evaluagent

Voice: its place in a multichannel world

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Introduction

Based on many years of primary research of the contact center industry, this white paper will show that:

- The voice channel is not dead, dying, or even ailing. It is the gold standard for customer contact and will continue to be so, despite the levels of investment being lower than digital channels.
- Telephony is not simply the preserve of older customers and will not fade away over time. The youngest cohort acknowledges that sometimes they will need to call a business, but their relative inexperience with this channel means that these customers value polite and friendly agents.

- Long-term customer loyalty and advocacy are won or lost in the voice channel, which has grown in importance in recent years, and which is needed to resolve more than 1 in 5 interactions that start on a digital channel.
- Organizations should aim to provide the "3 E's" of customer contact: efficiency, effectiveness, and empathy: through understanding and analyzing 100% of customer interactions, regardless of channel or location, they can deliver a high-quality customer experience while managing their costs.
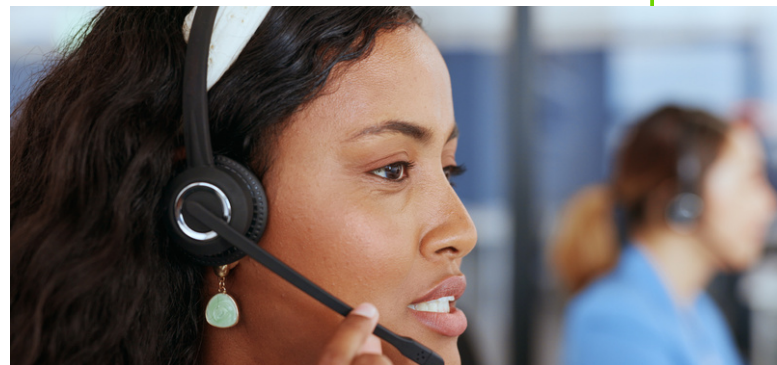
The voice channel is key to the customer experience and the success or otherwise of the business, yet most companies analyze and understand only a small fraction of the calls they receive, missing huge opportunities to understand their customers, support their agents, and improve their performance.

Voice: The gold standard

Analysts and commentators have been predicting the death of the voice channel for customer contact since the 1990s. Yet despite a significant drop since 2007, the live voice channel has steadied at around 65% of the inbound interactions into contact centers.

Digital channels – especially email and web chat – have grown steadily rather than spectacularly, and now account for around 30% of inbound customer contact. Our forecasts for 2026 expect that live voice will be around 60%, with web chat and messaging growing and email – with its delays and unsuitability for real-time conversations – remaining steady.

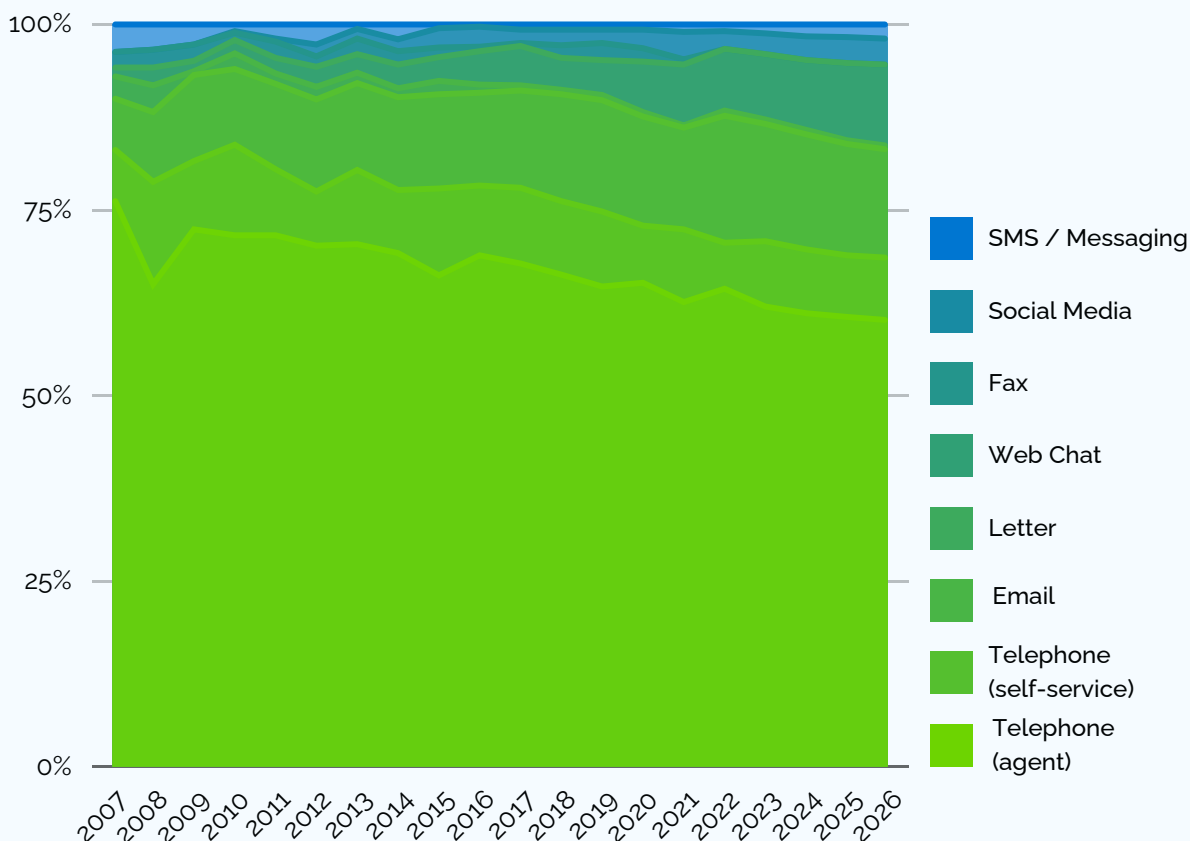## Contact center inbound interactions by channel 2007-2026

