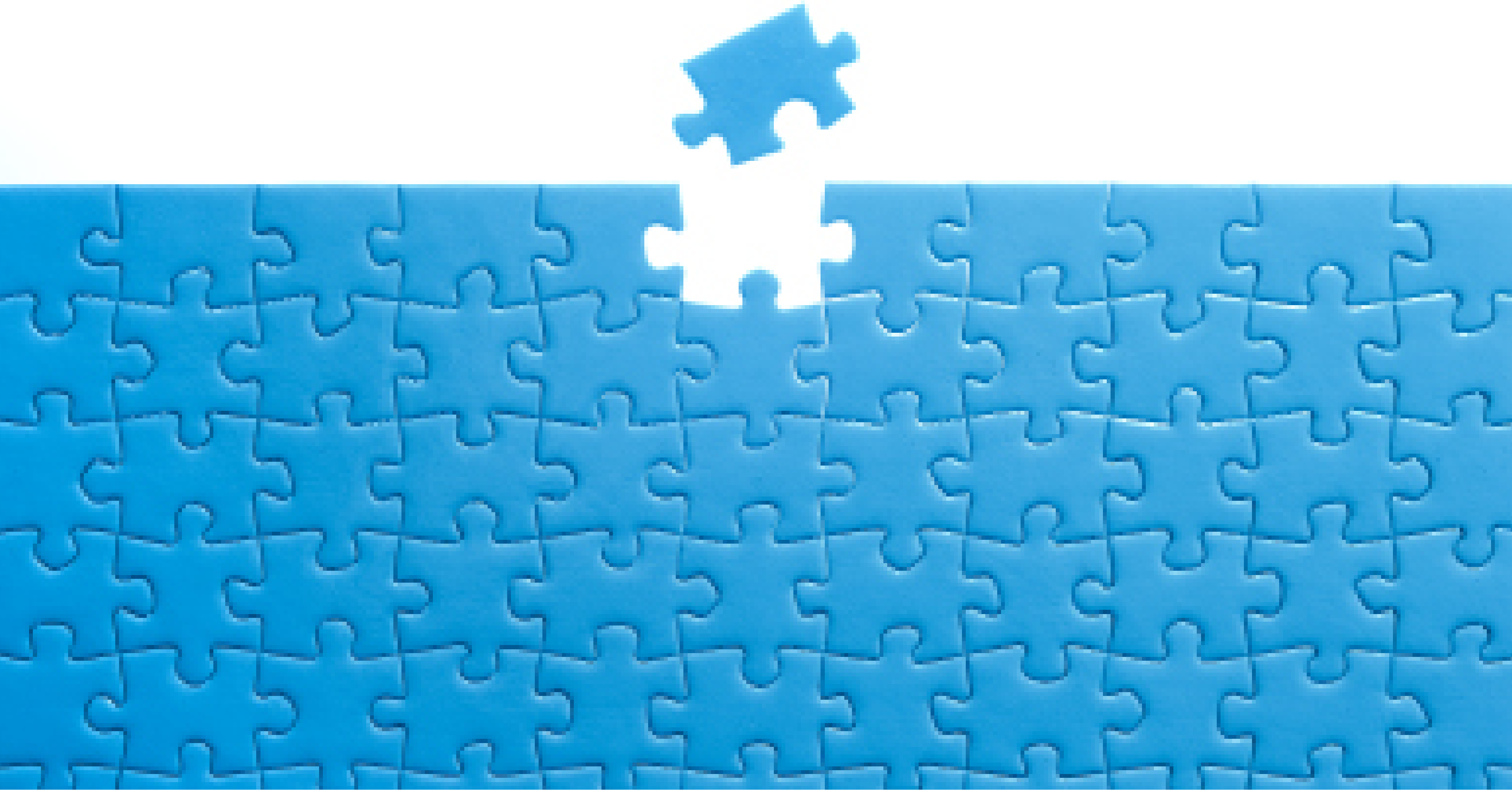
CONTACTBABEL



UK Contact Centres: Business Strategies

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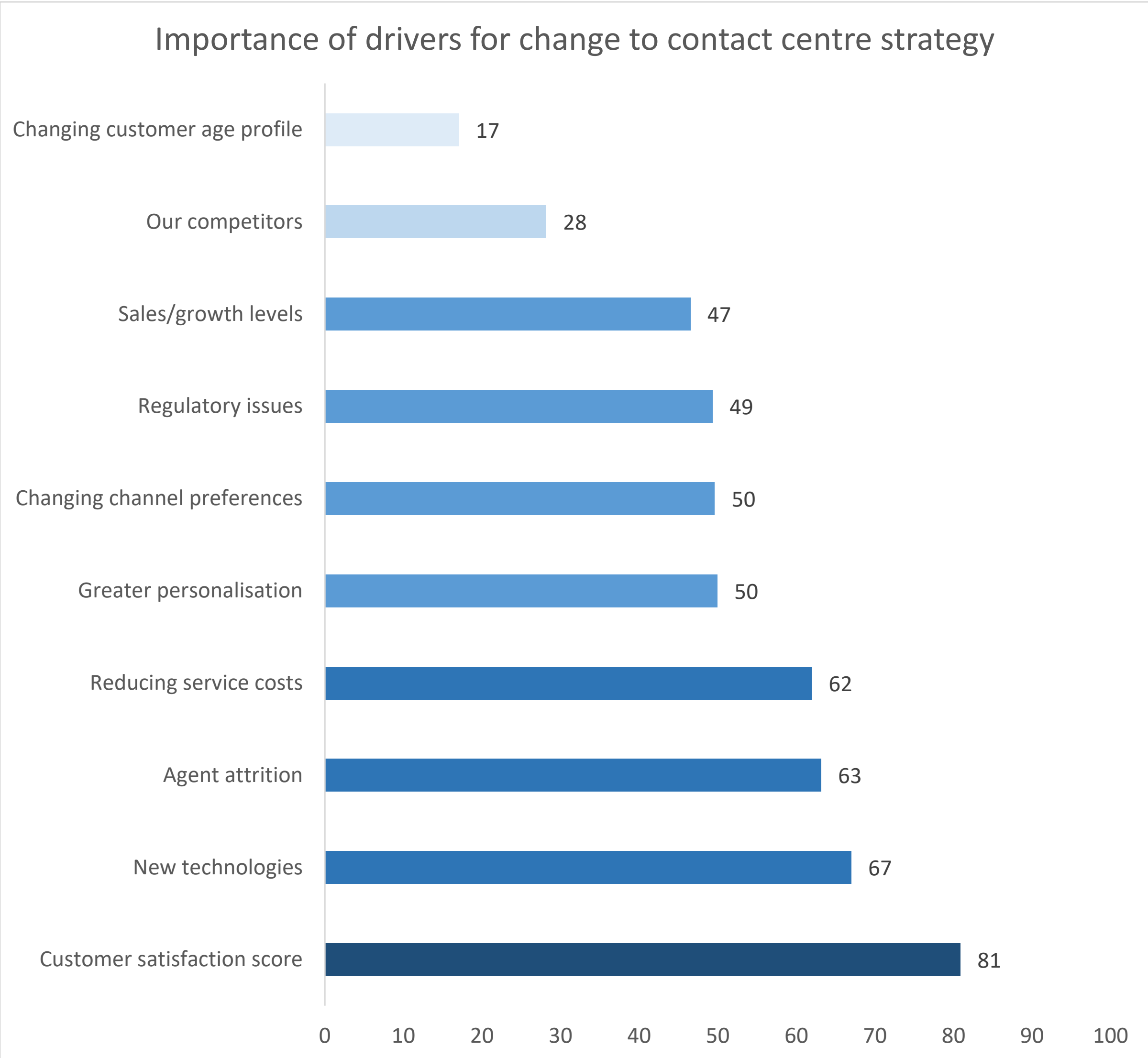
CONTACT CENTRE STRATEGY DRIVERS

The chart below shows the average score that was given by respondents to the question: “How important are these drivers for strategic contact centre change, where 0 is very unimportant, and 100 is vitally important?”.

Unsurprisingly, customer satisfaction score ranks the highest as it is a direct measure of customer experience, with new technologies, reducing service costs and agent attrition also being seen as very important.

Continued pressure on costs will force contact centres to do more with less, and the replacement of agents with technology – whether enforced or through natural attrition – will be supported in large part by new technology.

Figure 1: Importance of drivers for change to contact centre strategy



HOW IMPORTANT IS CUSTOMER EXPERIENCE TO ORGANISATIONS?

The fundamental purpose of a commercial organisation is to maximise profit for its shareholders, with the two main ways in which this is achieved being increasing revenue and reducing cost.

