



VENTANA RESEARCH



Next-Generation Customer Engagement

Incorporating Collaboration, Mobility and Social Media
into Customer Relationships

White Paper



November 2013

Ventana Research performed this research to determine attitudes toward and utilization of customer engagement processes and systems. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate customer engagement practices and needs and potential benefits. It is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve customer engagement. Moreover, gaining the most benefit from customer engagement efforts requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

The full report with detailed analysis is available for purchase. We can provide detailed insights on this benchmark research and advice on its relevance through the Ventana On-Demand research and advisory service. Assessment Services based on this benchmark research also are available.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of customer service and engagement, and that the analysis and conclusions are entirely our own.

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Executive Summary

Once upon a time, companies engaged with their customers by meeting them in person, speaking with them on the telephone or mailing written documents. Those days, though not that long ago, are long gone. To be competitive today companies cannot confine customer service to only those traditional forms of engagement. Customers now engage with companies through a variety of communication channels that include email, corporate websites, text messaging, instant messaging, social media, smartphone applications and video.

Customer service now is an enterprise-wide activity, and customers engage with companies through a variety of communication channels.

As these communication channels and options have proliferated, consumer expectations have changed; to keep up, so must businesses. Customer service now is an enterprise-wide activity no longer confined to the contact center. And customers, whether they prefer to interact electronically or through traditional channels, still expect their issues to be resolved quickly and to their satisfaction.

The cost to businesses of failing to do so has increased. The fluidity of the electronic marketplace makes it far easier than in the past for customers to defect to competitors and/or voice their dissatisfaction publically. Thus, maximizing customer retention has become a top priority. Customers are retained by engaging them and reinforcing their loyalty through the delivery of superior customer experiences.

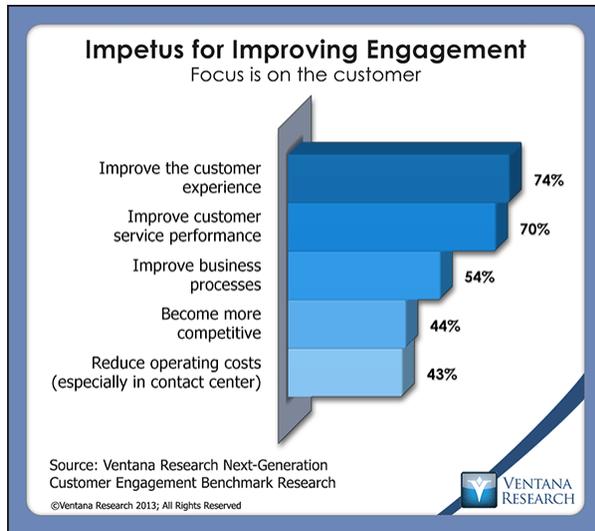
To effectively manage this more complex engagement model, companies need to develop new processes, integrate them into their customer service activities, train employees how to use new technologies and make customer- and performance-related information more readily available to everyone engaging with customers; they must do this in the context of improving all customer-related activities and complying with legislation and regulations.

Ventana Research undertook this benchmark research to determine the attitudes, requirements and future plans of organizations that are working to improve the efficiency of their customer engagement



processes and to identify the best practices of organizations that are most mature in it. We examined the use of and interest in collaborative, mobile, analytic and social media technologies to improve customer engagement, service and experiences and thus retention.

Three-quarters of organizations participating in the research said they view it as very important to improve the way they engage with



customers. While most said their customers have good experiences, only one-third said that experience is excellent. Improving the customer experience (cited by 74%) and improving performance of the customer service organization (70%) are the drivers for improving customer engagement named most often.

Asked to identify the issues that most impact the way the organization engages with customers, the largest percentages of participants ranked

ineffective processes (25%) and inconsistency in handling interactions (24%) first or second. Looking only at issues ranked first, 13 percent selected external regulations first, while 10 percent cited an inability to collaborate internally.