FIGURE 1: CONTACT CENTER INBOUND INTERACTIONS BY CHANNEL, 2007-2026 (FORECAST)

There is little evidence to suggest that live telephony will dwindle in importance over the next few years.   Yet why is this? Digital channels are generally much less effort than picking up a phone and waiting in a queue, and younger customers in particular actively prefer to use them.

The answer lies in what customers want when they are contacting an organization, and the telephony channel is far more able to provide one of the keys to a positive customer experience: first-contact resolution.

ContactBabel surveyed 1,000 consumers, who were provided with a list of eight factors that affect customer experience and asked to rank them in order of importance. The following chart shows the importance of various customer experience factors as an aggregated bar chart, segmented by age to show the factors that were of most importance to customers in each age range which allows an understanding of the most important factors overall, as well as by age.

What's most important to you when contacting an organisation? (by age range)
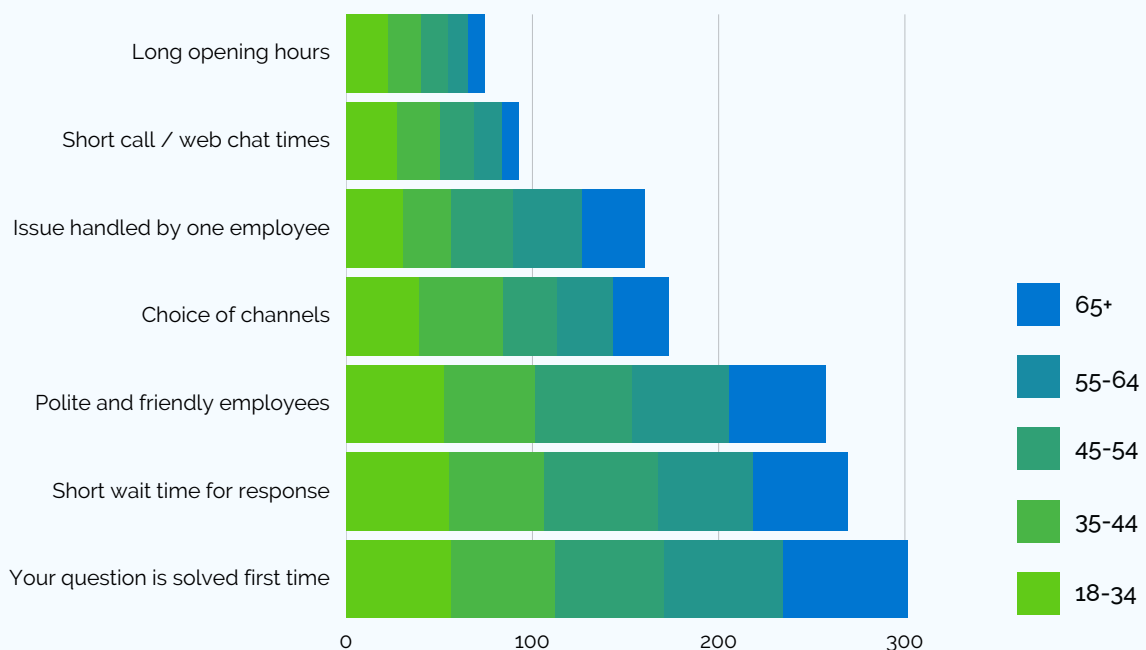