In the past, the majority of business focus has been upon 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. More recently, the increasing use of technology in almost every part of an organisation has created an unprecedented amount of data that may be analysed.

At the same time, 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.

The main ways in which organisations have 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 centres or websites), the overall customer experience has become a battleground upon which to win customer favour.

Survey respondents from over 200 UK contact centres were asked how their organisation 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 15% of B2B respondents placed this factor in first place. The B2C figure is even lower, with only 8% stating that their organisation competed primarily on price.

As the country is struggling through a cost of living crisis, 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.

33% of both B2B and B2C organisations stated that their primary competitive factor was quality.

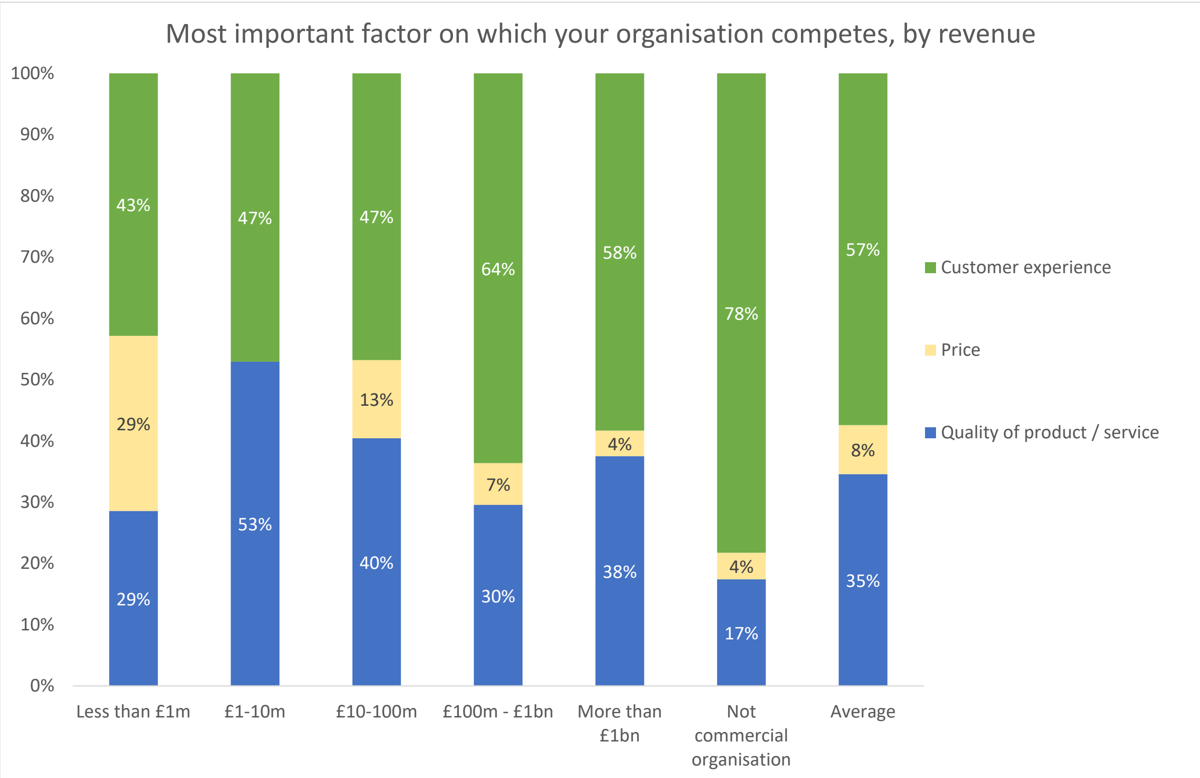
53% of B2B and 59% of B2C respondents stated that customer experience was their primary means of gaining competitive advantage, figures which have been growing year on year and which are now at their highest-ever point.

