

# *Customer Service Channel Trends Study*

A survey-based compilation of data and opinions of what channels are being used for customer service today, a comparison to last year, and recommendations and predictions for the future

2013



## Executive Summary

Compiling a yearly report on the state of customer service usage is a complex task. It is very easy to focus on the simple numbers of adoption for different technologies and miss the bigger trends.

In this second report we focus on both, the adoption and the trends, as captured in our research of over 400 qualified respondents from all over the world.

First, to focus on adoption and the key points:

- The rush to social that characterized the last two years is subsiding and slowly returning to normalcy. The main reasons for this slow-down are the failed delivery against expectations (as it usually happens with new technologies) and the surge of other areas that needed to be tended to before social could become better utilized.
- Mobile has replaced social technologies as the darling technology, with most organizations (more than those focused on social actually) trying to understand it. There is no simple solution to it, but our research through the next few months will try to uncover the nuances of this evolution.
- There is still a tacit lack of understanding of what communities are and what role they play, and the confusion comes from the many different successful implementations without cohesive elements. We still believe that communities have not yet reached the peak of adoption and there is a lot of value ahead, but also a need for better defined use cases.

Naturally the adoption of these new channels and technologies brings with it several changes to the future potential of customer service. The trends we noticed this year were:

- Renewed interest in knowledge management but not the traditional implementation of storing and searching for knowledge. Aligned with the interest in communities, the concepts of collective and collaborative knowledge have emerged to create new ways to generate, manage, use, and distribute knowledge.
- Customer experience is finally receiving the proper placement as part of customer service, versus a marketing function aimed at retaining customers, and investment is shifting towards making it more operational.
- The rise of digital channels (email, chat, and similar) continues with a nearly identical adoption of email and phone by organizations,

and a steady increase in the use of chat across functions. We expect to see this continuing as multi-channel implementations move to cross-channel tracking and reporting.

- Despite the rise of marketing buzz around omni-channel, there is a lack of understanding of its mission and placement in the organization. While more than 80% of respondents are moving in that direction, virtually none of them have reached it.

In addition to these trends and adoption issues, the perennial problems for customer service (justifying expenditures, finding the right metrics to measure performance and effectiveness, and how to correlate operations to KPIs and corporate strategy) remain high in the list of those we spoke to.

Although it may seem that little has changed, other than new channels and technologies, we are seeing a more strategic, mature, and better funded customer service function that is ready to change their operations to help the organization achieve their goals.

This is a new perspective, far from the traditional customer-service-as-a-cost-center that has plagued it many decades. We will report next year on the progress on this journey.

## Introduction

When we first set out to research the state of the customer service market in 2012, we made sure to build a survey we could repeat each year to track changes in the evolving topics of customer service.

In this second edition, we are starting to notice those changes.

We interviewed more than 400 practitioners (about the same number as last year) and asked questions spanning from organizational tactics to results. We followed up with conversations in some cases, and compared and contrasted the data to last year (where appropriate). Our methodology is in Appendix A; the entire result set is in Appendix B.

This year's most interesting findings:

- Social customer service failed as promised; not many are in a rush to implement it right now
  - Communities are still a mystery; we continue to investigate them, trying to find a value proposition
  - Tried-and-proven is good; we are going back to what works best
  - Despite multiple marketing dollars invested in customer experience, omni-channel and similar terms – customer service continues to be a tradition-driven “science” – we don’t adopt new concepts unless they are well explained and tested
- *Social Customer Service failed as promised*
  - *Communities are still a mystery; we continue to investigate them*
  - *Tried-and-proven is good; we are going back to what works best*
  - *Customer service continues to be a tradition-driven “science”*

This is in contrast with the key findings from last year, which can be synthesized in the following paragraph from that report:

*“It is clear: Social media hit the business world like a tornado, and the survey tells us that there aren’t many businesses out there that aren’t experimenting with some form of social engagement with their customers.”*

In the next few pages, we explore the principal findings, interesting crosstabs, and historical trends worth mentioning and what we see as trends for the future.

## Summary of Findings

As we did last year, we collected more information than we can analyze. Considering demographic breakdowns, the correlation between different questions that was built in and the surprising correlations we did not expect to see, there is no possible way to cover all the information we collected in one report.

And, as last year, we prefer to focus our attention on those items we deemed to be more representative of the current state of the customer service market.

What follows are the six most interesting insights we collected from the report after we cross-tabbed them to ensure there was no bias from any particular demographic group.

We focused our analysis in the topics and items that are most commonly discussed in the world of customer service; complete data results can be found in Appendix B, but we have omitted cross-tab data to keep this report at a manageable size.

Let's begin to explore where customer service is in 2013.

### *Customer Experience is Part of Customer Service*

There is a common misconception that Customer Experience is the responsibility of marketing departments; it has been broadly stated that CMOs and marketing departments across the world are the ones in charge of customer experience initiatives.

