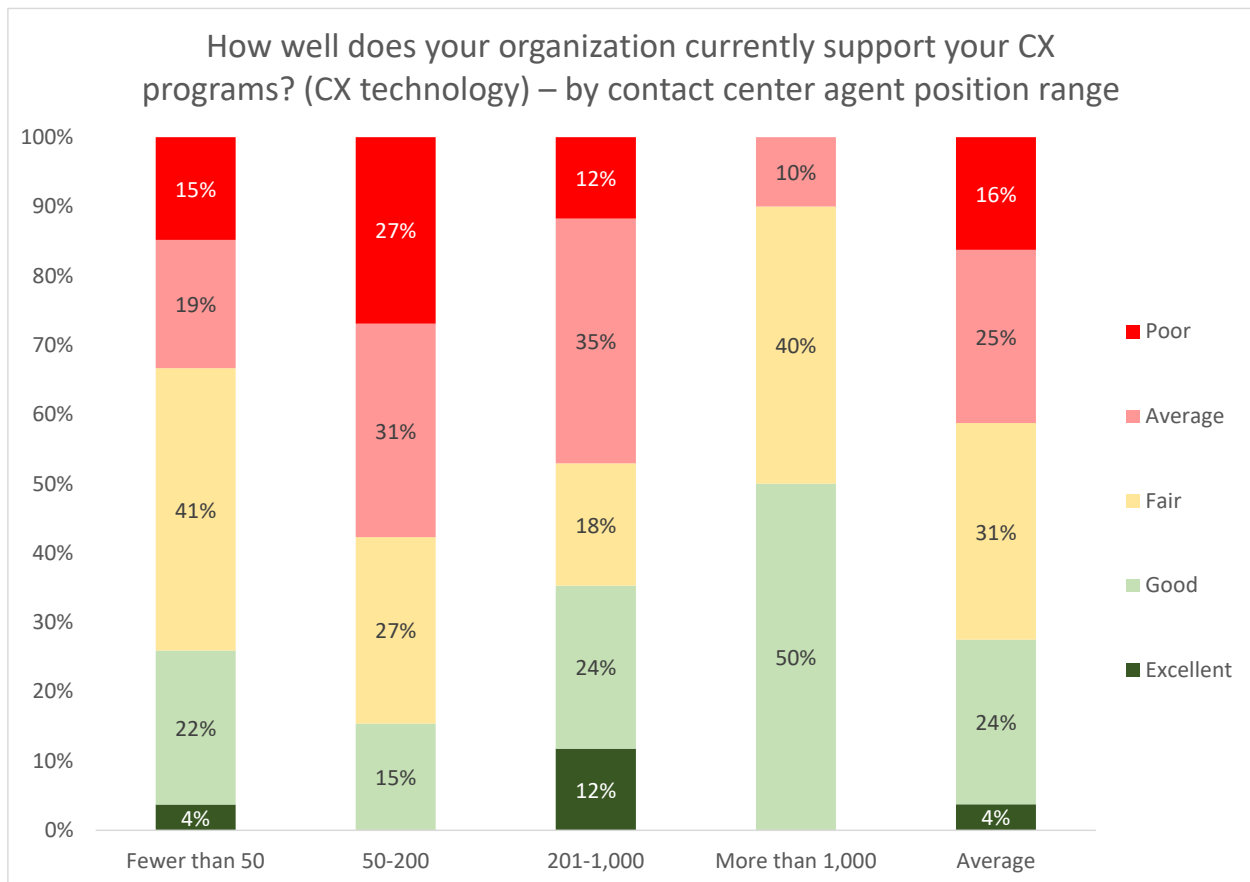
The next section of this report looks in depth at the use of some of the technologies supporting customer experience – in particular within the contact center – and the plans that organizations have for investing in these in the near future.

TECHNOLOGY

CURRENT AND FUTURE USE OF CUSTOMER CONTACT TECHNOLOGY

Call recording, IP infrastructure, social media and touchtone IVR are amongst the most likely to be upgraded or replaced in the next year, with a significant proportion of respondents using workforce management and mobile customer service apps also looking do so.

Many legacy call recording solutions are moving to the cloud, removing the need for on-site storage and maintenance, security management and improving operational flexibility.

In terms of new implementations, messaging, interaction analytics, web chat and especially AI are singled-out in the short term, with analytics, AI and speech recognition also receiving a very high level of attention in the longer term.

Figure 8: Technology penetration and implementation plans

Technology penetration and implementation plans

Technology	Use now, no plans to replace/upgrade	Use now, looking to replace/upgrade	Will implement within 12 months	Will implement after 12 months	No plans to implement
Video agents	10%	9%	5%	1%	74%
Gamification	12%	3%	8%	17%	61%
Robotic Process Automation (RPA)	16%		12%	21%	51%
AI / machine learning	13%	8%	33%	21%	26%
Automated speech recognition	17%	4%	22%	18%	39%
SMS / messaging (e.g. WhatsApp, Messenger etc.)	32%	4%	29%	12%	23%
Interaction Analytics	29%	10%	24%	23%	14%
Automated outbound dialer	31%	9%	8%	8%	44%
Email management software	41%	13%	10%	6%	29%
Mobile customer service app / website	40%	15%	11%	7%	26%
Workforce management systems	50%	14%	12%	5%	19%
Web chat	57%	8%	13%	13%	8%
Management information systems	66%	8%	10%	3%	13%
Touchtone / DTMF IVR	58%	18%	5%	4%	16%
Social media as a customer service channel	40%	40%	5%	8%	7%
Call recording	70%	22%	2%	2%	4%
IP telephony infrastructure	69%	24%	2%	1%	5%

Legend:
- ■ Use now, no plans to replace/upgrade
- ■ Use now, looking to replace/upgrade
- ■ Will implement within 12 months
- ■ Will implement after 12 months
- ■ No plans to implement

Recognizing that the reality of contact center investment does not always match the intention shown in the previous chart, the following table gives closer analysis of IT investment priorities.

Figure 9: Top 5 most important areas of contact center IT expenditure in the next two years (proportion of contact centers placing solution in their top 5, 2016 & 2023)

Technology solution	2016	2023
Artificial Intelligence	n/a	47%
Performance & Quality Management	37%	43%
CRM / Agent Desktop software	43%	41%
Web Self-Service	19%	35%
Omnichannel (i.e. single view of the customer across channels)	47%	33%
Desktop Automation & Analytics	26%	33%
Speech Analytics	21%	27%
Telephony Self-Service (includes DTMF IVR, speech recognition and visual IVR)	19%	26%
Back-Office Integration	21%	24%
Telephony Infrastructure (including IP)	13%	19%
Web Chat	28%	17%
Cloud	17%	16%
Headsets	7%	15%
Workforce Management	37%	14%
Homeworking	24%	13%
Email Management	22%	12%
Hardware (including PCs & servers)	7%	12%
Mobile Service	12%	11%
Gamification	8%	10%
Social Media	16%	9%
Call Recording	32%	9%
Interaction Routing (including ACD/CTI-like functionality)	9%	9%
Management Information Systems	18%	8%
Voice Biometrics	5%	7%
Outbound Automation	9%	7%
Virtual Contact Centers	19%	4%
Video/Web RTC	5%	2%

The percentages in the previous table are based on the proportion of respondents placing the specific solution within their top 5 from a list of 27 possible contact center solutions (AI has only been added as an option recently). By showing this historical data, patterns emerge showing the solutions that are gaining the most interest over the years, and those which are losing their appeal.

Artificial intelligence is of most interest to survey respondents in the next two years, with 47% placing it in their top 5 priority technologies. Much of current AI investment has been spent on intelligent chatbots, although AI-enabled agent desktop support is expected to grow very strongly.

Omnichannel – which has been defined within this part of the survey as getting the various channels to work together – is placed within the top 5 priorities by 33% of respondents this year, losing the top position that it had held for many years. The various supporting applications, such as web chat and email management systems still have significant proportions of respondents placing them within the top 5, although they are dropping away as more operations implement them.

CRM (including improvement to the contact center agent desktop and contact management system, as well as company-wide CRM) was in no.1 position for a number of years, although it lost its no.1 spot in to omnichannel in 2016. In 2022, CRM rated only in 7th position, suggesting that it has been implemented in a large proportion of operations already, but has regained second place this year.

After some years of relative stagnation, interest in self-service (especially web) has grown significantly since 2016, driven in large part by the promise of artificial intelligence and chatbots / voicebots providing a superior self-service experience than had previously been the case.

Back-office integration dropped in importance but is now back up to the 9th highest priority. While respondents are still very aware of the need to underpin the entire customer contact infrastructure – both front and back office – with a robust, stable and non-siloed infrastructure that allows a single view of the customer, the resurgent interest in self-service and new enthusiasm for AI has pushed this down the list.

Homeworking is a priority investment for only 13% of businesses, perhaps as so many have already had to make this expenditure in the past two years. Traditional contact center solutions with high existing levels of implementation, such as WFM, call recording and MIS have dropped down the list as AI and digital channels come to the forefront.

EFFECT OF TECHNOLOGY ON THE CUSTOMER EXPERIENCE

ARE TECHNOLOGY ISSUES HOLDING BACK CUSTOMER EXPERIENCE?

Respondents were asked about the extent to which technology challenges were affecting their ability to improve their customers' experience.

Legacy technology is reported to be a major problem by 50% of survey respondents. This is more likely to be the case in larger contact centers: 83% of the largest contact centers report this to be a major problem for them, compared to 38% of small sub-50 seat operations. While there has been a very significant move to cloud – supported recently by the need for remote working – it is clear that there is still a long way to go before businesses can fully develop their CX-supporting technology.

Figure 10: What technology challenges are holding back customer experience?

What technology challenges are holding back customer experience?

Legend:
- No problem (green)
- Minor problem (yellow)
- Major problem (red)

	Legacy technology is holding us back	Not enough IT resource or budget	We do not have single view of the customer across channels
No problem	17%	12%	23%
Minor problem	33%	40%	33%
Major problem	50%	48%	44%
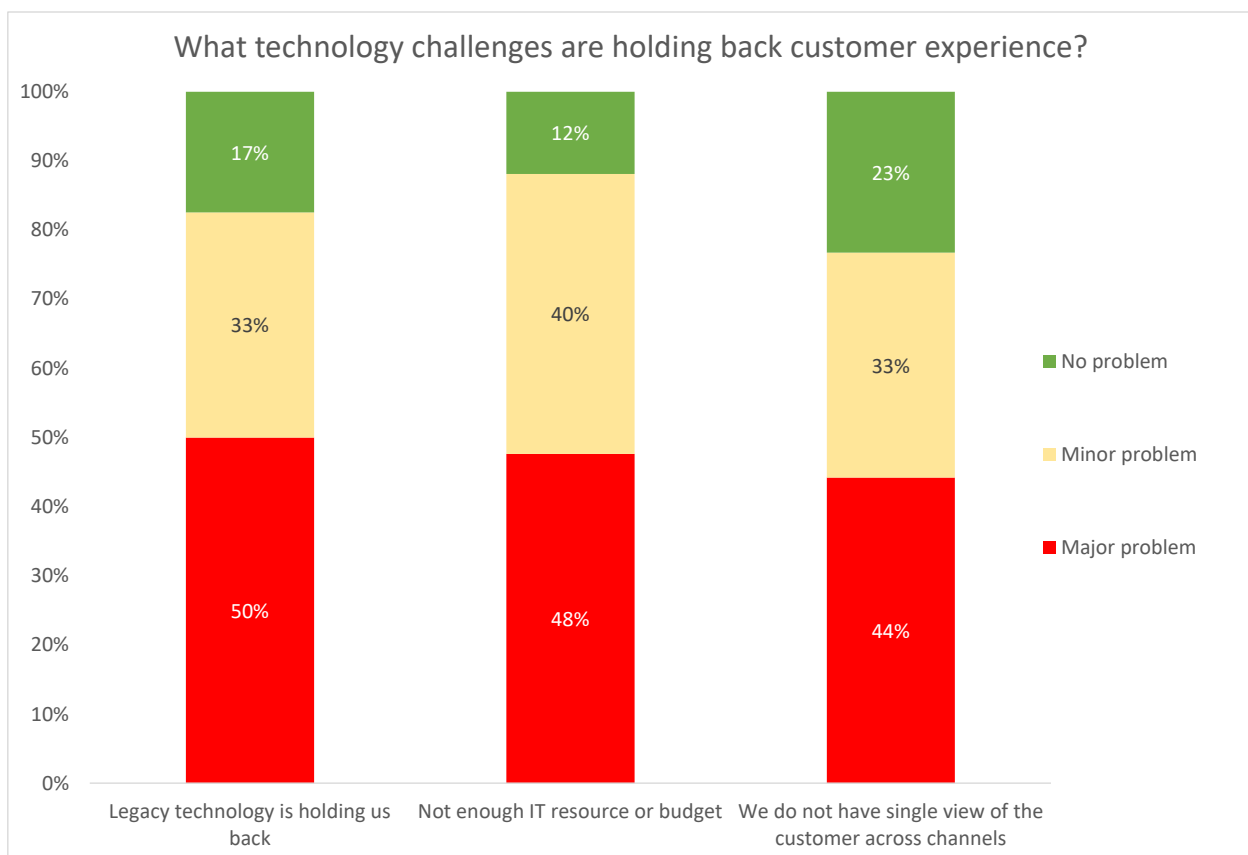
A lack of IT budget for CX-supporting technology was a major problem for 48% of respondents, and not being able to view the customer across channels (44%) means that the full benefit of omnichannel contact cannot be achieved, and that unnecessary time and effort are being spent by the customer, with sub-optimal results for all concerned.

DOES CX TECHNOLOGY AFFECT CUSTOMER EXPERIENCE?

The following chart looks at the effect that organizations believe specific technologies have on their customers' experience (data are only from the survey respondents actually using these applications).

Generally, they are seen as providing a positive experience for customers, and although touchtone IVR and speech recognition have had a somewhat more polarizing view in the past, these applications receive a strong net positive response this year.

Figure 11: What effect does technology have on your customers' experience? (if used)
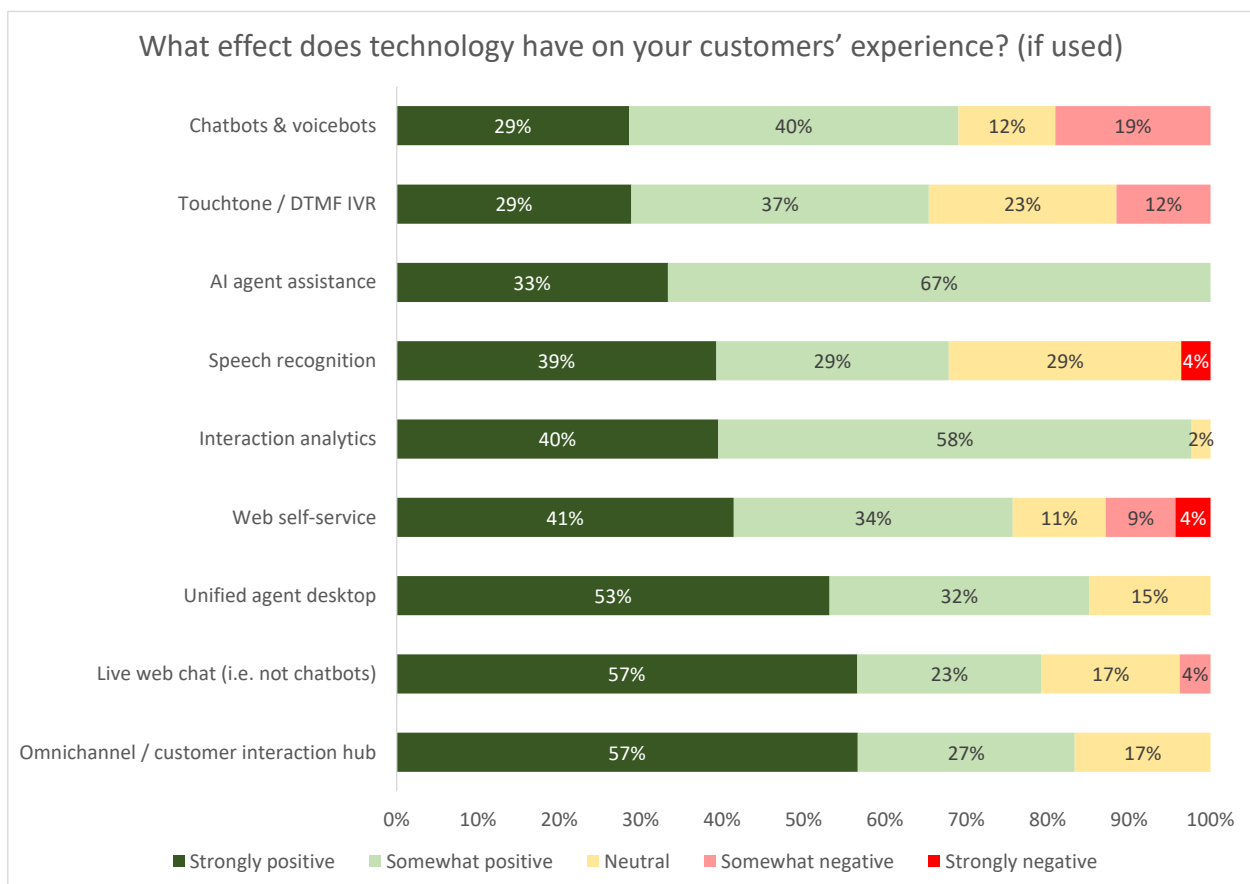
Businesses using an **omnichannel customer interaction hub** (34%) are very positive about the effect on customer experience. Omnichannel describes the goal of customers being able to contact (and be contacted) through any channel – switching between them during the interaction as appropriate, while taking any relevant data and history along with them – with a single, unified view of the customer's journey being available to the agent.

For true omnichannel, the platform, infrastructure, applications and resources need to be available to identify, route and switch interactions between agents and channels seamlessly, while keeping all relevant data gathered in the course of the interaction: larger operations are more likely to have had the investment made to deliver this sort of experience.

One of the main irritants for a customer is having to contact the business on numerous occasions, often through different channels, about the same issue. Omnichannel can make this experience less painful and more effective, by providing a single view of the customer's journey – not just that particular interaction, but the entire experience – so that agents do not have to repeat questions and can treat the customer's request more effectively.

Web chat (used by 58% of this year's survey respondents) offers organizations a chance to cut costs through running more than one chat session at a time with customers, using the time that a customer spends reading and replying to an agent's response to deal with other customers concurrently, with 2 or 3 chats being seen as sustainable.

Web chat can be used as a 'point of crisis' channel to convert an online shopping basket into a sale by providing timely service, or if a visitor is paused on a web page too long, perhaps as they can't find what they are looking for. In such cases, there are two main benefits to the business to provide text chat: revenue maximization, and the avoidance of unnecessary calls.

Web chat can also act as a safety net for the customer if an online self-service attempt fails. An analogy can be made with voice self-service, where a failed session is often ended with the customer 'zeroing-out' (pressing zero to get in touch with an agent). Failed web self-service sessions may end with a phone call being made, but web chat can avoid some of these, which is a cost saving for the business and better for CX. Survey respondents using live web chat usually see it being extremely positive for customer experience.

Although **chatbots/ voicebots** (used by 49% of survey respondents) don't get quite the same level of positive response of live web chat, 69% of businesses using them say that they have a good effect on CX.

Unified desktop (used by 55% of survey respondents): Most of today's contact centers use complicated, multiple applications, often only loosely linked, which require skilled and experienced agents to navigate and manage interactions with customers successfully at the same time. Even after the call is completed successfully, each system may need specific inputs from the agent in order to start the required back-office processes or to keep each database consistent with the others.

The result is that even though a contact center may be staffed with experienced, hard-working and skilled staff, its overall performance is suboptimal, leading to lower profits, customer satisfaction and unnecessary costs, as well as downstream service issues.

The variable capability of agents is also a contributory inhibitor to quality improvements, profit maximization and an optimized customer experience. One possible solution is to look at an overall unified desktop environment that includes dynamic scripting, as well as understanding agent training needs through an integrated solution including call recording and analytical functionality, delivering up-to-date performance metrics and in-call information supporting cross-selling and upselling offers.

Although the unified desktop can be seen as an internally focused technology, the vast majority of respondents believe that its ability to provide in-call support to agents and reduce downstream errors has a very beneficial effect upon customer experience.

Web self-service (used by 79% of survey respondents) is also seen as being of positive benefit to the customer experience, and as the cost per automated support session is estimated to be between 40 and 100 times cheaper than a live call to an agent, it has significant benefits to the business too.

Many customers will try self-service, but if this experience does not give them what they want immediately and accurately, they will either call the business or go elsewhere.

Where the customer is tied into an existing business, this will result in a higher cost of service and decreased customer satisfaction but where the visitor is only a potential customer, a failure in web self-service may mean the loss of a sale. Providing effective web self-service options – with a clear path to escalation to a live agent, along with any contextual customer specific information – is in the best interests of the business.

Interaction analytics (used by 51% of survey respondents) can be used in many different ways to address various business issues. This is an advantage – it is hugely flexible – but it can also make its message to the market more complicated. However, depending upon how interaction analytics is used, it can assist in:

- agent improvement and quality assurance
- business process optimization
- avoidance of litigation and fines
- customer satisfaction and experience improvements
- increases in revenue and profitability
- improvements in contact center operational performance, and cost reduction.

Like most contact center applications, analytics can be used to cut costs, but its promise goes far beyond this. No other contact center technology provides the business with this level of potential insight that goes far beyond the boundaries of the contact center and can offer genuine and quantifiable ways in which business processes can be improved.

Amongst the survey respondents which use interaction analytics, there is a general feeling that it impacts somewhat positively upon the customer experience, although perhaps not quite to the same extent as customer-facing technology such as web chat. As a large amount of interaction analytics is done historically, the immediate benefits to the customer may not be as apparent.

Despite the wider and more powerful functionality that **automated speech recognition** (used by 32% of survey respondents) gives to an IVR system, some inhibitors are present.

It is generally acknowledged that speech recognition can be considerably more expensive to implement than DTMF IVR, and is also likely to require significant, highly-paid in-house resource to fine-tune and operate it going forward. Some solution providers note that the majority of businesses' interest in moving from DTMF to speech recognition comes when the existing telephony self-service legacy system is approaching end-of-life.

It has been the case that some speech implementations have actually made life more difficult for the customer, who may not have the confidence that the system will understand their natural language request and provide very short, one-word answers; if nothing is given in the way of prompts or examples, callers may give too little or too much information as they are unsure of the sophistication or capabilities of the system.

Survey respondents are increasingly positive about the effect that speech recognition has had on the customer experience.

AI agent assistance (used by 17% of survey respondents) is deployed in a number of ways that reduces the manual work required for handling customer interactions while boosting the value of each conversation.

