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2018 Customer Service Trends: How Operations Become Faster, Cheaper — And Yet, More Human

Vision: The Contact Centers For Customer Service Playbook

by Kate Leggett
January 24, 2018

Why Read This Report

We're at a tipping point for customer service operations. Customers contact enterprises at a greater rate over a greater number of channels — shifting between them seamlessly and even using channels simultaneously. Enterprises react by adding headcount — an unsustainable strategy. You must transform operations by developing strength in automation, AI, and knowledge. This report reveals the top 10 customer service trends in 2018 for application development and delivery (AD&D) pros supporting customer service.

Key Takeaways

Customer Expectations Get Harder To Meet
Enterprises should think beyond channels — and beyond just shifting conversations to digital channels. They must focus on delivering the best experience based on context and inquiry type, including via chatbots, visual engagement, and voice interfaces.

Automation And AI Reshape Customer Service Operations
Enterprises must reimagine their operations, with automation and AI at the center of their strategy. AI enables automation to get faster and smarter over time and helps uncover new revenue streams and fundamentally transform operations.

Customer Service Organizations Maximize Human Connections
There are fewer opportunities for human connection in an increasingly digital and self-service world. Organizations must invest in these moments by upskilling their workforces, empowering them, and exploring new labor models.

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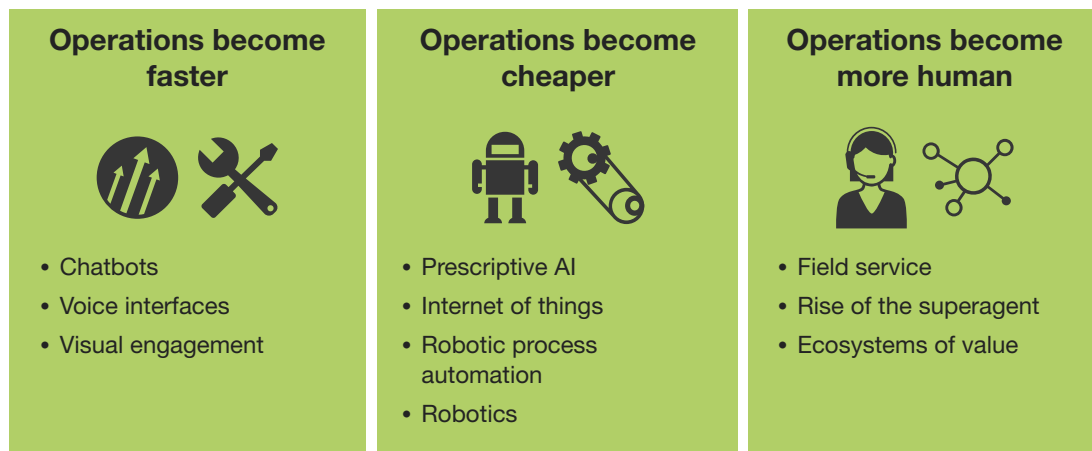# Invest In Customer Service — And Realize Top-Line Growth

Ease, effectiveness, and emotion are what drive great customer service.[1] For many companies, this level of service is a cornerstone of their customer experience strategy. And while good customer service helps control costs, company executives are more interested in the potential for sustainable top-line growth. AD&D professionals: Don't ignore the key customer service tenet — your customers now decide how customer centric you need to be, not your internal operations.

Forrester Data backs up these statements: 69% of US online adults shop more with retailers that offer consistent customer service both online and offline.[2] Poor customer service causes consumers to abandon intended purchases, which translated to an estimated $62 billion in lost sales in the US in 2015 — an alarming 51% increase over the previous two years.[3]

An AI Strategy Underpins Transformative Customer Service Operations

Great customer service is not just about cutting costs or making operations more efficient. Instead, it's a systematic reinvention of established technology, data, and operations — leveraging automation, data, and agents together to exploit each of their unique strengths. Customer service organizations must be agile enough to react to customers' changing expectations for service. They need to put AI at the core of their operations to combat headcount increases, and reskill their agents to address customer interactions that demand insight and analysis.

Looking ahead, Forrester sees 10 trends for 2018 that AD&D professionals supporting customer service operations must consider as they fundamentally transform their operations (see Figure 1).