FIGURE 2: WHAT'S MOST IMPORTANT TO YOU WHEN CONTACTING AN ORGANISATION? (TOP 3, BY AGE RANGE)

Younger respondents place a greater emphasis on their time than older people, being more likely to rate short call/chat times and long opening hours as being more valuable. Younger people also value having polite and friendly agents just as much as any other age group, being almost as important to them as a short queue time or first-contact resolution. This may be because the youngest age group has the least experience in dealing with businesses and contact centers, perhaps lacking some of the confidence that comes with years of speaking with businesses, and having a friendly and approachable agent is valued very highly.

Younger age groups are also much more likely to value a choice of channels and long opening hours, the latter of which can be achieved through effective self-service options that younger customers are generally willing to try out.

One of the most noticeable differences between age groups is the requirement for employees, which is very important for older customers, but much less so for younger people.

Older customers are also very focused on first-contact resolution – they do not wish to have to call back – and also want their issues handled by a single employee.

Of the two main factors affecting customer experience – a short queue time and first-contact resolution – it is the latter that is the particular strength of the telephony channel, which is based on real-time two-way conversation, investigation, and reassurance: factors that are not the strengths of any digital channel.

As the information below shows, a significant proportion of digital interactions cannot be resolved, which then requires the customer to pick up the phone, emphasizing the nature of telephony as the gold standard of customer communication.

Proportion of digital interactions requiring phone channel to be fully resolved

24%
Email

21%
Web Chat
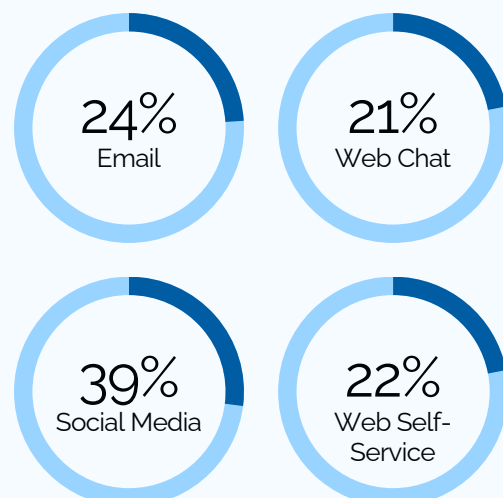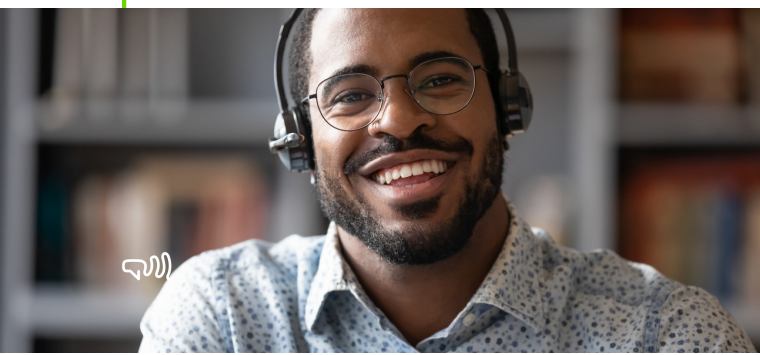
39%
Social Media

22%
Web Self-Service

FIGURE 3: WHAT PROPORTION OF DIGITAL INTERACTIONS THEN REQUIRE THE USE OF THE PHONE CHANNEL TO BE FULLY RESOLVED?

However, the telephony channel has been suffering from poor performance, starting during the pandemic and continuing to today.

The pressure on the phone channel is exceptionally high, and while it continues to be the most effective way for customers to get things done, it can often be a painful experience, requiring high levels of customer effort.