It helps agents navigate more difficult conversations and reduce their average handle time with tools that surface relevant information like reminders, coaching, or knowledge base articles. It also helps agents to follow company compliance regulations, handle customer objections, and identify upsell opportunities by automatically surfacing and tracking key tasks. Lastly, it reduces manual work like note-taking and uploading call transcriptions to the CRM system while increasing the accuracy of call summaries in less time.

The feeling amongst respondents is that **touchtone IVR** (used by 62% of survey respondents) is a little less beneficial to the customer experience than most of the other technology applications surveyed, despite its widespread prevalence.

IVR was typically implemented as a cost-saving measure, rather than something to improve the customer experience, and although visual IVR promises to benefit both business and the smartphone-owning customer, its uptake is currently low.

THE ROLE OF ANALYTICS IN CUSTOMER EXPERIENCE

Customer interaction analytics offers huge opportunity to gain business insight, improve operational efficiency and develop agent performance. In fact, the list of potential applications for this technology is so high that businesses could be forgiven for being confused about how to target and quantify the potential business gains.

Organizations using analytics were asked how useful the solution was for improving various aspects of the customer experience, either directly, or through improving internal processes which then had a impact upon the overall customer experience.

Figure 12: Usefulness of analytics for improving CX
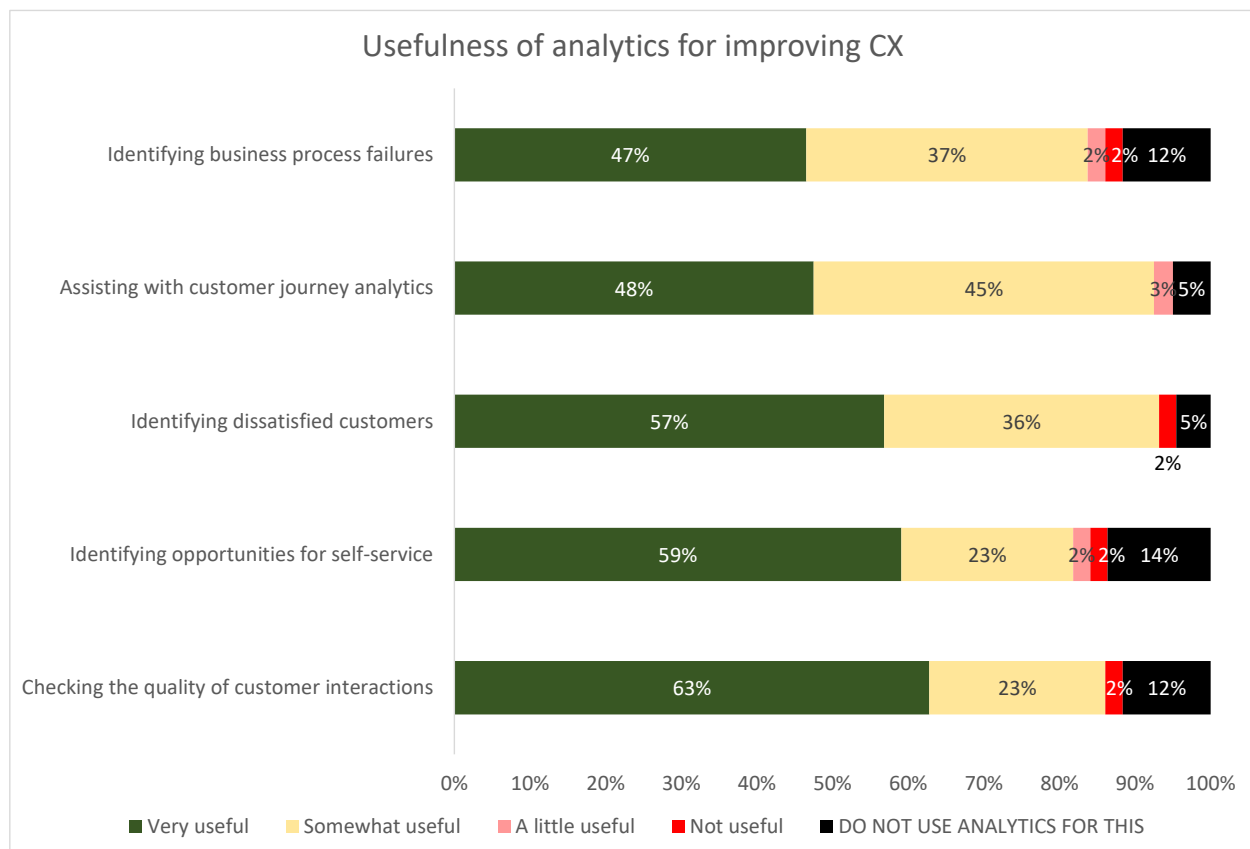
The overall conclusions were surprisingly consistent: in all analytics use cases, over half of respondents that used analytics for the stated purpose said that it was 'very useful' with 30-40% saying that it was 'somewhat useful'. These figures are somewhat more positive than has been the case in the past.

THE ROLE OF AI IN CUSTOMER EXPERIENCE

Survey respondents were asked which AI applications they are currently using with their contact centers, and what their plans were for future implementations.

Figure 13: Current and planned use of AI contact center applications

Current and planned use of AI contact center applications

Application	Use this now	Plan to use this within 2 years	No plans
Agent assistance / co-pilot (in-call)	5%	81%	14%
Predicting customer behaviour	5%	60%	35%
Improve audio clarity & understanding	13%	31%	56%
Voicebots	15%	35%	50%
Sentiment analysis (in-call)	18%	65%	18%
Customer journey analytics	22%	56%	22%
Form-filling / starting processes	26%	32%	42%
Fraud detection / customer authentication	28%	28%	44%
Updating the knowledge base	28%	61%	11%
Sentiment analysis (analysing multiple calls)	30%	55%	15%
Intelligent call routing	43%	24%	33%
Generating notes and call summaries	45%	36%	18%
Chatbots	48%	48%	5%
Call transcription	52%	30%	17%

Chatbots and call transcription were the most frequently used AI applications. AI agent assistance, while in place in only 5% of businesses surveyed, had the greatest proportion of survey respondents planning to implement it within two years. In-call sentiment analysis and updating the knowledge based through AI were also expected to grow very strongly.

Focus on What Matters

DELIVER EXCEPTIONAL CUSTOMER EXPERIENCE (CX) BY UNDERSTANDING THE CUSTOMER'S PERSPECTIVE

Their Perception is Your Reality

Most organizations presume what customers need, want, and expect, only to realize at some point "We don't know what we don't know!" While customers are actually very specific about what they engage with your organization, at every step along the customer journey.

The Customer Will Tell You What Works, and What Doesn't

An omnichannel contact center, that offers the choice of voice, chat, email, social media, and video channels, provides the best approach for gathering the intelligence you need to deliver the customer experience your customers expect. **The Upside?** The richness of the data you gather grows every day.

Just Listen

But, this data is only useful if analyzed the right way - objectively. Insight comes from looking at every touchpoint along the customer journey. By aggregating and assessing all interactions, your organization can develop a more complete view of what your customers think.

Leverage Actionable Insights Extracted Using AI

By analyzing customer verbatims, and their context, along with intonation and inferences, insights can be extracted that will clearly tell you how best to engage with your customers, helping you to exceed your customer's expectations.

<u>Click Here</u> to Learn how to use AI to Deliver the CX YOUR customers expect

SOLUTIONS THAT DELIVER EXCEPTIONAL CUSTOMER EXPERIENCES

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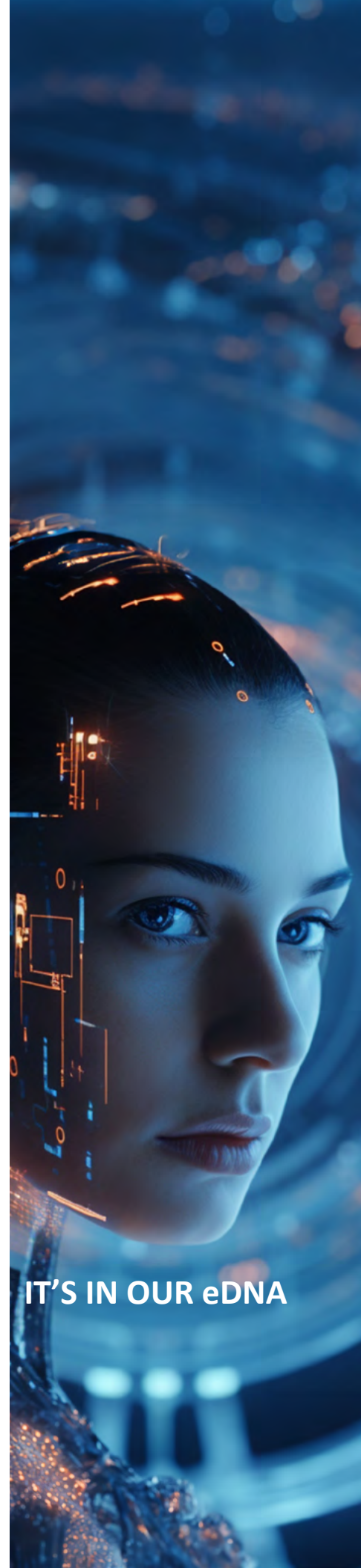
Survey respondents were asked about the benefits they wanted to see from AI.

Figure 14: Most important outcomes from current or future use of AI

Most important outcomes from current or future use of AI

Outcome	Critically important	Important	Of limited importance	Unimportant
Support multiple languages	22%	26%	26%	26%
Detect fraud attempts	22%	26%	35%	17%
Reduce call queues	24%	48%	14%	14%
Reduce agent headcount	25%	20%	35%	20%
Predict customer behavior	26%	39%	35%	
Cut call durations	27%	36%	27%	9%
Improve knowledge base	36%	45%	14%	5%
Handle more enquiries through self-service	39%	52%	9%	
Improve accuracy of responses	45%	45%	9%	
Better understand customers	64%	36%		

Legend: ■ Critically important ■ Important ■ Of limited importance ■ Unimportant

Interestingly, while 25% said that reducing agent headcount was of critical importance to them, 55% said that it was of either limited, or no importance.

AI is looked upon to be vital as a means to increase the sophistication, accuracy and effectiveness of self-service, and especially as a way to improve the understanding of customers.

The improved provision of information – quicker and more accurate – across all channels is also a key driver of AI implementation.

Improving telephony operational performance through reduced call lengths and queue times is seen as less important, despite the powerful effect this can have on customer experience.

Survey respondents who were currently using AI were asked about the outcomes and results that they had seen as a result. As the use of AI in the contact center is in its relative infancy, readers should be aware that the small sample size needs to be treated with caution.

There was a widespread positive response from those using AI to improve self-service – which as a previous chart showed was mainly from chatbots – and an improvement in queue lengths and response accuracy was also noted.

There was much less use of AI to detect fraud attempts, to predict customer behavior or to cut call durations, and these applications were by no means unanimously agreed to be successful at the moment.

Figure 15: Have you seen these outcomes from your current use of AI (only businesses using AI now)

Have you seen these outcomes from your current use of AI
(only businesses using AI now)

Outcome	Yes	No	Don't use AI for this
Cut call durations		21%	79%
Detect fraud attempts	10%	5%	85%
Predict customer behavior	18%	12%	71%
Support multiple languages	19%	10%	71%
Reduce agent headcount	20%	10%	70%
Better understand customers	24%	10%	67%
Improve knowledge base	25%	15%	60%
Improve accuracy of responses	25%	10%	65%
Reduce call queues	29%	10%	62%
Handle more enquiries through self-service	45%		55%

The chart below shows the same information as the previous diagram, with the survey response "Don't use AI for this" removed to clarify what actual users of AI are experiencing.

There was widespread satisfaction with the use of AI to improve accuracy, better understand customers, reduce call queues and especially to handle more self-service enquiries.

While only the use of AI to cut call durations received more negative than positive comments (almost certainly because of the very low use of agent assistance within our survey respondents), there were significant minorities of AI users in almost all use cases who had not seen the outcomes they wanted to from their implementations. This suggests that AI – both the technology itself and businesses' use of it – still has a considerable way to go before it can be said to be entirely fulfilling its purpose.

Figure 16: Have you seen these outcomes from your current use of AI (only businesses using AI now) – definite responses only

Have you seen these outcomes from your current use of AI
(only businesses using AI now) – definite responses only

Outcome	Yes	No
Cut call durations		100%
Predict customer behavior	60%	40%
Improve knowledge base	63%	38%
Detect fraud attempts	67%	33%
Support multiple languages	67%	33%
Reduce agent headcount	67%	33%
Better understand customers	71%	29%
Improve accuracy of responses	71%	29%
Reduce call queues	75%	25%
Handle more enquiries through self-service	100%	
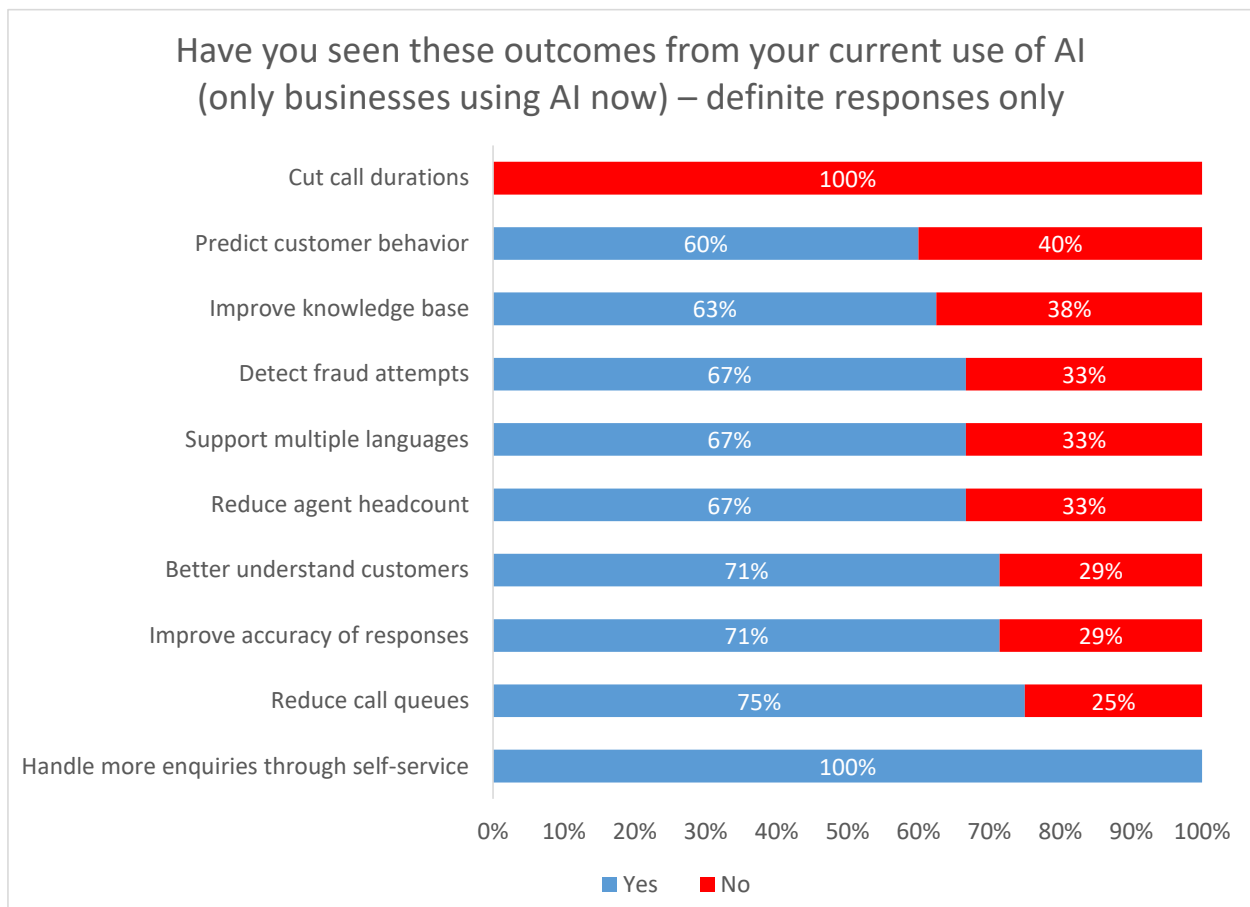
There is more research about the use of AI for specific contact center business and operational use cases at www.contactbabel.com/research.

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WHAT DOES CX MEAN TO A CUSTOMER?

It is difficult for an organization to be confident about which of the many elements that go towards a great customer experience are actually the most important, and consequently should receive the greatest investment and resource.

This section looks at the importance of key factors which occur within the customer experience when a customer contacts an organization, from the perspective of the business and also from the customer.

THE VIEW FROM THE BUSINESS

Organizations were asked to rank eight factors that impact upon customer experience.

Figure 17: What do you believe is the importance of these factors to a customer when contacting your organization?

What do you believe is the importance of these factors to a customer when contacting your organization?

	1st	2nd	3rd	4th	5th	6th	7th	8th
Long opening hours	3%	1%		10%	4%	38%		42%
US-based employees	3%	4%	2%	13%	14%	17%	20%	28%
Issue handled by one employee	3%	13%	23%	15%	11%	22%	11%	3%
Short call / web chat times	5%	9%	14%	12%	22%	20%	10%	9%
Choice of channels	9%	8%	8%	14%	16%	13%	18%	15%
Polite and friendly employees	12%	20%	15%	20%	13%	16%	2%	2%
Short queue / wait time for response	19%	18%	25%	22%	9%	5%	1%	1%
First-time resolution	45%	28%	14%	3%	6%	2%	1%	

As with many past ContactBabel surveys, first-time resolution was clearly seen as being the most important factor impacting upon customer experience, with 45% of respondents ranking it in first place, and a further 42% placing it within the top three.

A short queue time or wait time for a response was also seen as being important, being ranked in the top 3 by 62% of respondents, with polite and friendly employees being ranked in the top 3 by 47% of organizations surveyed.

Having the issue handled by a single employee was placed in the top 3 by 39% of respondents, with a choice of channels making the top 3 for only 25% of respondents.

Long opening hours (6%) and US-based agents (7%) were seen by very few organizations as impacting significantly on customer experience.

The following section considers these elements of the customer experience from the perspective of customers themselves, and there are some significant differences of opinion between organizations and customers on what impacts the most on customer experience.

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G2 High Performer — SUMMER 2024
G2 Best Support — Enterprise SUMMER 2024
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Intelligent self-service, seamless omnichannel transitions, personalized interactions at scale.

Actionable Insights
Real-time sentiment analysis, trend identification, proactive issue resolution, and data-driven product innovation.

Empowered Agents
Real-time guidance, automated tasks, streamlined workflows, AI-driven performance analysis.

Unmatched Security & Scalability
Cloud-native architecture, CRM-first approach minimizing PII storage, seamless scaling with business growth.

Optimized Operations
AI-powered forecasting, real-time dashboards, data-driven decision-making for cost reduction and efficiency.

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"UJET shares our commitment to ensuring that support issues are being resolved with minimal touchpoints and in record time.

Kevin H.
Vice President of Engineering

To learn more: Talk to an Expert Today

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THE VIEW FROM THE CUSTOMER

ContactBabel commissioned the research firm Big Village to carry out a survey of 1,000 US consumers, which gives a 95% confidence level and maximum margin of error of +/- 3%. That means that for example, a response of "yes" from 50% of the sample means that if the survey were to be conducted repeatedly amongst US adults then 95% of the time the result would be between 47% and 53%.

Survey respondents were provided with a list of eight factors that affect CX and asked to rank them in order. The chart below shows the proportion of survey respondents (both from organizations and customers) placing them in their top three.

Figure 18: Top 3 most important factors to a customer when contacting an organization by phone or digital channel (organizations & customers)

Top 3 most important factors to a customer when contacting an organization by phone or digital channel (organizations & customers)

Factor	Customer	Organization
Long opening hours	17%	5%
US-based employees	35%	8%
Issue handled by one employee	34%	39%
Short call / web chat times	21%	28%
Choice of channels	32%	24%
Polite and friendly employees	49%	47%
Short queue / wait time for response	49%	62%
First-time resolution	63%	87%
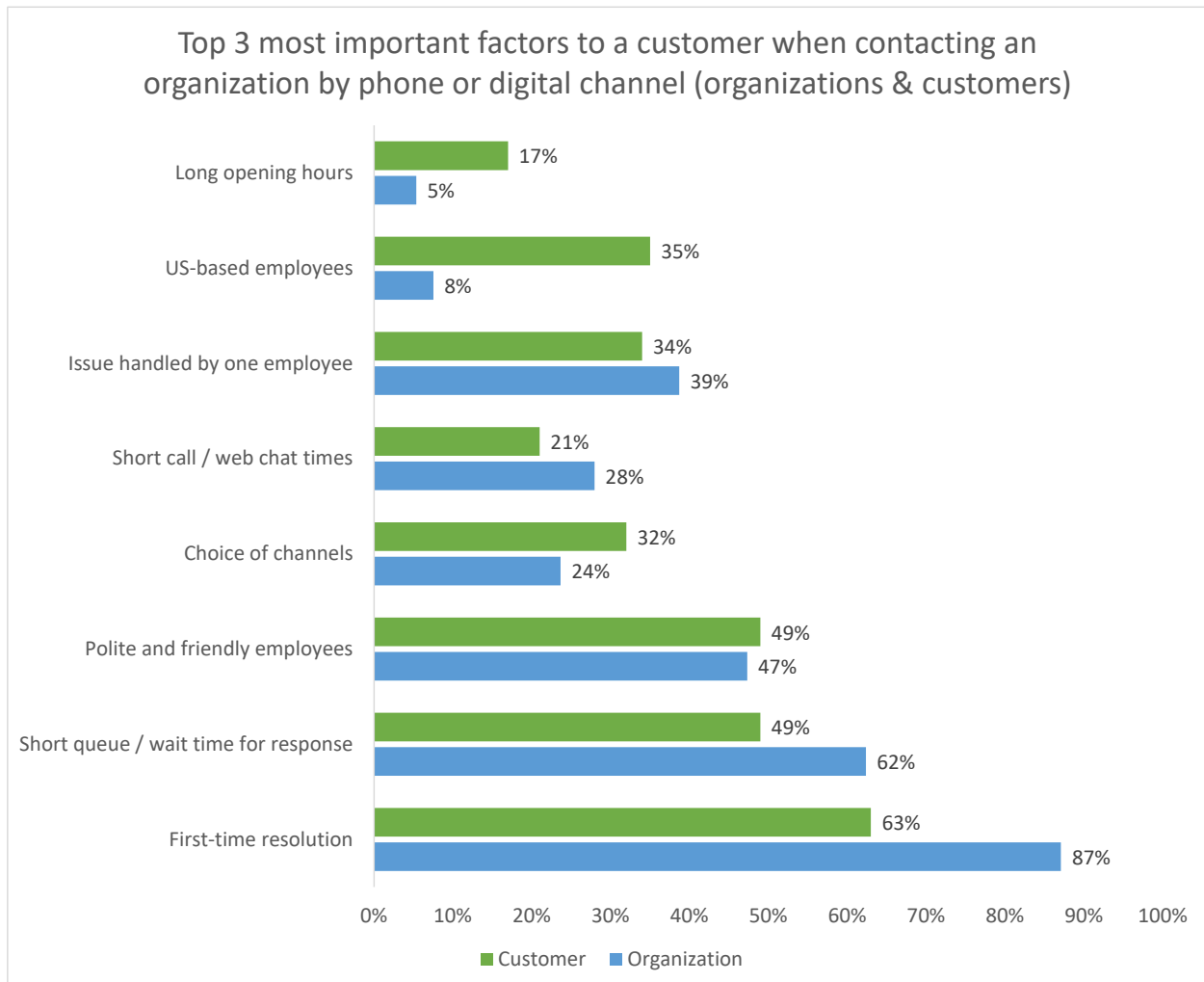
This consumer research has some interesting findings when comparing consumer attitudes to businesses' beliefs:

- both businesses and consumers agree that first-contact resolution, short wait times and polite & friendly agents are the most important factors impacting upon customer experience when contacting a business

- long opening hours are judged more important by customers than businesses, especially for younger customers

- having US-based employees is seen as far more important to customers than businesses believe, particularly for the older generation.

