

# Your Customers Are Demanding Omni-Channel Communications. What Are You Doing About It?

## Executive Summary

Consumers are changing how they communicate in their daily lives. Text-based communications via mobile devices, and the social Web in particular, are being used more and more by consumers as an avenue for making purchases, doing research, and engaging companies for customer service-related issues. In addition, customers expect omni-channel communications. They don't want to be constrained to a single communication channel but want to start communications on one channel and move to another without having to restart the conversation. The exploding number of communication channel options enables consumers to be ever more empowered and vocal in their interactions with companies. This fundamental shift is also making it increasingly difficult to deliver customer experiences in-line with customer expectations. This Technology Adoption Profile (TAP) explores current customer experience trends, including executive goals, customer experience strategy, and challenges to better align customer experience strategy with customer service operations. It also examines how US enterprises plan to use customer service to respond to changing customer needs and priorities.

## Customer Experiences — Increasingly Important, Yet Hard To Get Right

Forrester Research defines the customer experience as the sum of all experiences a customer has with a company over the duration of their relationship — including awareness, discovery, attraction, interaction, purchase, use, customer service, and advocacy. Good experiences, in-line with customer expectations, are no longer a nice-to-have for customers. It's expected. And, when expectations are not met, customers are happy to seek out your competitors. At Forrester we are calling this time the "age of the customer," where focusing on customers has become the most important strategic imperative. In fact, 92% of companies include customer experience on their list of top strategic priorities, with 23% indicating that it is their primary strategic priority.<sup>1</sup>

Why are great customer experiences so important to a company? Because they are a way to differentiate a company's products and services from those of its competitors: 40% of companies agree with this statement, and another 16% go a step further and rely on customer experiences as a way to differentiate themselves from all companies across all industries.

Companies that deliver experiences in-line with customer expectations profit from this focus. Good customer experiences lead to satisfied, loyal customers who spend an increased lifetime wallet share with these companies. This return on investment for customer experiences can be quantified by correlating customer loyalty and experience over three dimensions: increased cross-sells and upsells, reluctance to switch away from the brand, and recommendations to family and friends.<sup>2</sup>



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Conversely, poor customer experiences lead to cost overruns. For example, 75% of the time, customers will move to another communication channel when unable to find answers to their questions over the first channel, incurring recontact costs that can reach into the millions of dollars.<sup>3</sup> In addition, customers are increasingly vocal about poor customer experiences, which are amplified by social media and can lead to increased customer defection and brand erosion.

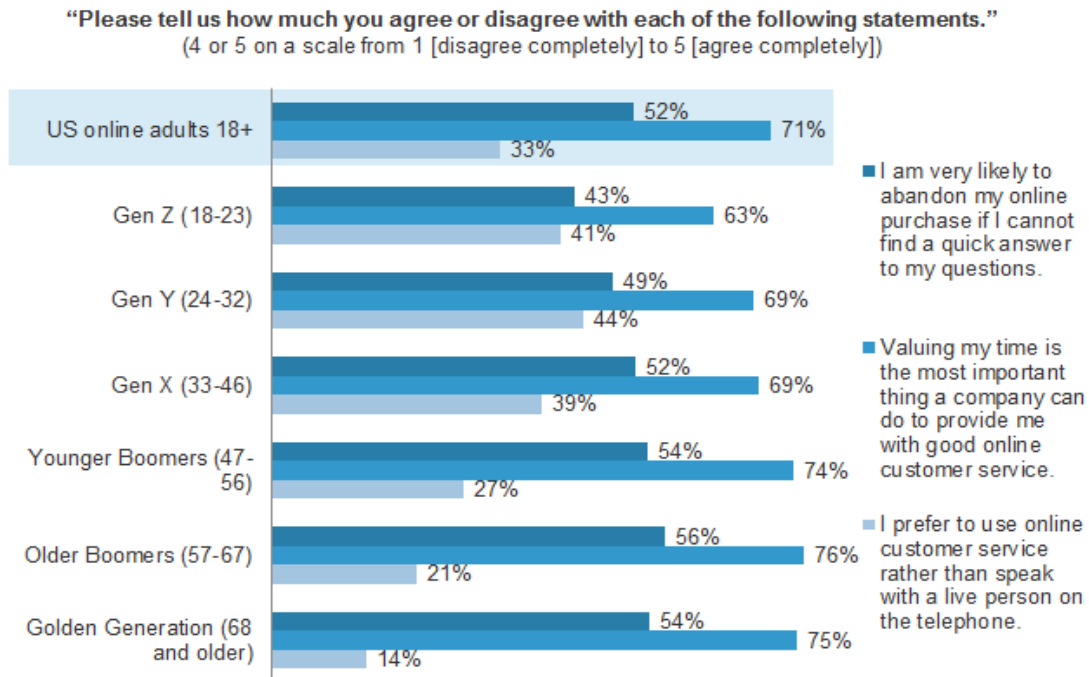
### Few Companies Meet The Challenge Of Delivering Good Customer Experiences