For more than half of all businesses to say that customer experience, rather than price or quality, was the main factor upon which they wish to compete in the market can be seen as being very significant and indicative of the mindset of senior business leaders in the UK: many organisations are now seeing customer experience as being the key to profitability. However, it remains to be seen how ongoing economic challenges will alter strategies.

Looking at competitive factors by company revenue, it seems that smaller businesses are the most likely to be competing on price, with the largest operations surveyed focusing on customer experience.

As might be expected, survey respondents which are not commercial organisations – such as public services – focus mainly on customer experience.

Figure 2: Most important factor on which your organisation competes, by revenue



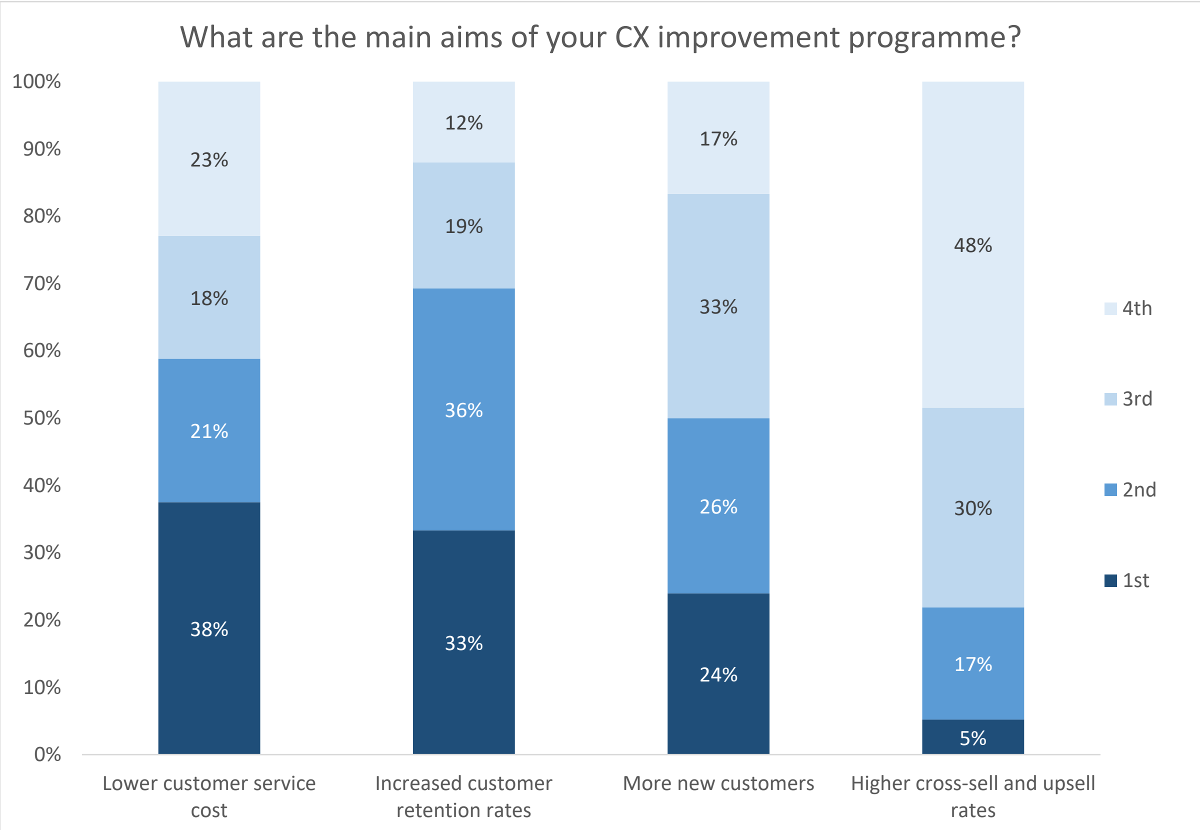
WHAT'S THE PURPOSE OF THE CX IMPROVEMENT PROGRAMME?

Survey respondents were asked to rank in importance the main aims of the customer experience programme from the following options:

- to increase customer retention rates and loyalty
- to reduce the cost of serving the customer
- to increase the number of customers they had
- through cross-selling and upselling, to increase the revenue per customer.

69% of respondents placed increase customer retention rates in the first or second position, suggesting that one of the long established aims of CRM – customer loyalty – is a major target for most companies' customer experience programmes. This figure has grown year-on-year.

Figure 3: What are the main aims of your CX improvement programme?