The chart below shows the importance of various customer experience factors as an aggregated bar chart, segmented by age so as to show the factors that were of most importance to customers in each age range.

Figure 19: What are the top 3 most important factors to you when contacting an organization by phone or digital channel? (by age range)

What's most important to you when contacting an organization? (top 3 choices, by age range)

Factor	18-34	35-44	45-54	55-64	65+
Long opening hours	23%	20%	14%	19%	8%
Short call / web chat times	30%	30%	20%	15%	6%
A choice of channels	40%	30%	36%	26%	24%
Issue handled by one employee	31%	32%	32%	38%	38%
U.S.-based employees	25%	27%	36%	44%	47%
Polite and friendly employees	49%	50%	48%	50%	49%
Short wait time for response	48%	50%	51%	46%	52%
Your question / issue is solved first-time	54%	60%	63%	63%	75%

Aggregating the results allows an understanding of which factors were placed in the top three overall, while also providing insight on age-related opinion.

For example, 54% of the youngest age group (18 to 34 years old) stated that having a question answered first time was one of their top three most important factors, whereas 75% of the oldest age group (over 65 years old) placed this in their top three.

When considering these findings from the perspective of the various age ranges, younger respondents place a greater emphasis on their time than older people, being more likely to rate short call / chat times and long opening hours as being more valuable.

Younger people also value having polite and friendly agents just as much as any other age group, being as important to them as a short queue time or first-contact resolution. This may be because the youngest age group have the least experience of dealing with businesses and contact centers, perhaps lacking some of the confidence that comes with years of speaking with businesses, and to have a friendly and approachable agent is valued very highly.

Younger age groups are also much more likely to value a choice of channels and long opening hours, the latter of which can be achieved through effective self-service options which younger customers are generally willing to try out.

One of the most noticeable differences between ages groups is the requirement for US-based employees, which is very important for older customers, but much less so for younger people.

Older customers are also very focused on first-contact resolution – they do not wish to have to call back – and also want their issue handled by a single employee.

Again, it must be emphasized that unless a business deals almost entirely with older or younger customers, that **all** of these factors are valued highly by a substantial part of their customer base, and need to be addressed.

When segmenting the consumer data by annual household income, >$100k cohort values first-contact resolution somewhat more than other groups, and the <$50k group are more focused on having a choice of channels.

Figure 20: What are the top 3 most important factors to you when contacting an organization by phone or digital channel? (by household income)
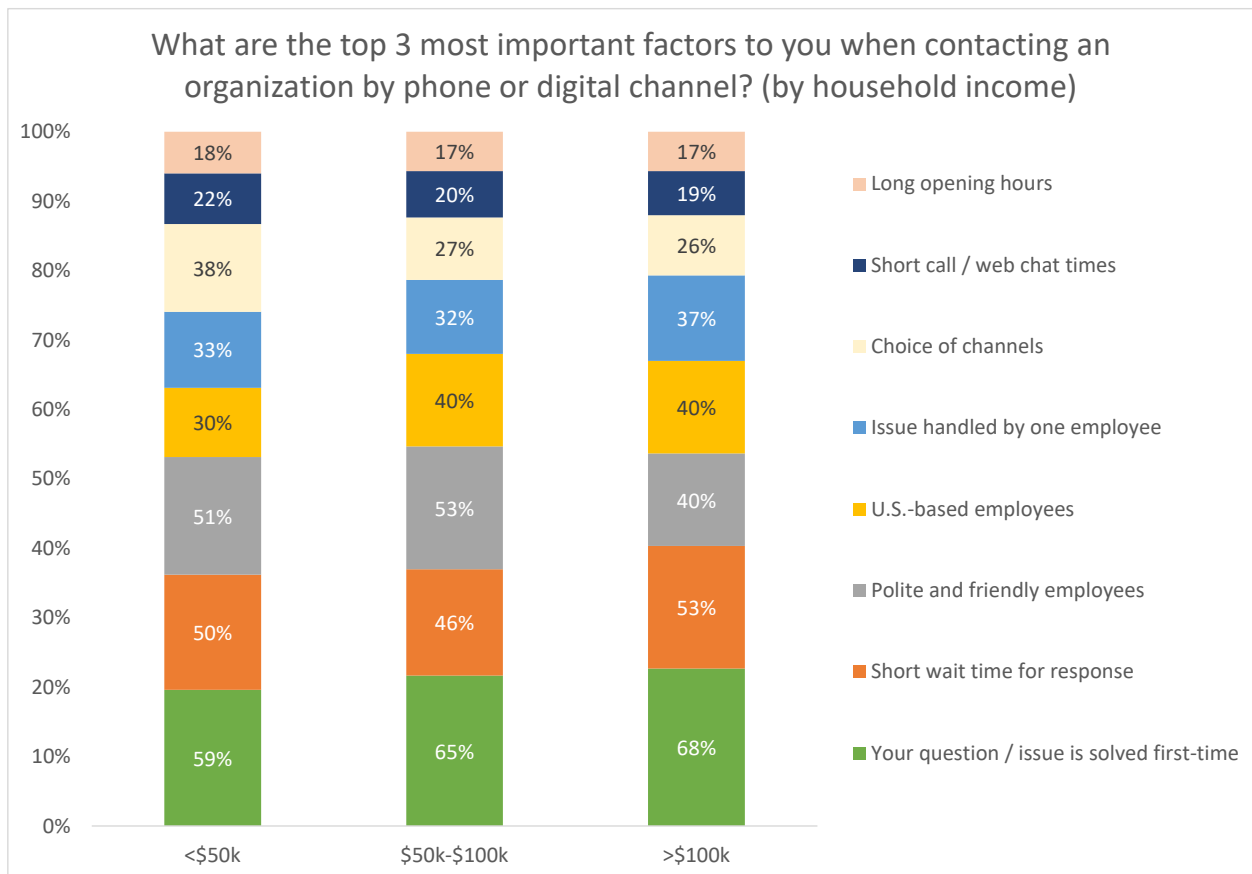
WHAT DO CUSTOMERS ACTUALLY GET WHEN CONTACTING AN ORGANIZATION?

The previous section of the report looked at what customers want when they're contacting an organization, but what exactly do they feel that they receive?

The general customer view is that they hit roadblocks fairly often. It is not a surprise to see that 72% of survey respondents felt that the queue time was too long very often or fairly often. The following section will show this has become considerably worse in recent years.

More than a quarter of respondents often feel that IVR menus are too complicated, and over 60% state that they very or fairly often get passed around the contact center, and also that they are only calling because they've tried and failed to get their issue resolved online.

More than half of survey respondents state that they have to call back multiple times and 43% say that they often have to answer too many security questions. The need to repeat themselves often or not being able to hear clearly or understand the agent is also a frequent experience for over half of customers.

Figure 21: Customer issues – an overview

Customer issues – an overview

	Very often	Fairly often	Infrequently	Never
I'm asked too many security questions	15%	28%	40%	17%
I can't hear clearly and/or I have to repeat myself	19%	34%	35%	12%
I have to call multiple times as it was not resolved	19%	32%	38%	11%
The agent can't help and passes me onto someone else	24%	38%	31%	7%
I'm only calling because I could not solve my issue online	26%	36%	30%	9%
There are too many options on the phone menu	27%	38%	23%	12%
The wait time is too long	31%	41%	23%	5%

The following sections look in more detail at customers' actual experience and opinions of the two main drivers of CX – first-contact resolution and long wait / queue times.

FIRST-CONTACT RESOLUTION & THE CUSTOMER EXPERIENCE

Our customer survey showed that first-contact resolution was vital to the customer experience, particularly amongst older customers.

Looking at how often customers felt that they experienced having to call back multiple times, younger customers were slightly more likely to feel that they had to do this, although around half of respondents from most age groups stated that they had to do this very often or fairly often.

Figure 22: Customer Issue: "I have to call back multiple times and explain the issue from the beginning" (by age range)

Customer Issue: "I have to call back multiple times and explain the issue from the beginning" (by age range)

Age range	Very often	Fairly often	Infrequently	Never
18-34	23%	33%	33%	11%
35-44	21%	34%	34%	10%
45-54	20%	39%	34%	6%
55-64	18%	28%	42%	12%
65+	13%	25%	50%	13%
Average	19%	32%	38%	11%
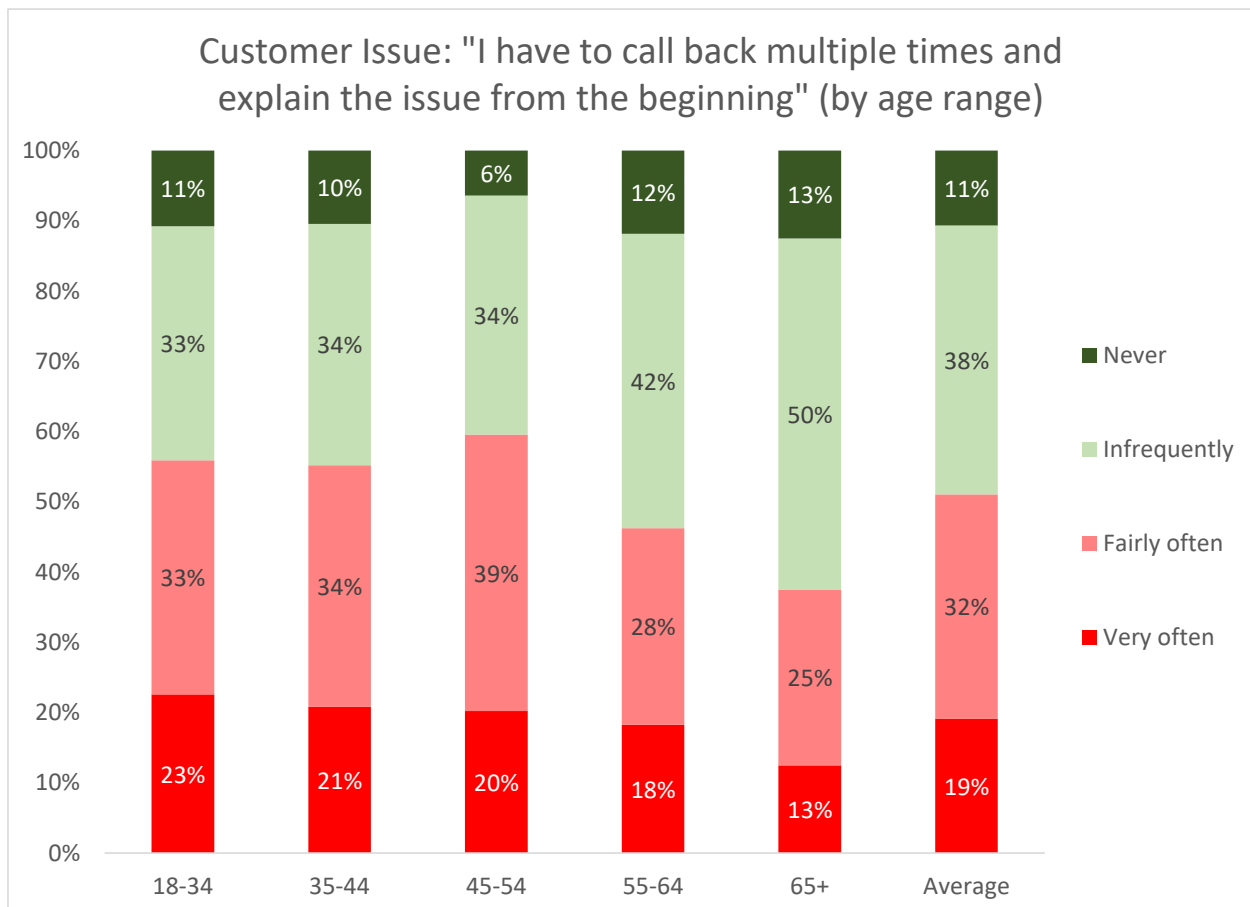
As first-contact resolution (FCR) is such a key to customer experience, organizations should be focusing their attention on identifying and resolving the issues that cause repeat calls, as it impacts not only on cost but also strongly on customer satisfaction.

As easier interactions go to self-service (especially online), the contact center is left with more difficult and varied tasks – through email as well as phone – which can also be very complicated to categorize effectively using the current tools available to most.

While first-contact resolution is vital, it should be acknowledged that FCR rates are not simple to understand and have to be viewed in context: for example, an improving business may well see its FCR rate actually decline after it implements process improvements.

This seems counter-intuitive, but if the business had been handling live calls that were more suited to self-service or avoidable through better marketing communications, getting rid of these 'easy' calls entirely will make the FCR rate decline. If many calls are about the same issue, and are answered quickly and accurately, it improves FCR rates, but of course piles up cost and impacts negatively upon other performance metrics, such as queue length and call abandonment rate.

Businesses should consider the reasons for these unnecessary calls, rather than just focusing upon a single metric, as high first-contact resolution rates may actually be masking underlying problems:

- The contact center is handling simple and repetitive calls that could be moved to self-service, or which could be addressed on a website and through better marketing communications

- Callers are dropping out of self-service to speak with agents because the self-service application is failing in its task and should be re-engineered

- Unclear marketing communications are causing customers to call

- Calls are being received that are actually driven by mistakes from elsewhere in the enterprise.

When businesses begin stopping unnecessary calls at the source, those left are usually of a more complex nature. This will lower first-call resolution rates initially, allowing a clearer picture of what is really happening in the contact center to emerge, which can then be addressed more fully.

As the contact center adapts and invests in better ways of handling customer requests, first call resolution rate increases and parity resumes. The exodus of 'easy' work to self-service channels may not always be quite balanced by immediate balancing improvements in knowledge sharing and other agent support processes that would mean stable first call resolution rates.

The first-contact resolution rate is an important metric to study, being concerned both with the customers' experience as well as avoiding unnecessary calls.

However, it is very difficult to measure effectively, with no single best practice method of getting definitive statistics that are directly comparable to the rest of the industry. This difficulty is shown by the fact that ten years ago, perhaps half of contact centers responding to our research did not collect FCR performance at all (the current non-responding figure is only around 15%, which is an ongoing improvement).

The good news is that first-contact resolution is a metric that is far more suitable for use internally, rather than comparing it against external benchmarks. This means that as long as a company measures the same factors **consistently** over time (and across every department and outsourcer used), any FCR results remain valid.

For more information about FCR and how to measure and improve it, please download The Inner Circle Guide to First-Contact Resolution.

QUEUE / WAIT TIMES

There is no great surprise that the most widely reported customer issue is that the wait time / speed to answer is too long.

There is little difference between age groups.

Figure 23: Customer Issue: "The wait time is too long" (by age range)
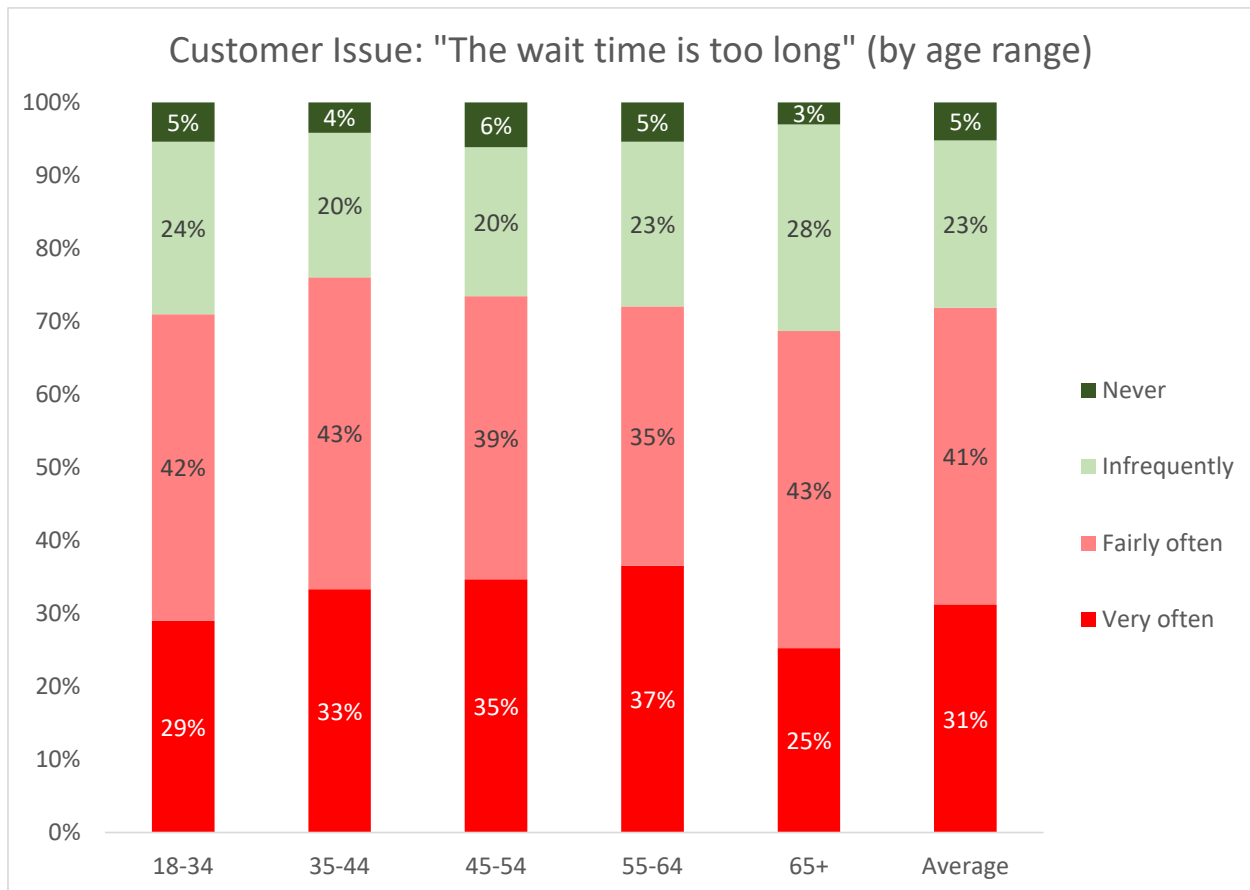
As the following charts show, customers are not imagining that the average speed to answer is excessive: the industry statistics bear this out.

Speed to answer plays a vital part in improving the customer experience, and also feeds into other performance measures such as call abandonment rate: obviously, the longer the queue, the more people will abandon the call.

The following chart shows historical figures for average speed to answer and call abandonment rate.

From 2012 onwards there has been an increase in average speed to answer, with a spike to 101 seconds in 2021 caused by pandemic-related working practices and an increase in demand experienced by some businesses. However, average speed to answer is still far higher than the historical norm.

Call abandonment rate did not historically show any upward trend from 2016 until the pandemic, when a small spike was recorded. 2022 saw a return to historical levels but 2023's figures were higher again.

These speed to answer figures are clear proof that customers are not overexaggerating their frequent experiences with long queue times.

It is also worth noting that customers' **perceptions** of how long they have been queueing are far higher than reality: past ContactBabel research asked customers to estimate their typical wait time, which was reported to be 23 times longer than the actual industry average.

Figure 24: Historical average speed to answer & call abandonment rate, 2012 - 2023
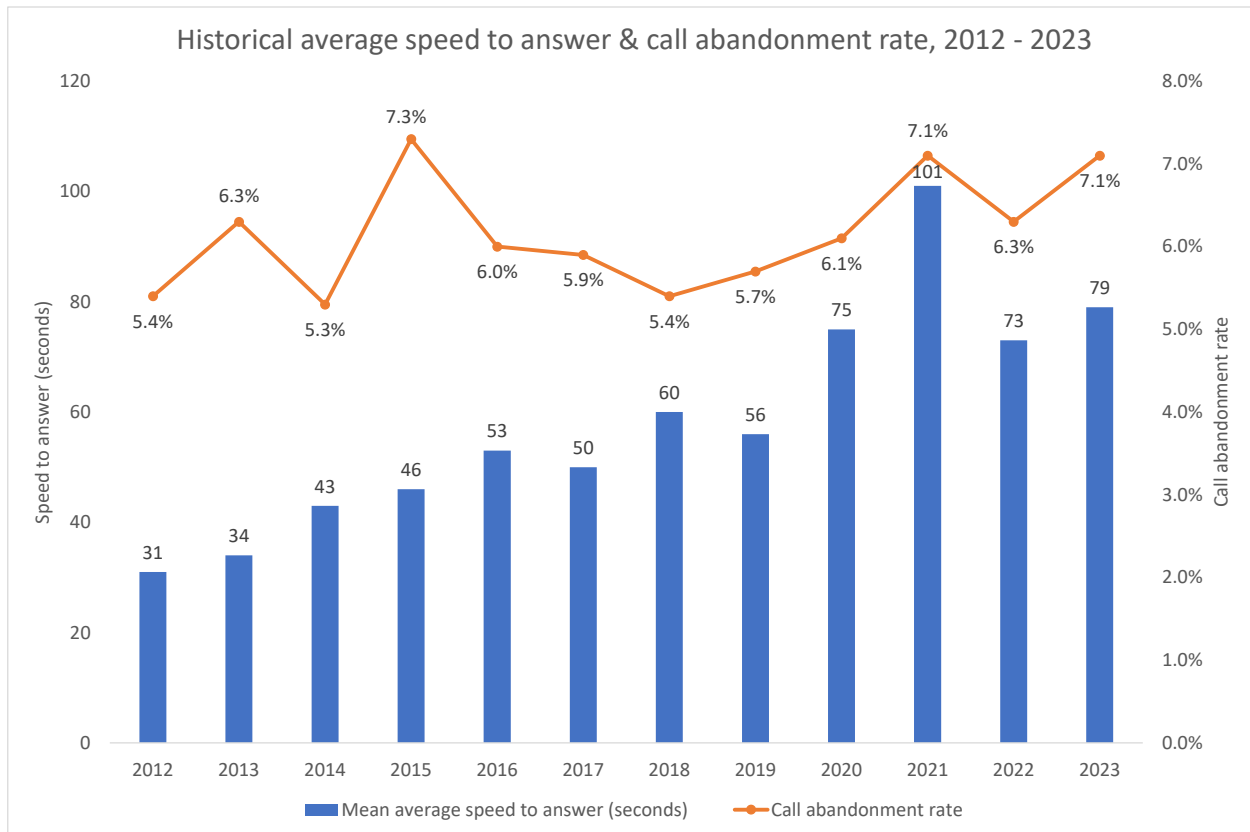
Further detail and analysis is available in the "Exceeding US Customer Expectations" report.

