

CX Reality Check 2021: Momentum Interrupted

Stalled transformations, stagnant CSAT scores, and managed services as a promising way forward

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Introduction

For the second consecutive year, we took a look at the differences between the customer service businesses think they're providing, and the service customers actually experience. The first study, conducted in May of 2020 by Dimensional Research, concluded there was an eye-opening CX perception gap. Companies believed the service they were providing was satisfying to their customers. Their customers, however, disagreed.

Curious to know where things stood a year and a half later, with many businesses reeling from the COVID-19 pandemic and evolving their service models to enterprise survival, we asked Dimensional Research to conduct a follow-up study in July of 2021. The results were simultaneously surprising and unsurprising.

Digital transformation efforts during the pandemic stalled. When the pandemic hit, companies quickly realized just how far behind their CX efforts actually were. Many businesses discovered that their solutions weren't up to the challenge. Customer experiences suffered. Companies couldn't scale their solutions when demand spiked. And it was impossible to achieve digital channel containment.

The pandemic made clear that delivering great customer experience is an even more vital need, but it has also become an even bigger job. As we step back and view the challenges that our new CX reality presents, managed customer engagement, often referred to as CX-as-a-Service (CXaaS), has emerged as a far more attractive option. This approach combines people, processes, and technology to accelerate and sustain digital transformation.

“ Without a doubt, as customer expectations rose during COVID-19, companies became frustrated. ”

— Cory Good, SVP,
Digital Transformation Strategy,
[24]7.ai

Key Finding 1: Businesses that were adapting slowly now have other priorities

A year ago, it was evident that customers were embracing technology and digital support channels. But it was also apparent that businesses were playing catch-up. While 96 percent of businesses reported that technology had motivated them to rethink their customer support strategies, they still needed more time to implement automation, conversational AI, and other digital support technologies.

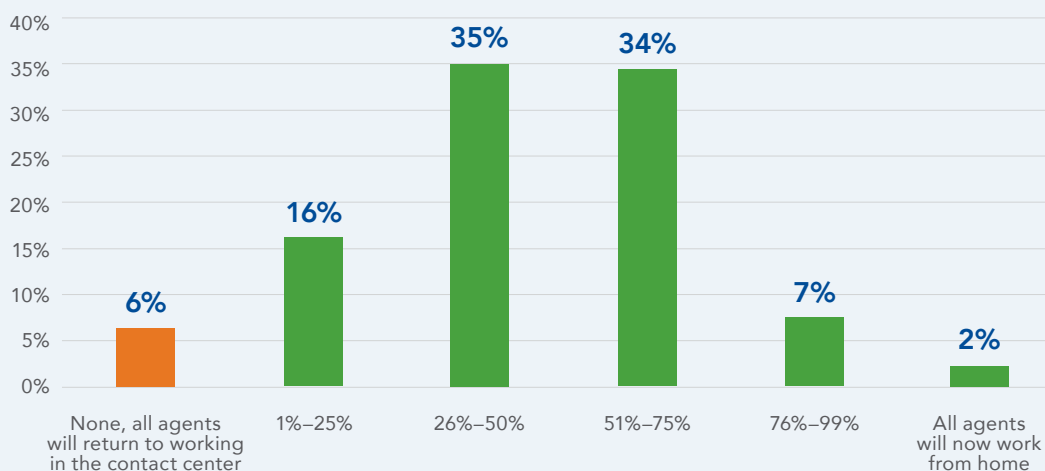
So, what changed in 2021? Remote work really took off when the pandemic hit. Companies implemented new systems, and, naturally, customer wait times increased. Unfortunately, since many automation initiatives lack conversational AI, they were rarely able to solve the customer issues, requiring escalation to a human agent for resolution. Not surprisingly, the new data shows that companies and consumers alike feel that live agents, particularly voice agents, still deliver better experiences than automated self-service.

Also, many businesses now have more pressing concerns as they scramble to keep their revenue up. With so many employees working from home, companies redirected their resources to remote communications and security. Security, naturally, has become a top priority. With agents working from home, IT had to focus resources on securing connections beyond their network control. Meanwhile, since existing digital channels weren't robust enough for the new reality, many digital transformation initiatives took a back seat.