CX INVESTMENT: PEOPLE, PROCESS, TECHNOLOGY

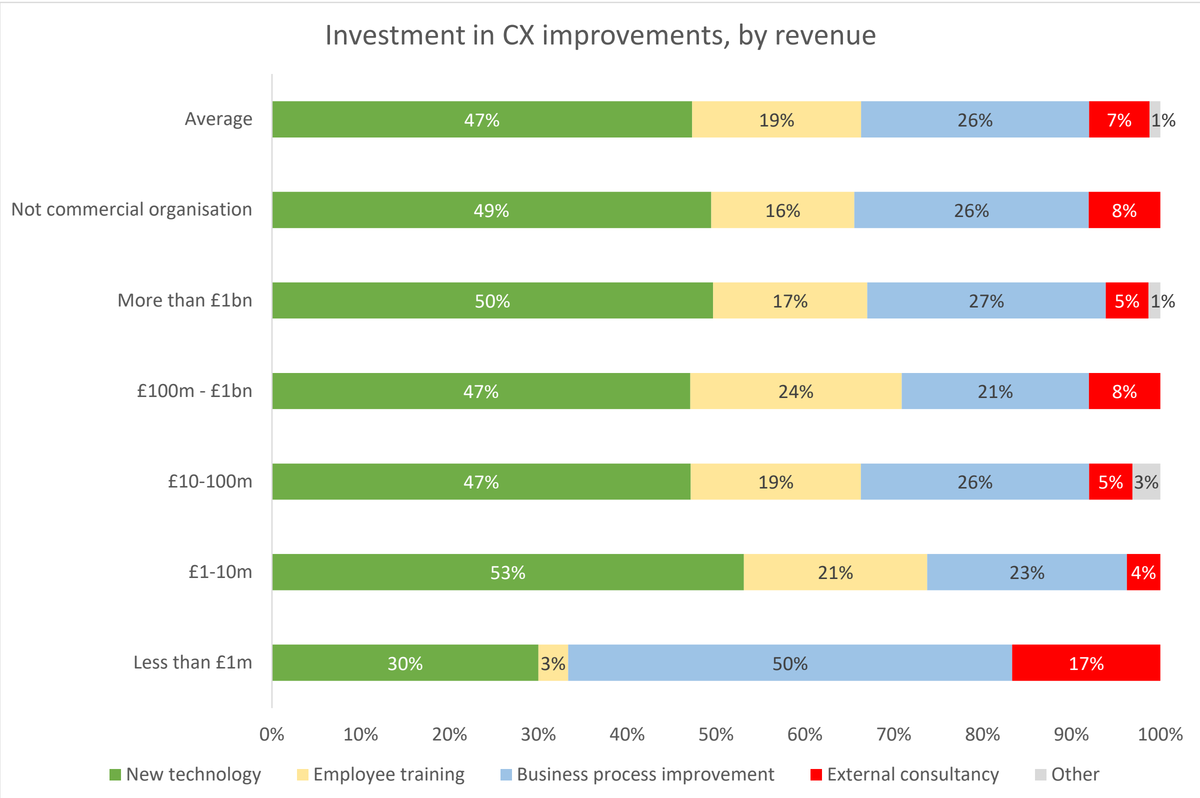
Survey respondents were asked to describe the allocation of their investments in customer experience improvements, considering new technology, training of employees, business process improvements and fees paid to external consultants.

'Other' spending includes:

- Benchmarking
- Customer research
- In-house development on existing platforms
- Integration
- Internal consultancy.

Across the whole of the survey respondent base, investments in technology were considerably higher than that of investment in business process improvements. This is especially noticeable in smaller companies, except for the <£1m survey respondents this year.

Figure 4: Investment in CX improvements, by revenue



IS THE CX IMPROVEMENT PROGRAMME SUPPORTED?

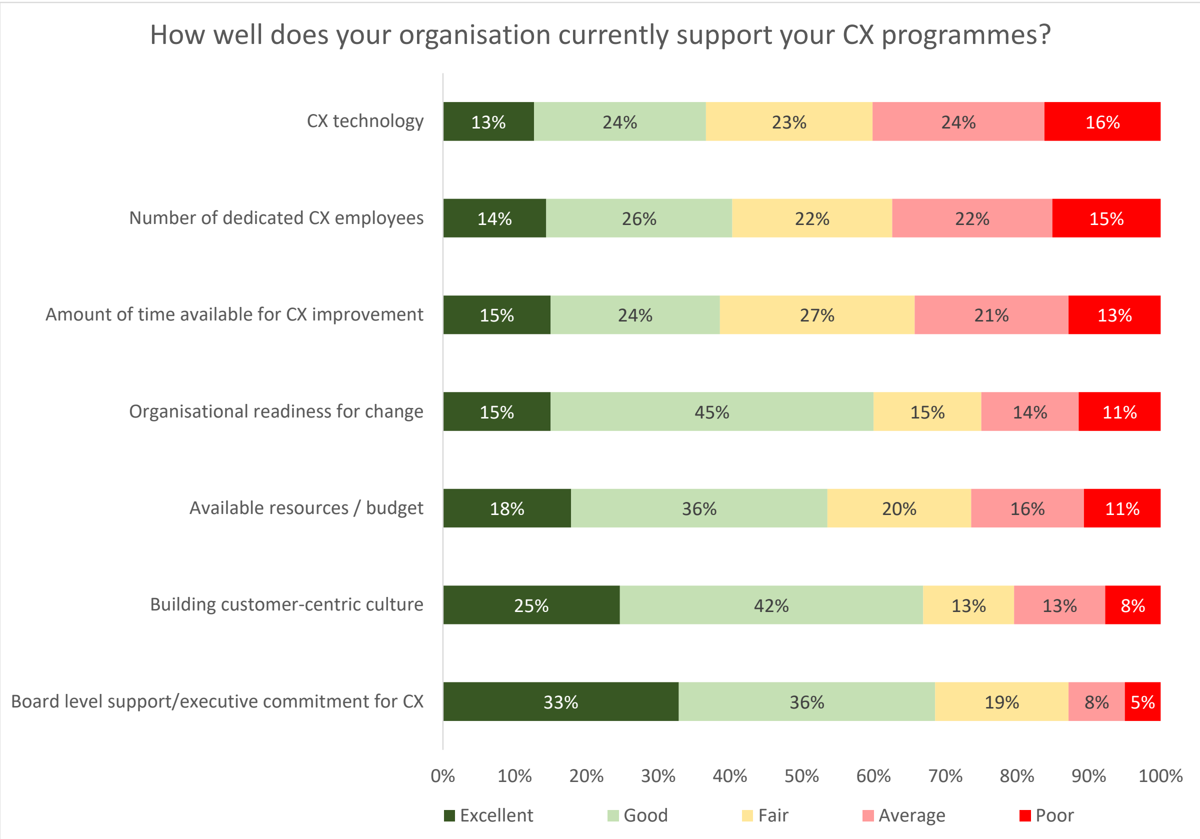
Respondents were asked how well their organisation currently supported their customer experience programmes.