OMNICHANNEL: THE CONSUMER'S CHOICE

There are two main factors that influence contact centers within any vertical market: the commercial activity within that sector, and customers' requirements and preferences for contacting organizations.

It is not only the nature of the specific business vertical market that needs to be considered. The urgency, complexity and emotional importance of the interaction is perhaps at least as important as the nature of the business that is being called: for a customer calling a bank, a simple balance request and an urgent call about the progress of a mortgage application are very different types of call, and should be treated as such.

The Customer Interaction Cube (below) is a structure developed to categorize the different types of customer interactions that businesses have to handle, considering the urgency, complexity and emotional input of the interaction from the customer's perspective.

Businesses could use this to analyze their volumes of each type of interaction, cross-referencing it with other variables such as the time of day these types of interaction are received, and the customer demographic preferences seen elsewhere in this report in order to support the relevant channels through the promotion of alternatives to live calls, and the correct levels of resourcing.

Doing this will not only improve the customer experience, but also reduce the cost of service through anticipating the likely resourcing required and even proactively engaging with the customer on lower cost channels first.

The Customer Interaction Cube
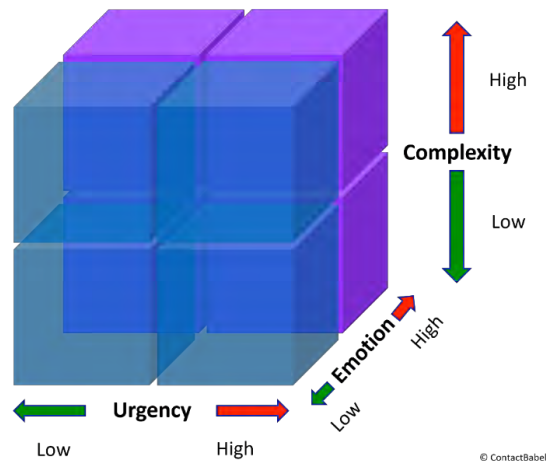
Using this 2x2x2 cube as a structure, there are eight types of interaction, a combination of either low or high urgency, complexity and emotional input. Each of these eight interaction types may best be suited to specific channels, and both business and customer can benefit from matching channel with interaction type.

The examples shown below of various scenarios and the channels most suitable for these are suggestions, and will differ between customer types, businesses and vertical markets, but may offer a tentative framework for readers to build their own scenarios. It should be noted that the results of the customer survey that follow this section suggest that different age groups and socioeconomic segments have their own views on how they prefer to contact a business in each of these cases. Primary and secondary channels are suggested, but will differ between organizations and customer types.

Figure 25: The Customer Interaction Cube and suggested associated channels

Emotional importance	Urgency	Complexity	Examples of interaction	Primary channel	Secondary channel
Low	Low	Low	Meter reading; casual product research	Self-service	Web chat
Low	Low	High	Instructions on how to program a TV remote; find out about proposed planning / house building	Email	Phone
Low	High	Low	Top up mobile credit; check payment has been made	Self-service	Phone
Low	High	High	Details of how to make an insurance claim; understand mobile roaming charges before imminent trip abroad	Web chat / self-service	Phone
High	Low	Low	Book train tickets for important engagement	Self-service	Phone
High	Low	High	Complaint about incorrect billing	Phone	Email
High	High	Low	Simple question about imminent desired purchase (e.g. delivery, personalization, return policy)	Web chat	Phone / social
High	High	High	Household emergency advice; 999	Phone	Web chat

There are many other variables that could be considered as well::

- Demographics
- Ownership of smartphone / broadband impacts upon channel availability
- Time of day (i.e. is this an out-of-hours enquiry? Is the customer at home, at work, or travelling?)
- Whether the request is specific to an account, or a generic issue (i.e. is it necessary to pass through security first?).

While the 2x2x2 cube can help businesses to estimate the current and potential volumes and resourcing required to serve the customer base, it is important to remember that similar types of customer interaction may require very different handling depending on circumstances. For example, a query about product delivery may be a small part of a wide-ranging research process carried out by a particularly thorough prospective customer, or may be asked by a customer who has just realized they've forgotten about an important birthday and needs immediate, accurate information.

McKinsey talks about the 'moment of truth' in customer interactions[1], often occurring when the customer has an unexpected problem or has a high emotional stake, when long-term loyalty and customer advocacy can be won or lost depending on the outcome and the way in which it is handled. Businesses should be aware that these relatively rare occurrences offer great opportunities. Recognizing and handling these moments of truth appropriately – moments which are defined as such by the customer, not the business – will have a far greater long-term impact on customer satisfaction and loyalty than the dozens of competently-handled, forgettable interactions that may have happened previously.

Sentiment analysis can indicate a measure of stress in the customer's voice, flagging this up to the agent within the call, but agents should be in any case capable of recognizing this without technology. In any case, if the customer has already tried two or three other channels without success, even the most competent and empathetic agent will find it difficult to turn the moment of truth around positively.

However, the 'peak-end' rule, a psychological finding where we recall a memory based upon how we felt at a peak (or trough) moment as well as how we felt at the end of the situation biases the memory of the overall experience, and gives live agents a chance to rescue even particularly poor customer experiences.

For more information on this and other customer engagement methods, please download "The Inner Circle Guide to Customer Engagement & Personalization".

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[1] http://www.mckinsey.com/business-functions/organisation/our-insights/the-moment-of-truth-in-customer-service

Equally important is the freedom for agents to act in way appropriate to the situation – for example, if a 'high-emotion' interaction happens on social media, which can't be handled on that channel, the agent should be given the license to place an outbound call to that customer in real-time, rather than advise them to call the contact center. While this will impact upon the social media channel's service levels while the agent is away from it, the moment of truth offers the opportunity to lock-in that customer's loyalty.

For contact center operations traditionally run on a structured command-and-control basis, this may sound chaotic, but businesses have to decide if the occasional relaxation of their own procedures is an acceptable trade-off for providing the customer with something that they truly value. Agents need to be given *carte blanche* to deliver in 'moments of truth', and the training and support to recognize when this is happening.

This is not to say that 'moments of truth' necessarily have to be handled by a live agent. The only reason that many customers abandon self-service at the point of crisis in order to ring the contact center is because self-service cannot deliver what they need. If companies focused on providing more sophisticated and reliable self-service applications, these channels could also deliver as much customer benefit at these moments of truth.

For example, if a passenger misses their plane, they are then likely to engage in a long and complicated discussion with a live agent (either at the airport or in a contact center), involving alternatives, connections and payments. If, on missing the last call for the plane, the customer were immediately provided with an SMS or email detailing the various options available to them, which they could then select and rebook at once, this would be more convenient for the customer and significantly reduce the cost of service to the business. Perhaps more importantly, the customer would feel that the airline is looking out for them, creating long-term loyalty out of the negative experience of missing a plane.

The survey of 1,000 US consumers carried out for this report looks at what customers' channels of preference are in cases of high emotion, urgency and complexity through presenting survey respondents with three hypothetical scenarios:

High emotion: **notifying a company that an incorrect item has been sent to them**. Being sent an incorrect item is often frustrating, as not only has the desired product not arrived, but the customer is then left with the problem and effort of returning the item.

High urgency: **checking the arrival time of a flight that the customer is meeting**. This is likely to be an urgent interaction as it is very time-sensitive. Complexity is very low - as the required information is simply a time - and in the majority of cases, should have a fairly low emotional impact.

High complexity: **receiving guidance on completing a mortgage application or tax form**. This is likely to be a complex and long interaction, but is unlikely to have high levels of urgency or emotional response.

HIGH EMOTION INTERACTIONS

Consumers taking the survey were asked to imagine that a product they had ordered from a company had arrived but was incorrect. In this circumstance, they were asked which would be their preferred method for contacting the company to notify them that this was the case.

The most popular option was to phone the organization, with half of respondents choosing this method. Email and a physical visit to the store were the next most popular.

There was a strong pattern based on the age of the survey respondent and their preferred channel: the older demographics were the most likely to pick up the phone.

Web chat was a popular option with the 25-54 age group, and email is most popular with the younger cohort.

9% of the sub-34 year-old age group would choose social media, which is a major finding for businesses serving these customers.

Figure 26: Preferred method for contacting a company (high emotion interaction), by age range

Preferred method for contacting a company (high emotion interaction), by age range
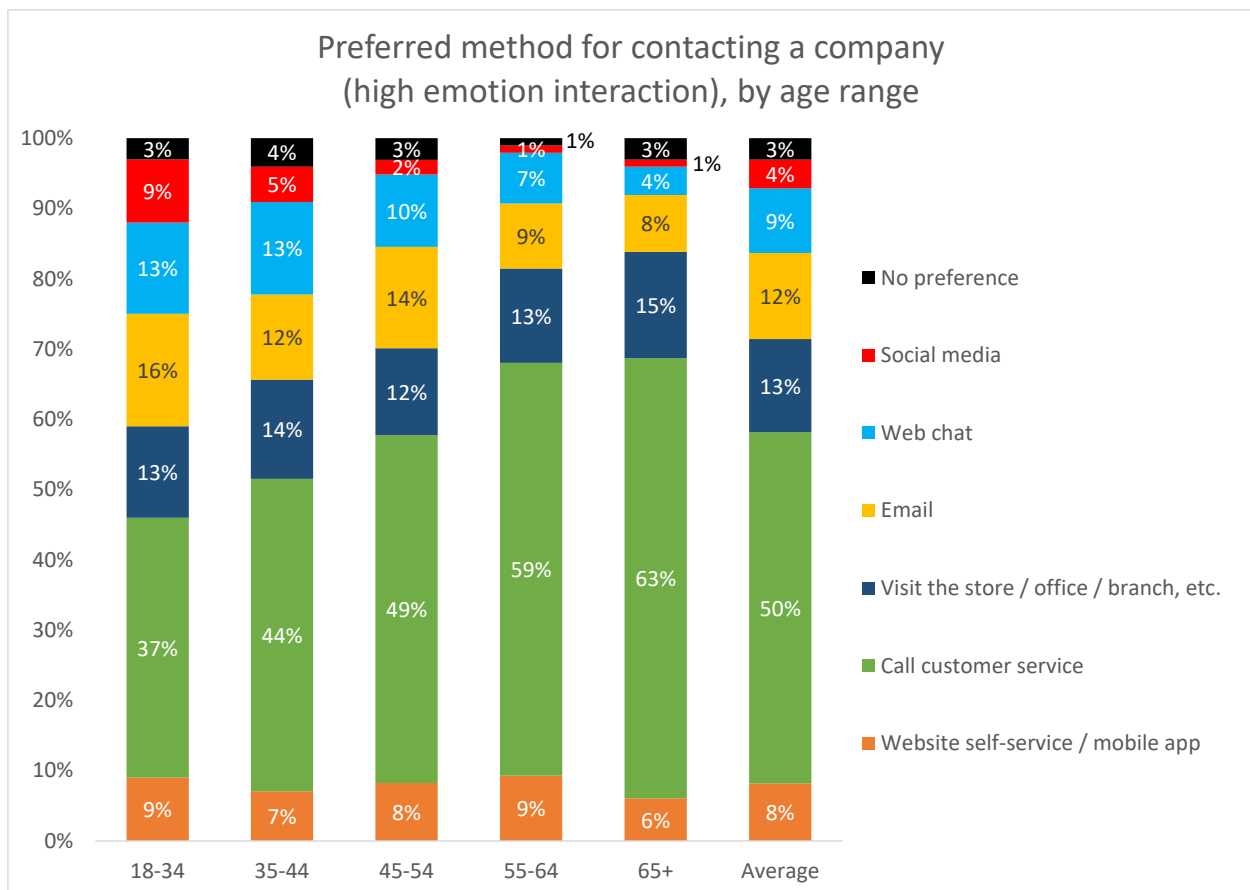
When considering the preferred method for contacting a company with a high emotion interaction, phone was by far the most popular choice for all social groups.

Higher income respondents were a little more likely to choose web self-service and web chat, but the differences are not great.

Figure 27: Preferred method for contacting a company (high emotion interaction), by household income

Preferred method for contacting a company (high emotion interaction), by household income

	<$50k	$50k-$100k	>$100k	Average
No preference	3%	3%	2%	3%
Social media	4%	5%	4%	4%
Web chat	8%	10%	11%	9%
Email	11%	13%	14%	12%
Visit the store / office / branch, etc.	14%	12%	13%	13%
Call customer service	51%	49%	49%	50%
Website self-service / mobile app	8%	7%	7%	8%
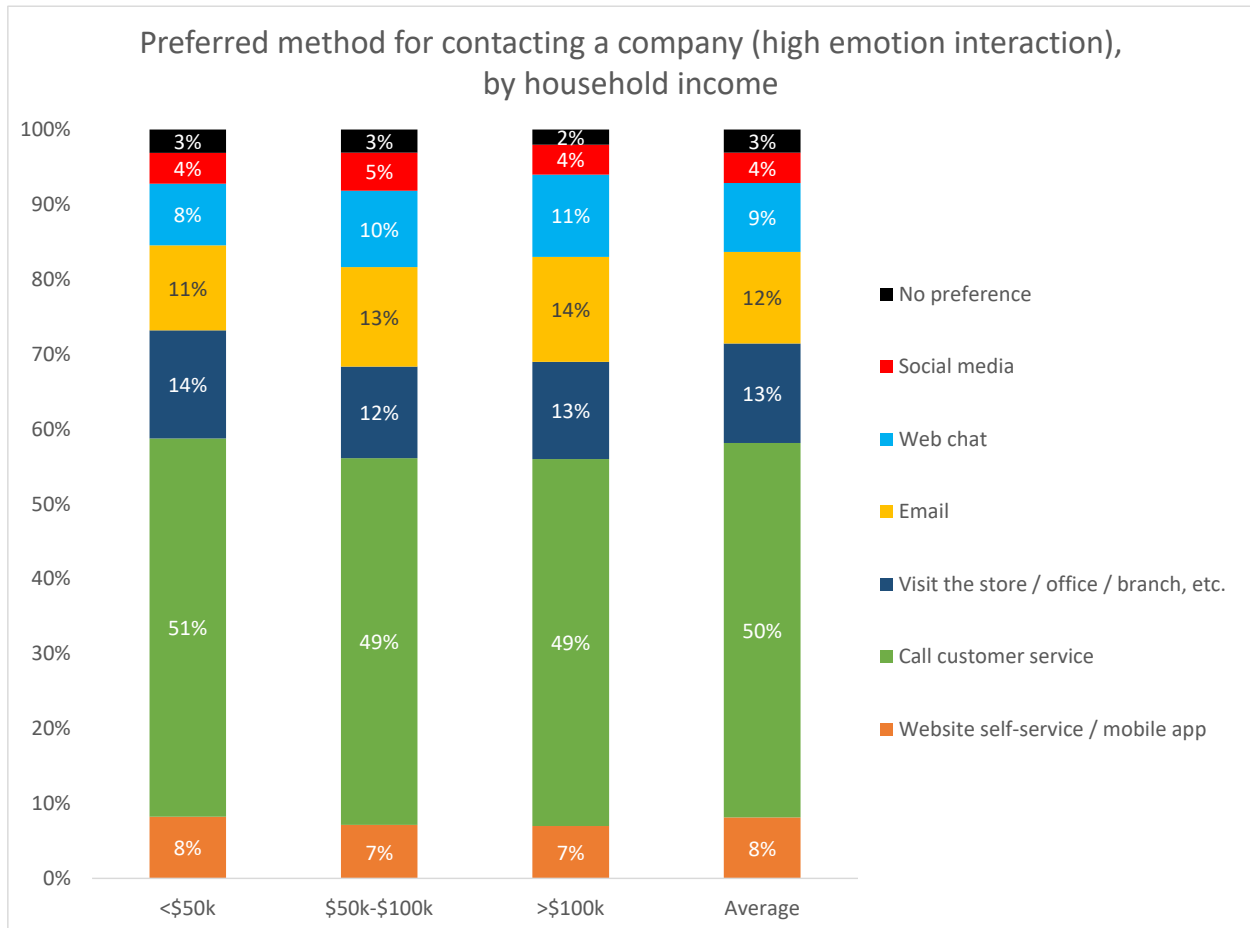
As this research has been running annually for seven years, it now has enough history to look at how channel preferences are changing.

The pandemic has clearly made a significant (and seemingly lasting change) to how customers prefer to interact with businesses.

The chart below shows the change in how customers prefer to handle high emotion interactions.

Although there has been a drop in the proportion of customers choosing the email channel, there has not been the same level of increase in telephony, although there has been a rise in the preference for face-to-face interactions.

It should be noted that research for the customer survey is usually carried out in early Q2 of each year, and that 2020's figures consequently do not show the full impact of the first pandemic lockdown. Statistics from 2021 onward are taken from customers who have experienced the decline in service levels that was undeniably present in many companies due to the pandemic.

Figure 28: Change in channel preference (high emotion interaction), 2018-24

Change in channel preference (high emotion interaction), 2018-24
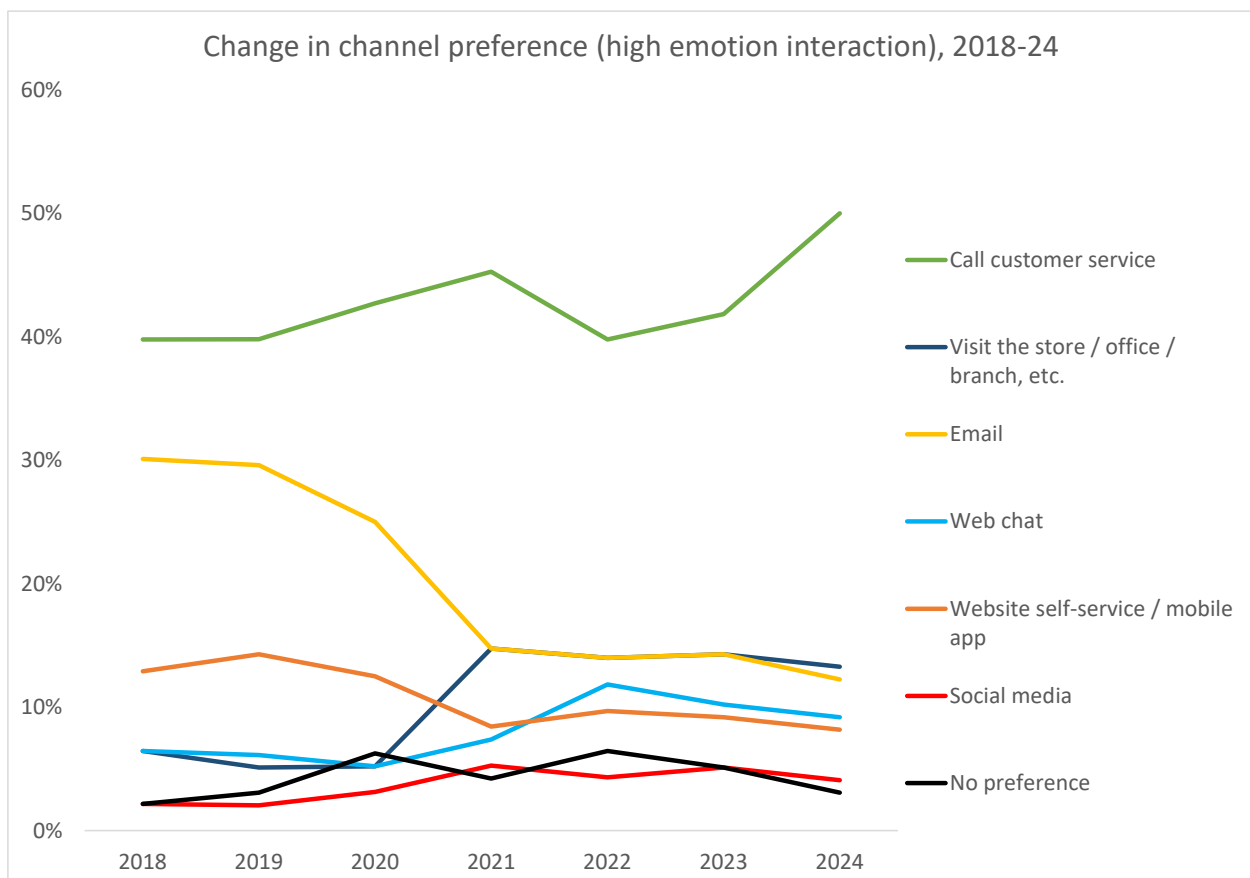
HIGH URGENCY INTERACTIONS

Survey respondents were asked which would be their preferred channel of choice in an urgent situation, for example where they were meeting somebody from a plane and needed to confirm the time at which to be at the airport.

The most popular channel was again telephony, with older age groups more likely to choose this as their no.1 option.

This is quite a change on pre-pandemic findings, which put web self-service as clearly the most popular channel of choice, and may be a reflection of customers' greater requirement for the reassurance and confidence that the phone channel provides.

Email, social media and web chat were more likely to be preferred by younger demographics, but not exclusively by any means.