Selected telephone performance metrics (2017 & 2022 – year-end)

Performance metric	2017	2022
Average speed to answer	50 seconds	73 seconds
Call abandonment rate	5.9%	6.3%
Average call duration	6 mins 24 seconds	7 mins 6 seconds
Cost per inbound call	$5.25	$6.55

FIGURE 4: SELECTED TELEPHONE PERFORMANCE METRICS (2017 & 2022 – YEAR-END)

One of the reasons for this pressure is that customer channel preference seems to have changed. Considering that the prevalence of digital channels and self-service has increased so much in recent years, it is a surprise to see that the below chart– which shows customer preference for the phone channel as the first port-of-call in three different scenarios – has risen so much, particularly for complex and urgent matters which were often previously dealt with by face-to-face or digital channels respectively.

The timing suggests that the initial change may well be pandemic-driven (although the 2020 figure below does not reflect this: this annual survey is carried out in early Q2 each year, before the full impact hit). Regardless of the reason – a greater need for reassurance, or less opportunity or desire to have a

face-to-face meeting in a physical environment such as a shop – it should be noted that customers' preference for the phone channel remains higher than before, even well after the lockdowns have passed.

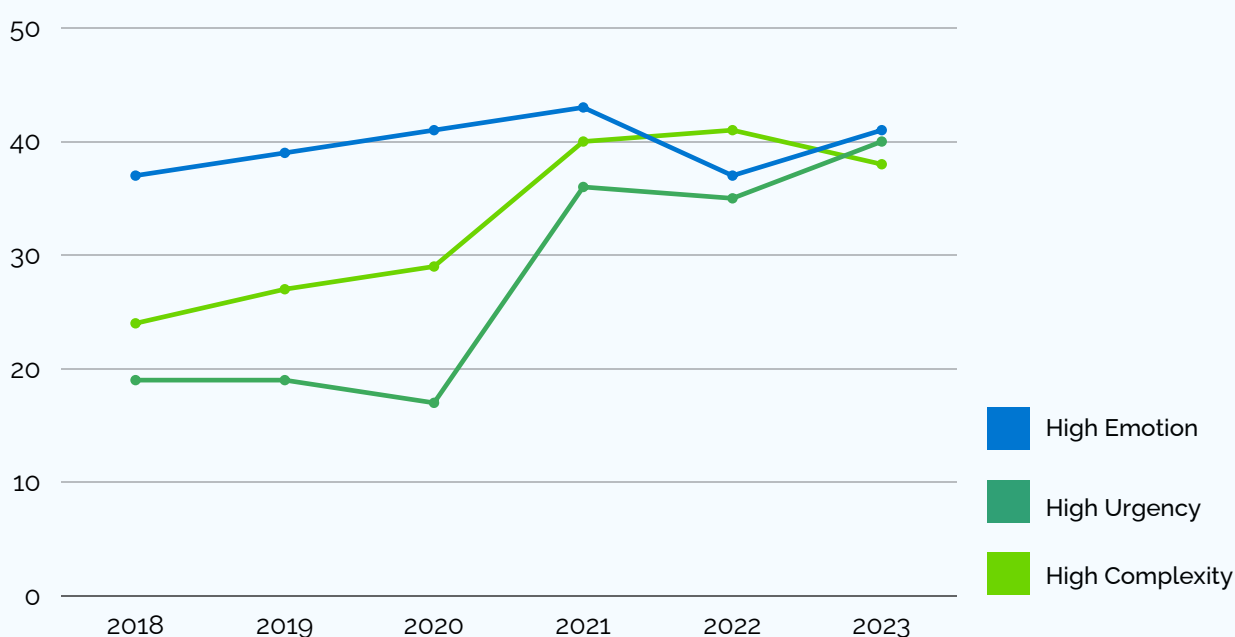## Customer preference for phone channel, 2018-23

FIGURE 5: CUSTOMER PREFERENCE FOR PHONE CHANNEL, 2018-23

It is important to realize that the current preference for telephony does not mean that digital channels will fade into the background: quite the opposite. While telephony can deliver first-contact resolution, the poor overall performance in terms of queue times and call abandonment rates means that many customers (especially younger ones) are willing to try digital channels first rather than wait a substantial amount of time for their call to be answered.