In the main, the results were not entirely positive, with 40% of organisations stating that their CX technology was either poor or average, 37% being lukewarm about the number of dedicated CX employees, and 34% being quite negative about the time available for CX improvements: figures which have all increased since last year.

On the positive side, two-thirds of respondents stated that the organisational culture was moving towards customer-centricity and almost 70% commended their executives' commitment, so it appears as though it is 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 5: How well does your organisation currently support your CX programmes?



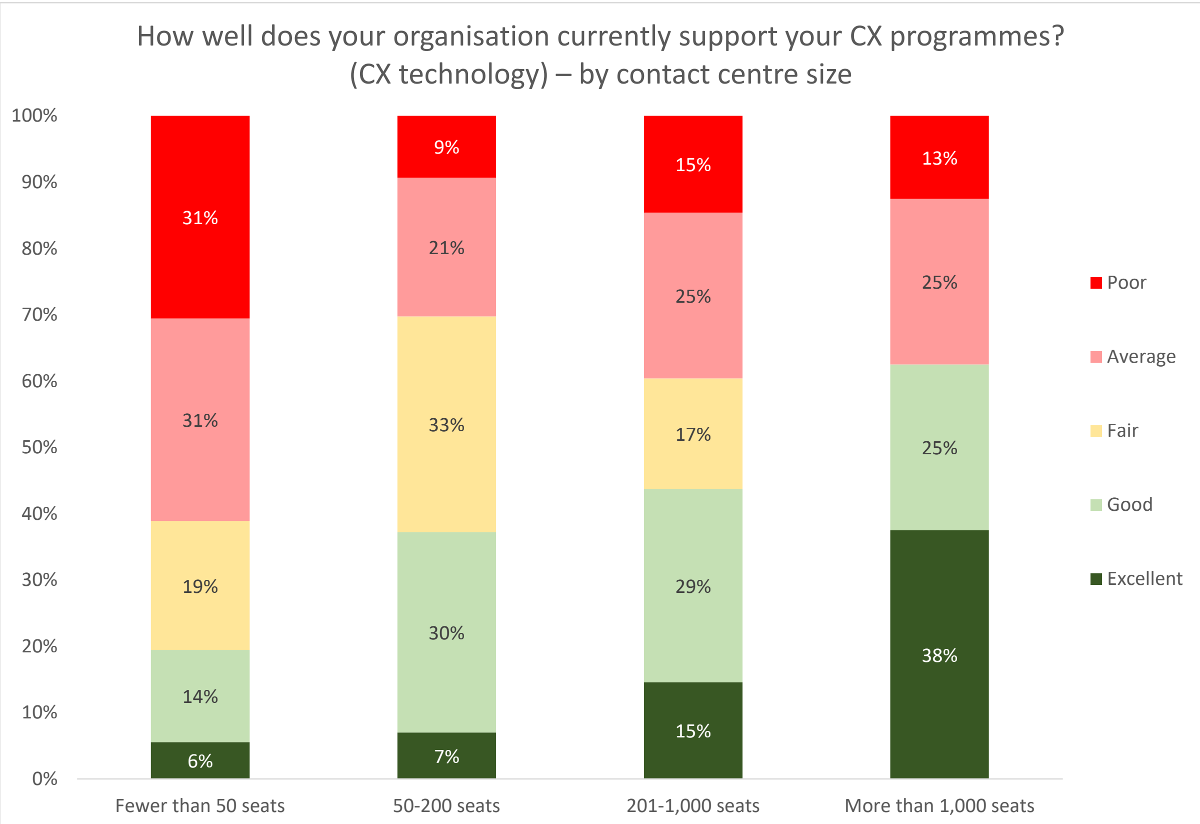
LACK OF SUPPORT FOR TECHNOLOGY IS DAMAGING CX

As technology is the least well-supported factor driving CX strategy, it is worth looking at in more depth.

When considering the capability of customer experience technology by the size of the contact centre, there are very significant proportions of all contact centre-owning respondents who ranked their CX technology as being poor or average, particularly those with smaller operations.

While 38% rated their CX technology as excellent, even those within the largest contact centres cannot be said to be uniformly delighted with the technology that they have in place.

Figure 6: How well does your organisation currently support your CX programmes? (CX technology) – by contact centre size