FIGURE 1 The Top Customer Service Trends For 2018

Operations become faster
- Chatbots
- Voice interfaces
- Visual engagement

Operations become cheaper
- Prescriptive AI
- Internet of things
- Robotic process automation
- Robotics

Operations become more human
- Field service
- Rise of the superagent
- Ecosystems of value

Customers Demand Fast Service Anytime, Anywhere

Today, customers have more choice: more products to buy, more information to influence purchasing decisions, and more devices and channels over which to seek customer service. What they don't have is more time. In fact, 66% of US online adults said that valuing their time is the most important thing a company can do to provide them with good online customer experience.[4] It's no wonder that self-service interactions have overtaken all other channels for the third year running (see Figure 2).[5] Dimension Data also reports 13.6% growth for web self-service this year, compared with only 1.6% growth for the phone channel.[6]

However, maturing self-service operations — whether digital or speech self-service (interactive voice response [IVR]) — can take you only so far. For real business impact, AD&D pros should also consider the following trends.

› **Trend 1: Chatbots will first degrade and then enhance the self-service experience.** Close to half of consumers already use introductory versions of intelligent agents like Alexa and Siri to ask questions in a conversational manner.[7] Emerging chatbots for customer service span a range of capabilities, from single-purpose ones — like KLM's for booking confirmations — to those that embed deep learning for natural language and can handle complex interactions such as recommending the right insurance policy or financial products.

In 2018, companies will increase chatbot investments — with mixed results. Chatbots hold the promise to anticipate needs based on context, prior queries, and sentiment — and provide transactional capabilities. Enterprises will eventually offer chatbots that mimic human conversations to solve problems and create seamless, context-driven escalation to live chat agents. Yet, this year, we will see failed chatbot experiments offering degraded self-service experiences. It will be many years before we are able to realize their true potential.

› **Trend 2: Voice interactions will experience a second coming.** Voice is our most natural interface. And it's fast. Thirty-three percent of consumers use virtual assistants on smartphones for simple tasks and rate those experiences as satisfying.[8] Voice adds value in our work lives by booking meetings, sending notes, and sharing files via voice commands.[9] As natural language understanding, speech recognition, and consumer confidence grow, conversational voice interfaces will handle increasingly complex interactions.[10]

In 2018, virtual assistants will continue their march into households to become local hubs of customer experience. Partnerships like the one between Amazon and Microsoft ensure that voice-driven virtual assistants will coexist, broadening their reach.[11] Enterprises should explore moving service to these intelligent assistants with attention to authentication and security. Products will also start supporting voice user interfaces for command and control, and companies must design these products with onboarding and customer service in mind.

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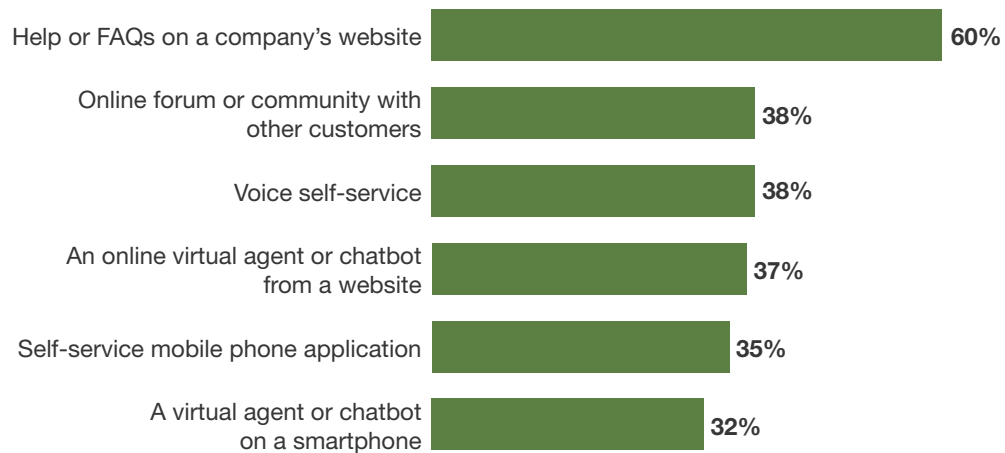**2018 Customer Service Trends: How Operations Become Faster, Cheaper — And Yet, More Human**
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› **Trend 3: Visual engagement will cut through the conversation clutter.** Visual engagement spans video, cobrowsing, and screen sharing. It enhances the show-and-tell experience for both customers and agents. It also helps agents connect emotionally with customers during high-value purchases. Successes are real: BluCurrent Credit Union increased cross-sells by 20% using video to help with coaching. Insurance provider Endsleigh settles low-value claims via video, which could otherwise take up to five days.