We asked two correlated questions to find out if that was true. First, we asked which department was responsible for customer service. In a follow-up question, we asked which department was in charge of customer experience initiatives, using the same answers as in the previous question to make sure we could correlate the answers.

The data from those questions is included below.

Which department has budgeting and political power over customer service?		
Answer Options	Response Percent	Response Count
customer service department	40.8	168
Marketing	5.3	21
Sales	6.5	26
Operations	19.6	80
IT	4.1	16
Other (please specify)	23.7	97
<b>answered question</b>		<b>408</b>

There is a misconception that customer service departments are dependent on marketing (or even sales in some instances). When asked, our respondents told us otherwise.

**Q:** Which department has budgeting and political power over customer service?

40.8 % said Customer Service

23.7% said Other (within those answers, however, were many different corporate names for customer service)

19.6 % said Operations

Which department is responsible for Customer Experience initiatives?		
Answer Options	Response Percent	Response Count
Marketing	14.3	58
customer service	46.1	189
Sales	6.5	26
Operations	12.2	50
IT	2.0	8
Other (please specify)	18.8	77
<b>answered question</b>		<b>408</b>

The first interesting data point we observed was that nearly 20 percent of customer service departments were significantly controlled by Operations. This is a trend we began seeing almost four years ago as many customer service operations are more closely related to operational tactics than strategic ones (as with Marketing and Sales).

The reason this is important is that when we were able to correlate those two departments as a) owners of customer service operations and b) responsible for customer experience initiatives, we found a very interesting (and different) state of affairs.

Indeed, nearly 65 percent of customer experience implementations are run by customer service<sup>1</sup> or operations<sup>2</sup>.

This is in line with the assumption that most customer service people rely on — more than 60 percent of interactions between a customer and an organization happen via the customer service department<sup>3</sup>, making the responsibility for customer experiences part of customer service operations.

This data point is interesting for two groups of people: those planning customer experience budgets and those that are deploying and looking for the most likely place where customer experience initiatives can succeed. Customer service has a better understanding of what experiences the customers are looking for, not what the company should offer, and thus is a good place to begin.

<sup>1</sup> Where customer service is part of operations

<sup>2</sup> Where customer service is part of them, but they responded customer service to question number five

<sup>3</sup> This is an aggregated statistic from many years of working the customer service department and spans B2B, B2C and industries.

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## Phone and Email are No. 1

A long-standing debate exists among customer service practitioners over which is the “default” channel where customers always know they can get customer service. The phone has always been the best staffed and fastest (read also, cheapest, in relation to latency to answer) channel available.

Data shows that it remains the channel where more than 50 percent of interactions happen and where customers can count on getting an answer<sup>4</sup>. We have seen email emerge as a channel to give customers a choice of channels to use as backup when everything else fails.

“The data shows that phone and email are virtually equal in adoption by customer service departments today.”

Phone 96%

Email 93.6%

Web Self-Service 71.7%

Face-to-face 70.8%

What channels does your organization use for customer service? Please select all that apply		
Answer Options	Response Percent	Response Count
Phone	96.3	396
IVR	52.1	214
Email	93.6	385
Web self-service (desktop)	71.7	295
Web self-service (mobile)	38.8	159
Self-published service app for mobile devices	18.7	77
Kiosk	15.5	63
Face-to-face	70.8	291
Chat (including co-browse)	13.7	56
Chat (without co-browse)	12.8	52
Chat (automated via virtual assistant)	4.6	18
SMS (texting)	27.4	112
Twitter	44.3	182
Facebook	53.4	220
Linked In	16.9	69
Branded community, closed	8.7	35
Branded community, open	7.3	30
Pinterest	4.6	18
Open communities	3.7	15
None	0.0	0
<b>answered question</b>		<b>412</b>

The data shows that phone and email are virtually equal in adoption by customer service departments today. We made sure to remove any bias in these responses, so this is a showing across all industries and interaction models.

This is a very important planning point for customer service organizations for two reasons: a) reliability and b) automation.

<sup>4</sup> <http://hbr.org/2010/07/stop-trying-to-delight-your-customers>

The reliability of email is stagnant around 81 percent<sup>5</sup>, which means that 1 out of every 5 emails sent are not received (either misclassified as spam or not delivered for a multitude of reasons). Even among those that are received, latency (the time it takes to deliver an email) is not guaranteed (although always assumed).

Automation is a far more complex problem. Another data point that comes from the same table shows that Web self-service is becoming a more commonly adopted channel (see next section for more details) and accuracy rates are climbing steadily (something confirmed during our follow-up conversations on these topics).

The problem with higher levels of accuracy is that it conditions the consumer to expect the same results in other channels (see our section on omni-channel later in this report). As email becomes the more common channel after the phone, consumers are going to expect faster and more accurate responses<sup>6</sup>.

