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Multichannel Service and Support Executive Survey

Report

Supportindustry.com and CRMindustry.com recently conducted a survey focusing on multichannel customer service and support—its importance, the current state of the industry, and challenges in implementing and managing it. Sponsored by eGain Communications Corp., a provider of customer service and contact center software, the study was conducted and results compiled in a three-month period spanning November and December 2006 and January 2007. Survey respondents comprised high-level executives responsible for a range of customer-facing functions—including customer service, web self-service, IT support contact centers, marketing, and sales—and representing a range of industry sectors. More than a quarter of the companies that responded had annual revenues of more than $1 billion, while 22% had an annual revenue in the $250M-$1B range.

Key findings

Strategic importance of customer service

▸ According to 17% of respondents, it would take just two negative or bad experiences with their company for their customers to switch to a different supplier. The probability of customer defection goes up dramatically with additional negative experiences—a sizeable 41% of respondents said that it would take only four negative experiences for their customers to switch vendors.

▸ More than three-quarters (77%) of respondents said customer service played a primary role in the overall business value proposition. Further, 66% of respondents said their emphasis on quality customer service and support increased during the past year.

▸ Nearly 43% of respondents said they are launching a major customer service or knowledge management initiative in 2007.

▸ Executive sponsors of these initiatives sit high in the corporate hierarchy and they tend to have a business focus. In 35% of cases, the company's CEO is sponsoring the service initiative, while vice presidents of customer service and support sponsor such initiatives in 28% of the cases and CIOs in 10% of the cases.

▸ Nearly 86% of respondents expect their budgets to increase at least somewhat in 2007.

Metrics and measurement

▸ More than three quarters (76%) of respondents cited "customer satisfaction" among the top three metrics against which their job performance is measured, while service-level compliance and customer experience were cited by 38% and 37% of respondents as leading metrics. However, the overwhelming majority of senior customer service executives (vice presidents)—86%—cited cost control and reduction as a top priority.

- 27% of respondents said that sales emphasis increased in 2006 in their customer service contact center. However, a majority (68%) reported no change in their emphasis on sales versus service.

- Traditional contact center performance metrics such as first-contact resolution and call handle times ranked behind more strategic metrics such as customer satisfaction, service-level compliance, and customer experience. This could be due to the significant percentage of senior-level executives in the survey, who tend to focus more on strategic issues such as customer satisfaction and less on tactical issues such as first-contact resolution.

Multichannel customer service

- A significant 38% of respondents said that more than 50% of their agents handle multiple interaction channels.

- Though multichannel integration is critical to delivering a quality service experience and optimizing blended agent productivity, a sizeable 29% reported no multichannel integration of any kind, while 36% of respondents didn't have an integrated case management system to manage tickets across channels. Only 26% of the respondents had a single view of all customer interactions.

- Service-level compliance was the second leading metric measured by respondents, yet nearly 44% of respondents have not established service levels for every customer communication channel they offer.

- Real-time online channels such as chat and cobrowsing are not fully optimized or exploited. For example, the vast majority of respondents (78%) did not use multiple concurrent sessions to optimize the productivity of chat agents, while 47% of the respondents did not offer phone-aided cobrowsing.

Web self-service and knowledge management

▸ While phone channel preference ranked as the top impediment to web self-service adoption with 54% of respondents citing it as an issue, content maintenance was second at 37% and difficulty in accessing content third at 36%.

▸ When it came to knowledge management for the multichannel contact center, content maintenance ranked as the top challenge, quoted by 73% of respondents, followed by user adoption, cited by 49% of respondents.

Both these findings underscore the need to automate adaptive content maintenance tasks and improve information "findability" for end-customers and agents alike.

Analysis

Strategic importance of customer service

If customers seeking service and support seem more demanding these days, perhaps it's because they recognize that they have more options than ever as to who gets their business and more flexibility to abandon those providers that don't provide a quality service experience. While customers have more choices, businesses don't have a lot of time to impress them. Survey respondents said they believed that 10% of their customers would switch to another provider after just a single bad experience with their company, while another 17% said it would take just two such interactions.

Increasingly, customers judge the quality of service and support a provider offers, at least to some extent, on whether they can choose among multiple channels for accessing services. While the phone is still a popular channel, interactions through electronic channels such as email, instant messaging, web-based self-service and cobrowsing continue to increase. This shift to other channels may be driven by horrendous wait times and experiences over the phone, vendor-driven channel shifts, and demographic preferences. The ease with which customers can navigate a particular channel and move between channels plays a big part in whether they feel satisfied with their service experience.

Executives recognize the extent to which such customer experiences relate to retention and ultimately, continued growth for their business. When asked whether their businesses place an emphasis on customer service and support excellence as part of their overall business value proposition, more than three-quarters (77%) of respondents said it played a primary role in their value proposition. Further, a majority of respondents—66%—said that their organizations' emphasis on quality customer service and support increased during the past year.

To that end, businesses are looking more at the service they deliver and the ways they deliver it. Nearly 43% of respondents said that 2007 will signal the launch of a major customer service initiative within their company, whether it be a knowledge management project or a web-based self-service initiative. While in the past, it was rare to see CRM-related initiatives earn

much attention from the top echelons of the company, that's not the case anymore. In 35% of cases, the company's CEO is sponsoring the service initiative, while vice presidents of customer service and support functions are serving as sponsors in 28% of cases and CIOs in 10% of the cases.

State of multichannel customer service

As they move to launch these new initiatives, which in many cases mean adding a new channel to their service portfolio, executives must ensure a consistent experience for users regardless of which channel they choose. Inconsistency in data and business processes, and loss of context across channels have plagued customer service quality and customer experience for years. Companies are addressing this issue and are improving the customer service experience by implementing customer interaction hubs, which enable unified multichannel customer service from a single hub that includes common business rules, knowledge base, workflow, interaction history, integration framework, and application management.

Survey respondents reported being responsible for a number of channel options, including phone (84%), email (82%), fax and mail (51%), web self-service (56%), chat (33%), cobrowsing (25%), and instant messaging (25%). As they move to ensure consistency across channels—both for customers and agents—nearly 64% of respondents say they have deployed an integrated case management system that manages incoming cases regardless of the channel they come in on. This is a good first step but the level of multichannel integration varies. Only 26% of the respondents have a single view of all customer interactions. The respondent pool performed better in basic multichannel integration requirements such as common queuing and reporting (44%) and common knowledge base (35%). A sizeable 29% reported no channel integration whatsoever—hardly the optimal way to deliver superior customer experience.

Performance metrics and measurement

Though traditional metrics such as first-call resolution and average handle times are still measured in contact centers—25% and 24% of respondents cited these respectively as a leading metric—this survey suggests companies are starting to think more about qualitative metrics. More than three

quarters (76.2%) of respondents cited "customer satisfaction" among the top three metrics against which their job performance is measured, while 38% cite service-level compliance as a leading metric and 37% cite customer experience as a key metric. While service-level compliance ranked so high among metrics, 44% of respondents have not even established service levels for the various interaction channels they offer, while 55% reported no improvement in service-level compliance in the past year.

The shift to more strategic and business-centric metrics may be due to the fact that the survey sample had a significant percentage of senior executives, who also think that cost control and reduction are an important metric, with an overwhelming 86% of customer service heads citing it in the survey. However, a smaller percentage of tactical managers were concerned about cost control. While there has been much talk about contact center revenue generation, the metric is being used by a relatively small percentage of respondents (21%).