Even though companies know that they can reap quantifiable business benefits by focusing on customer experiences, few are able to deliver. In 2012, Forrester reported that only 39% of companies earned an “excellent” or a “good” customer experience index rating — an index that measures the ease, usefulness, and enjoyment of doing business with a company. Almost two-thirds of brands were rated as delivering an “OK” to “very poor.”<sup>4</sup>

Why is that the case? It’s because many companies have not been able to align the experience that they deliver to changing customer demand. With customer service being the cornerstone of many companies’ customer experience strategy, it’s important to focus on what customers expect out of a successful customer service interaction.

Customers expect value-added, effortless customer service: 52% of consumers say that they will abandon an online purchase if they can’t find a quick answer to their question; 71% say that valuing their time is the most important thing a company can do to provide them with good service; and more than a third say that they would prefer to use online channels rather than speak to a live agent (see Figure 1).

**Figure 1**  
Customers Demand Effortless Customer Service From Companies For Optimal Engagement



Base: 7,440 US online adults 18+

Source: North American Technographics® Customer Experience Online Survey, Q4 2012 (US)

Customers also expect to be able to use a range of communication channels for customer service, which varies by demographic (see Figure 2). Today, 67% of respondents use web self-service, 43% use online chat/instant messaging, and 32% use online communities for customer service. Forrester's data shows that channel usage has changed significantly over the past few years. Phone usage has remained constant, while the use of text-based and social channels has increased. It's important to note that some channels that customers currently use, such as virtual agents, screen sharing, SMS, and click-to-call, had minimal or no usage just three years ago. Customers also expect to be able to start a conversation on one communication channel and continue it on another — otherwise known as an omni-channel interaction — without having to restart the conversation. This explosion of channels and omni-channel communications makes the goal of delivering an effortless and consistent customer experience more complex and challenging than ever (see Figure 2).

**Figure 2**

Customers Are Using An Increasingly Broad Array Of Customer Service Channels, Which Varies By Generation

	Online US adults	Gen Z (18-23)	Gen Y (24-32)	Gen X (33-46)	Younger Boomers (47-56)	Older Boomers (57-67)	Golden Generation (68+)
Telephoning a company and speaking to an agent	73%	75%	76%	71%	73%	71%	71%
Help or frequently asked questions (FAQs) on a company's website	67%	76%	72%	69%	66%	60%	52%
Sending an email to customer service	58%	69%	66%	60%	55%	51%	44%
Instant messaging/online chat with a live person	43%	57%	56%	47%	36%	28%	29%
Click-to-call	33%	50%	43%	34%	26%	22%	19%
Online forum or community with other customers	32%	56%	47%	33%	23%	17%	11%
Screen sharing (e.g., allowed an agent to help you by sharing your computer screen remotely)	30%	46%	40%	31%	22%	20%	20%
Virtual agent	28%	46%	41%	30%	21%	15%	14%
Sending a mobile/SMS message to the company requesting assistance	24%	44%	37%	27%	16%	9%	7%
Contacting a company using Twitter	22%	43%	33%	25%	13%	9%	8%

Base: 7,440 US online adults 18+ who have used any customer service method within the past 12 months