Alongside this, contact centers themselves are seeing cost pressures on the telephony channel and are looking at ways to relieve some of this by deflecting calls to digital channels. The potential for cost savings is being seen: driven by AI automation and agent assistance, a web chat now costs relatively less than a phone call than had been the case several years ago.
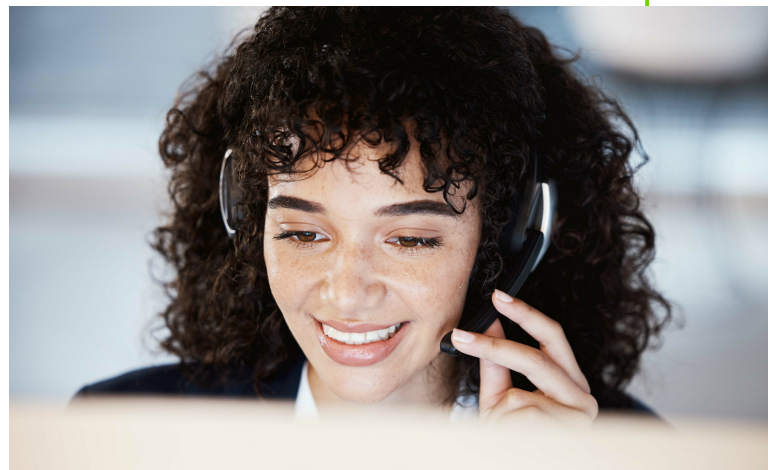
The chart below shows customer experience investment by channel, and it is easy to see that for the majority of vertical markets, digital channels such as email, web chat, website, and social media receive far more attention and investment than the traditional telephony channel, despite the former accounting for around 26% of inbound interactions (excluding web self-service), compared to over 72% coming through telephony (whether live or self-service).

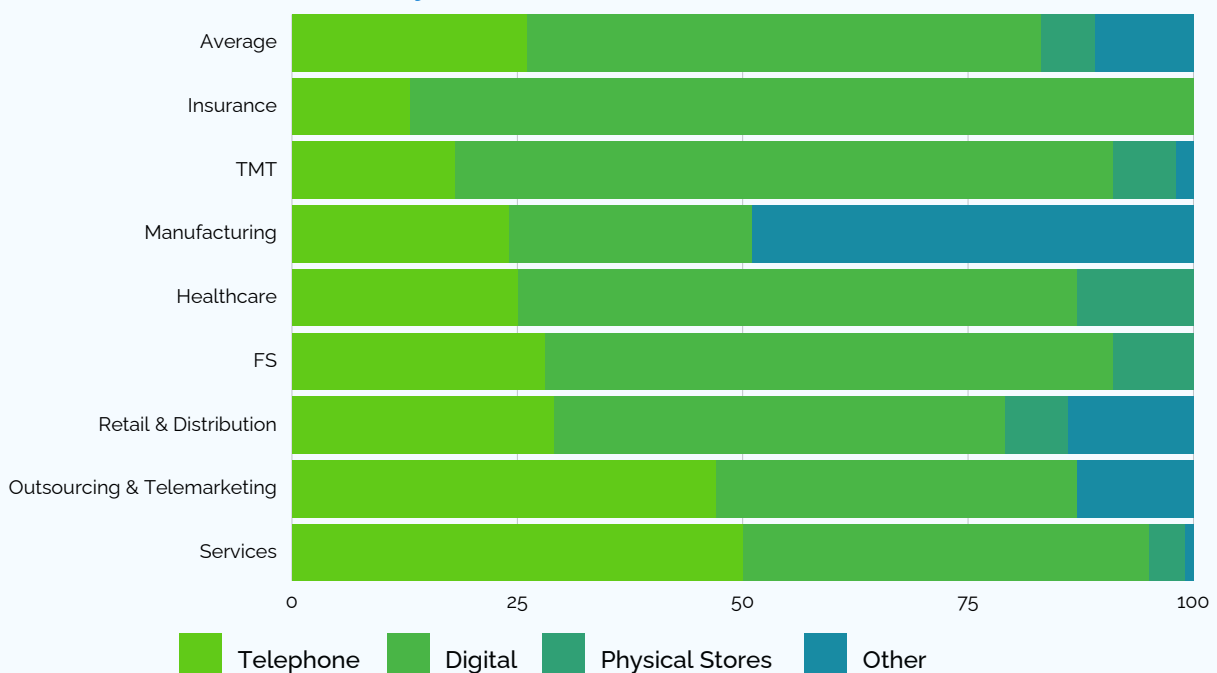## Investment in CX channel, by vertical market

FIGURE 6: INVESTMENT IN CX CHANNEL, BY VERTICAL MARKET

The cost of poor customer experience

The evidence shown so far suggests that although the telephony channel is popular with customers, it is increasingly difficult for organizations to provide a high level of voice performance: while first-contact resolution has not dropped over this channel, the other main driver of positive customer experience – a short queue time – is increasingly less likely to be delivered.

This matters to businesses, as many customers will act upon what they perceive as poor customer experience.