2018 will see an uptick in visual engagement interactions by customers of all ages, as they have been conditioned to use video services like FaceTime and Skype in their private lives. For example, Delta Air Lines has launched a pilot program to use video chat for customer service.[12] Complementary technology will make it easier for agents to understand the customer's expression and emotional state. For example, voice analysis can coach the agent in real time to show empathy by monitoring the tone and speed of conversation.

FIGURE 2 Customers Increasingly Self-Serve As A First Point Of Contact For Customer Service

2-1   Customers rely on a variety of self-service channels

"Which of the following self-service channels have you used in the past 12 months?"

Channel	
Help or FAQs on a company's website	60%
Online forum or community with other customers	38%
Voice self-service	38%
An online virtual agent or chatbot from a website	37%
Self-service mobile phone application	35%
A virtual agent or chatbot on a smartphone	32%

Base: 4,513 US online adults (18+)
Source: Forrester Data Consumer Technographics® North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US)

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FIGURE 2 Customers Increasingly Self-Serve As A First Point Of Contact For Customer Service (Cont.)

2-2 **Web and mobile self-service interactions have overtaken other channels**

"Which of the following live-assist channels have you used in the past 12 months?"

Voice
Conversation with a customer service representative or agent via telephone — **59%**
Click-to-call — **37%**

Digital
The response to an email that I sent to customer service — **54%**
Instant messaging/online chat with a live person — **45%**
Contacting a company using Facebook or other social channels that don't include Twitter — **33%**
Contacting a company using Twitter — **31%**
Sending a mobile/SMS message to the company requesting assistance — **31%**
Using a mobile messaging app — **30%**

Visual
Screen sharing — **32%**
Online video chat with a live person — **32%**

Base: 4,513 US online adults (18+)
Source: Forrester Data Consumer Technographics® North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US)
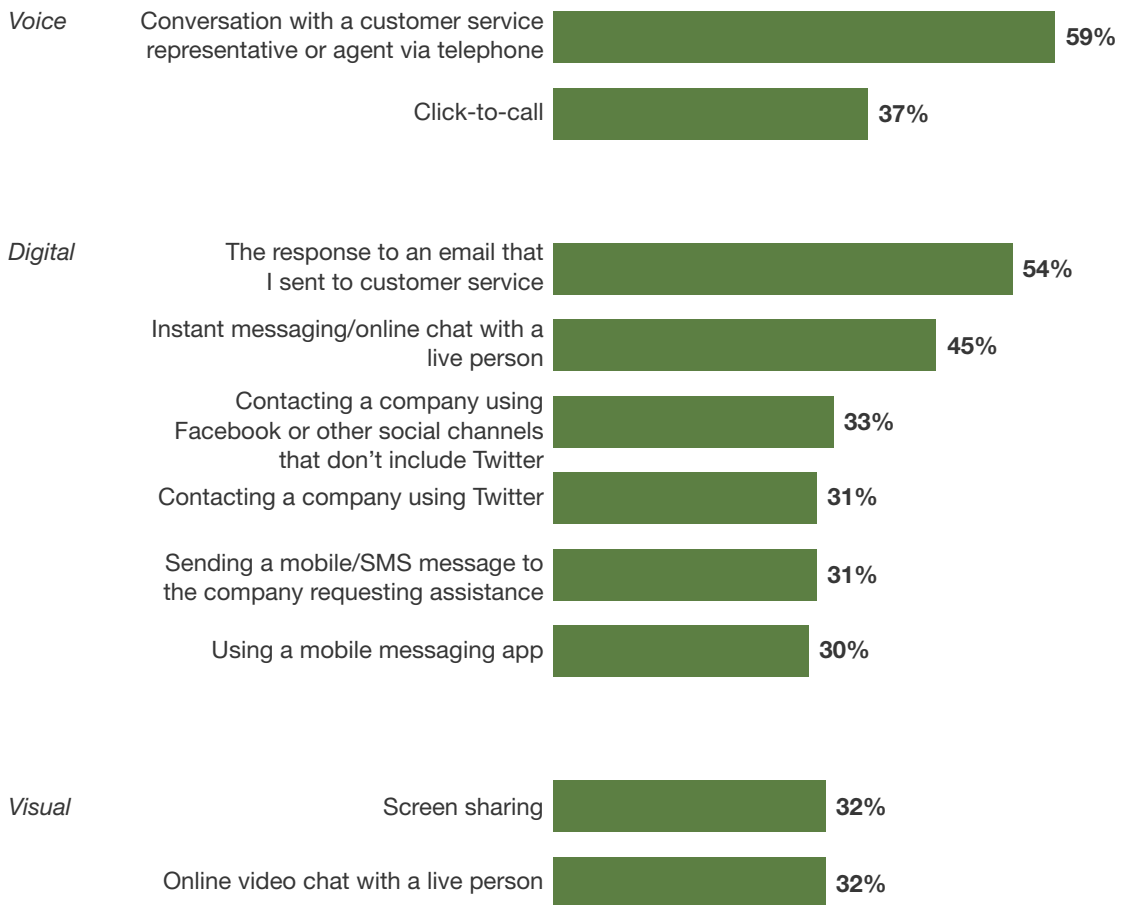
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Automation Tames Contact Center Headcount Increases