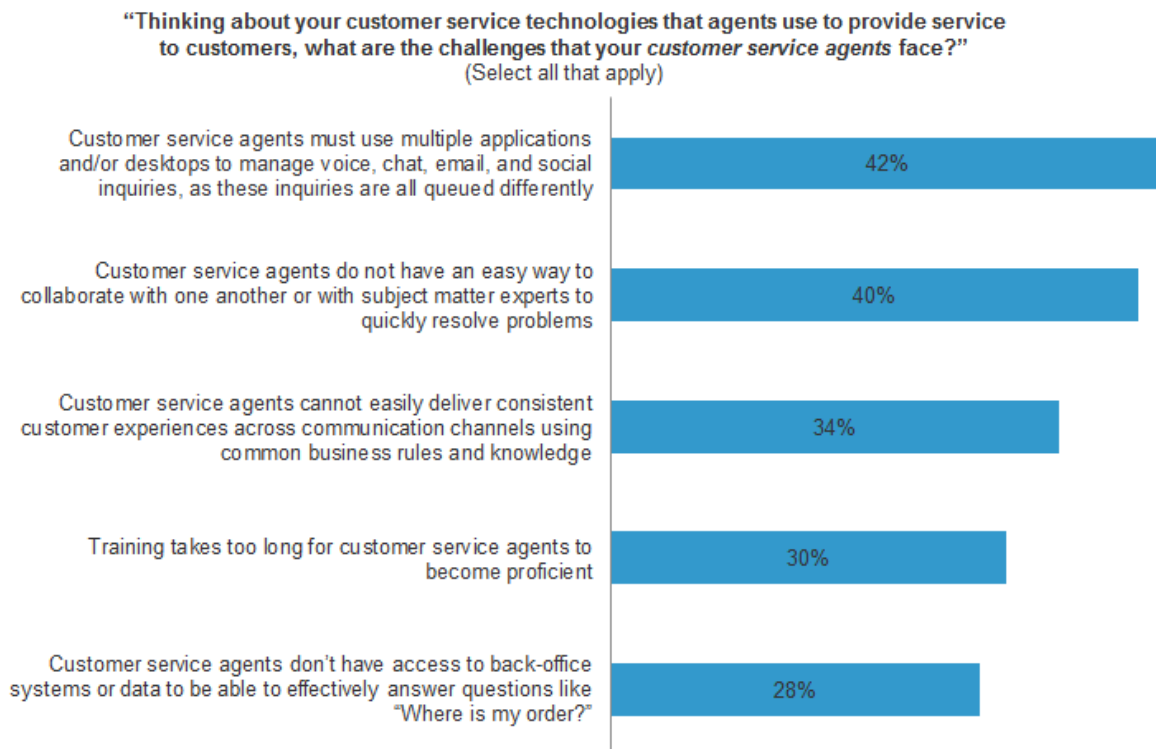
Source: North American Technographics Customer Experience Online Survey, Q4 2012 (US)

Customer service organizations today struggle with outdated customer service technology ecosystems and managerial procedures that don't let them quickly adjust to changing customer expectations. Customer service agents — the frontline providers of customer service — struggle to use multiple applications during a single customer interaction, which increases agent effort in addressing customer questions. This impedes their productivity and forces them to focus on their tool set to locate a customer's profile, the products and services that the customer previously purchased, the customer's prior transaction and interaction history, and the customer's

case history instead of paying attention to the customer’s conversation. A third of companies say that their agents simply lack the required access to back-office systems to address all the questions customers have throughout an interaction, such as “Where is my order?” And 40% of agents struggle to resolve problems quickly due to poor collaboration with peers or subject matter experts, incurring customer frustration and increased costs (see Figure 3).