All this tells us that businesses still aren't adapting fast enough. Digital channels need conversational AI for two reasons. One, so customers can self-serve and get their basic questions answered quickly and easily. Two, to empower agents with "next best" responses so they quickly resolve issues and move on to the next conversation. However, with IT already struggling to accommodate remote workforces and new supply chains—while also maintaining Zero Trust requirements, endpoint security, and identity and access policies—it may take some time before they get around to embedding conversational AI into their digital support channels. Without conversational AI, automation and containment efforts are doomed to disappoint, customers will be forced to escalate to live agents, and customer handoffs will surely suffer.

✓ 94% indicated agents will continue working from home

With businesses reopening, approximately what percentage of contact center agents do you expect to work from home going forward?



Key Finding 2: The perception gap remains as the challenges mount

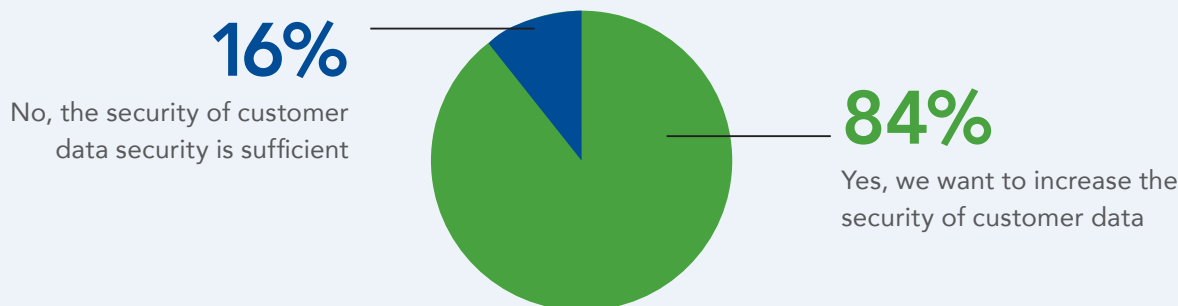
In 2020, we also learned that businesses weren't satisfying their customers to the extent that they believed. While 61 percent of businesses felt their digital channels delivered consistent customer experiences, the truth was that 50 percent of the time their automated channels failed. Also, when switching support channels, 89 percent of customers were asked to repeat information.

Not much has changed since then. The perception gap remains, but because of the pandemic companies now have a more acute appreciation for the value of quality customer experiences.

Given the pandemic-induced business challenges, it's not difficult to draw this conclusion about digital CX: the problem may simply be too big, and too involved, for many companies to solve on their own. Providing quality experiences has become more of a burden, mostly because deploying the technologies is now far more complicated—and, as always, transformation requires a willingness on the part of siloed leaders to change their conditioned way of doing things.

✓ 84% indicate they will invest in data security solutions to protect customer data

Over the next 12-18 months, is your company planning to invest in data security solutions to protect customer data?