Figure 29: Preferred method for contacting a company (high urgency interaction), by age range

Preferred method for contacting a company (high urgency interaction), by age range
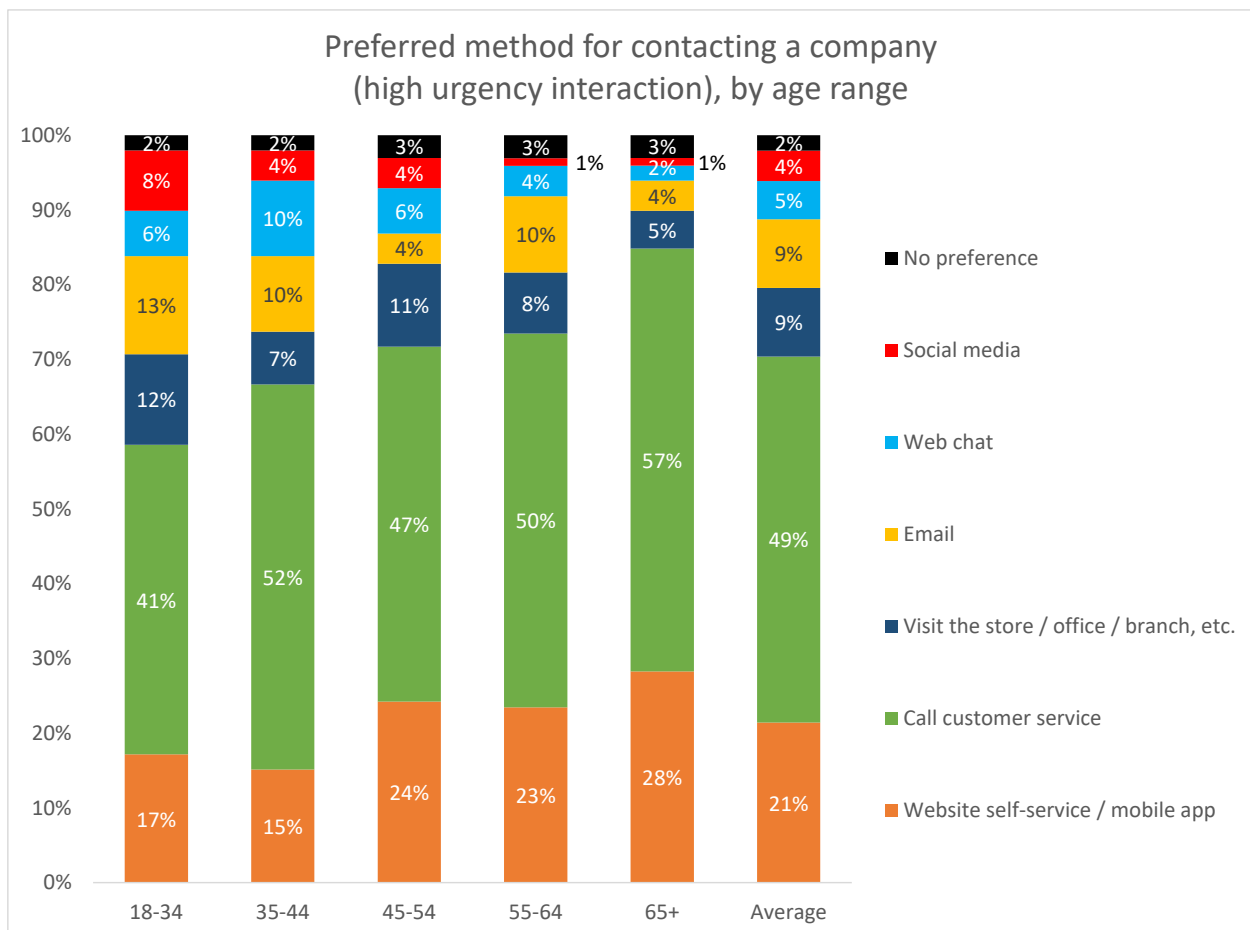
When considering household income, telephony is strong across the board.

The households with the highest incomes are most likely to choose web self-service or web chat.

Lower income households were more likely than other cohorts to use email.

Figure 30: Preferred method for contacting a company (high urgency interaction), by household income

Preferred method for contacting a company (high urgency interaction), by household income
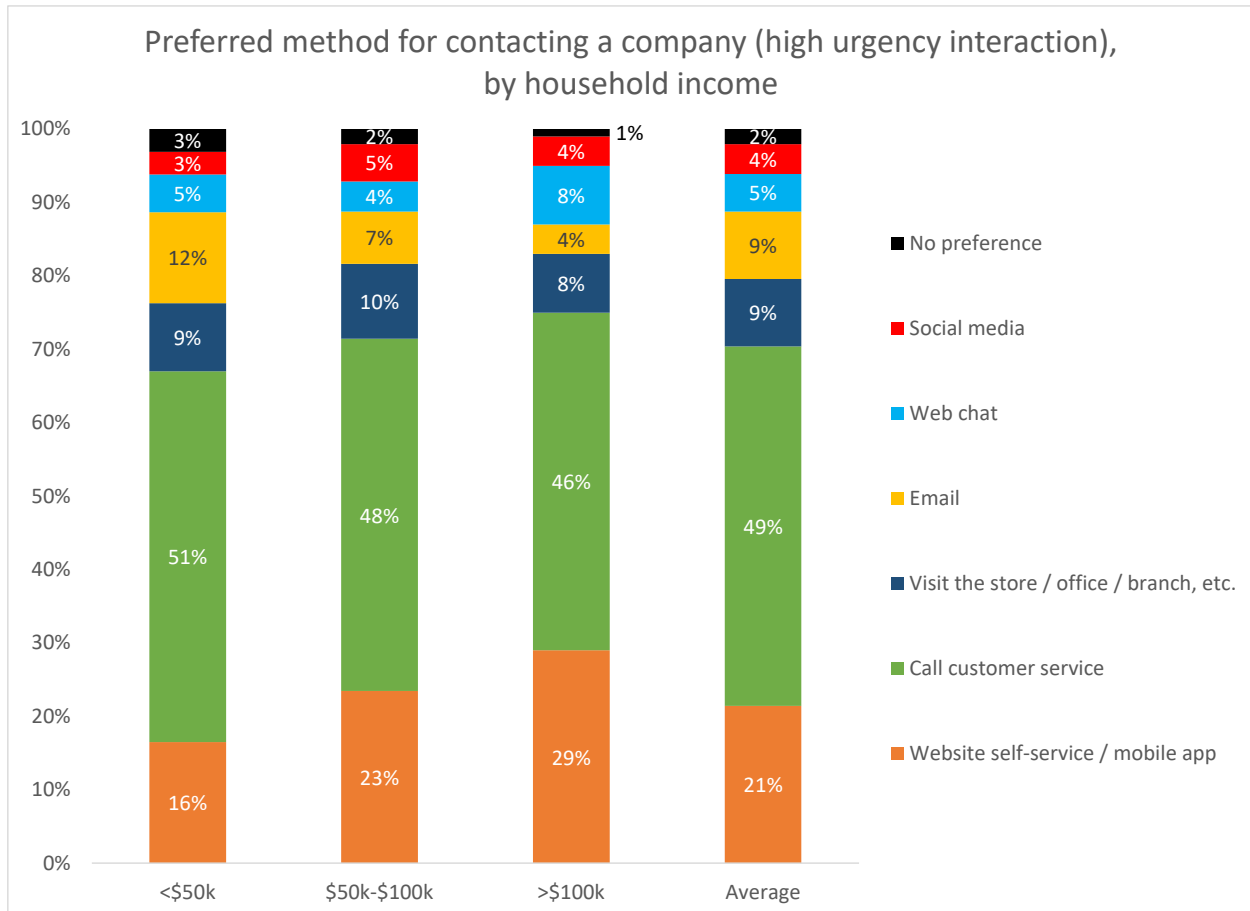
The effects of the pandemic can be seen clearly: live telephony has replaced web self-service as the preferred channel for urgent interactions, despite the massive investments put in place by many businesses to achieve the opposite effect.

It is not possible to state with complete confidence why this should be, but it may be that many customers have experienced very poor levels of customer experience from some companies that struggled in the pandemic and afterwards, and that they have reverted to the channel that they associate with confidence, flexibility and resolution: telephony.

Figure 31: Change in channel preference (high urgency interaction), 2018-24

Change in channel preference (high urgency interaction), 2018-24
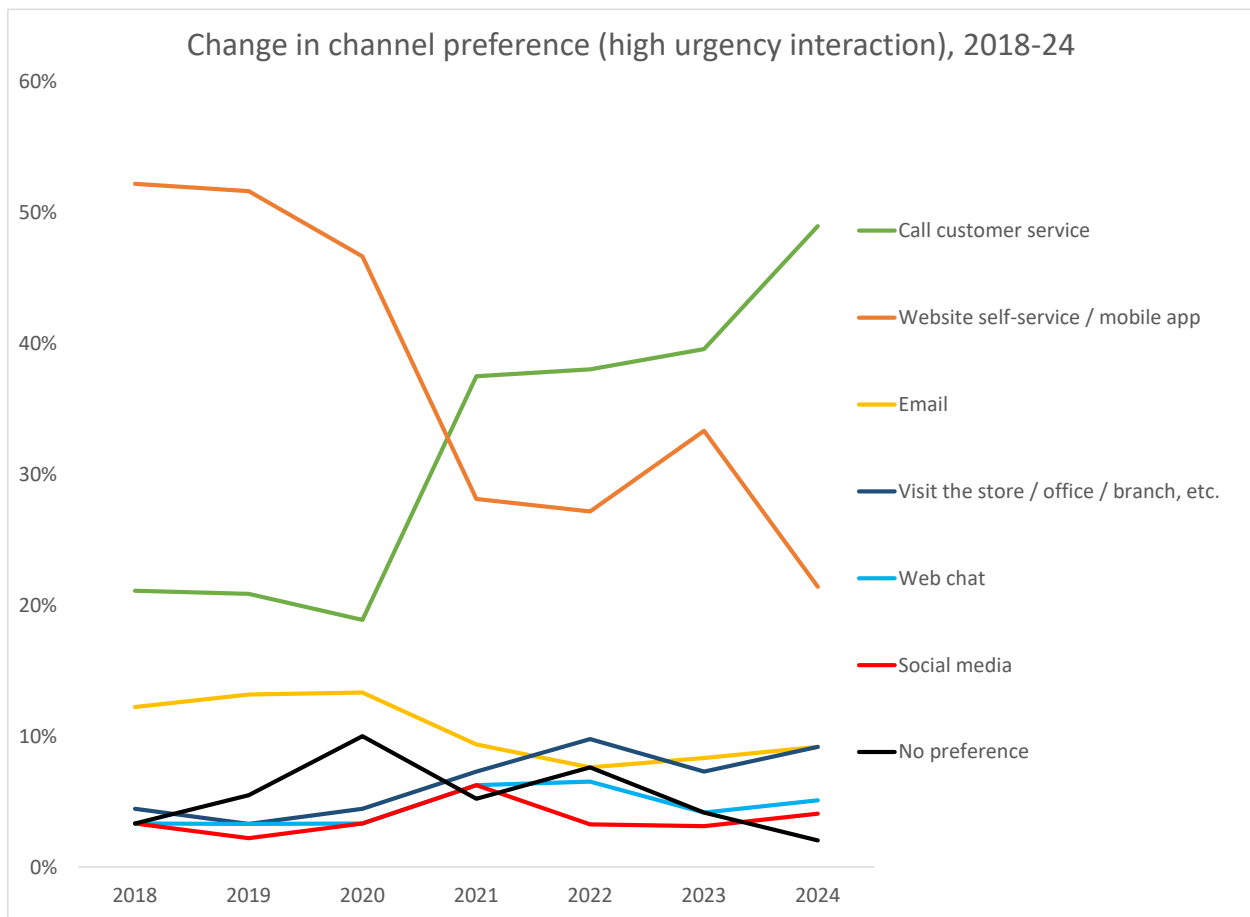
HIGH COMPLEXITY INTERACTIONS

For highly complex interactions, such as getting expert guidance with a tax form or mortgage application, the most popular contact choice pre-pandemic had been making a physical visit to an office or branch, which was much used by the older demographic.

However, this option is now less popular, probably due to the customers getting out of the habit of making unnecessary visits during the pandemic, particularly as the experience would likely to be different than what they are used to.

As a result of this, telephony has risen from 28% in 2018 to 47% in 2024.

Web chat was also seen as an appropriate primary channel for complex interactions by a significant minority of under-55 year-olds.

Email is generally much less popular than it is for high emotion interactions, possibly due to the probable requirement for back-and-forth communication. It is also worth noting that 8% of 18-34 year-olds choose social media.

Figure 32: Preferred method for contacting a company (high complexity interaction), by age range

Preferred method for contacting a company (high complexity interaction), by age range
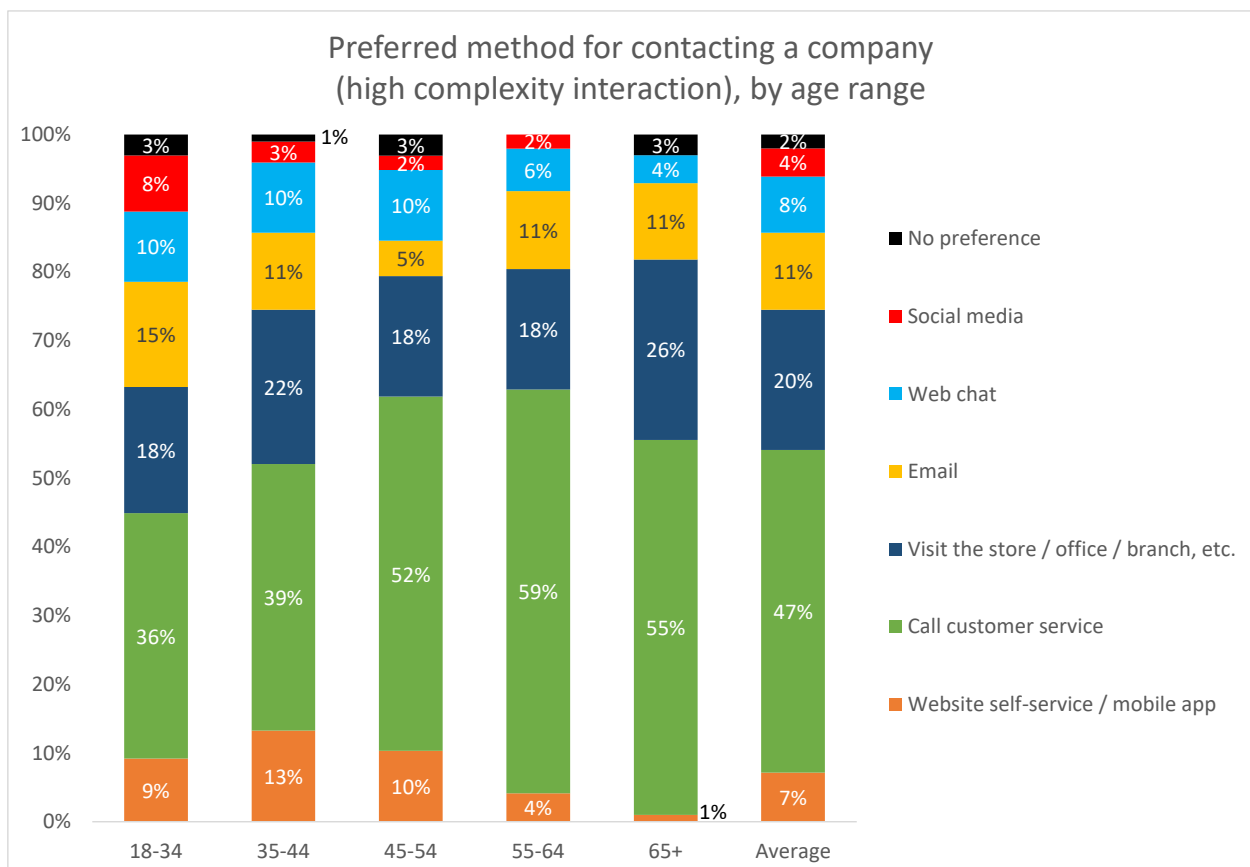
Telephony is the most popular choice for all demographics who have a complex query, particularly with higher income households.

Lower income survey respondents were a little more likely to choose email or social media, but the differences in most channels were minimal.

Figure 33: Preferred method for contacting a company (high complexity interaction), by household income

Preferred method for contacting a company (high complexity interaction), by household income

	<$50k	$50k-$100k	>$100k	Average
No preference	2%	3%	2%	2%
Social media	5%	2%	3%	4%
Web chat	8%	9%	7%	8%
Email	13%	10%	9%	11%
Visit the store / office / branch, etc.	21%	20%	21%	20%
Call customer service	44%	47%	50%	47%
Website self-service / mobile app	6%	8%	8%	7%
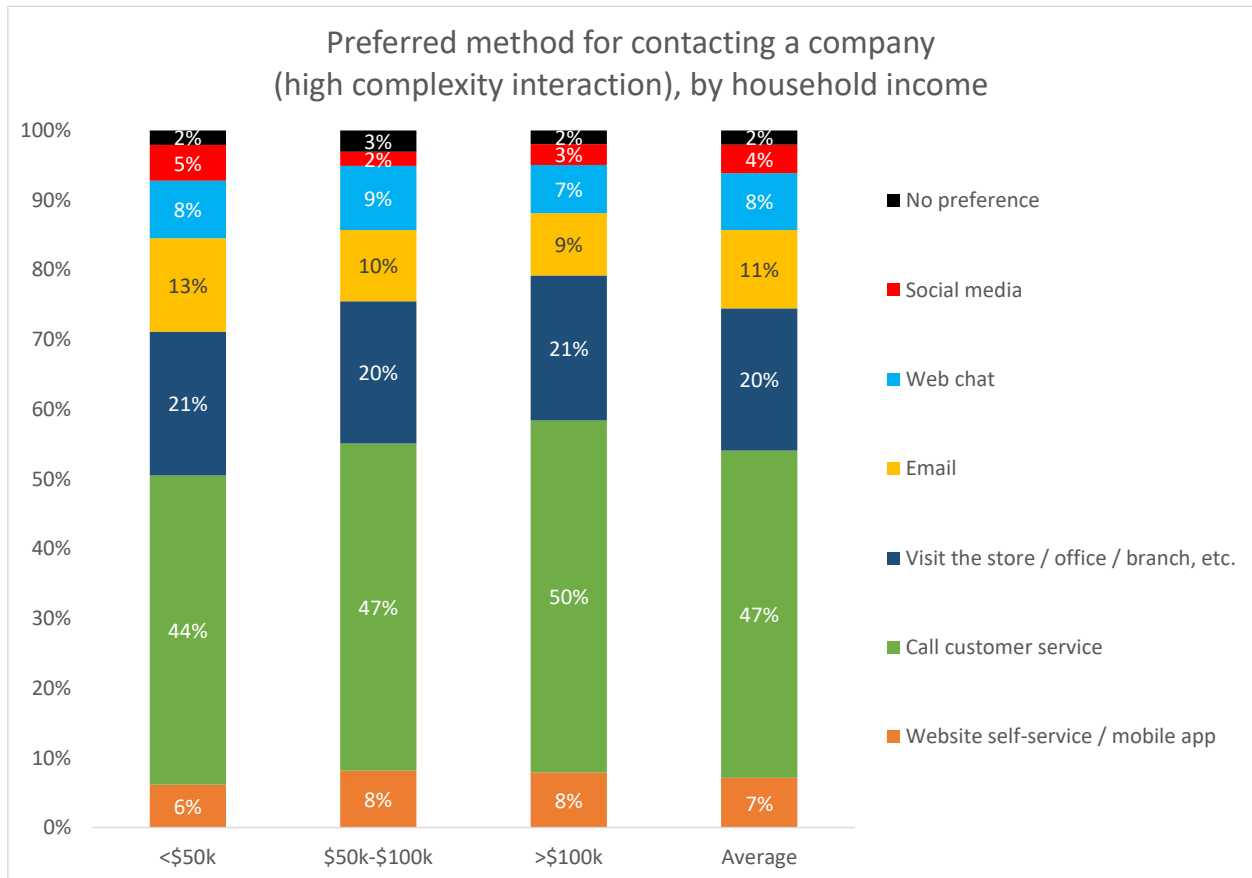
As with urgent requests, the preference for telephony jumped hugely during the pandemic and grown even higher, probably for the same reasons.

Web self-service has seen a substantial drop in preference, with customers preferring to be reassured by an actual person: this is borne out by the relatively low drop in face-to-face communication (which is now actually recovering): if this were simply a matter of not wanting to risk these situations for health purposes, then telephony would have replaced face-to-face.

It seems as though customers – possibly through their own unsatisfactory experiences – have formed an opinion that they simply want to be talked through their complex issue in real-time without the trouble of actual visiting a business premises.

Figure 34: Change in channel preference (high complexity interaction), 2018-24

Change in channel preference (high complexity interaction), 2018-24
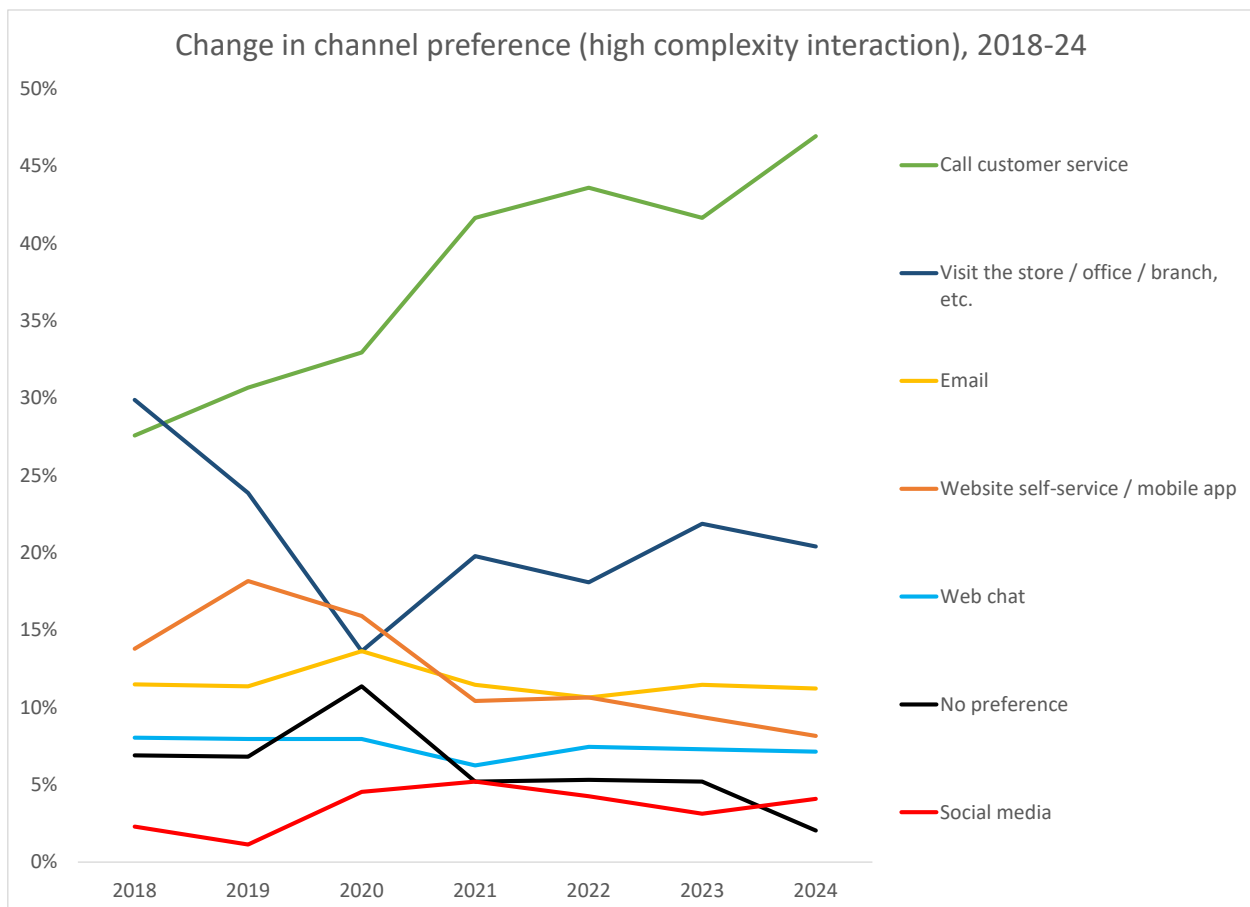
THE VIEW FROM THE BUSINESS

Organizations were asked their views on what they thought the best channel for customers to use would be for each of the three scenarios (high emotion, high urgency and high complexity).

