

Operations Practice

# The state of customer care in 2022

Customer experience is more important than ever—yet it has never been more challenging as companies face a perfect storm of increasing call volumes, talent shortages, and rising customer expectations.

*This article is a collaborative effort by Jeff Berg, Eric Buesing, Paul Hurst, Vivian Lai, and Subhrajyoti Mukhopadhyay, representing views of McKinsey's Customer Care service line.*



**Customer care leaders** are facing a perfect storm of challenges: call volumes are up, employees are leaving and harder to replace, and digital solutions aren't yet delivering on their full promise. Add rising customer expectations and decades-high inflation to the mix, and it's easy to understand why customer care leaders are feeling the pressure.

The stakes couldn't be higher as teams try to adapt to a postpandemic era of customer care. Over the past two years, leaders have had to quickly adapt systems and ways of working to accommodate the shift to working from home—up to 85 percent of their workforces, in some cases. Contact center employees are harder to hold onto, and nearly half of customer care managers experienced increased attrition in 2021, leading to performance variability.

While digital solutions and the shift to self-service channels will solve many of these challenges, they aren't quite reaching the goal. For most organizations, the vast majority of digital customer contacts require assistance, and only 10 percent of newly built digital platforms are fully scaled or adopted by customers.

Not surprisingly, McKinsey's 2022 State of Customer Care Survey has found that customer care is now a strategic focus for companies. Respondents say their top three priorities over the next 12 to 24 months will be retaining and developing the best people, driving a simplified

customer experience (CX) while reducing call volumes and costs, and building their digital care and advanced analytics ecosystems.

With challenges on all fronts, the question now confronting leaders is how best to prioritize investment across the people, operations, and technology aspects of their customer care strategies. Knowing where to focus or what to do first isn't easy, and businesses need to move quickly. Companies that don't invest in this area face the possibility of further talent attrition, customer dissatisfaction, and even loss of market share.

But customer care is also now a major opportunity for businesses. Done well—through a combination of tech and human touch—it is an area where companies can drive loyalty through a more personalized customer journey while unlocking greater productivity, increased revenue, improved job satisfaction, and real-time customer insights.

This article presents the key findings of the 2022 State of Customer Care Survey and how businesses are shifting priorities at this critical time.

### **Challenges on all fronts**

To uncover the latest trends in customer care, McKinsey surveyed more than 160 industry leaders and experts at the director, senior director, vice president, and C-suite levels to find out how their

**Over the past two years, customer care leaders have had to quickly adapt systems and ways of working to accommodate the shift to working from home.**

operations have been affected over the past two years of the COVID-19 pandemic.

### Care is at an inflection point

The survey findings indicate that customer care is at an inflection point. Call volumes are higher and more complex than before, while companies find themselves struggling to find talent and train them to proficiency at pace.

As customer care increasingly moves online, the distinction between digital and live interactions has also begun to blur. Organizations are looking for new capabilities that will enhance both the customer and employee experience in “moments that matter”—those interactions that may have previously happened face to face or have significant influence on overall CX.

Compared with results of the 2019 State of Customer Care Survey, customer care leaders

are now more focused on improving CX, reducing contact volumes, deploying AI assistance, and increasing revenue generation on service calls (Exhibit 1).

### Customer care talent is increasingly scarce

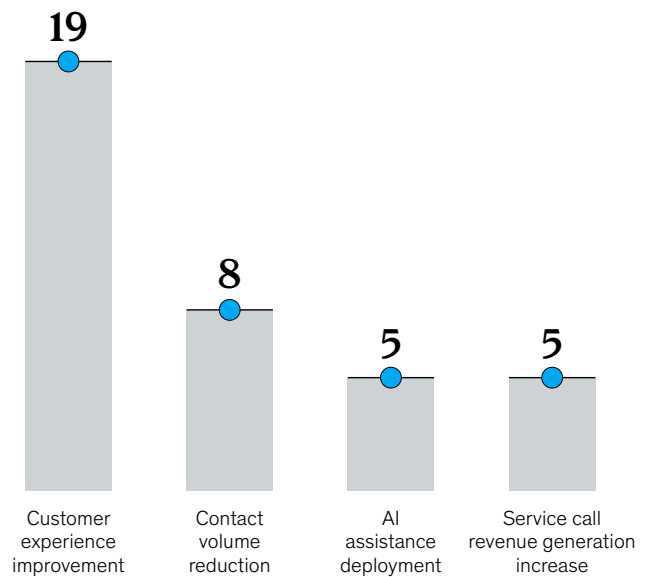
Higher call volumes and more complex calls are challenging existing capacity—61 percent of surveyed care leaders report a growth in total calls, with increased contacts per customer and a growing customer base as the key drivers. And 58 percent of care leaders expect call volumes to increase even further over the next 18 months.