Deployed strategically—with tight integration and knowledge base consistency—self-service channels and agent-assisted service leveraging electronic channels can result in reduced costs by ensuring call avoidance, processing multiple simultaneous interactions (e.g. multiple concurrent chats) while offering more choice to customers. Contact centers that offer chat and/or cobrowsing focus on both cost-reduction and revenue-generation drivers for those channels. Nearly 38% of respondents review the cost-per-interaction of chat versus other channels, while 27% measure whether the assisted nature of chat and cobrowsing options reduce abandoned transactions, which could translate to lost business. Eighteen percent of respondents measure cobrowsing ROI by assessing increased self-service adoption enabled by coaching customers in self-service through cobrowsing, and 20% review how chat and cobrowsing enable sales transactions.

And, while there's a lot of talk about best practices and continuous improvement within the CRM/contact center industry, a whopping 70% of respondents don't benchmark their customer service or contact center performance against companies—within or outside their industry sector—known for their support excellence.

Web self-service adoption

Many companies have implemented web self-service with a myopic focus on call avoidance and deflection, without paying attention to usability, ease of information retrieval, content performance management and customer experience. These issues continue to dog web self-service implementations. The survey found that the biggest impediment to web self-service adoption is the fact that customers prefer to speak with a live phone agent. The aforementioned issues with web self-service are perhaps driving this preference. Knowledge base content maintenance, meanwhile, is both difficult (cited by 37% of respondents as the biggest impediment to self-service) and expensive (cited by 22%). Further, 36% say commercial self-service solutions aren't particularly user-friendly.

Customers who encounter problems with a self-service session typically escalate their issues to an assisted interaction channel such as email, chat, or phone. About half of respondents surveyed (47%) said less than 10% of their self-service sessions are escalated to assisted service, while 30% say between 10% and 25% of these sessions are escalated. At the high end of the scale, 4% are seeing more than 75% of self-service sessions result in escalation. While these escalation figures may seem acceptable, they do not capture customer abandonment of the web site due to bad self-service, which could lead to lost sales and reduced customer satisfaction.

Savvy companies realize that bad self-service is worse than no self-service. They are getting past "me too" customer self-service by delivering exceptional customer self-service experience through innovations such as chat-bot self-service and flexible information access methods including guided help. They are reducing the cost of knowledge base maintenance by leveraging automation for adaptive content management in the form of ongoing content performance monitoring, triggers, alerts, and workflows that sustain content relevance and performance.
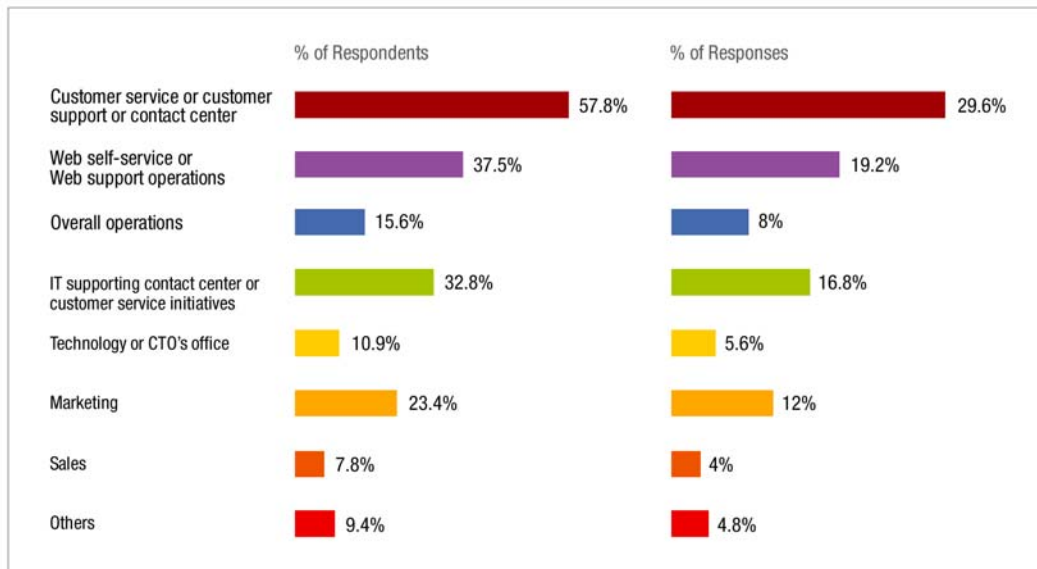
Knowledge management

Many of the challenges in knowledge management mirror those in web self-service. While an overwhelming 90% of respondents rated the knowledge base as very important or somewhat important, they cited knowledge base

maintenance (73%), agent adoption (49%), cost (41%), and ROI justification (31%) as key challenges.
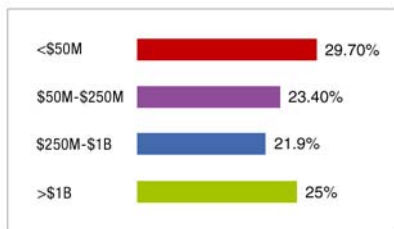
This presents an opportunity for solution providers to add value to clients through content maintenance automation, improved ease of use and information retrieval through flexible access methods, and market education through real-life success stories and best practices.

Questions and responses

Choose the business functions you are responsible for (check all that apply).

Business function	% of Respondents	% of Responses
Customer service or customer support or contact center	57.8%	29.6%
Web self-service or Web support operations	37.5%	19.2%
Overall operations	15.6%	8%
IT supporting contact center or customer service initiatives	32.8%	16.8%
Technology or CTO's office	10.9%	5.6%
Marketing	23.4%	12%
Sales	7.8%	4%
Others	9.4%	4.8%

What is the annual revenue of your company?)

Revenue	%
<$50M	29.70%
$50M-$250M	23.40%
$250M-$1B	21.9%
>$1B	25%

What industry sector does your company belong to?