To manage ballooning volumes of interactions across an increasing number of channels, customer service teams increase their staff despite the cost. Forty-six percent of global contact center decision makers project their contact centers to grow by 5% to 10% (as measured by number of agent seats) in the next 12 months, and 14% project growth of more than 10%.[13] This approach is not economically sustainable. Enterprises must reimagine their operations, with automation and AI at the center of their strategy.

AD&D pros must adopt automation and AI to quell headcount growth. Pay attention to the following trends.

› **Trend 4: Prescriptive AI will pervasively automate routine tasks.** AI will enhance agents' skills by taking over routine tasks like collecting and reporting information, letting agents handle complex interactions that require empathy and personalization. It will also allow supervisors to better manage their workforce. Today, AI is still in its infancy; pragmatic AI applications span discrete capabilities, all of which are specialized and rapidly evolving.[14]

In 2018, companies will use AI for efficiency gains and to deliver better experiences. AI helps monitor customer journeys and proactively engages customers at opportune times to boost revenue and conversion. AI-fueled onboarding activities such as customer activation and customer health tracking deepen customer relationships. AI-fueled postpurchase support optimizes knowledge discovery and enhances chatbot conversations. AI also optimizes case routing, classification, and schedule management.

› **Trend 5: IoT insights will transform business models.** Companies with products in the physical world must monitor their status — otherwise, they rely on customer complaints when equipment breaks. The internet of things (IoT) is the glue that connects customers to their products, allowing preemptive diagnosis and issue resolution. For example, connected iRobots self-register and order new parts when they fail.[15] Commercial lighting provider WLS Lighting Systems remotely dims mall parking lot lights based on usage.

In 2018, IoT will continue to add value at all maturity stages of asset management, with the end goal of transforming companies from being products-based to services-based (see Figure 3). Heavy equipment manufacturer Caterpillar now includes remote monitoring services. Carrier and Trane offer cold-air-as-a-service instead of requiring building owners to buy chillers.[16] To make the business model of IoT work, companies must invest in IoT platforms connected to contact center solutions and act on the triggers they receive.[17]

› **Trend 6: RPA guidance will standardize service delivery.** Robotic process automation (RPA) software "robots" perform routine business processes and make simple decisions by mimicking the way agents work.[18] RPA is relatively cheap and fast. Organizations can automate entire end-to-end processes such as account onboarding or insurance claims awards, with agents providing support for any escalations.[19] Yet, in many cases, RPA plugs gaps in legacy systems and delays efforts to overhaul systems and processes.[20]

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In 2018, expect to see continued focus on RPA for repetitive tasks, with emphasis on governance and security as RPA grows in breadth and complexity. Organizations will start to explore the nascent world of cognitive RPA to drive business value by improving tasks that require judgment. These solutions use machine learning to improve outcomes. For example, a global bank uses cognitive RPA to monitor employee digital communications for indicators of noncompliant activities.

› **Trend 7: Customer service robots enter the stage.** The Lowe's LoweBot, Savioke's Botlr, and SoftBank's Pepper are examples of robots that collaborate with consumers or make field workers more efficient. They often have natural user interfaces that include voice capabilities, touchscreens, and even the ability to track a customer's gaze. They can restock inventory, help customers find products, answer product questions, and conduct simple transactions like payments.