Key Finding 3: The best-laid plans fall through

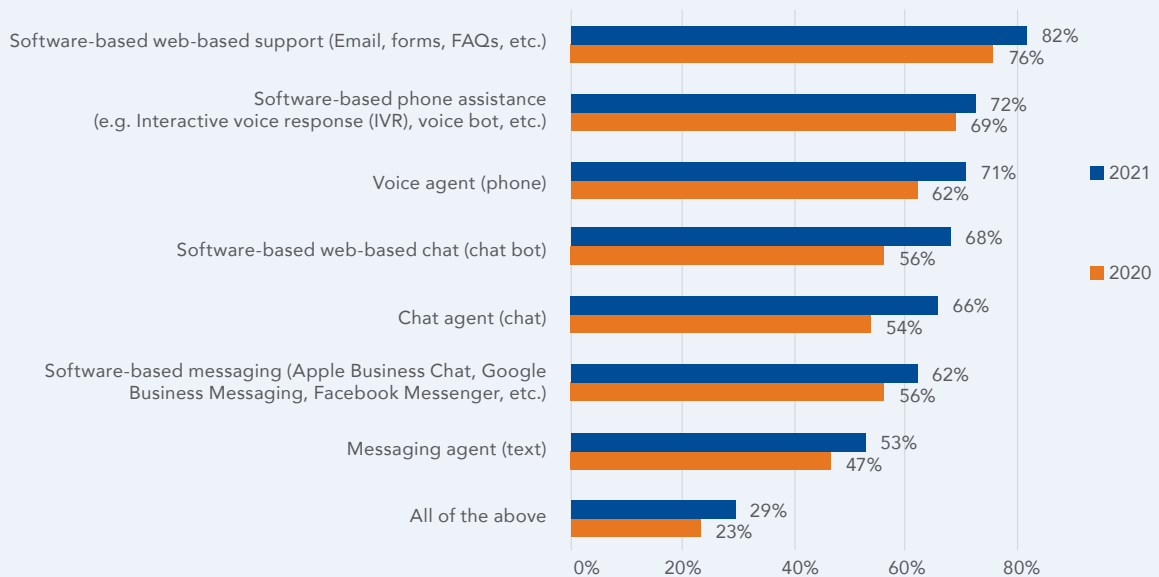
In 2020, 98 percent of businesses showed tremendous interest in new technologies, 83 percent planned to integrate their voice and digital channels, and virtually all companies believed that customer experiences would improve as they deployed more automation, AI, and other capabilities.

Thanks to COVID-19, however, things didn't quite play out that way.

In 2021, more companies are relying on multiple support channels, which is making the delivery of a consistent CX more complicated.

✓ Use of multiple support channels have grown

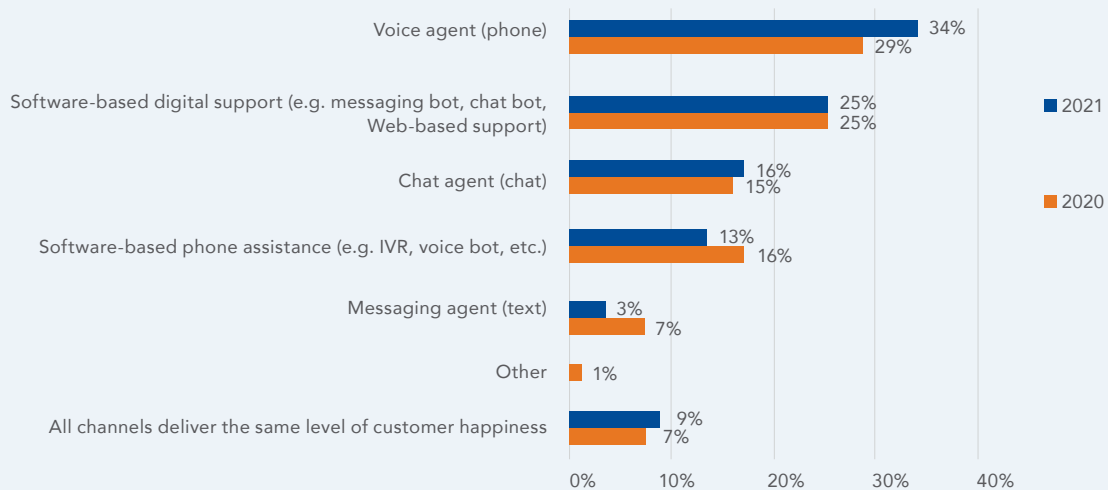
Which of the following customer support solutions does your company utilize?



When companies suddenly increased the number of live agents, it was an indication that their digital systems failed, and at just the time when companies needed them most. Also, as companies rapidly expanded agent workforces during call volume peaks, they were overstaffed when call volumes stabilized.