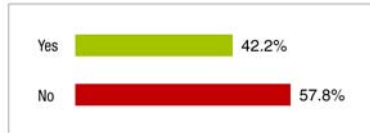| Sector	Percentage
Consumer electronics	NA
Financial services including banking	1.6%
Insurance	3.1%
Healthcare	12.5%
Technology	32.8%
Retail	4.7%
Transportation	4.7%
Entertainment	NA
Communications (telco, cable, wireless, ISP)	6.2%
Government	3.1%
Education	3.1%
Utilities	1.6%
Travel and hospitality	1.6%
Media or Entertainment	4.7%
Other	20.3%
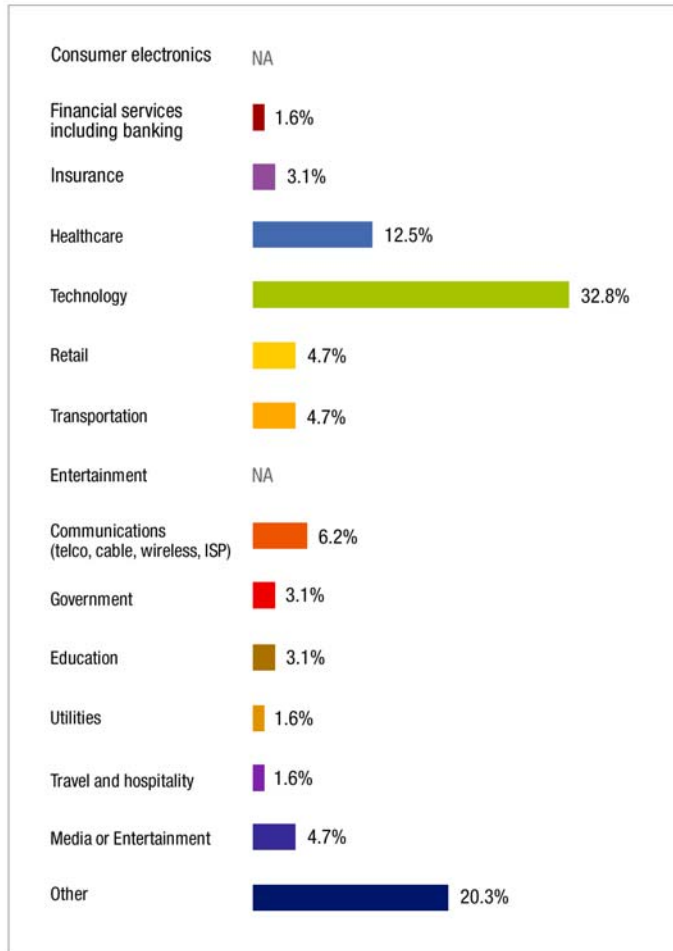
How strongly does your company emphasize customer service and support excellence in its overall business value proposition?

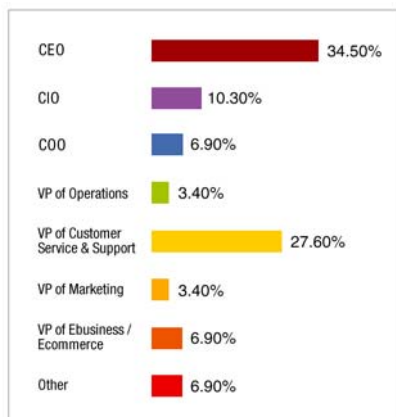|	
Primary part of the value proposition	76.6%
Secondary part of the value proposition	18.8%
Not part of the value proposition	4.7%
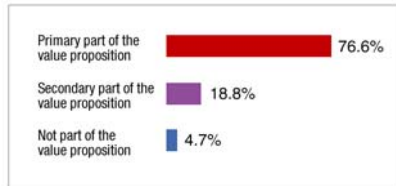
Has this emphasis increased or decreased over the past year?

Increased	65.6%
Decreased	NA
No change	34.4%
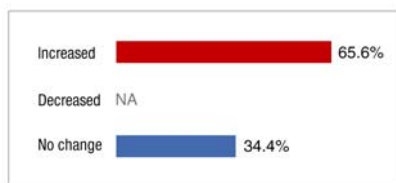
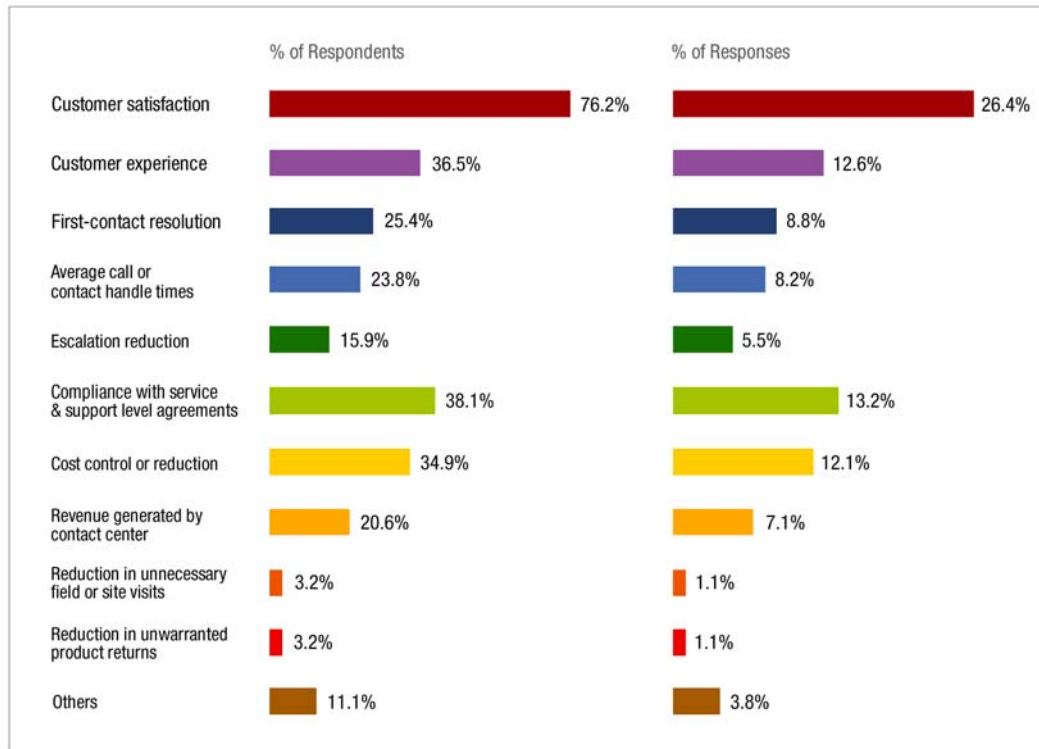## Is your company launching a major initiative in customer service, knowledge management or web self-service in 2007?

Yes	42.2%
No	57.8%

If yes, who is the executive sponsor of the initiative?

CEO	34.50%
CIO	10.30%
COO	6.90%
VP of Operations	3.40%
VP of Customer Service & Support	27.60%
VP of Marketing	3.40%
VP of Ebusiness / Ecommerce	6.90%
Other	6.90%

What are the top three metrics by which your job performance is measured? Please check only three items.

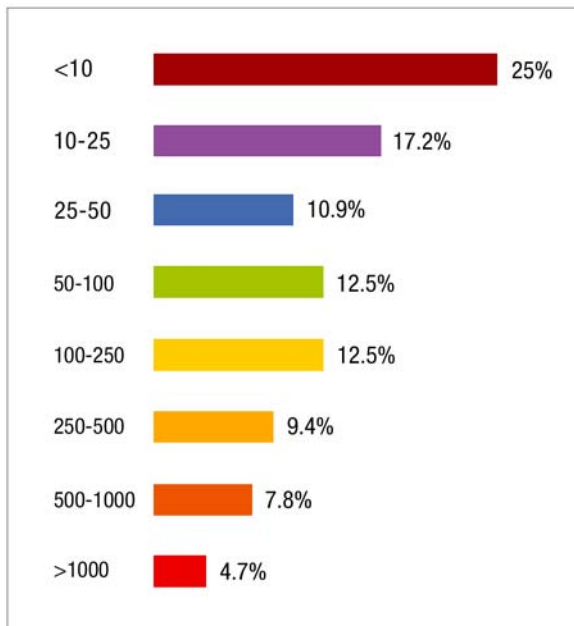| Metric	% of Respondents	% of Responses
Customer satisfaction	76.2%	26.4%
Customer experience	36.5%	12.6%
First-contact resolution	25.4%	8.8%
Average call or contact handle times	23.8%	8.2%
Escalation reduction	15.9%	5.5%
Compliance with service & support level agreements	38.1%	13.2%
Cost control or reduction	34.9%	12.1%
Revenue generated by contact center	20.6%	7.1%
Reduction in unnecessary field or site visits	3.2%	1.1%
Reduction in unwarranted product returns	3.2%	1.1%
Others	11.1%	3.8%