### *Web Self-Service Overtakes Social Channels*

As proven with the data in the previous table, more than 70 percent of organizations have already implemented Web self-service (and almost 40 percent have done so for mobile devices – more on that later). The rise of all self-service is a topic we discussed in detail during our follow-up conversations because of the already existing rate of self-service and also because of the rapid growth of self-service.

In addition to asking what channels were already implemented, we also wanted to know which channel respondents had implemented last (we also correlated the answers in these two questions for later comparison). The data of the latest channel implemented is in the following table.

What was the last channel you implemented?		
Answer Options	Response Percent	Response Count
Phone	1.8	7
IVR	7.8	32
Email	3.7	15
Web self-service (desktop)	14.2	58
Web self-service (mobile)	11.9	49
Self-published service app for mobile devices	6.4	26
Kiosk	1.4	5
Face-to-face	0.9	3

<sup>5</sup> <http://www.dmnews.com/study-email-deliverability-rates-stagnate-at-81/article/212542/>

<sup>6</sup> For organizations, the better answer to this trend is to implement better email response management systems (ERMS).

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(...)

“The problem with higher levels of accuracy is that it conditions the consumer to expect the same results in other channels (...). As email becomes the more common channel after the phone, consumers are going to expect faster and more accurate responses<sup>5</sup>.”



Chat (including co-browse)	2.7	11
Chat (without co-browse)	5.9	24
Chat (automated via virtual assistant)	1.4	5
SMS (texting)	4.1	16
Twitter	10.5	43
Facebook	12.3	50
Linked In	1.4	5
Branded community, closed	3.2	13
Branded community, open	0.9	3
Pinterest	0.9	3
Open communities	0.5	2
None	5.5	22
Other (please specify)	2.7	11
<b>answered question</b>		<b>403</b>

“(…) there are two clear front-runners: [for implementing new channels:] social channels and self-service.”

Twitter 10.5%

Facebook 12.3%

Web self-service (desktop)  
14.2%

Web self-service (mobile)  
11.9%

As you can see from this table, there are two clear front-runners: social channels and self-service.

We did some further digging with people who had already implemented each channel and those that were implementing new channels, and we also looked at the historical trending. This data shows a very important change in customer service. We are reverting away from social channels as the fastest and largest number of implementations and focusing more on what we know works — Web self-service has shown the best promise and is getting the most investment.

Follow-up conversations with practitioners also confirmed what the data shows — Web self-service deployments and implementations (even those that resumed after the focus on social this past year) have become the largest investment area for customer service departments. They have proven to work, and they are receiving more attention.

### *Evangelizing Omni-channel*

One of the topics that we set out to discover this year was whether organizations and practitioners were already on board with the concept of omni-channel. What we found out was pretty much in line with what we expected: it is too early for them to focus on it.

Alas, the main problem we found (both outside of this research project as well as those people we tapped for follow-up discussions) was the lack of definition of omni-channel. Indeed, there is confusion between multi-channel and omni-channel – and this is the biggest hindrance to its adoption.

We all understand single-channel as it is the origin of all customer service. Customer service was provided person-to-person, over the phone via call

center, or (in the case of more modern companies) via email or chat or any other single-channel. Even as we grew operations and added new channels (e.g. from call center to simple contact center supporting email) we continued to support the channels separately as single-channel. This was done partly by lack of understanding by call centers of what a contact center did as well as by not having available methods to share resources and technologies.

As we began to evolve customer service and added more channels (and found ways to share the underlying technologies and solutions – like knowledge bases and rules servers) the concept of multi-channel began to emerge. Either as a fully integrated solution where all common components are leveraged and shared or as a collection of single-channel solutions that share some components in different ways, multi-channel became the definition of a contact center that had more than one channel operating successfully, had some integration between them for supporting tools and components, but was not yet fully operational as a single solution for all channels.

The concept of operating all channels as one always lacked one component: a single, combined, all-encompassing data model that allowed a transaction to be tracked across all channels and all interactions. If, for example, a customer started at the web site to find marketing information about a product, continued with an email asking for clarification of pricing, a phone call to further clarify an obscure point in the literature, then purchased the product via a third-party eCommerce site and came to a physical store for technical support in their minds that is one interaction, one experience. For the organization that would be a minimum of five interactions (and in some cases, a much scarier multiple of that).

Closing this gap between expectations and delivery is where the idea of omni-channel becomes attractive. There are two parts to delivering to this model and the first one is the technology necessary to make it happen behind the scenes. This has been solved by leveraging and aggregating common components before – but usually falling short at cross-channel tracking. Implementing the ability to use a single, common data model that pulls in data from multiple systems and interaction and maintains them as a common interaction is the first challenge – omni-channel cannot happen before cross-channel integration exists in the contact center. We are just beginning to see implementations of cross-channel tracking and the initial results are encouraging.