✓ Automated technology still not delivering the needed customer experience

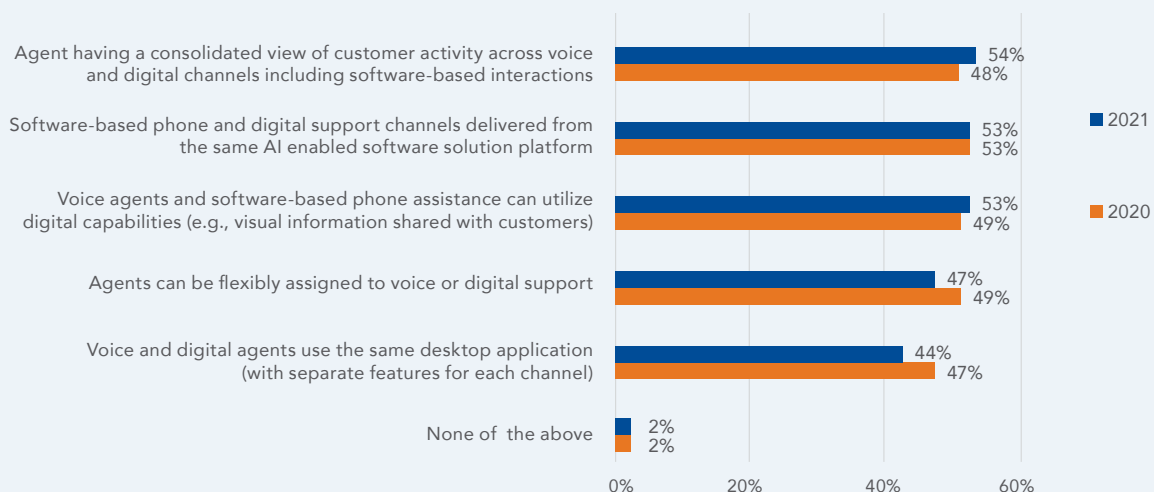
In your opinion, which support channel creates the happiest customer experience at your company?



Regardless of the many missteps, though, companies are now far more aware of their CX shortcomings—and they're eager to do something about it.

✓ Companies remain focused on delivering better solutions for improved customer experiences

Which of the following support capabilities is your company planning to implement over the next 2 years?



Key Finding 4: A new possibility emerges

Today, companies are at a CX crossroads. They can invest heavily in technology, scour the workforce for qualified talent, and develop robust processes to support the two. Or they can partner with a provider to manage the entire end-to-end customer experience.

Delivering quality experiences isn't easy, and it has only gotten more complicated. Technology alone won't solve every problem, and neither will hiring more live agents. One option is to consider managed customer engagement, also known as CXaaS.

Using a managed services approach that combines people, processes, and technology can overcome the many CX challenges while decreasing overall costs. These savings also increase with each successive year of working with a managed service provider as solutions are optimized.



Recommendations for changing the conversation

Whether managing your own digital service channels or going with a managed service provider, here are nine recommendations for providing a superior customer experience.

- 01 Use AI to determine the customer's intent.** By identifying intent upfront, your CX system can direct the query to the agent best able to handle that request, be it automated or human.
- 02 Meet customers where they prefer.** Enable your systems to facilitate conversations with a consistent feel across all channels, including SMS, web, messaging, and the phone.
- 03 Help AI and humans collaborate.** To make customer interactions efficient and affordable, you need a solution that interweaves human agents with conversational AI.
- 04 Ensure seamless handoffs.** Continuity is absolutely essential, so when it's time to transfer customers from a virtual agent to a human agent, the handoff should be effortless and efficient.
- 05 Optimize your service costs.** Combining AI with human agents helps guarantee resolution in the most cost-effective manner. Humans can field the tricky tasks while AI improves productivity.
- 06 Tighten your security.** It's imperative that CX solutions incorporate robust security features for authentication and authorization of customer information and transactions.
- 07 Define a long-term vision.** Think about what you want conversational AI and customer experiences to be like in 3-5 years, and find technology that supports that vision.
- 08 Ask for expert help.** To improve efficiency, seek advice from industry analysts and other objective parties who can help you assess vendors and their CX solutions.
- 09 Incorporate asynchronous messaging.** Enabling a single, continuous conversation across all channels will advance your services and satisfy your customers.



Conclusion: The new bottom line

The pandemic had little impact on customer perception, but it did make businesses more aware of the need for consistent digital experiences, as well as the challenges standing in the way. Your company needs to thoroughly examine its approach to CX, because current approaches aren't consistently producing significant results. And as you conduct this examination, you should give serious consideration to managed customer engagement.

To read the latest survey, download your copy of *Detailed Findings 2021* from Dimensional Research.



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