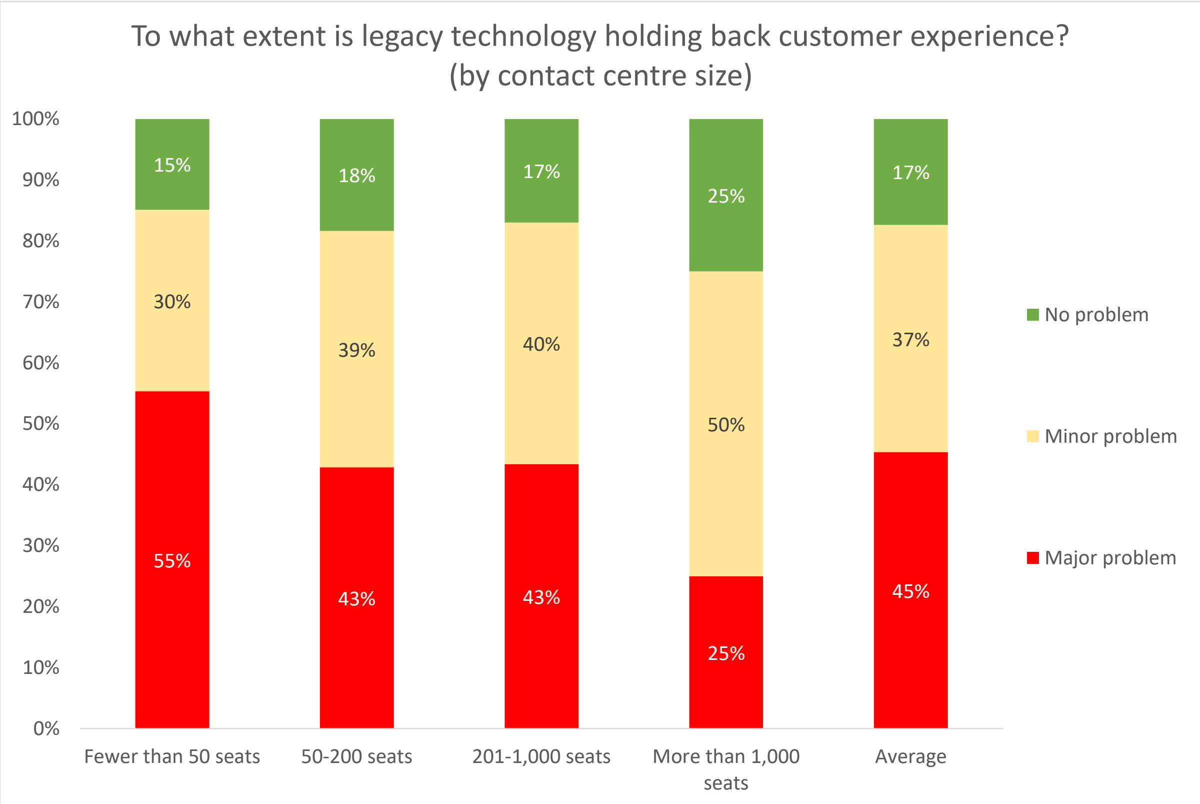


Survey respondents were asked about the extent to which technology challenges were affecting their ability to improve their customers' experience.

Legacy technology is reported to be a major problem by 45% of survey respondents, the same as last year. This is much more likely to be the case in smaller contact centres.

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.

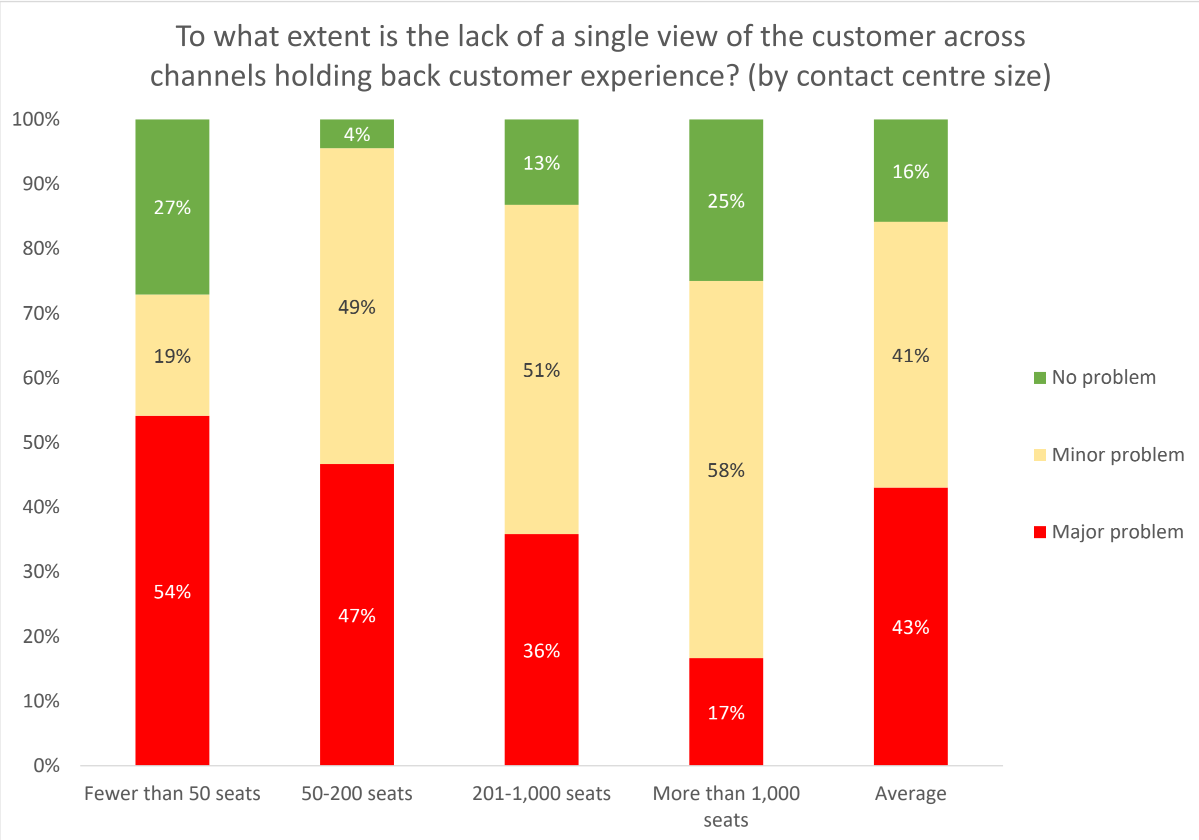
Figure 7: To what extent is legacy technology holding back customer experience? (by contact centre size)



43% of survey respondents also state that not having a single view of the customer across channels or enough IT resource or budget are also major problems for them. Those in smaller operations were also somewhat more likely to feel this.