Once cross-channel tracking is present, organizations can then focus on using that data and technology model to deliver to customers' expectation

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of a single, cross-channel, and cross-interaction experience based on intent (the second of the portions of omni-channel).

If you think that omni-channel is as simple as delivering across channels, go back and read the paragraph above: it needs to be based on intent (thus, changing at each experience), based on previous and future predicted interactions (while keeping them together as one – whether it is a new one or a continuation of a previous one), and play equally across all channels (while realizing there are differences between channels that may not allow for equal delivery of all interactions across all channels).

The complexity of an omni-channel delivery is just barely starting to be addressed by organizations, and it is mostly the lack of understanding on their side of the myriad complexities associated with it that makes it slow going. As one of the respondents of the survey told us when we followed up, just the idea of understanding what differentiates one interaction from the other based on intent causes a migraine.

Technology is available (hint: it requires multiple vendors from different technology sections) and desire is there – the lack of tangible methodologies and use cases (or even better, case studies and lessons learned) is what is causing it to not be fully adopted in real life. Even if the organization can get past the lack of information and the complex technical aspects, political considerations and infighting are the next challenge to overcome – how to make different departments or business units work together towards a common goal.

Our survey showed that only a handful of people are working on implementing omni-channel, while a large number (still short of mainstream adoption at one-third of the market) is doing something about it. This is a good start. The next best step is to evangelize and agree on a common concept of what omni-channel means so we can focus on growing adoption, finding lessons learned, and write the case studies that will help push adoption to higher levels.

At the end, the message to get across is that by implementing a two-stage omni-channel solution (infrastructure for the organization and software solutions to deliver to customers' expectations) is getting the organization closer to the three R's that encompass the organization-customer relationship in this age of the customer: Right answer; Right channel; Right time.

### *Omni-Channel is Not Omni-Present*

The past few years have seen the emergence of the concept of omni-channel, a term meant to represent any channel, any interaction, any time,

“If you think that omni-channel is as simple as delivering across channels, [think again]: it needs to be based on intent (thus, changing at each experience), based on previous and future predicted interactions (while keeping them together as one – whether it is a new one or a continuation of a previous one), and play equally across all channels (while realizing there are differences between channels that may not allow for equal delivery of all interactions across all channels).”

(...)

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with one common experience and consistent tracking across all interactions. According to supporters of this term, the need for omni-channel implementations is a result of more customers “hopping” between channels and using more than one channel at the same time to accomplish what they need.

We wanted to find out how customers were receiving this new term and find out what their plans were for it. We asked them about their implementations, from single-channel to omni-channel, and the answers were interesting.

“(…) the vast majority (more than two-thirds) of respondents don’t have an integrated multichannel solution deployed. That by itself counters the option of omni-channel even before it starts: no organization can monitor cross-channel integration and movements if their channels are not integrated.”

<b>Which statement best reflects all channels you deployed for customer service?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
They are mostly working in silos.	22.4	92
There is haphazard integration for common components (if needed).	19.2	79
There is a strategy for multichannel integration, not yet deployed.	24.7	101
We are deploying multichannel integration.	18.7	77
We are fully multichannel integrated.	7.8	32
We are starting to look at omni-channel.	4.6	18
We are implementing omni-channel.	2.3	9
We implemented omni-channel.	0.5	2
<b>Answered question</b>		<b>410</b>

There are two items that are quite interesting: first, the vast majority (more than two-thirds) of respondents doesn’t have an integrated multichannel solution deployed. That by itself drowns the notion of omni-channel even before it starts: no organization can monitor cross-channel integration and movements if their channels are not integrated.

The second is the most obvious point that not even one out of 10 organizations are on the path to adopt and deploy omni-channel<sup>7</sup>. Indeed, this is a validation that, at the time, there is no widespread adoption of omni-channel. The evangelization of omni-channel as described in the section above is the best step forward right now.

Even further, as we assumed that omni-channel and even multichannel were not as widely implemented as the organizations think, we asked them a follow-up question related to their readiness to deploy omni-channel. We

<sup>7</sup> This was before we talked to the ones that are doing it. Their definitions vary wildly – most of them are repetitions of multichannel deployments.

asked how well prepared their processes were to deal with the demands of an omni-channel implementation.

Can users get similar experiences across all channels offered by your organization?		
Answer Options	Response Percent	Response Count
Yes	24.2	99
No	9.1	37
Not yet, but we are working toward that	56.6	233
That is not our strategy or intent	3.2	13
Cannot answer at this time	6.8	28
<b>Answered question</b>		<b>410</b>

In this question, we see that, although only one-fourth of the respondents are prepared, a large number of the remaining group is already underway to prepare their deployments to support omni-channel.