Do you benchmark your contact center/customer service & support organization against other companies known for support excellence within or outside your industry sector?
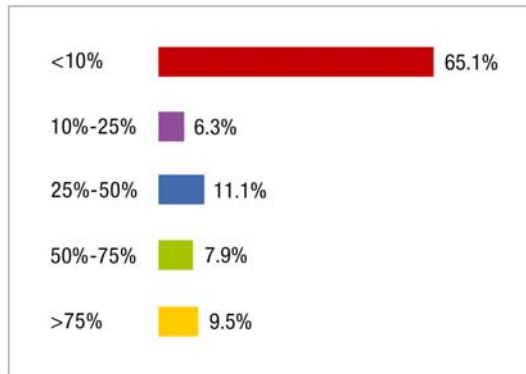
Yes	28.6%
No	71.4%
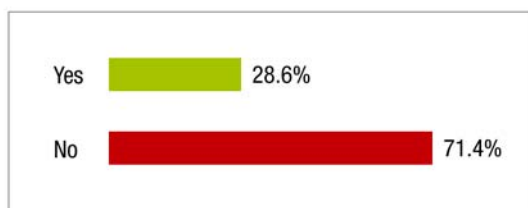
Are you currently using a business process outsourcer (BPO) to handle some or all of your service and support interactions and processes?

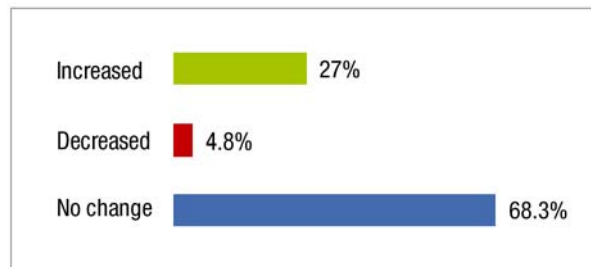|	
Yes	32.8%
No	67.2%
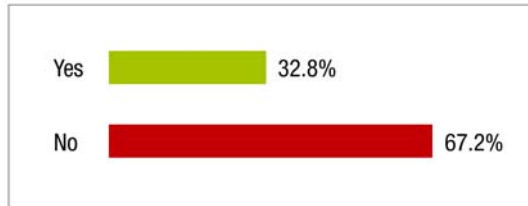
How many agents do you have in your contact center(s)?

<10	25%
10-25	17.2%
25-50	10.9%
50-100	12.5%
100-250	12.5%
250-500	9.4%
500-1000	7.8%
>1000	4.7%

What % of your agents is required to sell products and services?

<10%	65.1%
10%-25%	6.3%
25%-50%	11.1%
50%-75%	7.9%
>75%	9.5%

Has this % increased or decreased over the past year?

Increased	27%
Decreased	4.8%
No change	68.3%

Check the percentage of increase or decrease you expect in your budget for 2007 versus 2006?

Category	Value
Increase 0-2.5%	25%
Increase 2.5%-5%	14.1%
Increase 5%-7.5%	12.5%
Increase 7%-10%	10.9%
Increase 10%-15%	6.2%
Increase 15%-20%	7.8%
Increase 20%-25%	3.1%
Increase 25%-50%	1.6%
Increase 50%-75%	3.1%
Increase >75%	1.6%
Decrease 0-2.5%	9.4%
Decrease 2.5%-5%	NA
Decrease 5%-7.5%	NA
Decrease 7%-10%	1.6%
Decrease 10%-15%	1.6%
Decrease 15%-20%	NA
Decrease 20%-25%	NA
Decrease 25%-50%	1.6%
Decrease50%-75%	NA
Decrease >75%	NA
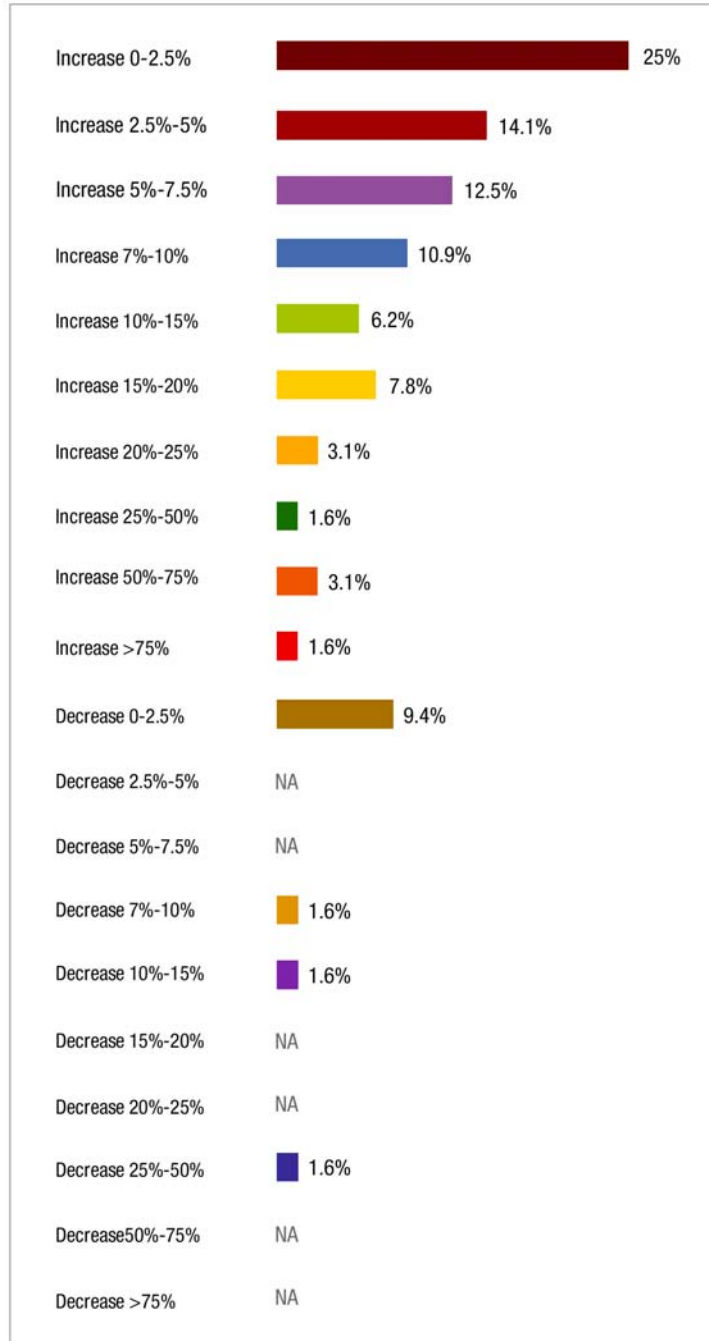
What interaction channels are you responsible for? Choose all that apply.