While a growing customer base is a positive sign for business, it puts greater pressure on contact centers that are already under strain. More customers mean increased call numbers, and with more complex calls, customers tend to have to phone contact centers over and over again—

Exhibit 1

## Improving customer experience is the fastest-growing priority area for surveyed customer care leaders.

**Priorities for customer care leaders, 2022, percentage point increase vs 2019<sup>1</sup>**



<sup>1</sup>For 2022 (Q4 2021), n = 167; for 2019, n = 102.

Source: McKinsey 2019 State of Customer Care Survey; McKinsey 2022 State of Customer Care Survey, Q4 2021

further affecting capacity and resulting in a more negative CX overall.

To make matters worse, talent attrition is affecting customer care capacity. Employees are leaving faster than they did before the pandemic—a result of the Great Attrition—and are more difficult to replace. Nearly half of surveyed managers report increased employee attrition over the past 12 months.

The top-cited reason for employees leaving is poaching by competitors—58 percent—alongside employee burnout, employee dissatisfaction, lack of advancement opportunities, and poor work–life balance (Exhibit 2).

Retaining talent could prove vital in the race to maintain capacity. New hires require significant staff training, with 41 percent of surveyed leaders reporting that it takes between three and six months to train a new employee for optimal performance and a further 20 percent saying it takes more than six months.

### Uniting self-service and live channels

Many companies have made significant investments in digital care capacity in recent years, though cross-channel integration and migration issues continue to hamper progress. For example, 77 percent of survey respondents report that their organizations have built digital platforms, but only 10 percent report that those platforms are fully scaled and adopted by customers. Only 12 percent of digital platforms are highly integrated, and, for most organizations, only 20 percent of digital contacts are unassisted.

In an increasingly digital first environment, however, customer care is fundamental to how organizations interact with their customers. Leaders in this field are asking, “How do we create a better, more personalized experience through digitally enabled services?”

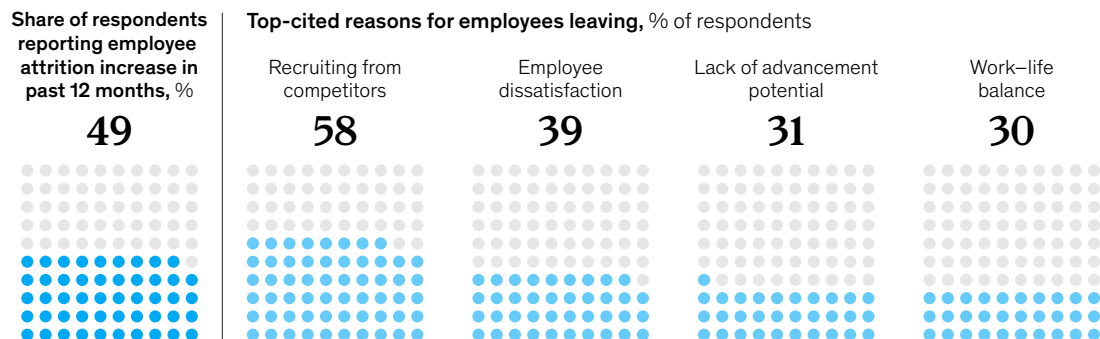
### Businesses are investing in three critical areas

Faced with the challenges of a fast-changing and demanding environment, companies can’t afford

Exhibit 2

## Competitor recruitment is the top-cited reason for employees leaving customer care organizations.

### Employee attrition increase in customer care organizations and reasons for leaving<sup>1</sup>



<sup>1</sup>n = 167.  
Source: McKinsey 2022 State of Customer Care Survey 2022, Q4 2021

to refrain from acting on the customer care storm. Over the past two years, customers have flocked to digital channels because of the pandemic, and organizations have had to race to meet their needs with new channels that support remote and digital transactions.