This latter issue, collaboration, is increasingly important as organizations involve employees outside the contact center in customer interactions. The research shows that in at least half of organizations four lines of business handle interactions. While 70 percent still use the contact center, half use their sales and marketing functions as well as branch offices for face-to-face contact. In addition, one in three have interactions handled by mobile workers and one in four by home-based agents; involvement of both these roles is expected to grow more than 10 percent in the next 12 months. This diversification puts pressure on established processes and the consistency of responses customers receive.

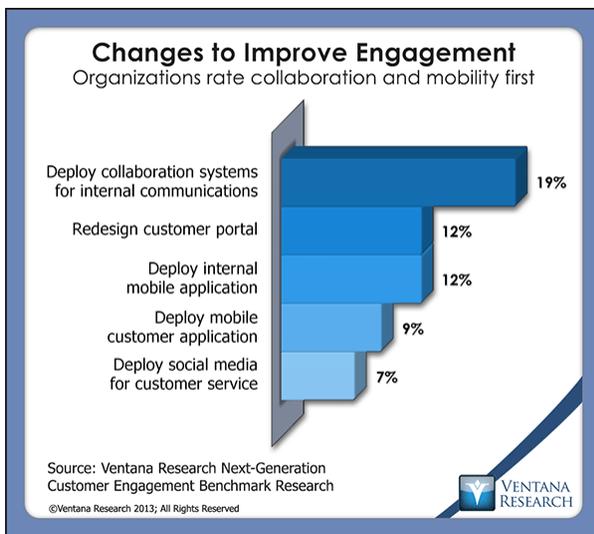
The research shows that collaboration systems are thought most likely to improve interaction-handling and so will be deployed most in the next 12 months. Companies will augment conventional means such as



file sharing and instant messaging with Facebook-like capabilities, unified communications and collaborative coaching.

The average company uses seven or more channels of communication to engage customers. The research shows that in supporting multiple channels organizations have experienced inconsistent responses, a situation that is not surprising when channels are managed as individual silos. That's the situation for nearly half of organizations; the most frequently cited issue in this regard is that integration of systems was difficult. Regardless of the reason, though, today's customers have little sympathy for such problems – they quickly lose patience when getting inconsistent information via different channels. Collaboration tools enable business units to work together without major reorganization.

This is a situation that potentially will continue to intensify as reliance on the long-dominant channels of telephone and email lessens and the



use of others increases, particularly mobile business apps, social media forums and mobile customer service apps, which one-fourth of companies plan to support within a year.

The research makes clear that many organizations are trying to catch up or keep up with what they perceive as customer expectations. One-fifth or more ranked these first or second among changes most likely to improve the way they engage with customers: redesigning the customer

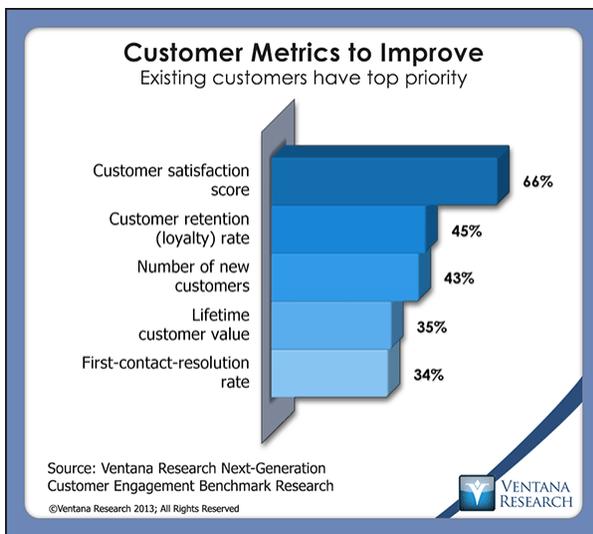
portal, deploying a mobile business application or a mobile customer service application for smartphones or tablets and deploying social media for customer service. The change most often ranked first (by 19%), however, is focused inward: deploying collaboration systems to improve internal communications.