	% of Respondents	% of Responses
Phone	83.6%	23%
Paper (fax or postal mail)	50.8%	14%
Email	82%	22.5%
Chat	32%	9%
Cobrowsing	24.6%	6.8%
Web self-service	55.7%	15%
Instant messaging or SMS	24.6%	6.8%
Others	7.8%	2.7%

What % of your agents handle multiple interaction channels?

<10%	23.3%
10%-25%	16.7%
25%-50%	21.7%
50%-75%	5%
>75%	33.3%
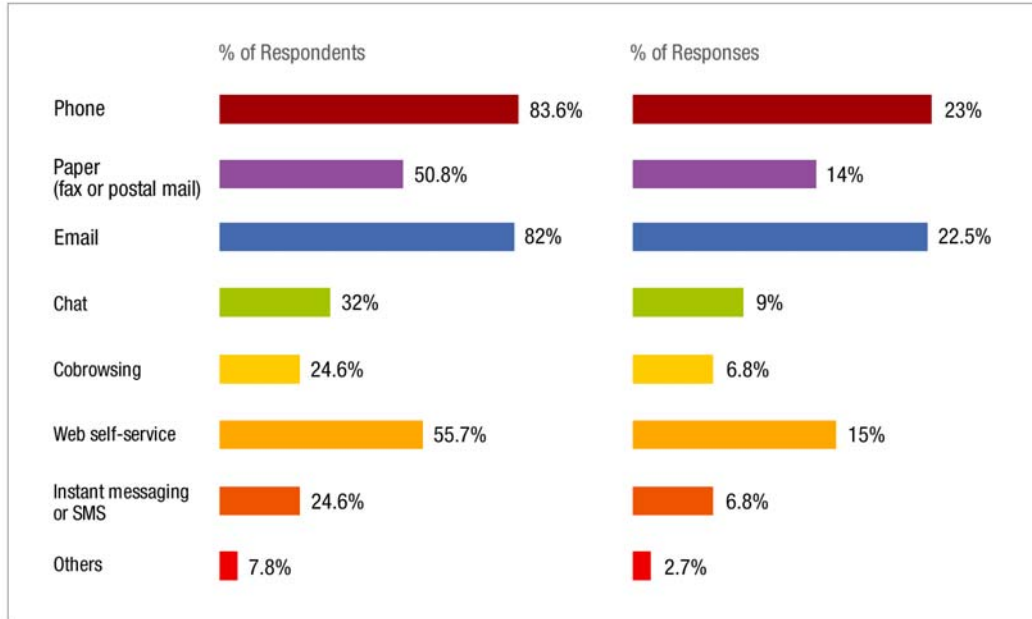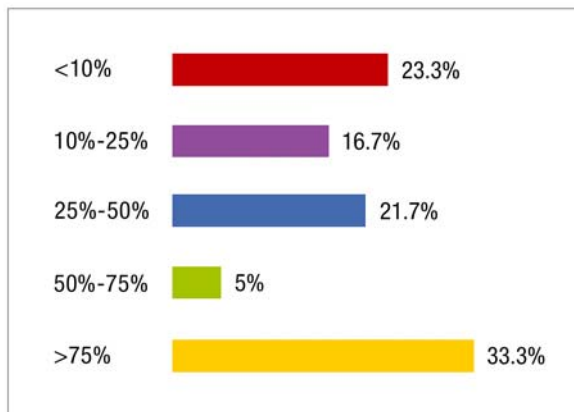
Do you have established service levels for every customer communication channel?

	%
Yes	56.7%
No	43.3%
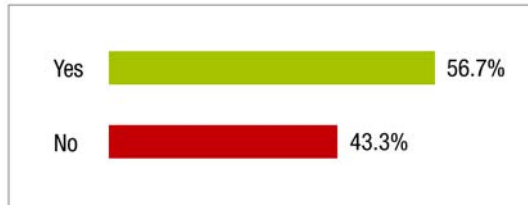
Select your level of channel integration. Choose all that apply.

% of Respondents

|	%
Multichannel queue and reporting	43.6%
Single view of multichannel interactions	25.5%
Common multichannel knowledgebase	34.5%
Any two or all of the above	14.5%
No integration	29.1%
Others	NA
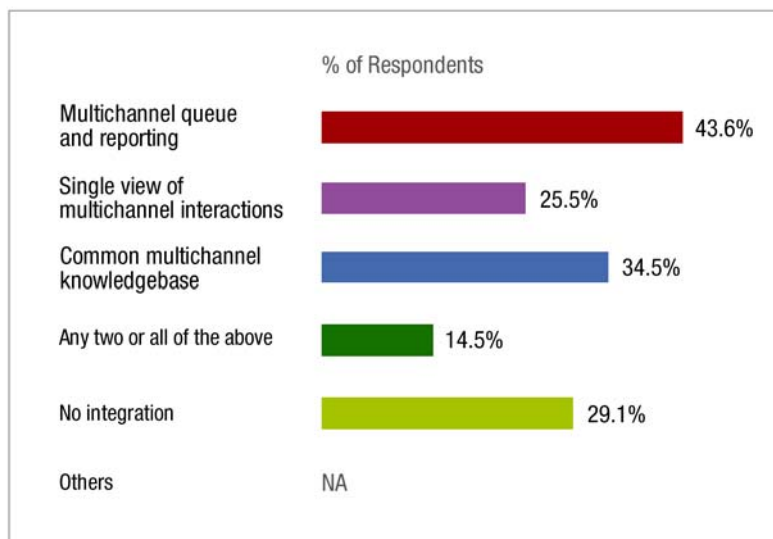
Do you have an integrated case management system in place that can help manage tickets/cases across interaction channels and organizations?

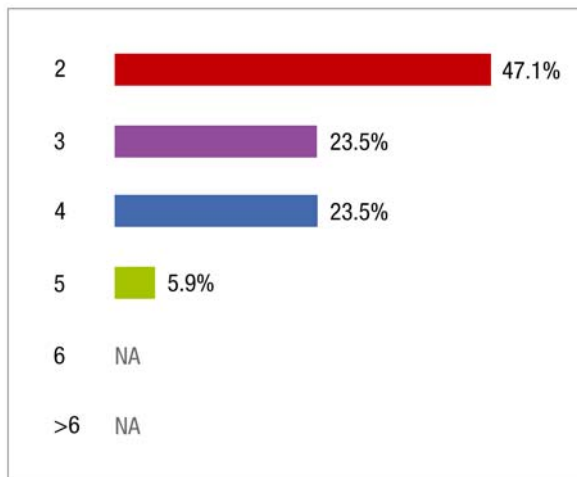|	%
Yes	63.8%
No	36.2%
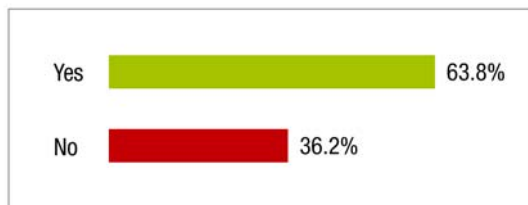
Do your agents engage in interactions that concurrently include phone and cobrowsing?

Yes	53.4%
No	46.6%

Do your agents handle multiple concurrent chats?

Yes	22.4%
No	77.6%
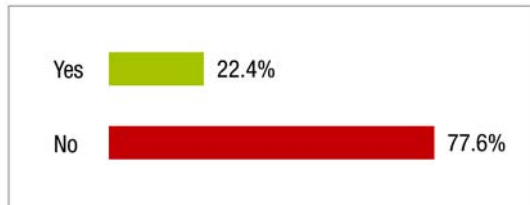
If yes, how many concurrent chats do they handle?