### Figure 3

Customer Service Agents Are Not Empowered To Deliver Customer Experiences In-Line With Customer Expectations



Base: 50 customer experience decision-makers from firms with 5,000 or more employees

Source: A commissioned study conducted by Forrester Consulting on behalf of KANA Software, March 2013

### Focus On Your Customer Service Strategy First, Then Choose Technology Wisely

Companies are increasingly looking at enhancing their customer service experience in order to stay competitive in an increasingly difficult business climate. This is a shift in focus for many companies, as historically, customer service organizations have been managed as cost centers and strategy was disconnected from other operations. This shift is evident in the results of the recent study by Forrester, commissioned by KANA Software, in which 60% of respondents said that their customer experience strategy and their customer service strategy were well aligned, and another 34% said that they were in the process of aligning their customer experience and customer service strategy — a necessary first step in delivering consistent experiences across all customer touchpoints (see Figure 4).

**Figure 4****Company And Customer Service Strategies Must Be Aligned For Successful Customer Experience Outcomes**

Base: 50 customer experience decision-makers from firms with 5,000 or more employees

Source: A commissioned study conducted by Forrester Consulting on behalf of KANA Software, March 2013

## Empower Customer Service Agents To Provide Experiences In-Line With Customer Expectations

Customer service agents must be empowered to deliver on customer expectations. This is because the service that agents deliver directly correlates to resulting customer satisfaction scores — a major indicator of customer loyalty and business outcomes. In the Forrester study commissioned by KANA Software, the three main drivers of customer satisfaction were for agents to have the necessary information at their fingertips to resolve a problem on first contact, to be able to fully resolve all of the customer’s questions, and short resolution times for unresolved questions.

Companies are focusing on enhancing the agent experience in order to reduce agent effort and allow them to deliver better and more personalized customer experiences. More than half of survey respondents report that their top priority is to give easy access of all customer and product information to agents, including past customer interactions and preferences, so that agents are aware of the context of the interaction and can quickly understand the situation at hand in order to deliver personalized, differentiated experiences. The second and third priorities of survey respondents are to make the agent experience more consistent across communication channels and to simplify processes and agent screens. This helps agents be more productive and efficient at delivering effortless service, thereby reducing operational costs and at the same time increasing customer satisfaction (see Figure 5).

It’s important to note that technology is a critical component of delivering customer experiences in-line with expectations. However, it’s equally important to pay attention to the human factors that lead to increased agent

satisfaction and prolonged and productive tenures. Properly managing your customer agents also ultimately helps lower training and other costs associated with agent turnover.

**Figure 5**  
 Companies Are Increasingly Focused On The Agent Experience In Order To Deliver Enhanced Customer Experiences



Base: 50 customer experience decision-makers from firms with 5,000 or more employees

Source: A commissioned study conducted by Forrester Consulting on behalf of KANA Software, March 2013

These technology investments must be made wisely to successfully support current and future operations. More than half of customer service organizations are focusing IT efforts to ease the integration of customer service applications with the back-office applications and collaboration tools, while more than a third are looking for both the ability to support with newer, social technologies and easily change customer-facing business processes.

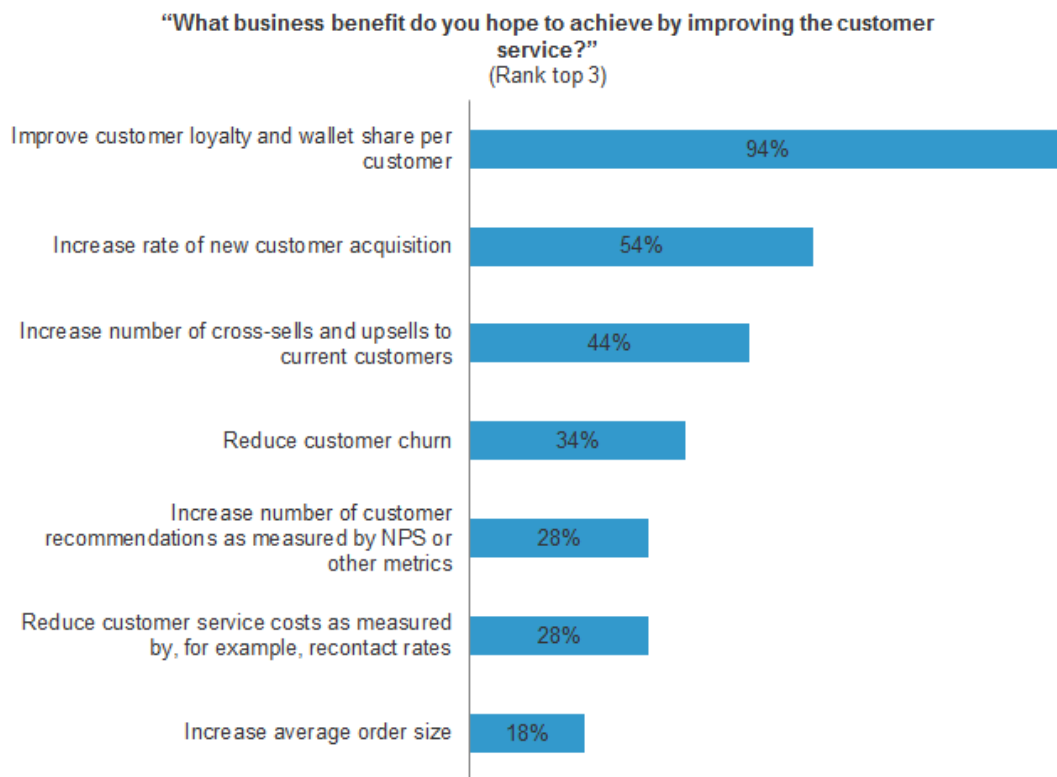
### **Companies Perceive Real Benefits For Improving Customer Service Experiences**