In a postpandemic future, this pivot to digital is likely to keep growing. And while many companies believe that they have made significant strides in their customer care transformation journey, a significant number remain at a foundational level—they are improving self-service options and automating common requests but haven't yet moved far enough along the journey to distinguish from their competitors. Meanwhile, those that have the leading edge are leveraging real-time customer behavior insights and conversational AI to deliver proactive customer outreach.

Customer care leaders say their top three priorities over the next 12 to 24 months are to retain and develop the best people, drive a simplified CX while reducing call volumes and costs, and build out their digital care ecosystems.

### Retain and develop the best people

Traditionally, customer care talent has been regarded as cheap, easy to replace, and relatively low skilled. But with call volumes growing and calls becoming more complex to resolve, these employees now require more strategic consideration.

With three out of five surveyed leaders citing attracting, training, and retaining talent as a top priority, businesses are looking at ways to build a better organizational culture. Two of the most effective ways to do this—according to customer care leaders—are to find ways to motivate and build trust with employees and to encourage leaders to listen and act on employee feedback (Exhibit 3).

### Shift the interactions

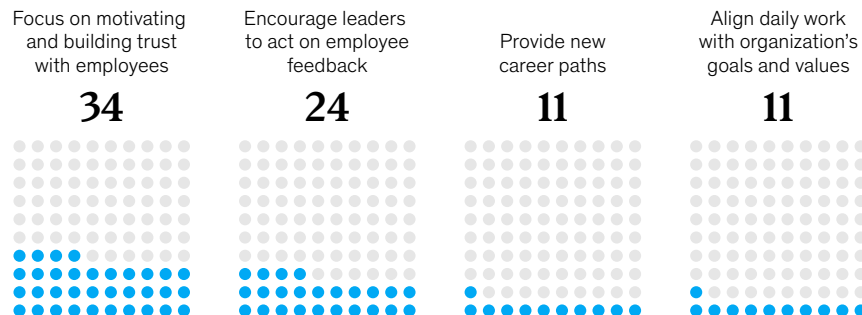
Shifting the workload away from transactional, repetitive calls can address a number of the headaches facing customer care leaders. The move can free up capacity to improve CX while offering more rewarding work to employees.

Companies are looking to shift from a transactional to a solution-oriented interaction during the live,

Exhibit 3

## Customer care leaders say they are looking to build better organizational cultures to attract and retain employees.

**Most effective changes or enhancements to customer care talent retention in past 6 months, % of respondents<sup>1</sup>**



<sup>1</sup>n = 167.  
Source: McKinsey 2022 State of Customer Care Survey, Q4 2021

complex calls that matter most to customers. Organizations are also turning to self-service channels and tech to resolve high volumes. And the strategy is working. Nearly two-thirds of those surveyed that decreased their call volumes identified improved self-service as a key driver (Exhibit 4).

Organizations are planning to increase digital interactions one and a half times by 2024. The top three areas identified for investment include tech that improves omnichannel and digital capabilities—for example, chatbots and AI tools—automated manual activities in contact centers, and advanced analytics capabilities.

Despite digital tech taking on more of the burden for customer service interactions, human assistance will likely remain an important driver of overall CX, especially in the moments that matter. Customers want fast, efficient service, but they also want personalized customer care, whatever the channel of engagement.