### *Benefits are Becoming More Apparent*

Justifying deployments and new implementations is a daily routine for customer service departments. Virtually no strategies or plans will get approved for deployment without a business plan attached to it. Of course, in a department with deep roots as a cost center, benefits of a deployment rule over any other part of the justification. And, as such, there is a deep interest in finding out what the benefits are before almost anything else.

Traditionally, and this still is the case today, justifications are made on the basis of reduced cost via reducing the number of interactions, making them shorter or automating the resolution while putting the effort on the customer to find their answer. As a default cost-saving reason, most business plans for customer service include deflected calls as the No. 1 goal and benefit.

Last year's survey spoke to this trend by putting call deflection as the No. 1 benefit. That also coincided with the traditional reason for deploying any channel. However, we found a different story this year<sup>8</sup>.

When asked to justify their deployments by the benefits they received, the largest number of votes in the primary benefit was faster performance (across the channels), and the secondary benefit was reduced costs.

When questioning the respondents about this, their answers were mostly around the same concept — management is no longer interested in cost-

<sup>8</sup> The same question was asked twice, once to determine the primary benefit and following to determine the secondary benefits.

"This shift to customer centricity and effectiveness over efficiency (delivering the right answer, at the right time, via the right channel) is something we have been observing for the past three-to-five years, and it can be attributed, more than anything, to the rise of social networks and online communities – and the start of the "age of the customer." Indeed, when customers rule the interaction flow and speed, as they are doing now, organizations must quickly become customer-centric."

savings only (although it still counts), instead focusing on delivering better and faster answers to the customers<sup>9</sup>.

This shift to customer centricity and effectiveness over efficiency (delivering the right answer, at the right time, via the right channel) is something we have been observing for the past three-to-five years, and it can be attributed, more than anything, to the rise of social networks and online communities – and the start of the “age of the customer.” Indeed, when customers rule the interaction flow and speed, as they are doing now, organizations must quickly become customer-centric.

Last year’s survey referenced customer satisfaction as the leading benefit. This year’s is focused on something that is easier to measure — better performance. This is definitely going in the right direction, away from efficiency – and definitely easier to measure without resorting to the volatility of customer satisfaction.

### *Mobile is Quickly Rising*

For the first time this year, we asked about mobile channels. This was driven by the quick adoption of mobile devices (smartphones, tablets, “phablets,” etc.) by consumers and organizations alike. Although it is too early to make wide statements about the state of mobile in customer service, we wanted to know who was adopting, what they were doing with it and to tell us some of the early lessons they learned.

<b>Do you think is a good thing you for your organization to provide customer service over</b>					
<b>Answer Options</b>	<b>Yes</b>	<b>No</b>	<b>Don't know yet</b>	<b>Not deployed yet</b>	<b>Response Count</b>
Social Channels	284	22	68	36	410
Mobile Channels	301	12	37	60	410
<b>Answered question</b>					<b>410</b>

<b>Do you think is a good thing for your CUSTOMERS to provide customer service over</b>					
<b>Answer Options</b>	<b>Yes</b>	<b>No</b>	<b>Don't know yet</b>	<b>Not deployed yet</b>	<b>Response Count</b>
Social Channels					
Mobile Channels	276	32	76	28	412
<b>Answered question</b>	<b>294</b>	<b>21</b>	<b>48</b>	<b>49</b>	<b>412</b>

The first thing we asked was whether it was a good idea, for the organization and for the customers, to provide service via mobile devices.

<sup>9</sup> Effectiveness over efficiency is a common element in customer centricity

More than three-quarters of organizations think it is a good idea for the organization and for customers to provide customer service via mobile.

Although the numbers are close, this is 5-8% higher than for social channels this year (and comparable to the interest in social last few years).

Based on the experience with social channels (which is slightly lower), we expect to see a large number of organizations try their luck at mobile channels through the next 2-4 years.

“The final statistic on mobile is very telling on how early it is in this area: less than one-fourth of the respondents have been offering mobile customer service, and only 10 percent have been doing it for more than two years.”



When we asked the same question last year for social, the response was an overwhelming yes, almost 90 percent of respondents said it was good for both.

The data for mobile is similar. While the numbers for social have gone down slightly, the value and benefits that social brings is what makes it more interesting. We also asked the questions about primary and secondary benefits for mobile (as we did for social), and found that there is a deeper understanding of the value that mobile can bring.

Although more than 40 percent of respondents have not yet implemented mobile channels for customer service, among those that did the answers of benefits were more interesting as cross-tabs than taken directly as provided. While there was a similar distribution of answers (i.e. increased performance and reduced costs were the most quoted), when we started looking for patterns that differentiate the answers, we found that an additional 20 percent that have deployed mobile channels encountered an increase in first-call resolution.