In 2018, companies will explore broader uses for robots in hopes of making an impact on lower-skilled employment over the next five years. Emerging uses include having robots deliver goods, either to customers or to field workers. Companies will also use robots in situations where customer interactions are standardized and repetitive — like in banks, shopping malls, and airports. In fact, Japan's Henn-na Hotel is entirely staffed by robots. However, robots are expensive, and early uses in customer service aren't fully thought out.[21]

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FIGURE 3 The IoT Value Chain For Customer Service

Customer Service Operations Look To Become More Human

With customers increasingly using self-service, there are fewer opportunities for engagement with customer service agents who can lend a human touch. This is because customers use phone conversations as an escalation point for more complex issues like claims disputes or product errors that require diagnosis. These inquiries take longer to resolve and require skilled agent resources to solve the issue and temper customer frustration.

AD&D pros supporting customer service must make these human moments matter: In an increasingly digital world, they are rare opportunities to build positive customer relationships.[22]

› **Trend 8: Field service will become the face of your company.** These customer interactions are by far the most personal channel for customer engagement, and they can make or break a relationship. Well-executed field service technologies empower customers to control the service

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experience by engaging with a technician on their timetable and their terms. They can fuel differentiated customer experiences by equipping technicians with the right customer information, parts, and knowledge to get the job done in one visit.

In 2018, expect to see field service technologies outside of traditional industries supporting mobile workforces such as insurance adjusters, healthcare workers, and trades personnel. These technologies leverage analytics to manage scheduling and dispatching. This year, field services will also explore augmented reality (AR), which overlays digital information on the physical world. Smart glasses, for instance, will allow technicians or a contact center to assist junior employees, or even customers, through maintenance or repairs.[23]

› **Trend 9: Superagents will emerge.** Better automation and AI herald the death of tier 1 agents. Customer service organizations must become high-touch centers that handle critical customer interactions. These organizations will focus on the quality of interactions as measured by customer retention and lifetime value. Agents will be more highly skilled and better compensated. Old management principles that focused on efficiency will be relaxed. Ultimately, technologies such as quality monitoring may be replaced by customer feedback.

In 2018, customer service organizations will start to reimagine their workforces, perhaps even charging for premium service. A global networking company, for example, realized a 275% cost reduction by transforming operations to a profit center, with sustained CSAT of 92%.[24] Organizations will also consider new labor models to meet real-time demands for "superagents." Airbnb, Pinterest, and TUI use gig-economy workers who are routed work based on skill, reputation, and availability.[25]

› **Trend 10: Customer service ecosystems of value will arise.** Businesses use an ecosystem of customer, employee, and partner relationships to improve the customer experience. For example, Westpac supports customers through their entire home-buying journeys by locating and helping them view properties and securing mortgages. Airbnb, Etsy, Lending Club, and Uber have been architected as federated ecosystems from the start, relying on a web of suppliers to fulfill customer demand.[26]

In 2018, companies will broaden the reach of their ecosystems — this extends their value by supporting customers through their entire journey — not just a portion of it. They will also become hubs of customer service. To do this, they will form strategic partnerships, invest in applications to facilitate real-time federated information exchange, and clearly define business processes and key performance indicators for their partners to preserve the overall experience.

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What It Means

Use AI To Up-Level Operations, Or You Will Lose Your Customers

Customer service organizations are struggling to react to the pace of innovation and the explosion of channels and devices. To get ahead of these challenges, AD&D pros must deeply invest in automation — automated answers, automated conversations, automated agent guidance, and automated end-to-end processes. They must also invest in intelligence to ensure automated technologies evolve and learn from prior interactions over time.

Automation and intelligence quell the headcount increases. They will free agents from working on low-value or repetitive tasks, as they will only have to address highly complex customer scenarios or exceptions to standard operations. This also enables them to focus on building connections with customers to garner their satisfaction and loyalty.

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Supplemental Material

Survey Methodology

The Forrester Data Consumer Technographics® North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US), was fielded in March 2017. This online survey included 4,513 respondents in the US between the ages of 18 and 88. For results based on a randomly chosen sample of this size, there is 95% confidence that the results have a statistical precision of plus or minus 1.5% of what they would be if the entire population of US online adults (defined as those online weekly or more often) had been surveyed.

Forrester weighted the data by age, gender, region, and income to demographically represent the US online adult population. The survey sample size, when weighted, was 4,513. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Ipsos fielded this survey on behalf of Forrester.