Telephony was seen as very much the front runner, with the majority of survey respondents stating that customers would be better off picking up the phone for any type of interaction.

Email was seen by some as appropriate for complex interactions (which most customers disagree with), and web chat for urgent issues was also seen as a possibility by 20% of organizations.

Figure 35: Organizations' views on best channels for customers to use

Organizations' views on best channels for customers to use

	Highly emotional	Highly urgent	Highly complex
It would make no difference	1%	1%	1%
Social media	1%	3%	1%
Web chat	6%	20%	1%
Email	2%	5%	18%
Telephone	88%	66%	77%
Web self-service / mobile app	1%	4%	1%

63
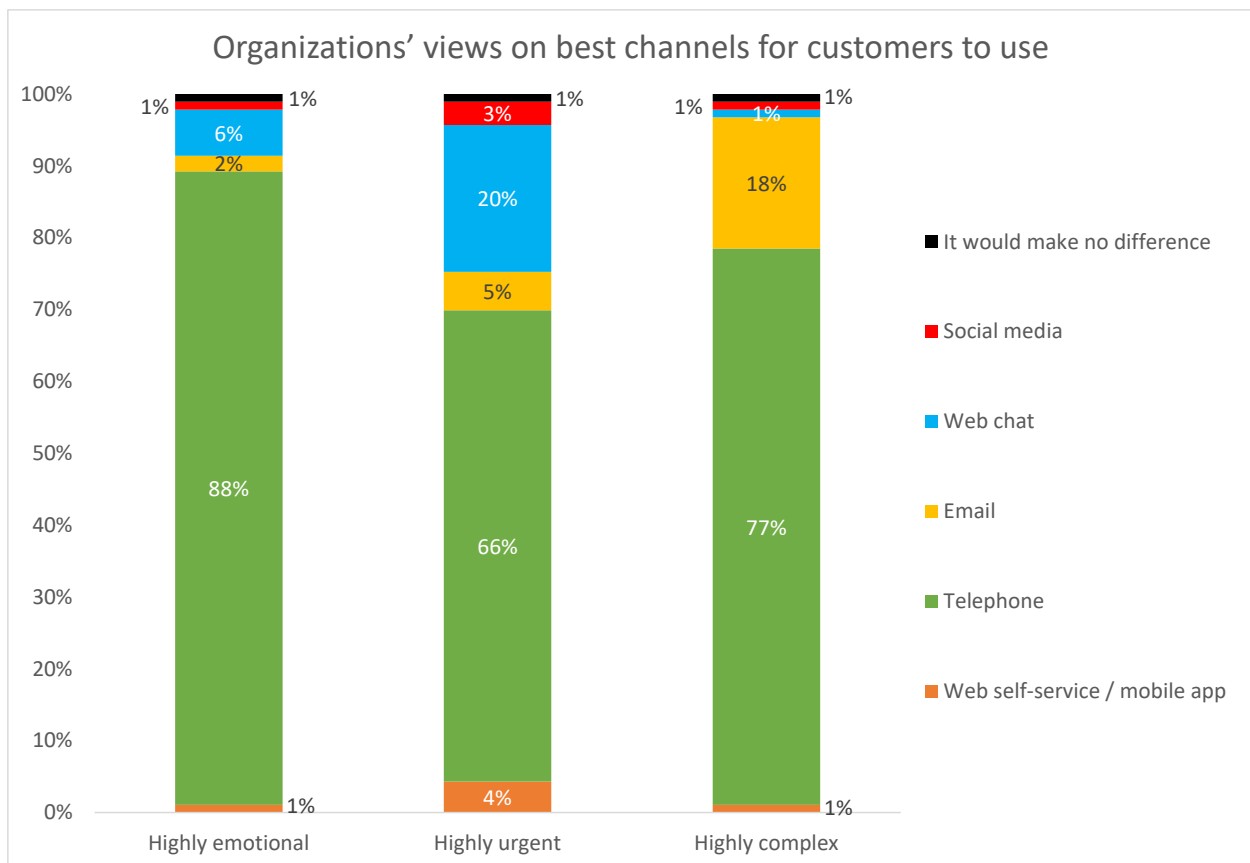
Survey respondents are generally confident that they understand the reasons customers make contact with businesses, and also that they know why they are choosing to use the method that they do.

While it is positive that businesses believe they understand customer motivations, the fact that they are investing far more in digital channels than telephony – despite the customers' clear requirement for the latter and the declining performance of this channel – suggests that there is a certain amount of wishful thinking going on.

Figure 36: "We have a detailed understanding of the reasons customers make contact, when they make contact, and all the methods that they use."

"We have a detailed understanding of the reasons customers make contact, when they make contact, and all the methods that they use."

Disagree 15%

Strongly agree 23%

Neutral 23%

Agree 39%
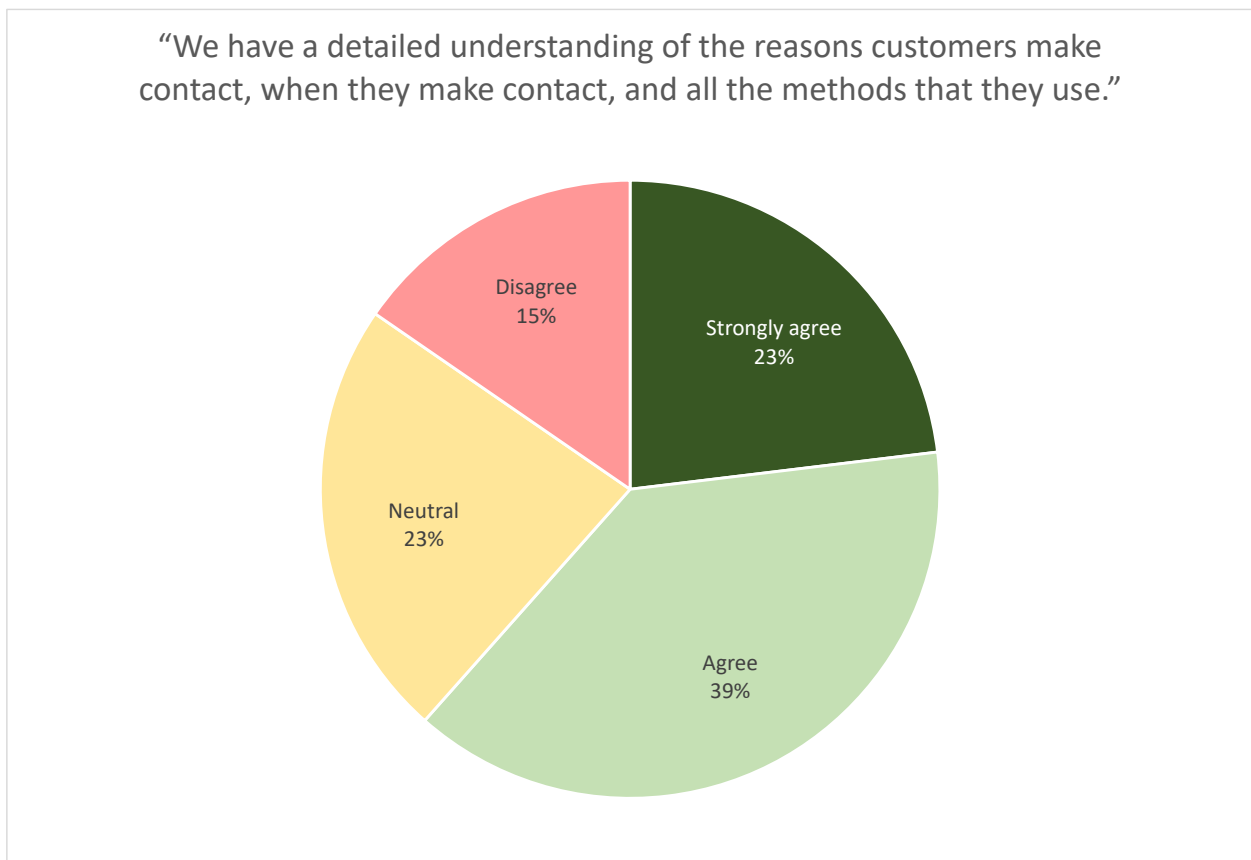
CX BENCHMARKING

To improve customer experience, it is necessary to be able to measure it. There is no single best method or benchmark to use for doing so that applies equally to every company or type of customer base, but many organizations will use a mixture of data sources and methods to approach the issue from various angles.

CUSTOMER SURVEYS

Customer surveys are an integral part of most businesses. Many organizations now have "Voice of the Customer" programs, often based around large-scale analysis of call recordings, but the more traditional, direct methods of understanding customer experience and requirements are still very much present. Methods of directly surveying customers include:

IVR: at the end of the call, customers are passed to an automated IVR system, which typically asks a mixture of open and closed questions which can be answered with a combination of touchtone and speech. Immediacy means that the caller will be able to give an accurate assessment of the call and the agent and the business may be alerted in near-real-time to any major problems through pre-programmed automated SMS or email alerts.

The speed and ease with which an agent-invited IVR survey can be implemented gives it a distinct advantage over a survey conducted via outbound calls. The resources and staff time required to make outbound calls often mean that they are conducted erratically and rarely during peak times which undermines the quality and usefulness of the data collated. As agent-invited IVR surveys are automated, they require little staff input and can monitor customer satisfaction whenever the contact center is open.

Outbound automated surveys are becoming more prevalent. After the call has been concluded, the caller's number may be put into an outbound dialer's queue, which calls them and offers an IVR survey. The speed with which this call-back is made is crucial to the take-up rate of the survey, with up to 70% acceptance rate if the call-back is in minutes, but perhaps only 10% if the call is made over 48 hours later.

Written: some businesses ensure that a system-generated email is sent to the customer soon after an interaction takes place, often requesting detailed feedback through open-ended questions. Typically, more customers who have had a poor experience will bother to complete the questionnaire, skewing the figures, and although some good and detailed learning points can emerge, it's perhaps only appropriate if the customer has engaged very deeply with the business on a number of recent occasions (e.g. completing a mortgage application) or with a demographic that has more time available to them, especially older people.

However, email does allow immediacy and offers a customer a chance to express themselves more fully, rather than simply with numerical scores. This method also has the advantage that it can be fully automated.

Detailed person-to-person interviews have an important role to play, particularly where the feedback generated can be compared side-to-side with feedback by other methods. Having quantitative and qualitative data provides valuable feedback that can't be achieved by adopting a single surveying method.

Web forms are becoming increasingly widely used as an increasing number of customers visit a website initially to see if they can find the information or resolve the issue themselves. Online survey invitations that pop up within a couple of seconds of entering a website are widely used, although many customers find them intrusive as they have not yet found the information that they require. Using a little more intelligence around when to offer the survey to the customer provides far higher take-up rates and more accurate, informed feedback.

Outbound: the contact details of a proportion of incoming callers can be passed to a dedicated outbound team, who will call the customer back, often within 24 hours, to ascertain the customer's level of satisfaction with the original call. Sometimes customers will find this intrusive, while others will welcome the chance to provide feedback. Additionally, certain companies employ outside agencies to survey customers regularly, which may be useful in benchmarking exercises, since they will apply a more formalized and structured approach to data gathering and presentation. The automated option as mentioned in the IVR section above should also be considered as an option.

SMS: Text messaging has the advantage of immediacy of sending and also of reporting on the results. It is a cheap way of carrying out surveys, and can be linked to a specific agent, allowing the contact center to use this information for agent performance as well as satisfaction with the business. However, SMS does not support particularly detailed questioning, and businesses will have to collect mobile numbers if they do not already have them. However, take-up rates are better than many other forms of feedback (at around 25-35% on average), and younger and more time-poor customers are more likely to respond, providing a wider universe of responses across demographics. This form of survey can allow the contact center to identify very unhappy customers and schedule an outbound call to deal with the problem.

Different customers will prefer to be surveyed in different ways and a survey platform should have the flexibility to support IVR, web, text and written surveys and collate the results in a unified reporting system. Not only will this mean that businesses are increasing the number of customers accessed, but a different quality of feedback and level of insight will be received from each approach.

Regardless of whether or not surveys identify specific agents, a key to customer feedback success is whether the survey implemented is considered by agents as just yet another form of monitoring, or a genuine attempt to help them provide better service in the long run. Agents tend to respond well to successful customer satisfaction improvement initiatives as they usually make their job easier and more rewarding.

Keep the survey process simple, focus on agent engagement and act quickly to provide positive feedback to the team. It's more important to get the survey adopted as a positive part of the company's customer service strategy than it is to design the academically perfect survey that has a negative impact on the morale of the team.

It is vitally important before beginning to survey customers, that a business:

- Clearly determines the purpose and aims of the survey

- Considers adopting a variety of question types. Scored questions enable a business to produce statistically significant and representative data. Free comments allow the gain of real insight into customers' perception of service

- Selects an experienced company to set up and host the survey. Businesses will benefit from their expertise and knowledge and avoid potentially costly errors and missed insight

- Ensures that the survey can be carried out throughout the day, including peak times, to gain a true picture of the customer experience

- Makes sure that the results of the survey can be collated and analyzed in a wide variety of ways. It is pointless to amass information if it cannot be evaluated and the results disseminated usefully

- Has procedures in place to act upon the information that it finds. The survey may have uncovered some broken processes in the service which need attention. It will also inevitably throw up disgruntled customers whose concerns need addressing. The survey platform should provide some mechanism for alerting and following-up to ensure that dissatisfied customers are quickly escalated to the appropriate staff

- Adopts a unified approach across the business to assessing and monitoring customer satisfaction. If a business rewards agents based on traditional call performance metrics, it may not support the behaviors needed to improve customer experience. If agents are rewarded based on customer satisfaction ratings, it will increase agent engagement and retention as well as improving the service it offers to customers.

More information about this is available from "The Inner Circle Guide to the Voice of the Customer".

EMPLOYEE FEEDBACK

Voice of the Employee (VoE) programs are part of the workforce engagement management suite, discovering how agent feel about their work and the organization, with the end goal to understand and improve outcomes for employees and the business.

Some of the purposes of VoE include:

- improving employee performance and retention

- identify areas of underperformance in the organization

- understanding and addressing the causes of agent boredom and burnout

- improving agent motivation and aligning them with business strategy and culture

- as happy employees directly affect performance and customer experience, making the workplace and culture more pleasant will benefit everybody.

VoE programs survey employees through tailored questions in order to gather insight about current levels of engagement by role, team, department, etc. Not only do front-line employees appreciate being listened to, but to be able to see any changes and improvements made as a result of their comments is very motivating.

Team and individual development plans can then be published, progress tracked and results shared. VoE survey findings can provide insight to other parts of the WFO suite (e.g. coaching/eLearning, and also gamification and performance), and also be connected to other metrics including absence, attrition and customer-focused scores.

VoE helps organizations understand what their best-performing employees are thinking and engage with them to keep them loyal. It is important for any VoE program to be set up so as to be able to release actionable insight: not just answers to questions such as 'How engaged with the business are you?', but also **why** this is, how it can be improved and what effect on the business will this have.

VoE in the contact center should discover whether agents have all the tools they need to deliver successful CX and whether they are encouraged and empowered to own the customer's issue or feel as though they are managed and judged solely by internal metrics.

Many contact center employees are finding that the calls they are now handling are becoming increasingly complex, as many of the simplest interactions are being resolved through self-service. Where support systems and training have not been upgraded accordingly, this can lead to stress and demotivation as not been able to help customers effectively is a very negative experience. This issue is only likely to get larger over time, particularly as customer expectations are always rising.

Successful VoE is a long-term, ongoing project rather than simply being a snapshot of a moment in time, and it is important to create buy-in at the top of the organization by sharing the goals and insights with senior management and linking any results to improvements in business performance.

COMPLAINT ANALYSIS

Complaints are a potentially rich environment for businesses to understand where they are going wrong, and which issues are in danger of turning a customer into an ex-customer. For many businesses, each complaint is dealt with on a case-by-case basis, with little in the way of categorization or structure being put in place formally, and little chance of communicating findings in an actionable way to the relevant department.

Speech analytics gives businesses a chance to quantify the reasons that customers complain, identifying the most important factors, assessing trends and spikes, and providing hard recommendations based on every call taken.

Analytics allows businesses to track words and phrases related to complaints (such as 'supervisor', 'manager', 'complain', 'unhappy' etc.), allowing escalation to a supervisor, or screen-pop to the agent to provide them with a revised script or suggestions of how to handle the call. Emotion detection and sentiment analysis may also be used to identify unhappy or wavering customers within the call, updating supervisors who can then intervene or advise the agent accordingly.

John Seddon uses the term "failure demand" to describe calls that are created by the inability of the business's systems to do something right for the customer:

> "A failure to do something - turn up, call back, send something...causes the customer to make a further demand on the system. A failure to do something right - not solve a problem, send out forms that customers have difficulty with and so on - similarly create demand and creates extra work. Failure demand is under the organization's control, and it is a major form of sub-optimization."[2]

Seddon cites the instance of the bank where failure demand created almost half of the calls which they had to deal with. Another classic example of failure demand is where emails go unanswered, leading to calls being made (first-stage failure demand). Later, the email will be answered, unnecessarily, as the customer already has their answer or has gone elsewhere (second-stage failure demand). This redundant work will then impact on other (still live) messages in the email queue, creating a vicious circle of failure demand.

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[2] *Freedom from Command and Control: A better way to make the work, work*, John Seddon

The chart below shows that while almost half of survey respondents agree to some extent that they understand where failure demand is occurring, it is by no means universal.

Figure 37: "We have a detailed understanding of failure demand within the contact center, and know where process issues or bottlenecks are occurring."

"We have a detailed understanding of failure demand within the contact center, and know where process issues or bottlenecks are occurring."

Disagree 8%

Strongly agree 17%

Agree 25%

Neutral 50%
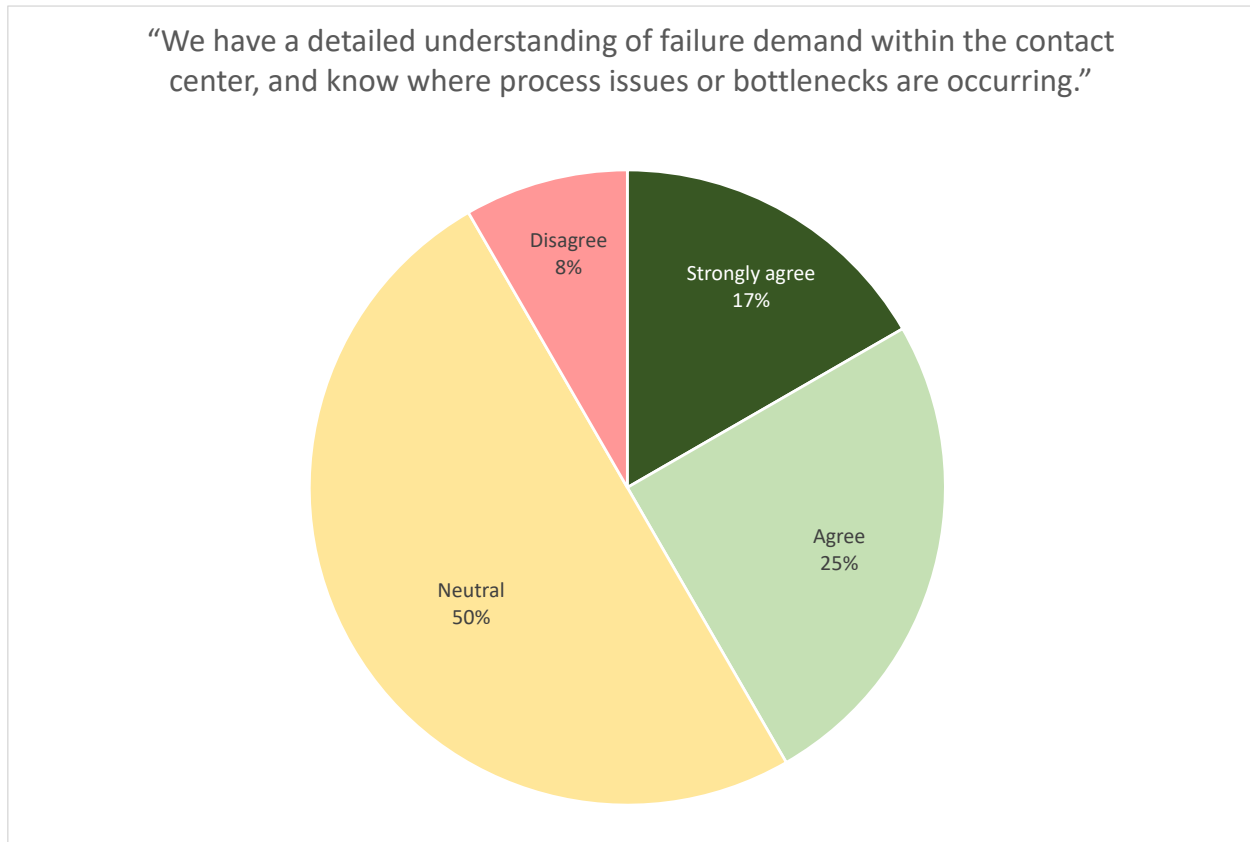
Redesigning and restructuring the way in which work flows around the organization, putting the contact center at the heart of it, rather than treating it as a separate silo, will go much of the way to reducing unnecessary contacts. The customer ends up getting a better service from the whole company, not just the contact center.

One way in which this can be achieved is to unify and automate the agent desktop through AI agent assistance, bringing in the relevant data automatically, depending on who the caller is and what they want. At the end of the call, the correct data is written to the relevant places, and the correct processes kicked off automatically, meaning that the right departments will be provided with the right information, thus reducing the risk of failure demand, unnecessary calls and irate customers.