### Develop AI-powered customer care ecosystems

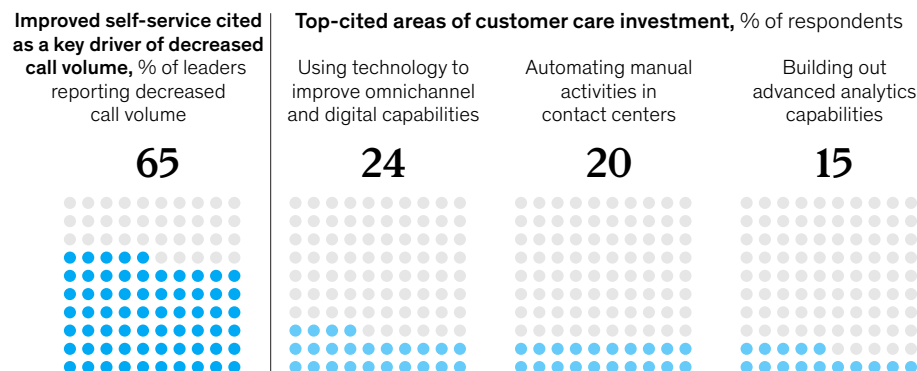
The growing challenges around increasing volumes, rising complexity, and limited talent availability are unlikely to be solved at scale without AI and data analytics. Companies can optimize the entire customer operations footprint by using tech to measure performance, identify opportunities, and deploy value-capturing change management, thus delivering critical operations insights and impact at scale.

For customers, AI-driven tools like predictive analytics can deliver a personalized and proactive experience that resolves issues before customers are even aware that they exist—enhancing CX at every point along the customer journey. Tech can also assist in developing a high-performing workforce by identifying optimal work processes and practices using analytics. Automated coaching can potentially be deployed to every individual, supporting efforts to attract, develop, and retain scarce talent.

Exhibit 4

## Customer care leaders are prioritizing self-service and technology to resolve high contact center volumes and complex calls.

### Reported self-service improvement and technology investments for customer care<sup>1</sup>



<sup>1</sup>For leaders reporting decreased call volume, n = 34; for all respondents, n = 167.  
Source: McKinsey 2022 State of Customer Care Survey 2022, Q4 2021

In the AI-powered care ecosystem, around 65 percent of tasks and 50 to 70 percent of contacts are automated, creating a true omnichannel experience that provides a consistent and seamless experience across interactions. In this way, the potential of contact centers could be unlocked to become loyalty-building revenue generators through greater solutioning and sales excellence.

### Putting priorities into practice

CX is fast becoming a key competitive area. Companies that don't prioritize their strategy and digital transformation journeys are likely to face continued customer dissatisfaction, as well as talent attrition—thus threatening their brand and market competitiveness.

Getting customer care right depends on prioritizing and investing across the people, operations, and tech aspects of the customer care strategy. Companies can consider the following key steps as they look to build out their capabilities and invest in their digital care ecosystems:

- Start by setting out the vision for the customer care organization, capturing what excellence looks like.
- Conduct a rapid but thorough due-diligence-style assessment of people, processes, and capabilities, looking at the customer care operation in a new light to identify not just

incremental changes but a reimagined, large-scale transformation.

- Launch a transformation program along one of two key pathways, depending on organizational strengths and preferences:
  - Path one follows a traditional design approach, which may take longer but prove less risky, as the entire transformation is considered at the outset.
  - Path two involves an interactive and agile design, test, and iterate methodology, which may lead to new solutions quickly.
- Leverage the full suite of available technologies and analytical approaches that are driving successful outcomes in customer care, including natural language processing (NLP) and AI in frontline operations to match work to workers, together with cognitive AI assistance for resolving simpler customer queries.

Personalized digital interaction nowadays is an expectation rather than a luxury or an added perk, and customer care is the issue at the heart of this digital first environment—companies can't afford to stumble at this juncture. If done well, however, customer care presents a great opportunity to build loyalty and long-term relationships with customers, creating organizational resilience for the future.

**Jeff Berg** is a partner in McKinsey's Southern California office; **Eric Buesing** is a partner in the Stamford, Connecticut, office; **Paul Hurst** is a consultant in the Charlotte, North Carolina, office, **Vivian Lai** is a consultant in the New York office, and **Subhrajyoti Mukhopadhyay** is an expert in the Chicago office.

The authors wish to thank Karunesh Ahuja and Charles-Michael Berg for their contributions to this article.

Designed by McKinsey Global Publishing  
Copyright © 2022 McKinsey & Company. All rights reserved.

Find more content like this on the  
**McKinsey Insights App**



Scan • Download • Personalize