Endnotes

[1] The ideal customer experience isn't just good for customers — it has to deliver revenue for the business, too. Forrester's customer experience index measures the fundamentals of a great experience: effectiveness, ease, and emotion. See the Forrester report "Improving CX Through Business Discipline Drives Growth."

[2] Source: Forrester Data Consumer Technographics North American Retail And Travel Online Benchmark Recontact Survey 1, Q3 2016 (US).

[3] Companies with poor customer service push customers away and motivate them to take their business elsewhere. For example, 63% of US consumers have stopped doing business with a brand due to poor customer service. See the Forrester report "Elevate Your Customer Experience With End-To-End Customer Service."

[4] Source: Forrester Data Consumer Technographics North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US).

[5] See the Forrester report "Engagement Costs Continue To Rise Even With Digital: Here's How To Fight It."

[6] For more information, see the Forrester report "Engagement Costs Continue To Rise Even With Digital: Here's How To Fight It."

[7] Apple's Siri is present on 375 million devices globally, while Google Assistant is installed on 2 billion Android devices. See the Forrester report "AI Will Revolutionize Digital Experiences."

[8] See the Forrester report "AI Will Revolutionize Digital Experiences."

[9] Microsoft's Cortana is available on Windows 10, Siri is available on Apple macOS, and Google is adding voice controls to newer versions of Chrome OS.

[10] For more information, see the Forrester report "AI Will Revolutionize Digital Experiences."

[11] Source: Peter Bright, "Cortana and Alexa are coming together in surprising Microsoft-Amazon partnership," Ars Technica, August 30, 2017 (https://arstechnica.com/gadgets/2017/08/cortana-and-alexa-are-coming-together-in-surprising-microsoftamazon-partnership/).

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12 Source: Brian Sumers, "Delta Air Lines Will Take Some Customer Service Calls via Video Chat," Skift, August 22, 2017 (https://skift.com/2017/08/22/delta-air-lines-will-take-some-customer-service-calls-via-video-chat/).

13 Source: Forrester Data Global Business Technographics Networks And Telecommunications Survey, 2017.

14 Applied AI aims to produce smart systems that are commercially viable. It is a superset of technology building blocks. See the Forrester report "How AI Will Transform Customer Service."

15 Source: "Improve Customer Satisfaction and Retention; Maximize Efficiency," Oracle (https://cloud.oracle.com/_downloads/WhitePaper_CSS_38_Rightnow_Customer/rightnow-customer-stories.pdf).

16 IoT will transform the postpurchase experience. Usage data from IoT sensors gives rich context for customers to reach out to peers and social networks in the Ask phase. The rich data flows and interactivity of IoT-connected products will transform the Engage stage, as customers and companies continuously communicate about the customer's experience. See the Forrester report "Brief: The Internet Of Things Will Transform Customer Engagement."

17 The IoT trend features a common idea of network-connected digital sensors and actuators but lacks any core common technology or a universal killer app. AD&D professionals are faced with a wide range of technologies they can use to deploy specific end-to-end use cases plus many industry-specific technologies. See the Forrester report "Brief: Bringing Interoperability To The Internet Of Things" and see the Forrester report "TechRadar™: Internet Of Things, Q1 2016."

18 An example of a routine business process would be retrieving information from one system and entering the same information into another system or activating another system function.

19 RPA use cases can span front and back offices. See the Forrester report "Digitization Leaders Share Robotic Process Automation Best Practices."

20 See the Forrester report "RPA Operating Models Should Be Light And Federated."

21 Source: "Who is Pepper?" SoftBank Robotics (https://www.ald.softbankrobotics.com/en/robots/pepper).

22 See the Forrester report "Brief: Comparing CX Quality Between Store-Based Retailers And Digital-Only Retailers."

23 Mobile AR is a tool that digital business professionals are beginning to use to engage consumers. Today, AR simplifies how consumers discover and consume content. For more information, see the Forrester report "Augmented Reality: Emerging Tools To Explore."

24 Source: "Are You A Cost Center Or A Profit Center?" CSS Corp case study, September 18, 2017 (https://www.csscorp.com/allnews/are-you-a-cost-center-or-a-profit-center/).

25 Airbnb and Pinterest use Directly. Directly identifies and routes customer service issues and questions that can be resolved by community experts. In a similar model, TUI uses iAdvize, which also routes issues and questions to community experts.

26 See the Forrester report "How Ecosystems Fuel Digital Business."

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