1,000 customers were asked if, in the past 12 months, they had left any of the eight types of companies listed or had used a competitor instead because of poor customer experience. As the following chart shows, a very significant proportion of respondents stated that they had done so.

In the past year, have you left any of these types of company, or decided not to use them because of poor customer experience?

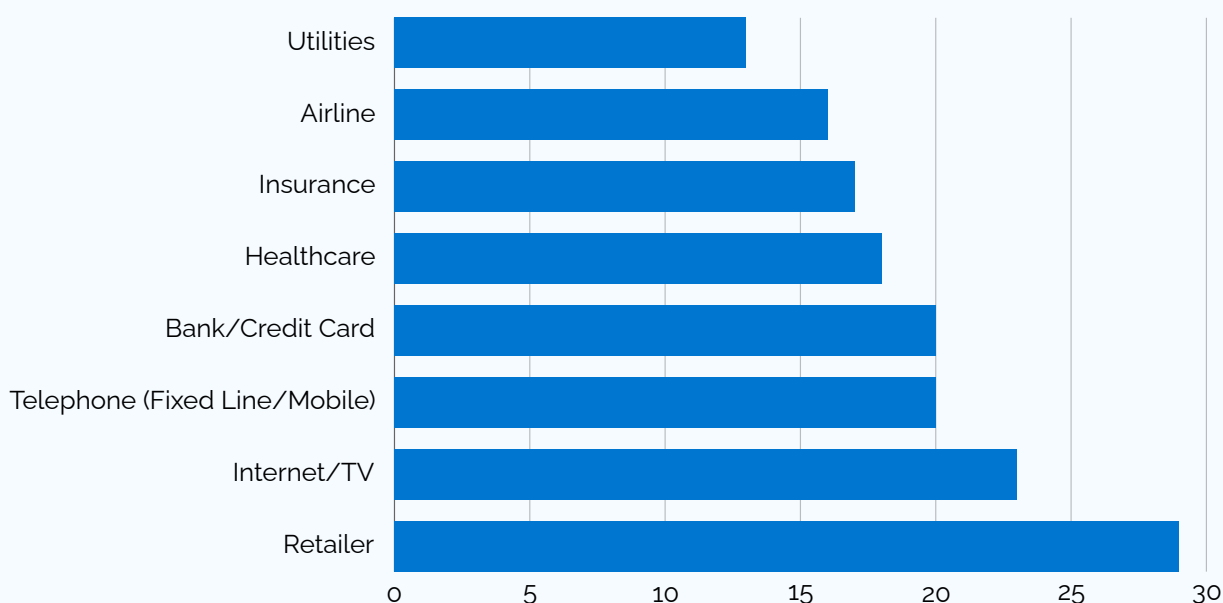| Company Type	Value
Utilities	13
Airline	16
Insurance	17
Healthcare	18
Bank/Credit Card	20
Telephone (Fixed Line/Mobile)	20
Internet/TV	23
Retailer	29

FIGURE 7: IN THE PAST YEAR, HAVE YOU LEFT ANY OF THESE TYPES OF COMPANY, OR DECIDED NOT TO USE THEM BECAUSE OF POOR CUSTOMER EXPERIENCE?

While these figures are alarmingly high, it should be noted that a "poor customer experience" can be construed in many different ways. While the examples given in the survey question included long phone queues; not being able to answer a question; being passed around by numerous employees; and experiencing rudeness from staff, it deliberately did not state that those were the only examples of a poor customer experience. For some customers, especially younger ones, their customer experience is in large part driven by their interactions with the website, app, or digital support channels.

Additionally, customer experience does not begin and end with an interaction: if a company fails to deliver an item on time or to the required quality, invoices a customer incorrectly, or miscommunicates with them, these are all considered by the customer as part of their overall experience.

There is always going to be some subjectivity in what constitutes poor customer experience – it is, after all, an entirely personal concept – but the survey gives some idea of the impact that falling below customers' expectations can have on businesses.

One of the main problems that organizations face is that they do not fully understand what their customers' experiences are, despite the large majority having huge quantities of call recordings, emails, and web chat transcriptions in which the truth of the matter lies.

To further complicate things, true customer loyalty and advocacy do not simply come from efficient and effective customer communication.