2	47.1%
3	23.5%
4	23.5%
5	5.9%
6	NA
>6	NA

What metrics do you use to measure ROI of chat and/or cobrowsing? Choose all that apply.

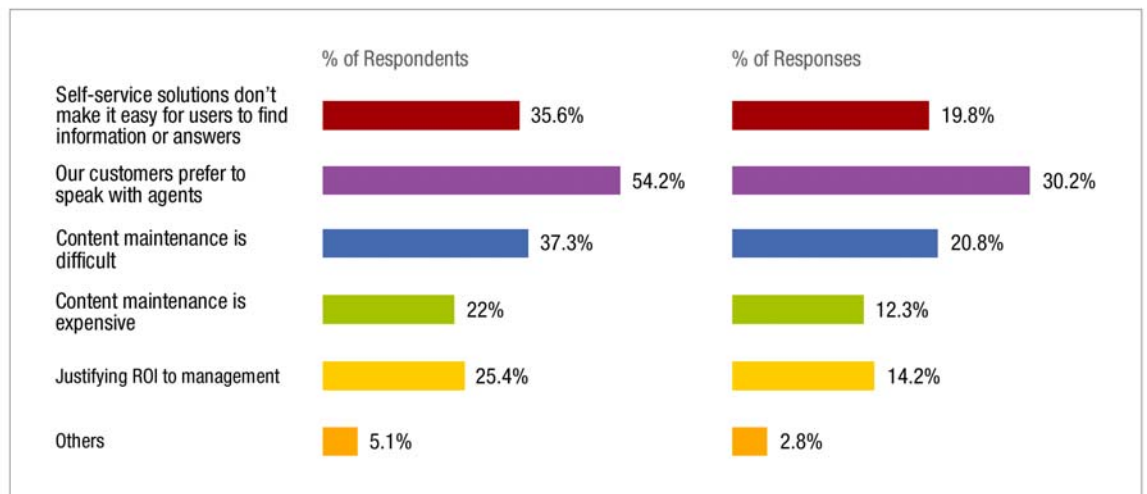|	% of Respondents	% of Responses
Customer satisfaction	71.1%	36.8%
Cost per interaction versus other interaction channels	37.8%	19.5%
Reduction in transaction abandonment	26.7%	13.8%
Sales transactions enabled	20%	10.3%
Increased self-service adoption enabled by agent coaching via cobrowsing	17.8%	9.2%
Two or more of the above	4.4%	2.3%
Others	15.6%	8%
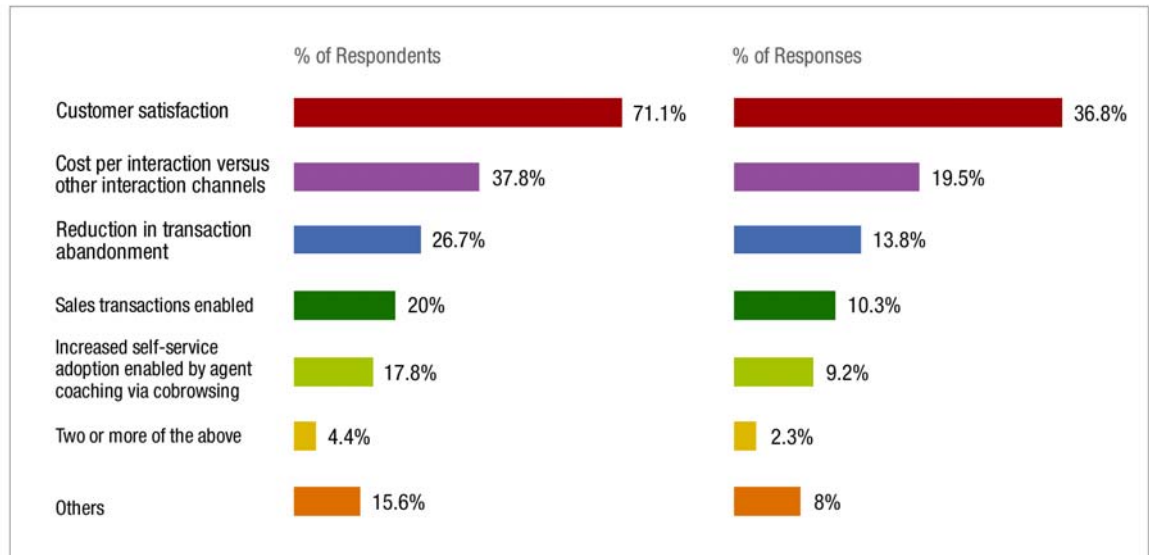
Rate the importance of knowledge bases in improving service and support quality, customer experience, and performance of your support organization.
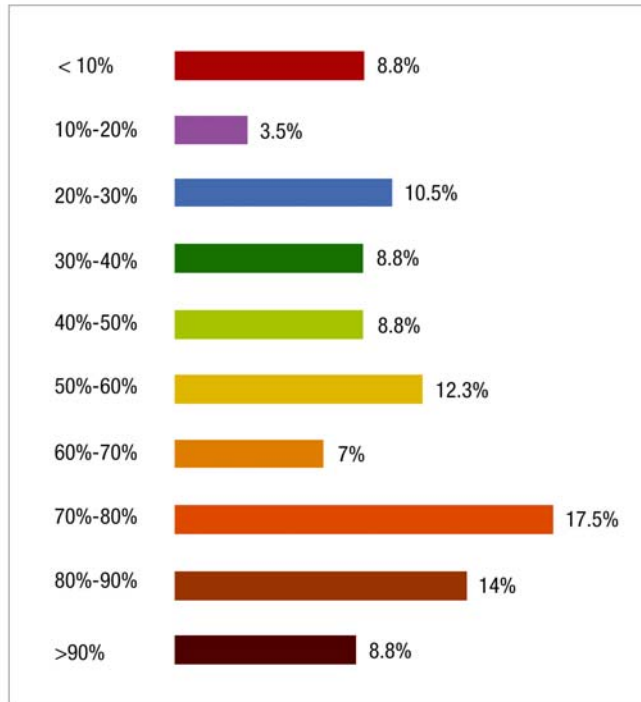

Very important	56.9%
Somewhat important	34.5%
We do not use a knowledgebase	8.6%
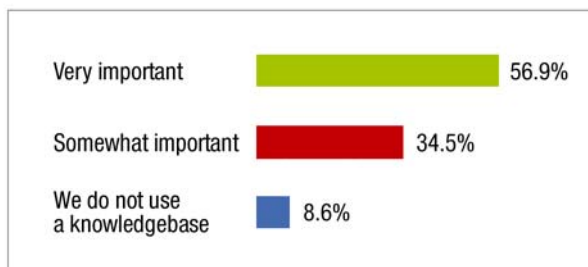
What do you think are the top challenges in contact center knowledge management? Choose all that apply.