This also takes the pressure off the agents to remember which systems to update and how to navigate through them within the call (which causes long delays, negatively impacting customer satisfaction), or in the wrap-up, which risks agent forgetting to do things, and also decreases agent availability, increasing the queue length, and decreasing customer satisfaction.

In cases where multiple processes have to happen in order for the customer's requirement to be met, automated outbound messaging to the customer, whether by email, SMS or IVR is likely to reduce the number of follow-up contacts that the customer feels that they have to make.

Information on failure demand can be gleaned from analysis of the contact center, which holds huge amounts of knowledge about customers' views of the products, services, competitors and company. Feedback loops can be established to push information and insights upwards to those who can make a difference in product development, process improvements and customer strategies.

AI-enabled interaction analytics offers businesses the chance to mine huge amounts of data and find patterns and reasons in a timely fashion, and it is vital then to act upon this knowledge, proving to both customers and agents that the business takes them seriously.

On average, 13.8% of survey respondents' calls were complaints, and of those calls, 83% were not about the contact center itself (or its staff), but rather 'failure demand', caused by a breakdown of process elsewhere in the organization.

However, the contact center has to deal with the fall-out, and further failures within the complaints procedure can see customers calling into the contact center again and again, becoming more irate each time, despite the real problem lying outside the contact center.

There may also be a blurring of responsibility between the contact center and the rest of the business so that lines of demarcation over where the fault lies can be difficult to find.

For example, a telecoms provider that has taken an order for a new line has to rely on the rest of the organization to provision and deliver this correctly. If the agent takes down an email address incorrectly, the customer will not receive any information about their order, which may have a query on it. When the irate customer rings in to complain, the problem may appear to be with the back-office processes where the order has halted, but the fault actually lay with the original agent. Whether this is tracked or reported on correctly is not a certainty, so analysis between contact center / back-office complaints should be treated with caution.

There is also a real risk especially within large contact centers that a single agent does not have the capability or responsibility to deal with the customer's issue, which may reach across various internal departments (e.g. finance, billing, provisioning and technical support), none of which will (or can) take on full responsibility for sorting out the problem.

The following chart shows how survey respondents handle customers that are identified as being dissatisfied.

It is heartening to see that very few organizations choose to do nothing in these cases, with a majority making an outbound call, especially B2B companies for whom the loss of a single customer can impact significantly on revenues.

Sending a letter or email is also quite a popular choice, and some account-based organizations – usually B2B – will flag complaints to account directors or other senior staff to follow up and resolve the situation.

Figure 38: How is a dissatisfied customer contacted? (by B2B / B2C)

How is a dissatisfied customer contacted? (by B2B / B2C)

- Make an outbound call: B2B 81%, B2C 67%
- Send letter / email: B2B 42%, B2C 33%
- Flag as dissatisfied on CRM system: B2B 8%, B2C 3%
- Send SMS / message: B2B 3%, B2C 6%
- None of these: B2B 2%, B2C 3%
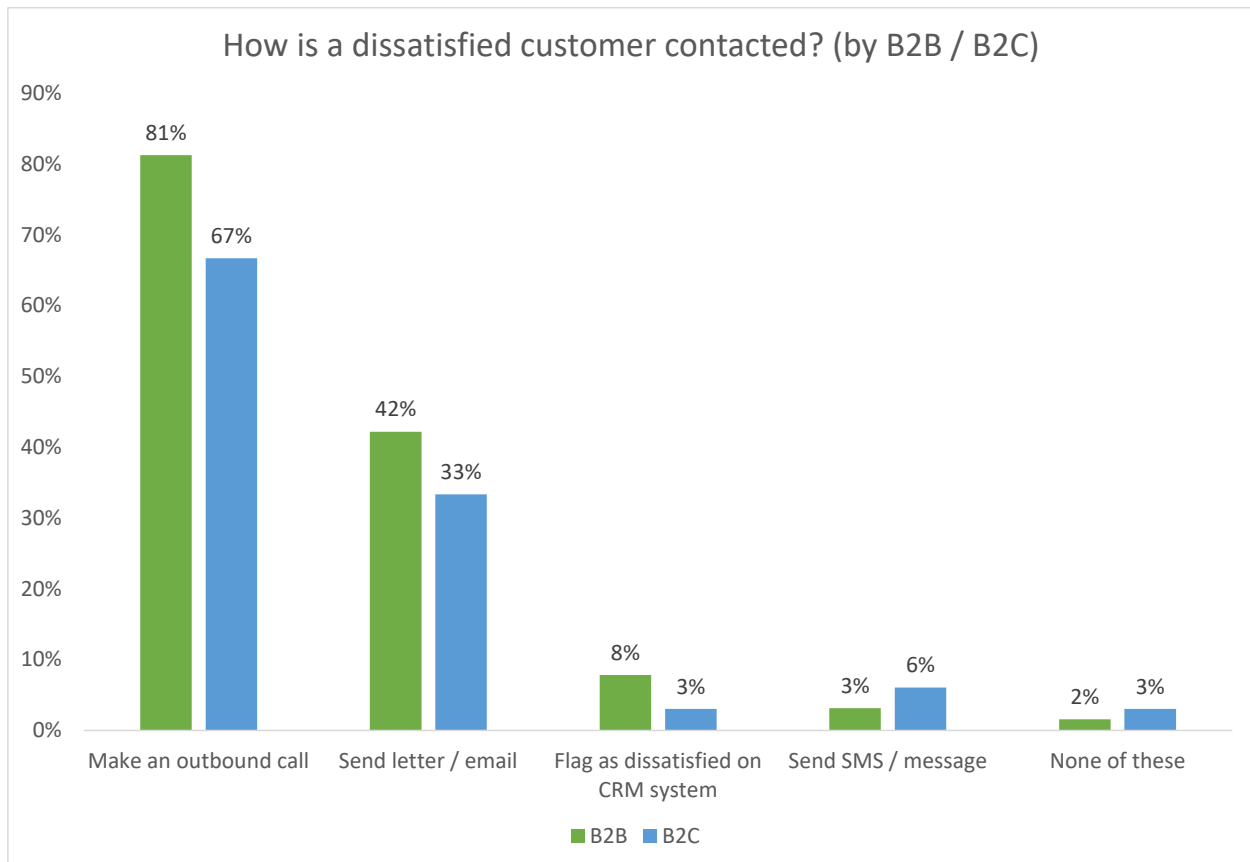
INTERACTION ANALYTICS

There has been a great increase in customer satisfaction surveys in recent years, with the widespread uptake of the Net Promoter® [3] score (NPS) being a good example of companies' desire to learn what their customers actually think about them.

However, research has shown that a 'satisfied' customer isn't necessarily a profitable or loyal one, and the results of customer surveys, particularly the written or telephone-based variety (the latter of which, despite its limitations and expense, is still seen as the best method), are carried out at a time when any feelings about the original interaction may have changed or dissipated, are prone to inaccuracy, delay and lack of detail.

With all of the methods of customer surveys, the questions are fixed in advance, and if the right questions aren't asked, the level of actionable insight is low. In many cases, a business might know that x% of its customers are satisfied, and y% dissatisfied, but it still has no real idea why this is, or even how it will impact upon their profitability.

As an addition to customer satisfaction surveys, interaction analytics allows a business to gather customers' views within the interaction itself – guaranteeing immediacy and accuracy – and can be applied across 100% of calls, rather than focusing on the outlying 'very dissatisfied' or 'delighted' customers.

Through detailed analysis of what the call is about, the type of language or messages used in the call, how the customer was handled, and the eventual outcome, businesses will be able to learn how to improve their customer retention and satisfaction in real-life, bypassing the standard metric (e.g. "83% of customers are satisfied") and getting to the root causes of satisfaction or dissatisfaction and sharing the results with the rest of the operation.

Some solutions use historical analysis of call characteristics, agent behaviors and interaction outcomes to estimate customer satisfaction or Net Promoter® scores on every call, and can also predict the attrition of customers based on what they have said and what has happened within the call, allowing the business to act swiftly.

AI-enabled sentiment analysis can identify negative customer emotions and means that calls can be flagged for further review or action, reducing potential losses from customer churn and addressing dissatisfied customers who might require higher-cost interventions later. This can be done either to identify specific calls, or at a wider level to see which processes or products are causing the significant negative customer sentiment.

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[3] *Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.*

VOICE OF THE CUSTOMER ANALYTICS

Recently, there has been a great increase in the number of organizations implementing "Voice of the Customer" (VoC) programs, increasingly based around large-scale analysis of call recordings, as well as using formal surveys of customer experience to offer the customer a chance to feed-back, and the business to learn.

VoC programs strive to capture customer feedback across multiple channels of engagement (IVR, live agent, email, etc.), while enabling closed-loop strategies to support customer retention, employee development and omnichannel experience optimization. VoC programs typically trigger alerts with role-based delivery via the use of text and speech analytics, offer statistical modelling services to pinpoint root causes, and digitally track progress and results with case management.

The definition of what a VoC program includes runs the gamut across vendors from simply sending alerts based on key words derived from a survey, to more complete solutions that directly contribute to contact center optimization and overall CX improvement.

Examples of more complete VoC program features include:

Closed Loop

- Automated Alerts: as surveys are completed, real-time alerting capabilities will immediately identify and inform teams of customers in need, while assigning ownership for follow-up

- Callback Manager: an interactive system that enables callback teams to conduct detailed case reviews and disposition follow-up activities for eventual root-cause analysis

- Case Management: root-cause exploration tools enable back-end analysis of the customer's initial concern, enabling operational support teams to uncover, track and mitigate systemic problems proactively.

Coaching

- In-The-Moment Coaching Tools: as surveys are completed, real-time alerting capabilities will identify when a frontline employee is in need of immediate coaching intervention

- Performance Ranker: the performance ranker helps managers develop weekly and monthly coaching plans by outlining strengths and weaknesses for each employee, while identifying opportunities for peer-based knowledge sharing

- Behavior Playbooks: playbooks with scorecards help managers coach specific behaviors by outlining how to best demonstrate each of them, showcasing best-practice examples and suggesting sample role-plays.

Reporting

- Real-time Insight – text analytics zeros in on key issues from multichannel survey feedback

- Role-based Reporting – define type and frequency of report delivery based on responsibility, title, geography and more

- Call Recording – drill-down detail includes IVR and live agent call recording for additional insight.

VoC programs are frequently ongoing engagements with results measured by internal CSAT scores, NPS benchmarks and efficiency improvements.

Alongside direct customer surveys, VoC analytics solutions can also gather insight from recorded digital and voice channels. Aggregation of customer surveys and analytical results can identify the root cause of any issues identified, and provide actionable insight for changing processes and/or agent handling techniques.

VoC should be seen as a continuous process, rather than a one-off project, and ongoing analysis allows the business to operate a closed-loop system, whereby identified issues can be actioned and continuously checked to make sure that the problem does not reoccur.

MYSTERY SHOPPING

Mystery shopping is often used by retailers in order to measure and confirm that the experience a customer has with an organization is one which the business actually intends them to have. Mystery shopping does not have to happen within a physical store, as it is also possible to carry out these activities with the contact center or online.

Businesses may wish to make sure that specific actions are being carried out consistently, such as greeting a customer or asking if they need help with packing their purchases, and can also be useful more subjectively to understand the general feeling that the customer has about communicating with the business.

Mystery shopping is generally better suited to B2C organizations, as B2B mystery shopping may require specialist information and can be an extremely complex sales process, involving ratification of a potential customer's identity and *bona fides*.

While mystery shopping has a part to play in understanding customer experience, the fact remains that the actual mystery shopper is not a real customer, and is acting based on specific instructions given to them by the company. Additionally, customer experience data will be taken from a relatively small sample size of mystery shoppers, rather than a larger proportion of the customer base which can be accessed through surveys or analytics.

THE USE OF CX BENCHMARKING METHODS

The chart below shows the use and effectiveness of the methods of gathering customer experience covered earlier in this chapter.

The large majority of respondents use customer surveys, employee feedback and complaint analysis in order to learn about customer experience, with 52% using speech analytics and 28% using mystery shopping.

Employee feedback was seen as a very effective method of gathering customer experience data, with 61% of **respondents who use this method** stating that it was very useful. Customer surveys (60%) and complaint analysis (46%) were also seen as useful.

42% of those who use speech analytics to understand customer experience data find it very useful, although 12% state it as being of no use. However, it is worth noting that these figures are more positive than they have been in the past, suggesting that businesses and solutions are becoming better at using analytics for this purpose.

Mystery shopping fared quite poorly: only 18% of those using it stated that it was very useful, with 36% finding it of little or no use.

Figure 39: Usefulness of CX learning methods

Usefulness of CX learning methods

Method	Very useful	Somewhat useful	A little useful	Not useful	DON'T USE THIS METHOD
Mystery shopping	5%	14%	1%	9%	72%
Speech analytics	22%	24%		6%	48%
Complaint analysis	42%	34%	15%		8%
Customer surveys	52%	26%	8%		14%
Employee feedback	58%	32%	2%	2%	5%
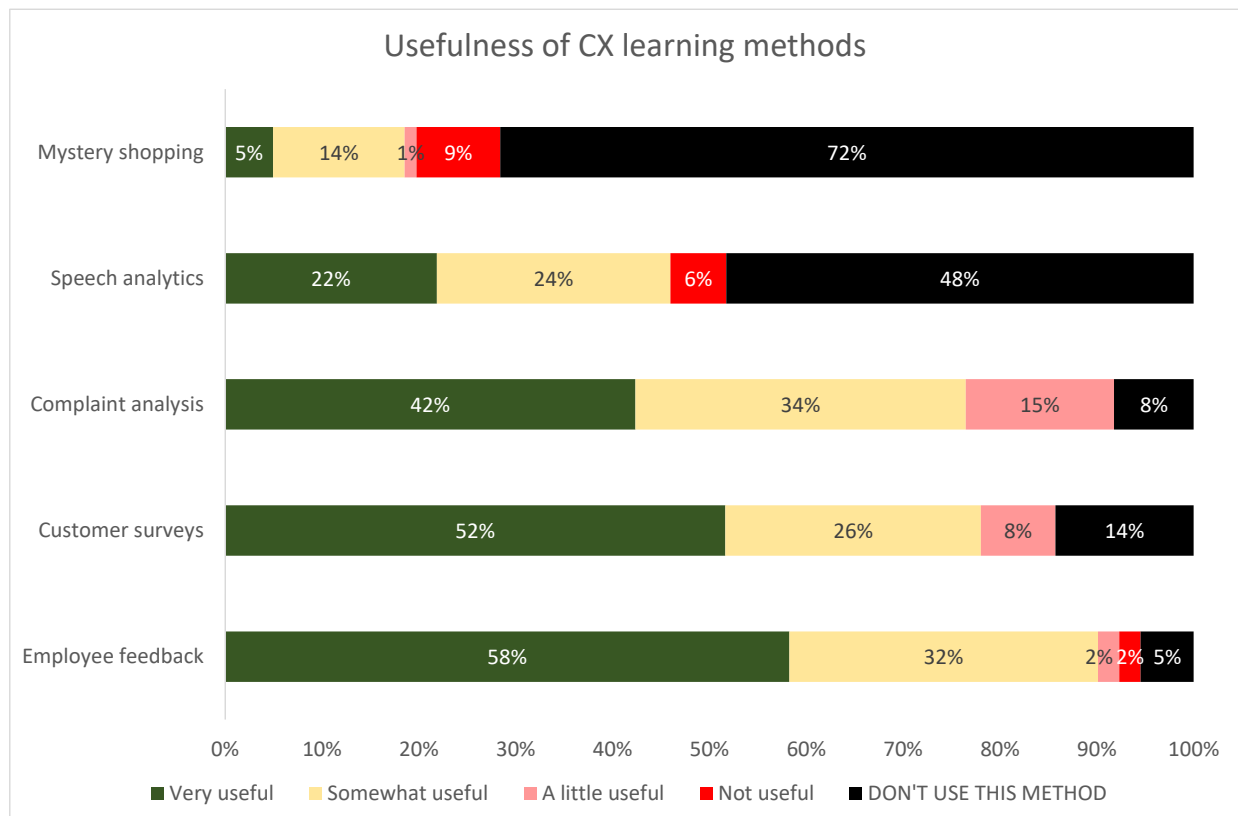
Businesses were asked which of six quantifiable benchmarks that they use in order to measure customer experience and satisfaction.

- Net Promoter Score®, otherwise known as NPS, is an index ranging from -100 to 100 that measures how likely customers are to recommend a company's products or services to others. The question asked to customers is:

    o "On a scale of 0 to 10, how likely are you to recommend this company's product or service to a friend or a colleague?"

    o Based on their rating, customers can then be grouped into in 3 categories: detractors, passives and promoters. 'Detractors' score lower than or equal to 6, 'Passives' score 7 or 8 and 'Promoters' answered 9 or 10.

    o NPS is determined by subtracting the percentage of customers who are detractors from the percentage who are promoters. For example, if 50% were promoters and 10% detractors, the NPS would be +40. This allows businesses not only to focus upon increasing the proportion of people that actively like and evangelize about the company, but also to bear in mind those at the opposite end of the spectrum who are negative.

- Customer effort scores look to understand the ease or otherwise with which the customer has interacted with the company on a particular occasion. Often, there will be a five-point scale running from "very easy" to "very difficult", which can be converted into a quantitative metric. Various methods of calculating customer effort scores and pitfalls to avoid can be found within this referenced article[4]

- Quality scores differ from company to company, but are based on interaction scorecards on which employees are scored over a number of calls or interactions each week or month, and include factors such as compliance, quality of greeting and call termination, cross-selling and upselling attempts, fluency of communication and other factors deemed important by the business

- Customer retention rates are generally based on the percentage of customers renewing contracts, and are typically used by businesses within contract-based industries, such as insurance and telecoms

- First-contact resolution rates can be complex to measure, and as no widely accepted external standard is present, this is of most use as an internal benchmarking metric. It is a major driver for both CX and contact center costs

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[4] https://www.callcentrehelper.com/how-to-calculate-customer-effort-94671.htm

- CSAT (customer satisfaction) scores do not have a fixed and widely-accepted scoring system, but are more wide-ranging. Businesses may decide that they want to track the proportion of customers who report being "very satisfied", score them at 5 out of 5, etc.

The most widely used customer experience benchmark is the general customer satisfaction rating, which is used by 84% of respondents. First-contact resolution rate is used by 65%, NPS 71%, customer retention rate 60% and agent quality scores 68%. Customer effort score is much less widely used and is in place with only 34% of survey respondents.

Respondents that used these customer experience benchmarks were asked to rate how useful they were.

60% of the respondents **that used it** stated that they believed that customer retention rate was a very useful indicator of customer experience, being the highest-rated metric.

Most of the other customer experience benchmarks received very similar scores, with 50-55% respondents stating that they were 'very useful', and 25-40% stating that they were 'somewhat useful'.

Figure 40: Usefulness of CX benchmarks

Usefulness of CX benchmarks

	Very useful	Somewhat useful	A little useful	Not useful	DO NOT USE
Customer Effort Score	19%	12%		2%	66%
First-contact resolution rate	36%	26%	3%		35%
Customer retention rate	36%	18%	4%	2%	40%
Quality score	38%	23%	3%	3%	32%
Net Promoter Score	40%	20%	9%	2%	29%
Customer satisfaction score	42%	30%	12%		16%
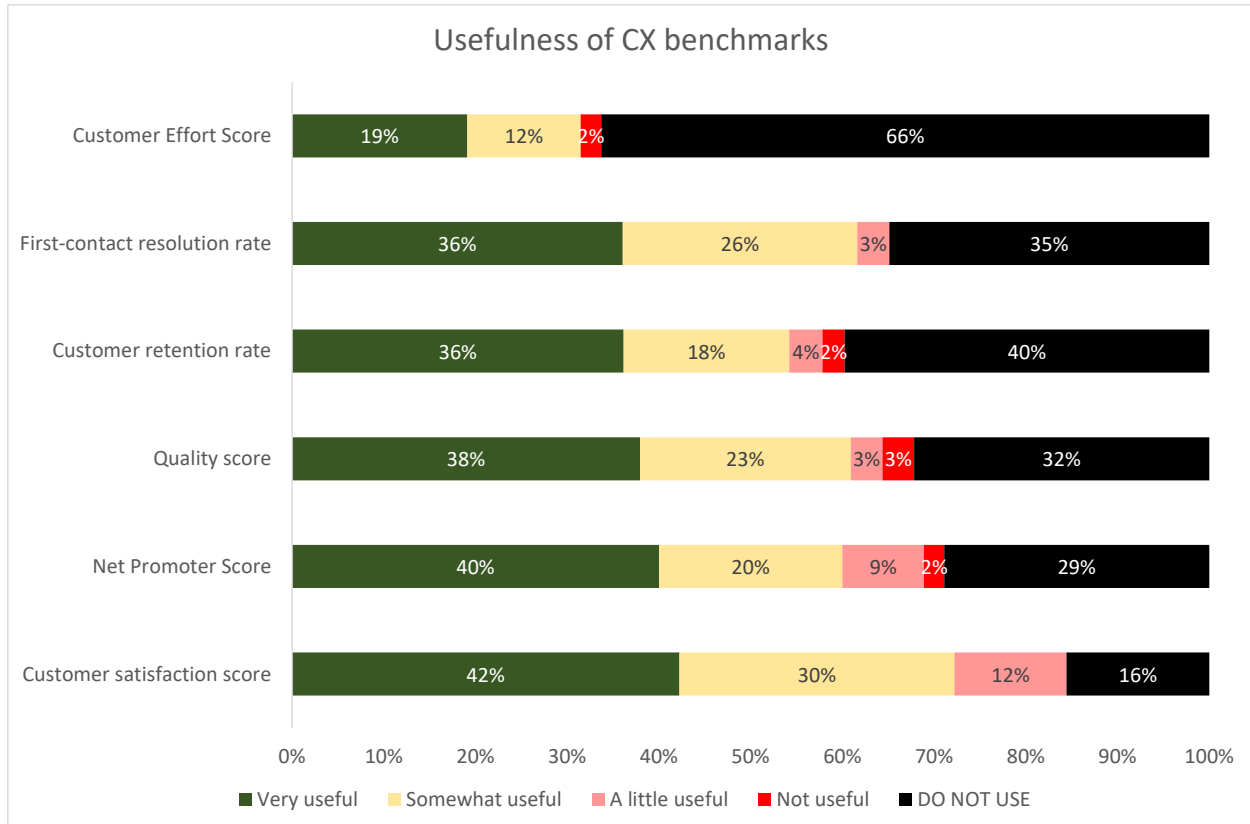
As customer experience benchmarks change from company to company – there is no generally accepted customer satisfaction rating or quality score that allows direct comparison between organizations – only NPS easily allows head-to-head comparison across companies, although there were not enough responses from each vertical market to be able to give a full picture.