Follow-up conversations with some of those customers said that it was totally unexpected as a benefit, but, best as they can tell, customers who use mobile devices for customer service tend to do so in a self-service manner – thus finding their own information (or completing their own transactions). As a result, the number of first-try (when customers do it) or first-call resolution increases.

While there is still plenty of room to grow in mobile (including the use and measurement of mobile agent applications, which field service has been promoting and using for many years, and the use of mobile-device features, such as location and other functions), we are seeing encouraging first steps and first measurements.

The final statistic on mobile is very telling on how early it is in this area: less than one-fourth of the respondents have been offering mobile customer service, and only 10 percent have been doing it for more than two years.

Following cross-tabbing analysis and discussions with some of those respondents, we found that the vast majority, if not the entirety, of them are in financial services organizations, and their use of mobile is to provide applications for smartphones and tablets to their customers. While certainly innovative, this is the same as when ecommerce and Web self-service first started and banks were the first ones to offer eBanking.

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In other words, they are doing it – but they are always the early adopters of these technologies, just not the most innovative<sup>10</sup>. We expect to see a significant adoption and increase in innovation as we learn more about the usage and benefits of mobile devices.

<b>How long has your organization been providing customer service using:</b>					
<b>Answer Options</b>	<b>Less than 6 months</b>	<b>Between 6 months and 12 months</b>	<b>Between 12 and 24 months</b>	<b>More than 24 months</b>	<b>We have not started yet</b>
Social Channels	62	56	114	86	94
Mobile Channels	64	62	73	38	172
<b>Answered question 412</b>					

Just one-fourth (roughly) of respondents have not started with social channels while around forty percent of them have not started with mobile. Considering the relative young age of both movements, these are impressive adoption numbers.

<sup>10</sup> The mobile applications they launched are replicas of their Web-based applications, which, in turn, are replicas of transactions that can be achieved at the branch.



## Changes From Last Year

Although the survey was not written to monitor changes over the years, rather to compare adoption and best practices as they evolve for the many aspects of customer service, some interesting revelations showed up in the data and when talking to users during follow-up conversations.

Markedly, the following insights emerged from this research project:

### Changes from last year:

- Chat and Web self-service are trumping social and communities for implementation
  - We still don't understand communities
  - Mobile is up-and-coming
  - Knowledge management is back
  - Social interest is waning
- Chat and Web self-service are trumping social and communities for implementation. There was a short 2-to-3-year timeframe when social was a) cheaper, b) faster and c) supposedly better to deploy (not to mention demand from customers), but the lack of measurable and correlated results moved the money and resources to channels that are better understood.
  - We still don't understand communities. Despite a flurry of community implementations in the past few years, driven by promising results in certain segments and industries, we still have not managed to fully understand what they can do, and how and why they are interesting to implement. Further, the distinction between social networks and communities (social networks are a form of online communities and should be managed accordingly) is slowing down understanding and adoption of traditional communities.
  - Mobile is up-and-coming. Or maybe it is just wishful thinking. Mobile replaced social as the latest-and-greatest shiny object of our affections, but it is still very early. The implementation of generation-one mobile solutions (browser-based solutions that work on mobile devices mostly, or app-based solutions that replicate websites) is well underway, but we lack understanding of what mobile can do for customer service organizations in successive generations. Lots of promise, but little forward movement yet.
  - Knowledge management is back, likely due to the resurgence of Web self-service or hopefully due to the understanding of what communities and collaboration can bring to knowledge management. There is resurgence in interest and budget for knowledge management – but not the traditional form. Interest is more focused on new models and what is up-and-coming in different ways to generate and maintain knowledge (read: communities as the originators and servicers of collaborative knowledge).
  - Social interest is waning. To be fair, it is not the interest in social, but the concept that social networks by themselves represent channels that are different or better than others. Results from implementations of Twitter and Facebook (the two main social

channels) have been lackluster to say the least, and downright awful in some cases where more than half of inquiries go without acknowledgment and delay to respond is 10-to-20-times longer than other channels (and we are not even mentioning escalation rates, astronomical in most cases – more than 90 percent escalations). These results have pushed social channels down to “just another set of channels” for which we need to figure out best use cases.<sup>11</sup>

Alas, an entire book can be written on changes from one year to the next for a discipline, such as customer service, but that is not the intent of this report.

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<sup>11</sup> <http://www.slideshare.net/ekolsky/the-way-we-will-complain>

## Methodology

We conducted a survey online using SurveyMonkey during July, 2013. We requested participation via email, online resources and social media channels, and we received 432 responses. After cleaning out incomplete, repeated and obviously biased responses, we ended up with 412 qualified responses.