	% of Respondents	% of Responses
User adoption	49.2%	20.9%
Content maintenance	72.9%	30.9%
KM solutions don't make it easy for users to find information or answers	35.6%	15.1%
Cost	40.7%	17.3%
Justifying ROI to management	30.5%	12.9%
Others	6.8%	2.9%
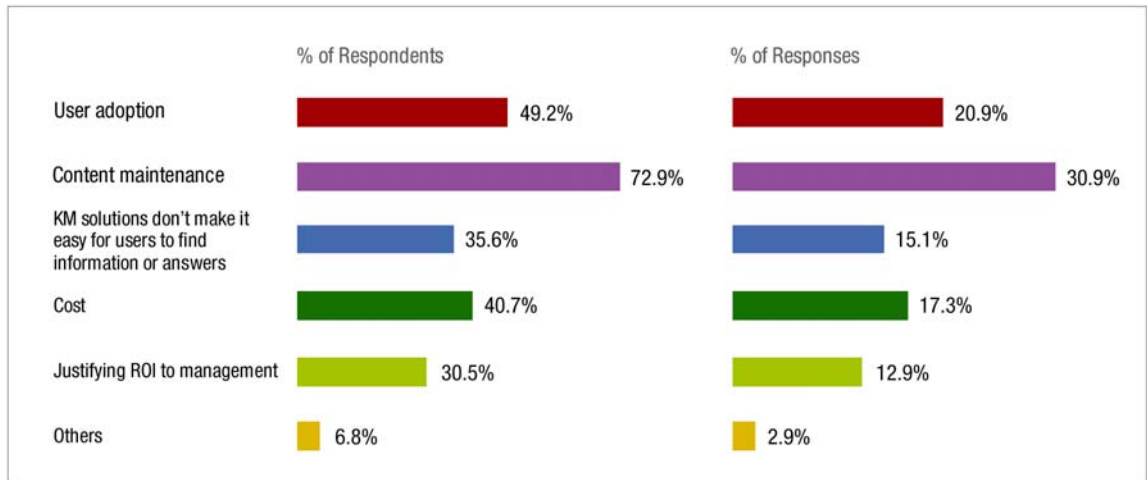
What issues do you think are impeding web self-service adoption? Choose all that apply.

	% of Respondents	% of Responses
Self-service solutions don't make it easy for users to find information or answers	35.6%	19.8%
Our customers prefer to speak with agents	54.2%	30.2%
Content maintenance is difficult	37.3%	20.8%
Content maintenance is expensive	22%	12.3%
Justifying ROI to management	25.4%	14.2%
Others	5.1%	2.8%

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What was your average first-contact resolution rate (FCR) this year?

Range	Percentage
< 10%	8.8%
10%-20%	3.5%
20%-30%	10.5%
30%-40%	8.8%
40%-50%	8.8%
50%-60%	12.3%
60%-70%	7%
70%-80%	17.5%
80%-90%	14%
>90%	8.8%

Is this an increase or decrease over last year?

Category	Percentage
Increase in FCR	31.6%
Decrease in FCR	12.3%
No change	56.1%
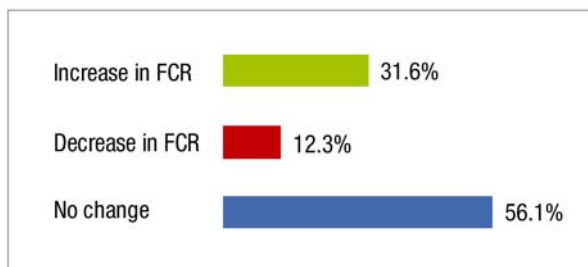
What was your average call handle time this year?

Answer	Percentage
<1 minute	5.4%
1-2 minutes	14.3%
2-5 minutes	28.6%
5-10 minutes	28.6%
>10 minutes	23.2%
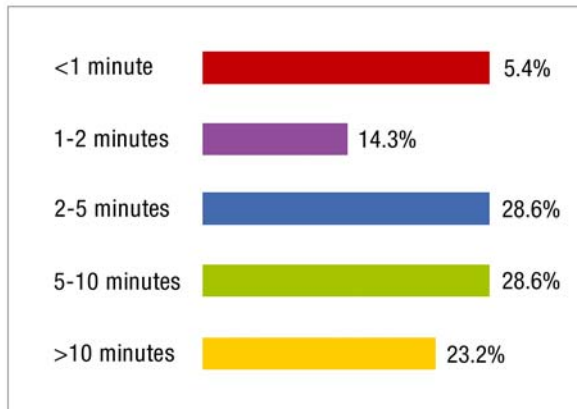
Is this an increase or a decrease over last year?

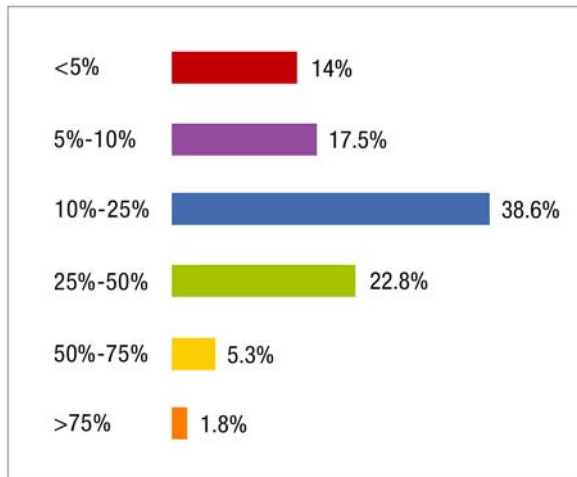| Answer	Percentage
Increase	13.8%
Decrease	22.4%
No change	63.8%
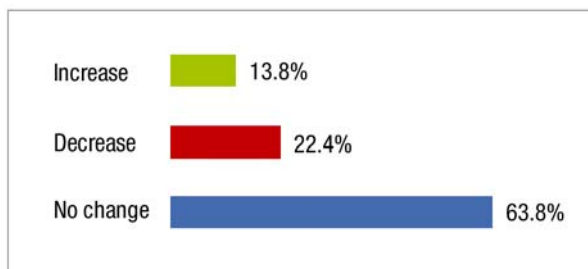
What is the average response time for email-based service and support inquiries (for the answer to the inquiry, not for automatic acknowledgement)?
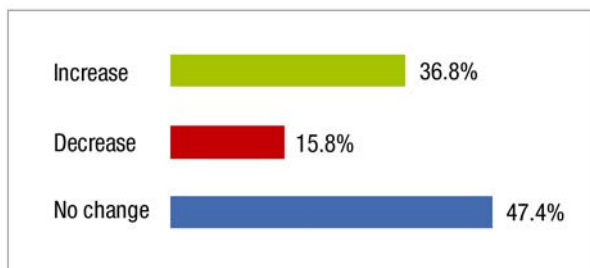
Answer	Percentage
1 hour	28.1%
4 hours	35.1%
12 hours	19.3%
More than 12 hours	17.5%
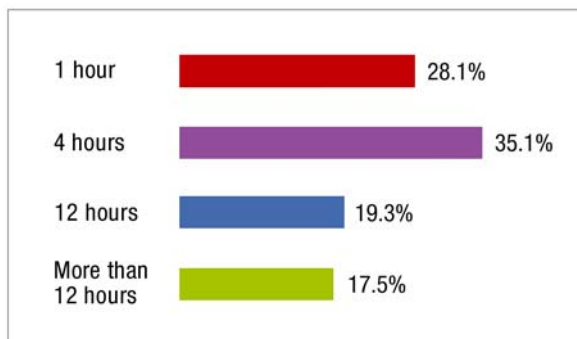
Has this turnaround time increased or decreased over last year?