McKinsey describes the 'moment of truth' in customer interactions,[1] often occurring when the customer has an unexpected problem or has a high emotional stake when long-term loyalty and customer advocacy can be won or lost depending on the outcome and how it is handled. Businesses and their representatives should be aware that these relatively rare occurrences offer great opportunities. Recognizing and handling these moments of truth appropriately – moments which are defined as such by the customer, not the business – will have a far greater long-term impact on customer satisfaction and loyalty than the many competently handled, forgettable interactions that may have happened previously.

Research[2] has shown that repeat business and high levels of NPS (Net Promoter Score) are more associated with positive emotion than with a successful outcome or low levels of customer effort. It should be noted that just because a caller enters the conversation with negative emotions does not mean necessarily that they have to end it that way: the contrast and emotion of a seemingly intractable issue being resolved successfully can produce a higher positive emotion than if there had been no strong negativity at any stage of the interaction.

The "peak/end" concept is relevant to many customer interactions: where we remember how we felt at the peak moments (whether positively or negatively), as well as at the end of the conversation or process. Some micro-retailers use this concept to produce a high emotional reaction in their new customers by including a free minor item with an order (but not to mention it on the website or in the call), so that at the end of the sales process – when the package is opened – a strong positive emotion is produced, increasing the brand awareness and the likelihood of future purchases with that supplier.

Businesses should consider ways to create these positive emotions on phone calls, particularly with younger customers who are less likely to use the phone channel, and who – perhaps as a result of this – are more likely to have changed supplier in the past 12 months. However, identifying these opportunities accurately – not to mention the agent behaviors that produce the best outcomes – is very difficult without having analyzed vast quantities of interaction data first.

1 http://www.mckinsey.com/business-functions/organization/our-insights/the-moment-of-truth-in-customer-service
2 Temkin Group

Analyzing 100% of Interactions

In operations that are using manual quality processes, listening to every call and reading every email/web chat transcript is impossible. The majority of benefits from quality monitoring and assessment come from understanding the best and the worst interactions, propagating best practices, and retraining agents where needed. However, studying a small random sample of interactions is unlikely to show either the highs or the lows, so this is an opportunity missed for many operations.

Cost reduction was often the initial driver for interaction analytics, particularly when looking at automating the quality assurance (QA) process, as contact centers looked for an alternative to making decisions based on minimal data, and monitoring quality manually and patchily.

For some businesses, automating the QA/QM process has enabled large contact centers to decrease the headcount of these teams by as much as 75%. However, there is an increasing appetite amongst businesses to use analytics to guide their QA teams towards more insightful and actionable data that offers the potential for far higher profitability than simply reducing headcount in the QA team.

By monitoring and categorizing 100% of calls, only the most relevant can be passed through to the supervisor, greatly reducing the amount of time, and in some cases headcount, required to carry out QA.

The resulting insights into the performance of individual agents, and business processes in general, are of a far higher standard than is possible through manual QA processes. Automated QA that focuses on specific call categories can also speed up the improvement cycle by automatically selecting personalized eLearning assignments for agents.

Analyzing 100% of interactions – through digital channels as well as voice – allows organizations to identify and understand the high-risk / reward moments of truth discussed earlier, having full knowledge of the "3 E's" – empathy, effectiveness, and efficiency – on every call.

At an agent level, this provides fairer and more accurate agent assessments, more targeted coaching, improved morale, and rewards based on the behaviors demonstrated that are aligned with the organization's desired outcomes.

At a business level, the QA team can identify specific drivers of customer satisfaction or discontent at both business and agent levels, as well as identify the root causes of repeat contacts, which as we have seen, impact strongly on customer experience and outcomes.

The QA team is further supported by being able to understand the drivers for customer experience and ultimately profitability by creating scorecards that are based on the most important external factors: what customers care about, as well as internal metrics.

Furthermore, analyzing every interaction across multiple channels and locations means that all agents are supported all of the time, despite many now working away from direct supervision. The remote/hybrid model of contact center work seems to be here for the long term, and being able to understand and support agents working away from a centralized environment can only help improve quality and outcomes.

Success for remote/hybrid working is dependent upon:

- The supervision and measurement of performance and quality
- Effective intra-team communication
- Targeted and effective coaching and training
- Motivating staff for whom remote working is more difficult, such as relatively inexperienced agents.

Having a QA program that takes all interactions into account across all channels will certainly provide more accurate and actionable information at both agent and business levels, regardless of their physical location.