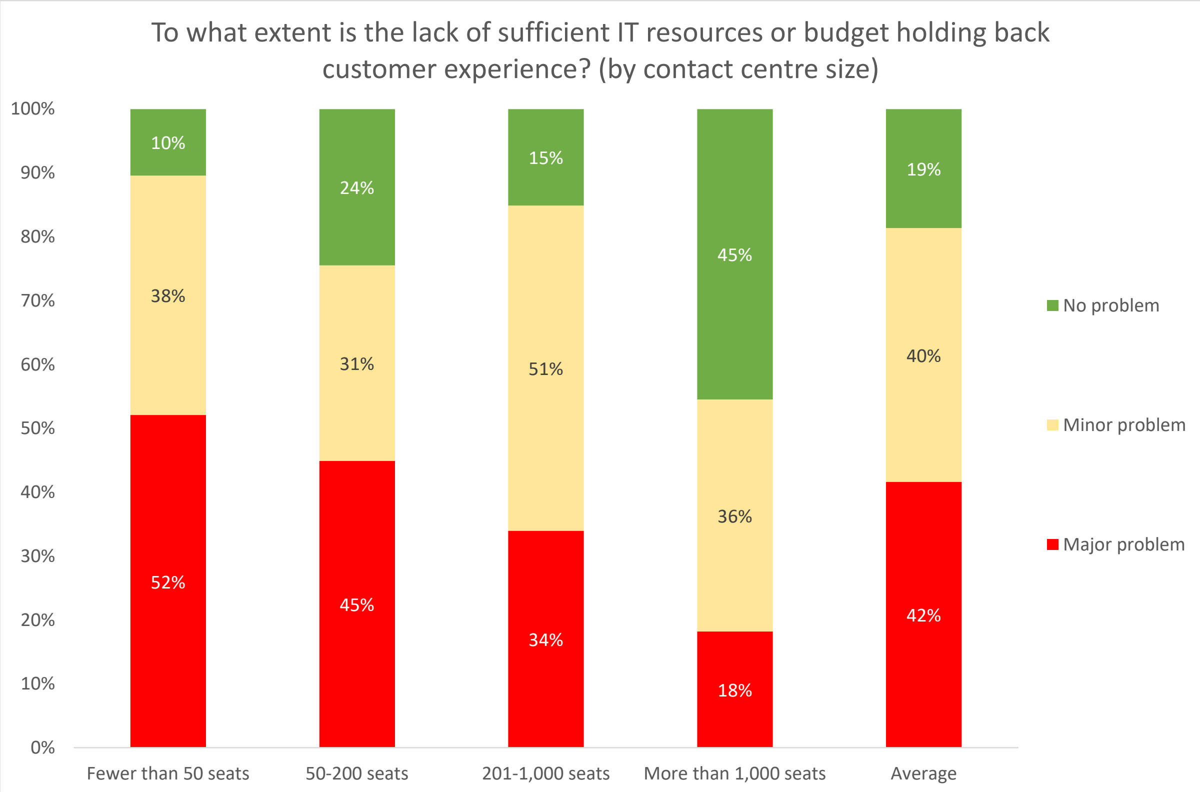
Not being able to view the customer across channels means that the full benefit of omnichannel contact cannot be achieved, and that unnecessary time and effort are being spent by the customer, with sub-optimal results for all concerned.

Figure 8: To what extent is the lack of a single view of the customer across channels holding back customer experience? (by contact centre size)



A lack of IT budget for CX-supporting technology was a major problem for 42% of respondents (an increase from 32% in 2022), with the smallest contact centre operations once again feeling this the most.

Figure 9: To what extent is the lack of sufficient IT resources or budget holding back customer experience? (by contact centre size)



MEASURING CONTACT CENTRE SUCCESS

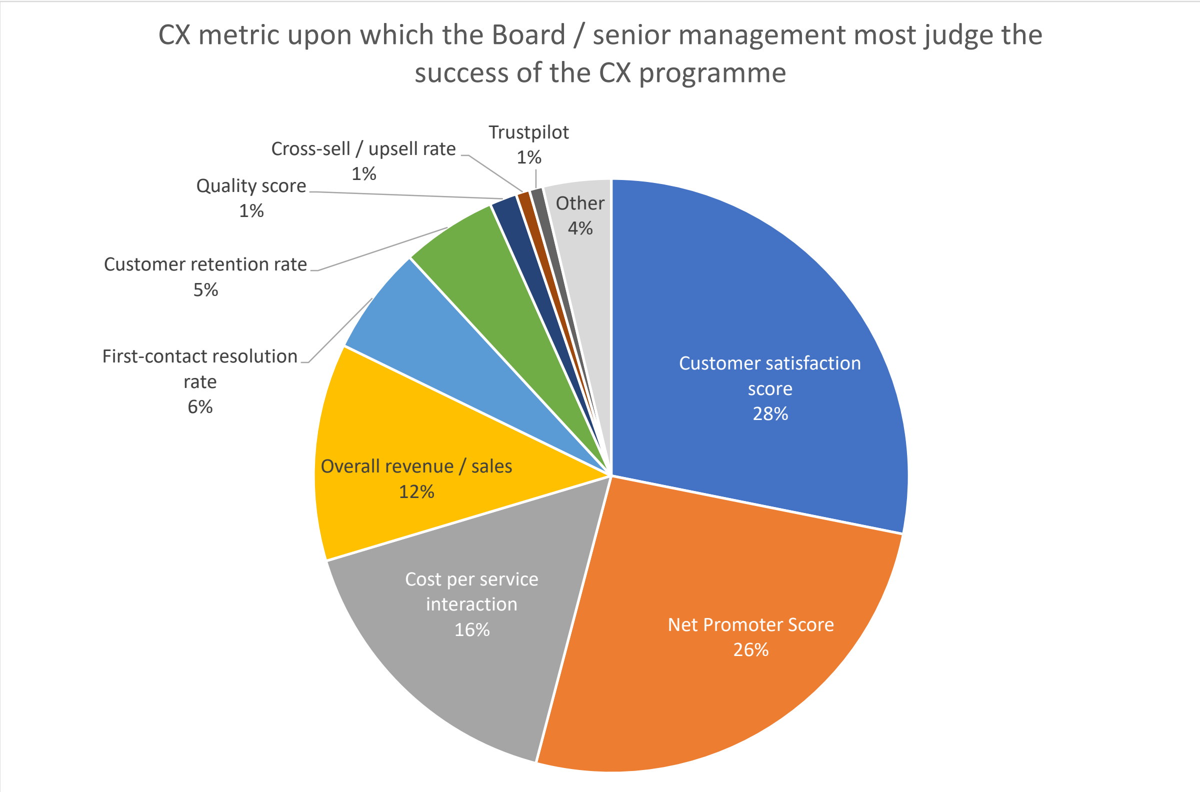
Survey respondents were asked to pick a single customer experience metric upon which their board or senior management team most judged the success or otherwise of the customer experience programme.