Regardless of challenges facing the organizations, our survey respondents indicate that there is a real impetus for change. If companies simply maintain the status quo, their organizations face customer defection. Sixty-four percent say that risks of not adopting new customer service technologies will leave them at a competitive

disadvantage; 60% say that it will create internal operational inefficiencies; another 56% say that their customer service delivery will be inconsistent; and 50% tell Forrester that their customers will switch to a competitor.

Conversely, companies that invest in customer service expect to realize real business benefits as better experiences correlate to customer loyalty and increased spending. When asked to name the top three business benefits their company is looking to achieve with improving their customer service, the options selected were all revenue-generating (see Figure 6).

**Figure 6**  
Benefits Of Improving Customer Service Center On Increased Revenue



Base: 50 customer experience decision-makers from firms with 5,000 or more employees

Source: A commissioned study conducted by Forrester Consulting on behalf of KANA Software, March 2013

## Conclusion

Changing consumer behavior is forcing companies to redefine the experience that they deliver to their customers. Delivering optimal customer experiences has quantifiable business value. Yet delivering experiences in-line with customer expectations is not easy. It takes a coordinated effort across strategy, technology, and process. Companies must define their customer experience strategy and ensure that their customer service operations are aligned with and support their company strategy. Processes that customer service organizations follow must allow for effortless, personalized, and context-aware service; must be consistent across communication channels; and must allow for omni-channel communications to support customers moving between channels. The right technologies must also

be chosen to empower agents to focus on delivering customer service in-line with expectations today and in the future.

## Appendix A: Methodology

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This Technology Adoption Profile was commissioned by KANA Software. To create this profile, Forrester leveraged data from “The Business Impact Of Customer Experience, 2012” March 26, 2012; “Websites That Don’t Support Customers Waste Millions,” August 21, 2012; “The Customer Experience Index, 2013,” January 15, 2013; and North American Technographics Customer Experience Online Survey, Q4 2012 (US). Forrester Consulting supplemented this data with custom survey questions asked of 50 customer experience decision-makers in the US with 5,000 or more employees. The auxiliary custom survey was conducted in March 2013. For more information on Forrester’s data panel and tech industry consulting services, visit [www.forrester.com](http://www.forrester.com).

## Appendix B: Endnotes

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<sup>1</sup> Source: “The State Of Customer Experience Management, 2013,” Forrester Research, Inc., March 22, 2013.

<sup>2</sup> Source: “The Business Impact Of Customer Experience, 2012,” Forrester Research, Inc., March 26, 2012.

<sup>3</sup> Source: “Websites That Don’t Support Customers Waste Millions,” Forrester Research, Inc., August 21, 2012.

<sup>4</sup> Source: “The Customer Experience Index, 2013,” Forrester Research, Inc., January 15, 2013.