Response	Percentage
Increased	28.1%
Decreased	24.6%
No change	47.4%
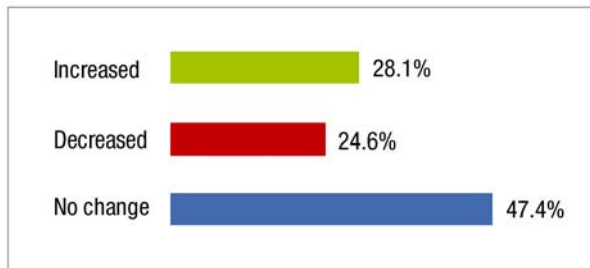
What % of your calls are escalated to tier 2 agents?

Response	Percentage
<5%	14%
5%-10%	17.5%
10%-25%	38.6%
25%-50%	22.8%
50%-75%	5.3%
>75%	1.8%

Is this an increase or decrease over the past year?

Response	Percentage
Increase	36.8%
Decrease	15.8%
No change	47.4%

What % of your self-service sessions is being escalated to assisted service?

<10%	42.2%
10%-25%	30.2%
25%-50%	11.3%
50%-75%	7.5%
>75%	3.8%
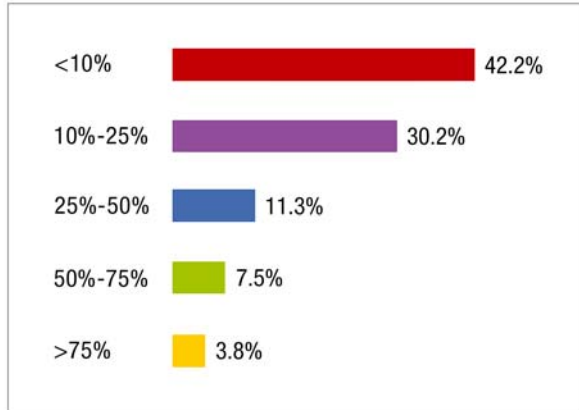
Has this increased or decreased in the last year?

Increased	22.6%
Decreased	13.2%
No change	64.2%
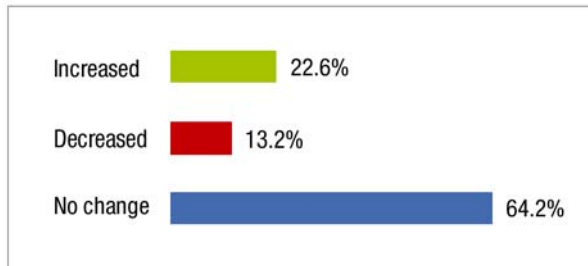
What is your current delivery rate on promised support and service levels?

<10%	7.1%
10%-25%	10.7%
25%-50%	12.5%
50%-75%	10.7%
75%-90%	32.1%
>90%	26.8%

Is this an increase or decrease over the past year?
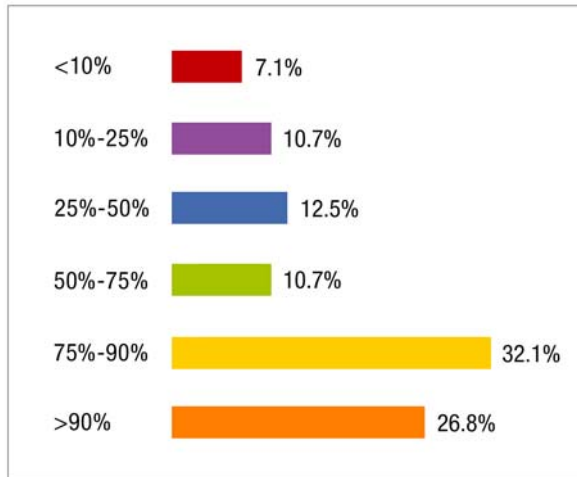
Increase	33.9%
Decrease	10.7%
No change	55.4%
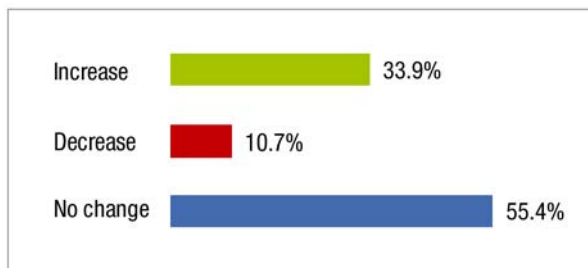
If you are using an outsourcer, do you measure their compliance with service level agreements (SLA) they may have set up with you and/or ultimately your SLA compliance with your clients?

Yes	51.2%
No	48.8%

What % of your customers are likely to switch to competitors if they have ONE, TWO, or THREE unsatisfactory or bad service experience(s) with your company?

Experience	Percentage
One bad or unsatisfactory expereince	10%
Two bad or unsatisfactory expereinces	17%
Three bad or unsatisfactory expereinces	28%
Four bad or unsatisfactory expereinces	41%
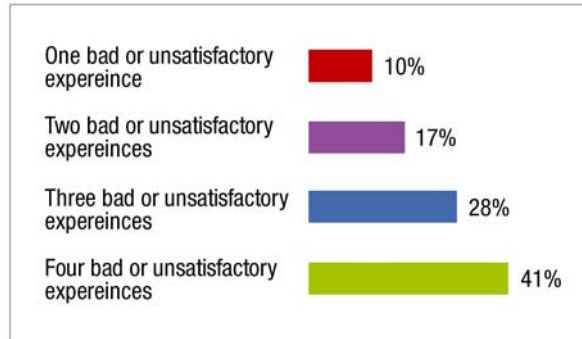
About the survey sponsors

eGain Communications Corporation

eGain (www.eGain.com) is a leading provider of customer service and contact center software for in-house or on-demand SaaS deployment. Trusted by prominent enterprises worldwide, eGain has been helping organizations achieve and sustain customer service excellence for over a decade. 24 of the 50 largest global companies rely on eGain to transform their traditional call centers, help desks, and web customer service operations into multichannel customer interaction hubs. These hubs enable dramatically improved customer experience, unified multichannel customer service, end-to-end service process efficiencies, and enhanced contact center performance.

Headquartered in Mountain View, California, eGain has an operating presence in 18 countries and serves over 800 enterprise customers worldwide. To find out more about eGain, visit www.eGain.com or call the company's offices: 800-821-4358 (United States); +44 (0) 1753-464646 (United Kingdom and the rest of Europe).

eGain Service™, the company's software suite, is the first customer interaction hub solution to support short message service (SMS) customer service interactions, as well as next-generation web self-service, email management, knowledge management, chat and web collaboration, automation of fax and paper-based service interactions, case management, and service fulfillment. Available for on-premise or on-demand SaaS deployment, eGain Service is built on eGain CIH™ Platform, the industry's most comprehensive, integrated, and flexible customer interaction hub platform. Based on a 100% J2EE architecture, it includes out-of-the-box integration with leading business applications, content management systems, and call center infrastructure solutions. With its fine-grained service-oriented architecture (SOA), eGain CIH platform enables rapid development of powerful applications. For more information about eGain Service, visit http://www.egain.com/products/multichannel_service.asp

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