The questionnaire was repeated from 2012, with one-third of questions improved, based on feedback provided, or added to the survey. The survey from 2012 was very focused on social and did not have any information about mobile channels. We added questions about mobile channels (rather modified questions about social to ask similar questions on mobile channels). A few of the demographical questions were improved by increasing the granularity of the answers (e.g. instead of asking for 100-1,000 employees we ask for 100-200, 200-500, 500,1,000). We carefully monitored those questions to ensure that distributions remain close.

Demographically speaking, we added Australia, New Zealand and Asia to the email recipients. After separating and cross-tabbing the answers, we ensured that there is no significant bias by adding a new region to the responses. The deviations between that particular group and the rest of the survey questions are not significant enough in 90 percent of the questions. In those questions where we observed a geographical bias, we noted that when we used that particular data.

Following the initial analysis of the answers, we reached out to those individuals that offered availability for a follow-up conversation to throw more light into some of the answers we received. We conducted 38 follow-up calls or email exchanges across a multitude of data points. We used the information collected to expand the points made during the analysis, and we identified the areas where those conversations took place. We also complemented the analysis with our on-going research in the market.

We did not calculate the error rate since it is almost impossible to get an accurate number for the population of customer service employees. Rough estimates based on the number of employees in customer-facing functions, in corporations around the world and in corporations in those regions that were asked to participate yielded a range of 7.5-10.3% error rate. We use a rule of thumb that any error rate below 15 percent for business information surveys is acceptable. We know the survey is not scientifically valid as there is not a well-balanced distribution of demographic groups.

We stand behind the results as representative of the customer service market as it aligns with our 25 years of research in the market.

## Survey Data

1. How many employees in your company?		
Answer Options	Response Percent	Response Count
Less than 100	18.8%	77
Between 100 and 1,000	33.1%	136
Between 1,000 and 5,000	22.4%	92
Between 5,000 and 10,000	11.8%	48
More than 10,000	13.9%	57
<i>answered question</i>		<b>410</b>

2. Where is your organization headquartered?		
Answer Options	Response Percent	Response Count
North America (US, Canada)	32.7%	134
Latin America	0.8%	3
United Kingdom	18.0%	74
Western Europe	2.4%	9
Eastern Europe	0.0%	0
Middle East	0.4%	1
Africa	0.0%	0
Japan, Korea, China	1.2%	4
India	1.2%	4
Rest of Asia	0.0%	0
Australia, New Zealand	43.3%	178
<i>answered question</i>		<b>407</b>

<b>3. How many agents work in your contact centers?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Less than 50	56.3%	231
Between 50 and 200	24.5%	100
Between 200 and 500	7.3%	30
Between 500 and 1,000	4.9%	20
More than 1,000	6.9%	28
<i>answered question</i>		<b>409</b>

<b>4. Which department has budgeting and political power over customer service?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
customer service department	40.8%	168
Marketing	5.3%	21
Sales	6.5%	26
Operations	19.6%	80
IT	4.1%	16
Other (please specify)	23.7%	97
<i>answered question</i>		<b>408</b>

<b>5. Which department is responsible for Customer Experience initiatives?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Marketing	14.3%	58
customer service	46.1%	189
Sales	6.5%	26
Operations	12.2%	50
IT	2.0%	8
Other (please specify)	18.8%	77
<i>answered question</i>		<b>408</b>

**6. Where do you prefer to get information when making decisions about customer service (please select all that apply)?**

Answer Options	Response Percent	Response Count
Trade Shows	24.9%	102
Trade Journals (online)	40.4%	166
Trade Journals (print)	13.5%	55
Peers and Colleagues	67.8%	279
Vendors	36.3%	149
Analysts	42.9%	176
Consultants, Systems Integrators, and Advisors	55.5%	228
Other (please specify)	12.7%	52
<b>answered question</b>		<b>412</b>

**7. What channels does your organization use for customer service? Please select all that apply**

Answer Options	Response Percent	Response Count
Phone	96.3%	396
IVR	52.1%	214
Email	93.6%	385
web self-service (desktop)	71.7%	295
web self-service (mobile)	38.8%	159
self-published service app for mobile devices	18.7%	77
kiosk	15.5%	63
face-to-face	70.8%	291
chat (including co-browse)	13.7%	56
chat (without co-browse)	12.8%	52
chat (automated via virtual assistant)	4.6%	18
SMS (texting)	27.4%	112
Twitter	44.3%	182
Facebook	53.4%	220
Linked In	16.9%	69
branded community, closed	8.7%	35
branded community, open	7.3%	30
pinterest	4.6%	18

<b>7. What channels does your organization use for customer service? Please select all that apply (c)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
open communities	3.7%	15
none	0.0%	0
<b><i>answered question</i></b>		<b>412</b>

<b>8. When DECIDING whether to offer a new channel for customer service, who MAKES the decision?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Consultants advice	4.1%	16
We copy competitors	3.7%	15
Our partners ask or demand it	2.3%	9
Customers request it	6.8%	28
Research analyst report recommends it	4.6%	18
We carefully evaluate needs and demands against costs and complexity	72.6%	299
none of the above	5.9%	24
<b><i>answered question</i></b>		<b>409</b>