Proportion of agents using home, hybrid or centralized at-work model, by contact center size

Legend:
- Fully at home
- Hybrid
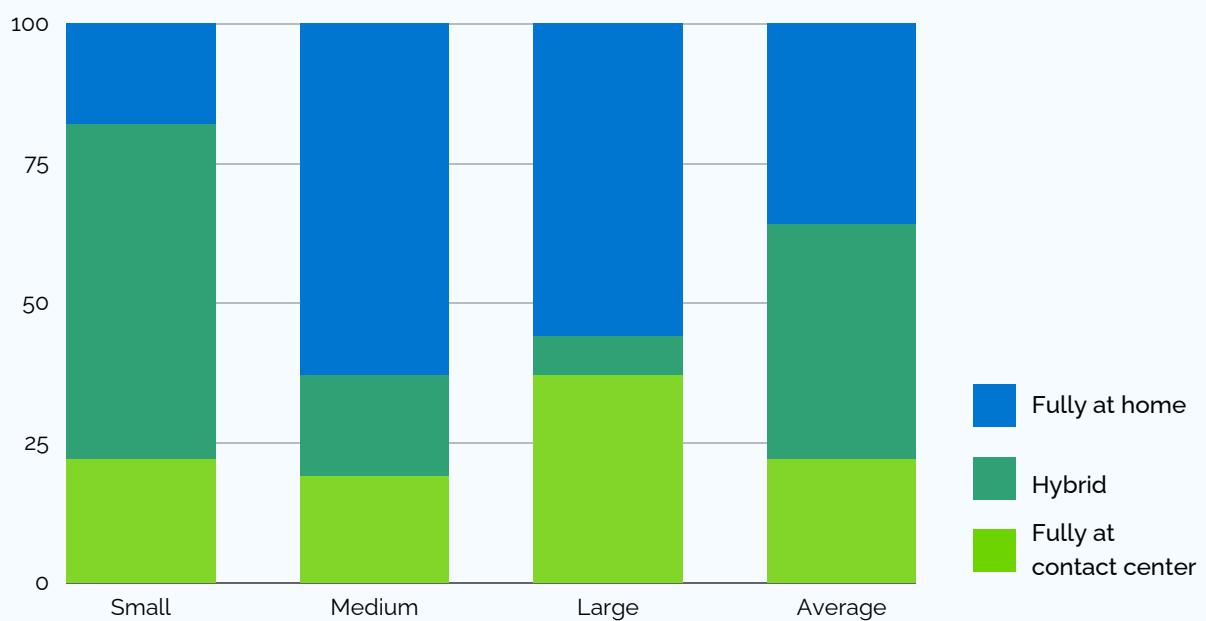- Fully at contact center

FIGURE 8: PROPORTION OF AGENTS HOMEWORKING, 2019 – 2023 (YEAR-END)

Summary

While telephony provides the best chance for a customer to have their issue resolved at the first time of asking, the voice channel is under pressure that it has never experienced before. Performance is slipping, and costs are higher than ever.

Digital channels, while growing strongly, are rarely seen by customers as offering the same level of confidence, reassurance, or quality as telephony, leading to increased demand for the voice channel.

Moments of truth – where customers decide to leave, stay, or even advocate for a company – occur most frequently on the voice channel. This means that it is imperative for organizations to be able to understand and act upon the information that is held in their call recordings (and increasingly, digital transcripts), to identify the issues and behaviors that drive customer satisfaction and ultimately, profitability.

Selecting a tiny number of call recordings for manual QA not only cannot give an accurate picture of the agent's capability but also ignores the wealth of business insight held about the causes for repeat interactions, the business processes that are causing complaints and the reasons why customers are calling rather than using more cost-effective channels.

Only through analyzing every interaction can organizations truly be aware of what their customers are thinking, and how they can then improve business processes and provide an environment that supports both high levels of customer satisfaction while managing business costs.

About evaluagent

At evaluagent, we believe that Every Conversation Counts. For over 10 years, we've been helping contact centers across the globe to dramatically improve their Quality Assurance capabilities through our award-winning AI-powered Quality Assurance and Performance Improvement platform.

Founded in 2012 by Jaime, Michelle and Alex. At the heart of our success is the fact that our founders have lived and breathed contact center excellence their whole careers. With a focus on QA, many well known brands such as ATOS, JET2, Vitality Insurance and Music Magpie have benefitted

significantly from our solutions.

One thing that sets us apart from other players in the market is that our customers always come first. With a commitment to continuous development of our people, platform and services, we're focused on remaining the leading provider of Quality Management and Performance Improvement solutions for contact centers.

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About ContactBabel

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

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

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

If you have a question about the contact centre and CX industry, please get in touch.

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