Figure 41: Net Promoter Score by range distribution

Net Promoter Score by range distribution

- <40 20%
- 40-50 18%
- 51-60 6%
- 61-70 15%
- 71-80 12%
- >80 29%
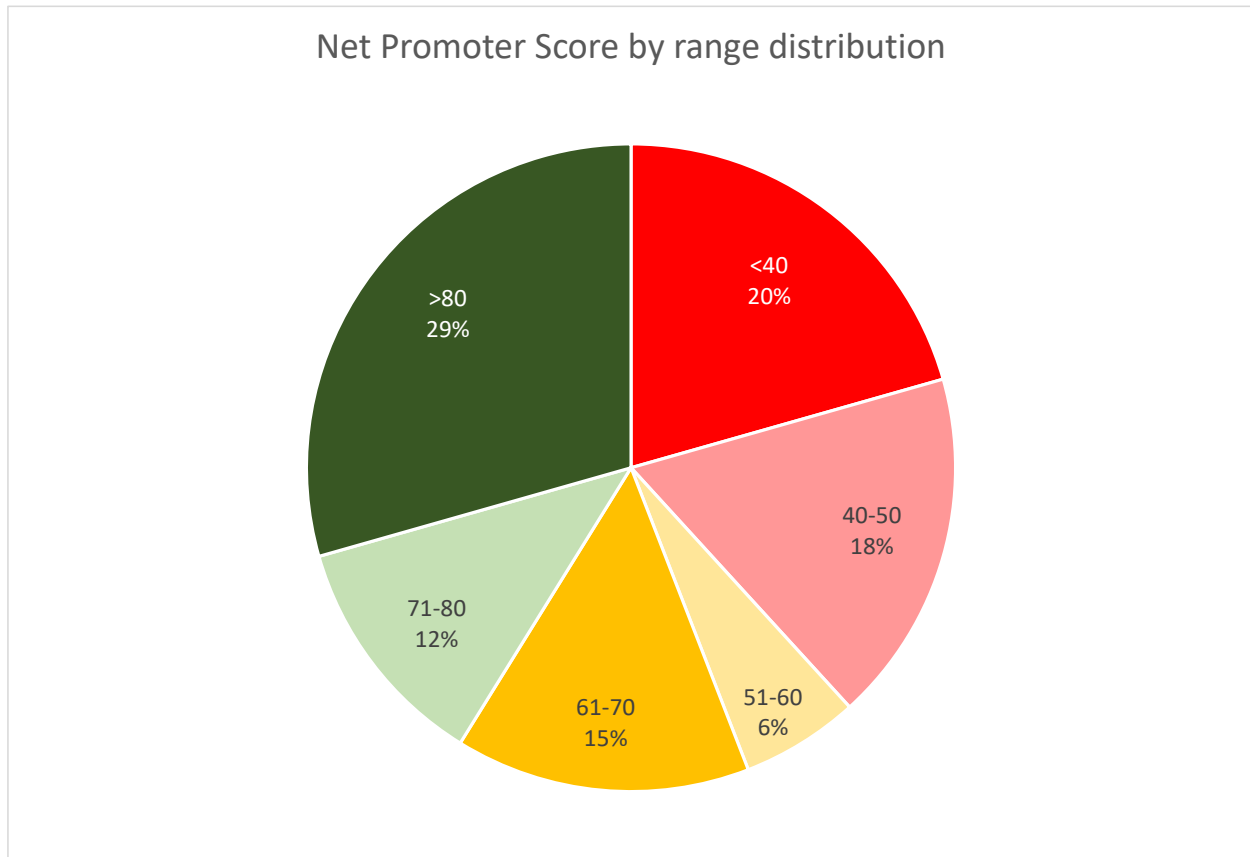
The chart above shows the distribution of NPS across ranges, with 20% of respondents under +40, and 29% at over +80.

Only a few vertical markets provided sufficient NPS data to report upon:

- Medical: +75 (against a target of +77)
- Retail & Distribution: +54 (against a target of +55)
- Services: +47 (against a target of +34)
- Technology, Media & Telecoms: +66 (against a target of +72).

Mean average: +62 (2023: +48), against a target NPS of +62. Median NPS is +69.

Looking at quality scores, the fact that there is no single industry-wide quality measurement score made head-to-head comparisons impossible. Instead, each set of responses was judged on whether it was above target, at target or below target.

30% of survey respondents are currently missing their quality target, and 50% report beating their target quality score.

Figure 42: Quality score – actual vs target

Quality score – actual vs target

>10% above target 6%
>10% below target 15%
5-10% below target 12%
<5% below target 3%
100% of target 20%
<5% above target 18%
5-10% above target 26%

In the same way as with quality scores, customer satisfaction scores are not necessarily directly comparable between organizations. However, where possible, the data was normalized as a percentage although this should be treated with caution.

19% of respondents were more than 10% below their target, with 50% above it to some extent, which is a considerable improvement on previous years.

Figure 43: Customer satisfaction score – actual vs target

Customer satisfaction score – actual vs target

- >10% above target 9%
- >10% below target 19%
- 5-10% below target 12%
- <5% below target 16%
- 100% of target 3%
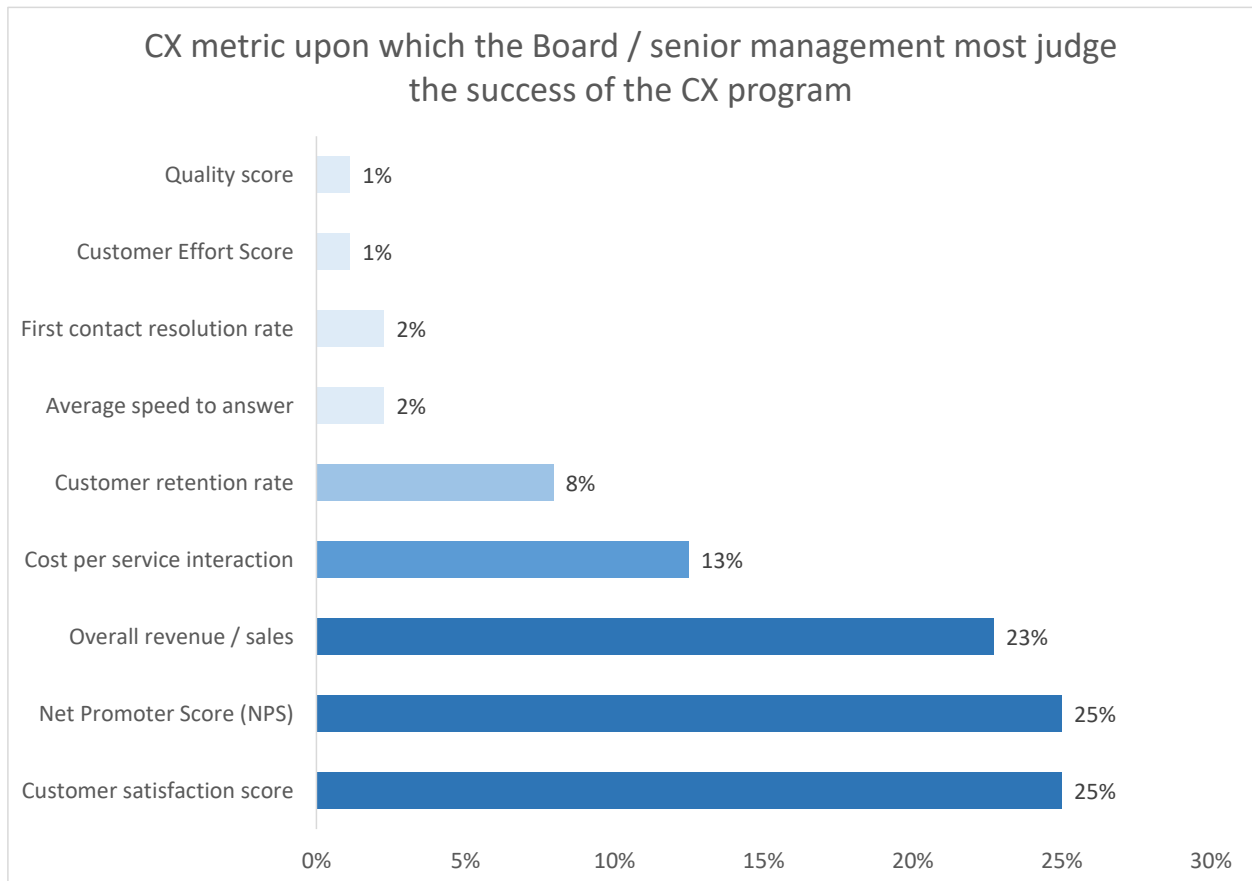- <5% above target 25%
- 5-10% above target 16%

Survey respondents were asked to pick a single customer experience metric upon which their board or senior management team most judged the success or otherwise of the customer experience program.

There was a wide mix of responses, with NPS and customer satisfaction score accounting for 50% of responses.

Of note is the fact that first-contact resolution rate was identified as being the key CX metric for senior management by only 2% of respondents, despite both the customer and business survey results earlier in this report showing clearly that first-contact resolution was the most important factor in influencing customer experience.

Figure 44: CX metric upon which the Board / senior management most judge the success of the CX program

CX metric upon which the Board / senior management most judge the success of the CX program

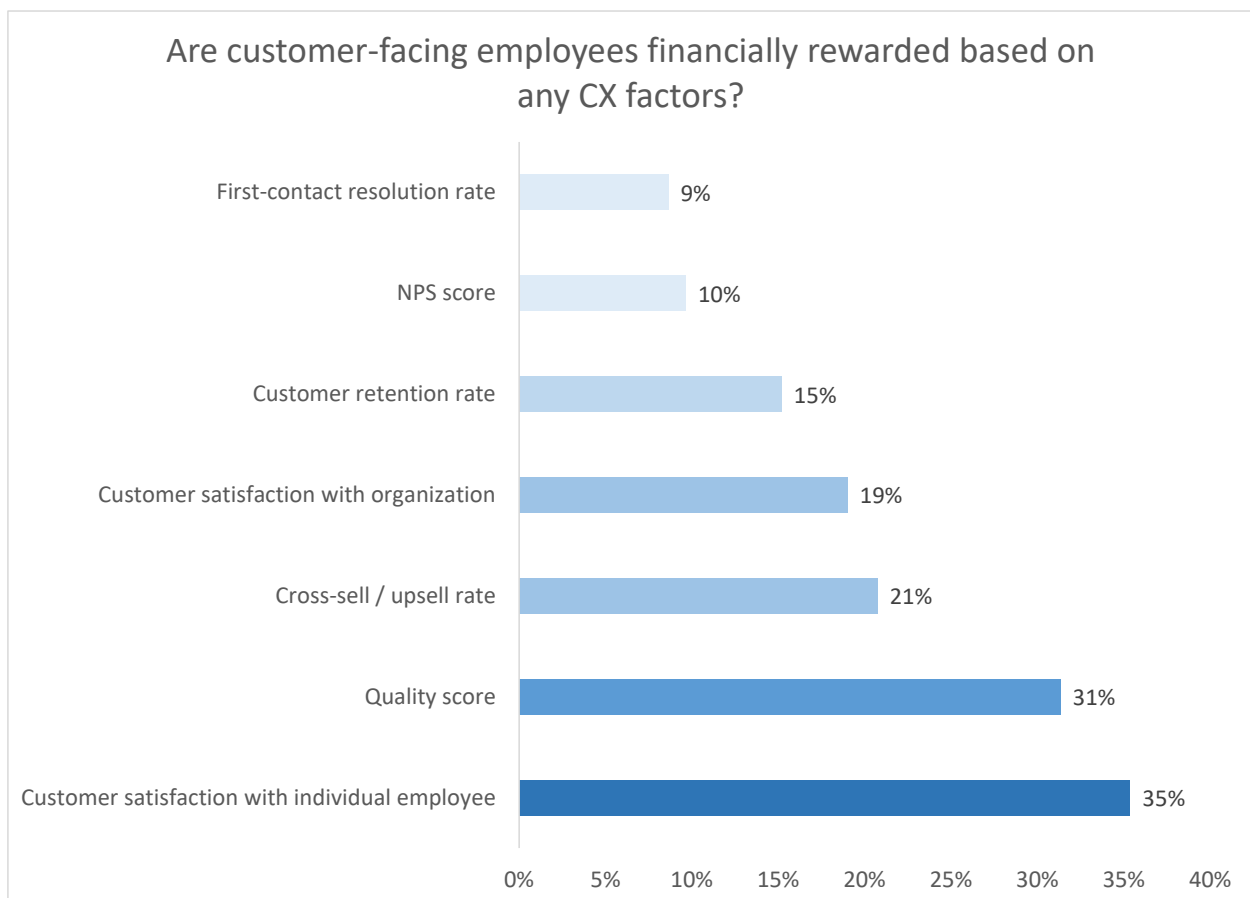| Metric	Value
Quality score	1%
Customer Effort Score	1%
First contact resolution rate	2%
Average speed to answer	2%
Customer retention rate	8%
Cost per service interaction	13%
Overall revenue / sales	23%
Net Promoter Score (NPS)	25%
Customer satisfaction score	25%

Survey respondents were asked if their customer-facing employees were financially rewarded based on any customer experience factors. Only a minority stated that they did so.

35% of businesses reward agent based on individual CSAT scores, 31% so do based on quality scores, and 21% on the cross-sell / upsell rate. These – unlike NPS and FCR – are more likely to be in the control of specific agents, so this is more of a direct reward for performance.

This may be a reason why only 9% reward agents based on FCR, despite high first-contact resolution rate's overwhelming importance to the overall customer experience program.

Figure 45: Are customer-facing employees financially rewarded based on any CX factors?

Figure: Are customer-facing employees financially rewarded based on any CX factors?

- First-contact resolution rate: 9%
- NPS score: 10%
- Customer retention rate: 15%
- Customer satisfaction with organization: 19%
- Cross-sell / upsell rate: 21%
- Quality score: 31%
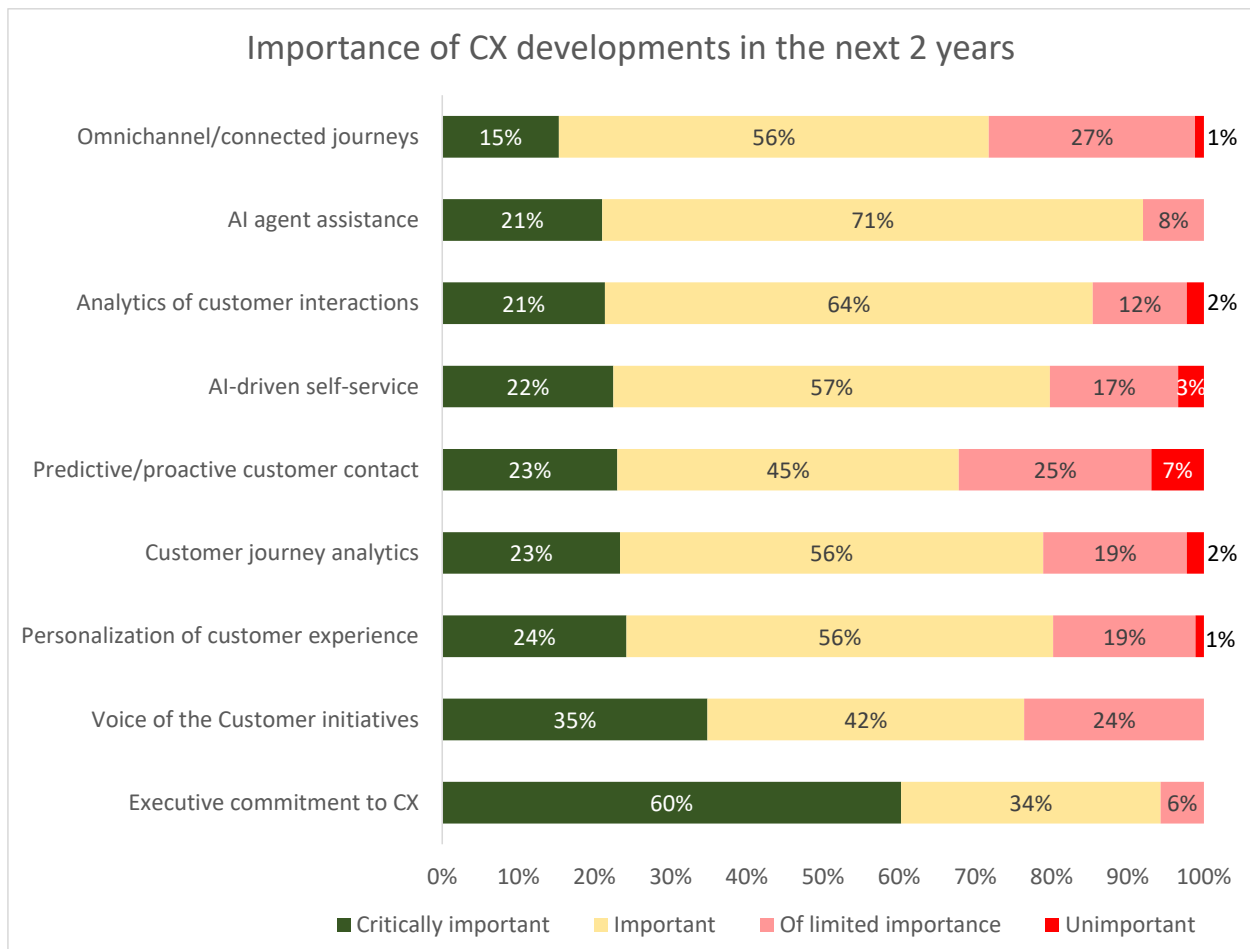- Customer satisfaction with individual employee: 35%

THE IMPORTANCE OF CX DEVELOPMENTS

Survey respondents were asked their opinion on how important various customer experience developments would be to their organization in the next two years.

AI-driven self-service and agent assistance – while not yet figuring strongly as being 'critically important' are popular choices amongst technology solutions, with only 8% of businesses stating that AI agent assistance is of little importance to them.

The most striking finding is that the most important factor determining the future success of the customer experience program was not technology-related, but rather a requirement for the continuing and strengthening executive commitment to improving customer experience. Without this ongoing support from the top levels of organizations, multi-departmental CX initiatives cannot hope to succeed.

Figure 46: Importance of CX developments in the next 2 years

Importance of CX developments in the next 2 years

Development	Critically important	Important	Of limited importance	Unimportant
Omnichannel/connected journeys	15%	56%	27%	1%
AI agent assistance	21%	71%	8%	
Analytics of customer interactions	21%	64%	12%	2%
AI-driven self-service	22%	57%	17%	3%
Predictive/proactive customer contact	23%	45%	25%	7%
Customer journey analytics	23%	56%	19%	2%
Personalization of customer experience	24%	56%	19%	1%
Voice of the Customer initiatives	35%	42%	24%	
Executive commitment to CX	60%	34%	6%	

CONCLUSION: CX STRATEGIES

The business and consumer surveys carried out in the course of the research for this report show that while improving the customer experience is high on the agenda for many organizations, most businesses are still a long way from where they want to be.

The key findings of this report can be summarized, and various strategies suggested for maximizing the customer experience while improving profitability and managing cost:

- Customer experience is widely seen by both B2B and B2C businesses as being an important competitive factor, with fewer respondents than ever wanting to compete primarily on price

- the main investment in customer experience improvement programs is focused on technology, with business process improvements and employee training receiving similar amounts of support as each other

- live telephony is still by far the largest communication channel used by customers, comprising around 65% of inbound interactions. Email is second with around 20%, although web chat and social media have risen strongly

- however, despite the prevalence of telephony, the majority of customer experience investment is going into digital channels

- CX technology was said by many survey respondents to be under-supported in that it did not give a single view of customers across channels, and many businesses (especially smaller ones) reported that they were being held back by the restrictions of legacy technology and inadequate budgets

- technology is not the only roadblock to CX: a lack of time and resource for CX improvements were also seen as being important

- businesses believe that the most important customer experience factors to a customer are first-contact resolution, short wait times and having a polite and friendly agent answer the phone. Having issues handled by a single employee is also seen as important, and can be linked to first-contact resolution rates

- from a consumer perspective, first-contact resolution and short wait times are also seen as being key to a positive customer experience. However, consumers also place far more emphasis on having US-based employees to talk to than businesses believe

- most consumers still have a preference for live agent interactions rather than automation, even if self-service is done well. This is especially the case in complex or urgent issues

- depending on the nature of an interaction – whether emotional, urgent or complex – multiple channels will need to be offered to the consumer base, especially live telephony, email, web chat and web self-service

- there are significant differences in channel preference by age and to a less extent household income, so organizations should look to see which their own customer base prefers and in which circumstances, so that support and investment can be planned accordingly

- there has been a steep rise in customer preference for telephony for all types of interaction, starting during the pandemic, but still very much present today

- interaction analytics is becoming increasingly useful in collecting and acting upon CX data, but is only used by minority of businesses

- AI is mainly being used for call transcription and chatbots and there is very significant growth expected in the use of AI, especially for self-service, live agent assistance and sentiment analysis

- users of AI, while positive about its effects on self-service, are much more ambivalent about the outcomes they have seen in other use cases

- first-contact resolution rate is almost completely ignored as the primary indicator of the success of the CX improvement program, despite both businesses and consumers indicating that it made the greatest difference to the actual customer experience

- a small minority of companies rewarded customer-facing staff based on customer retention rates or first-contact resolution, which were stated to be the two of the most desirable outcomes of a successful customer experience program

- the executive team's commitment to the CX improvement program is seen as being more important than any business process or technology investment: without the former being in place, the latter simply won't happen.

The surveys show that the telephony channel must be strongly invested in and supported, not only in the present day, but also into the foreseeable future.

While digital channels and AI-based automation give the promise of a lower cost of service which is attractive to businesses, consumers state that they value telephony-based interactions, especially for queries that are out of the ordinary.

There is no expectation that live telephony will become unimportant at any time in the foreseeable future, as the pandemic has only increased the value of this channel to the customer, providing reassurance and confidence. Less than half of the organizations surveyed said that reducing headcount was an important reason for them implementing AI.

Over time, the customer base will become more technologically sophisticated and comfortable with using automation, but businesses should be aware that this is a long and ongoing process and that dramatic changes in the short term are unlikely to have a positive effect on customer experience.

Organizations should consider rewarding agents for behaviors that support customer retention and improved first-contact resolution rates: something which is rarely done, despite the acknowledged importance of these metrics to the success of the customer experience program and the business itself.

The findings of this report should encourage businesses to find out more about their own customers' preferences, and give an insight into what they actually value within an interaction.

In this way, CX investments can be focused upon the areas and solutions that are valued most highly by customers, thus increasing retention rates and individual customer profitability while keeping service costs under control.

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