There was a wide mix of responses, with NPS and customer satisfaction score accounting for 54% of responses.

While a focus on customer metrics is laudable, it should be noted that first-contact resolution rate was identified as being the key CX metric for senior management by only 6% of respondents.

This is important as both customer and business surveys show clearly that first-contact resolution is the most important factor in influencing customer experience.

Figure 10: CX metric upon which the Board / senior management most judge the success of the CX programme

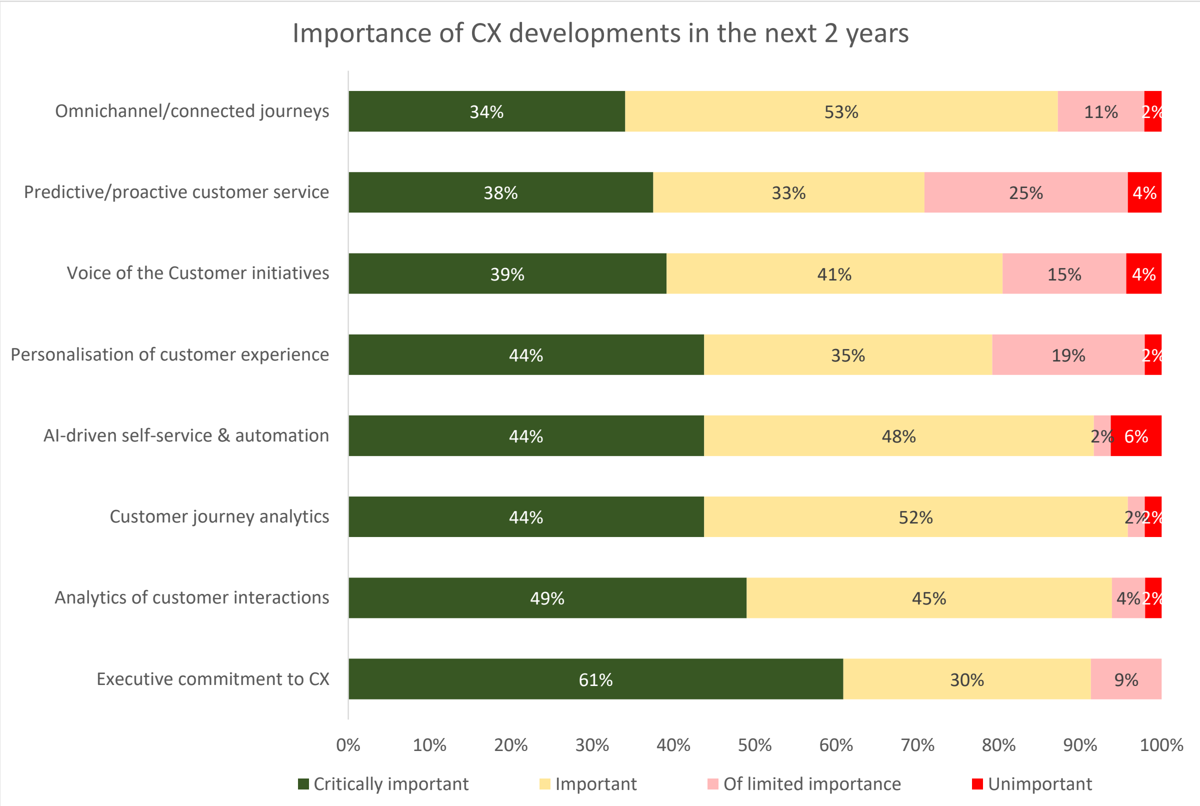


FUTURE CX STRATEGIES

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

Perhaps the most striking finding was that the most important factor determining the future success of the customer experience programme was not technology-related, but rather a requirement for the continuing and strengthening executive commitment to improving customer experience, without which the multi-departmental CX initiatives could not hope to succeed.

Figure 11: Importance of CX developments in the next 2 years



Business and consumer surveys carried out by ContactBabel show that while improving the customer experience is high on the agenda for many organisations, most businesses are still a long way from where they want to be.

Our 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 are currently more comfortable with live agent service, especially telephony-based, so there is no expectation that live telephony will become unimportant at any time in the foreseeable future.

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.

Organisations should consider rewarding agents for behaviours 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 programme and the business itself.

Businesses should find out more about their own customers' preferences rather than making assumptions, and get insight into what they actually value within an interaction.

In this way, CX strategies and 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.

ABOUT CONTACTBABEL

ContactBabel is the contact centre industry expert. If you have a question about how the industry works, or where it's heading, the chances are we have the answer.

We help US and UK contact centres compare themselves to their closest competitors so they can understand what they are doing well, what needs to improve and how they can do this.

The coverage provided by our massive and ongoing primary research projects is matched by our experience analysing the contact centre industry. We understand how technology, people and process best fit together, and how they will work collectively in the future.

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- The Inner Circle Guide to Self-Service
- The Inner Circle Guide to the Voice of the Customer

- The Australia & New Zealand Contact Centre Decision-Makers' Guide
- The UK Contact Centre Decision-Makers' Guide
- The US Contact Center Decision-Makers' Guide
- The UK Customer Experience Decision-Makers' Guide
- The US Customer Experience Decision-Makers' Guide
- Exceeding UK Customer Expectations
- Exceeding US Customer Expectations

- UK Contact Centre Verticals: Communications; Finance; Insurance; Outsourcing; Retail & Distribution; Utilities
- US Contact Center Verticals: Finance; Insurance; Outsourcing; Retail & Distribution.