<b>9. When IMPLEMENTING a new customer service channel, who DRIVES the project?</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
End-users via co-creation projects	5.0%	20
End-users via surveys and market research projects	3.7%	15
Analysts and pundits via inquiries	1.4%	5
Consultants and systems integrators via consulting projects	9.6%	39
Internal team	75.8%	312
Other (please specify)	4.6%	18
<b><i>answered question</i></b>		<b>409</b>

10. What was the last channel you implemented?		
Answer Options	Response Percent	Response Count
Phone	1.8%	7
IVR	7.8%	32
Email	3.7%	15
web self-service (desktop)	14.2%	58
web self-service (mobile)	11.9%	49
self-published service app for mobile devices	6.4%	26
kiosk	1.4%	5
face-to-face	0.9%	3
chat (including co-browse)	2.7%	11
chat (without co-browse)	5.9%	24
chat (automated via virtual assistant)	1.4%	5
SMS (texting)	4.1%	16
Twitter	10.5%	43
Facebook	12.3%	50
Linked In	1.4%	5
branded community, closed	3.2%	13
branded community, open	0.9%	3
pinterest	0.9%	3
open communities	0.5%	2
none	5.5%	22
Other (please specify)	2.7%	11
<b>answered question</b>		<b>403</b>

11. For the LAST CHANNEL you implemented, did the benefits after deployment match your expectations?		
Answer Options	Response Percent	Response Count
Yes	38.4%	158
No	7.3%	30
Not Sure Yet	54.3%	223
<b>answered question</b>		<b>411</b>



12. Which statement best reflects all channels you deployed for customer service?		
Answer Options	Response Percent	Response Count
They are mostly working in silos	22.4%	92
There is haphazard integration for common components (if needed)	19.2%	79
There is a strategy for multi-channel integration, not yet deployed	24.7%	101
We are deploying multi-channel integration	18.7%	77
We are fully multi-channel integrated	7.8%	32
We are starting to look at omni-channel	4.6%	18
We are implementing omni-channel	2.3%	9
We implemented omni-channel	0.5%	2
<i>answered question</i>		<b>410</b>

13. Can users get similar experiences across all channels offered by your organization?		
Answer Options	Response Percent	Response Count
Yes	24.2%	99
No	9.1%	37
Not yet, but we are working towards that	56.6%	233
That is not our strategy or intent	3.2%	13
Cannot answer at this time	6.8%	28
<i>answered question</i>		<b>410</b>

14. How long has your organization been providing customer service using social?						
Answer Options	Less than 6 months	Between 6 months and 12 months	Between 12 and 24 months	More than 24 months	We have not started yet	Response Count
Social Channels	62	56	114	86	94	412
Mobile Channels	64	62	73	38	172	412
<i>answered question</i>						<b>412</b>

15. Are customer service processes well defined for						
Answer Options	Yes, same as for other channels	Yes, not as well as other channels	No	Working on it	We have not deployed yet	Response Count
Social Channels	80	88	50	108	84	410
Mobile Channels	77	66	28	86	153	410
<i>answered question</i>						<b>410</b>

16. Do you think is a good thing you for your organization to provide customer service over					
Answer Options	Yes	No	Don't know yet	Not deployed yet	Response Count
Social Channels	284	22	68	36	410
Mobile Channels	301	12	37	60	410
<i>answered question</i>					<b>410</b>

17. Do you think is a good thing for your CUSTOMERS to provide customer service over					
Answer Options	Yes	No	Don't know yet	Not deployed yet	Response Count
Social Channels	276	32	76	28	412
Mobile Channels	294	21	48	49	412
<i>answered question</i>					<b>412</b>

18. What was the PRIMARY benefit experienced when using									
Answer Options	Reduced Cost of Transactions	Faster Response Time	Higher First Call Resolution	Deflected Call Center Calls	Deflected Contact Center Interactions	We have not yet figured it out	We did not get benefits from the deployment	We have not deployed yet	Response Count
Social Channels	40	100	8	42	18	86	18	100	412
Mobile Channels	45	70	16	33	33	45	4	166	412
<i>answered question</i>									<b>412</b>

19. What was the SECONDARY benefit experienced when using									
Answer Options	Reduced Cost of Transactions	Faster Response Time	Higher First Call Resolution	Deflected Call Center Calls	Deflected Contact Center Interactions	We have not yet figured it out	We did not get benefits from the deployment	We have not deployed yet	Response Count
Social Channels	77	44	38	26	28	87	16	92	408
Mobile Channels	75	36	39	32	19	49	2	156	408
<i>answered question</i>									<b>408</b>