Of the six key technology trends Ventana Research has identified that enable business innovation, three out of five participants in this research said that two, mobile technology and analytics, are the most critical in their efforts to improve customer engagement. Regarding the latter, the research finds the type of analytics organizations would most often (61%) consider adopting is the most conventional –



business intelligence or data analytics. However, the next two most-often named are newer: social media analytics and cross-channel analytics, each chosen by more than two-fifths. (Cross-channel analytics was chosen by more than half of very large companies.) One-third said they would consider adopting predictive analytics; fewer named the most innovative text (15%), speech (21%) and agent desktop (29%) analytics.

The research finds an “innovation gap” as well in the customer-related metrics organizations use now and those they identified as needing improvement. Currently three of the four metrics that most companies apply to assess the success of customer engagement are operational:



average call-handling time, agent quality scores and the cost to serve a customer; the other, first-contact resolution, does concern business outcomes, but even it is inwardly focused. Fewer than one-fourth use metrics that reflect customer behavior: customer effort scores, net promoter scores and customer wallet share.

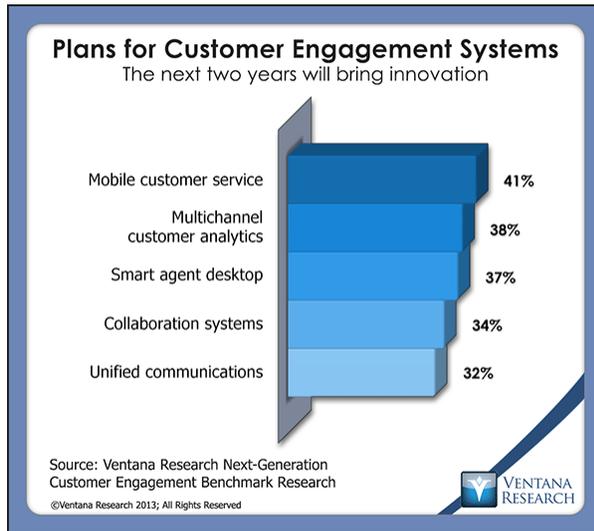
The customer-related metrics that most participants said they are seeking to improve are customer satisfaction, customer retention and the number of new customers.

Customer wallet share, net promoter scores and customer effort scores, in that order, ranked last. We suggest that using these next-generation measures can help in improving the others ranked ahead of them.

Similar findings concern the systems most commonly in use for customer engagement. More than 40 percent use CRM, performance management and business process management. As benefits of these and other systems already in place, three out of five participants said they have improved customer service and nearly half said they have increased customer satisfaction. In contrast, only 22 percent have improved customer effort scores, and just 16 percent have improved net promoter scores, showing again a lack of focus on these more innovative measures.



The research shows a different picture when it comes to systems



organizations plan to deploy in the next year or two. Only one-fourth will implement new CRM, for example, while more will roll out tools in the technology areas of mobility, collaboration and analytics. They will take account of the demand for multi-channel communications, and will provide smart desktop systems to agents so they can focus more on the customers and less on the software they have to use.

When they evaluate products and vendors to supply these new systems, they view the most pertinent criteria as functionality (very important to 53%), usability (49%) and reliability (46%). Both consumers and the younger generation of employees who share their affinity for technology expect that it will be both feature-rich and easy to use. We anticipate therefore that potential buyers will do the same in their demands of vendors, especially as business units have taken more purchase responsibilities from IT groups.

Regarding another innovation, cloud computing, more organizations still prefer to access customer engagement systems by installing them inside the organization, but one in three responded it had no preference for deployment, indicating an open mind on the evolving issue of whether to migrate to the cloud. Non-IT respondents indicated less reluctance to using cloud-based systems.

Our Maturity Index analysis confirms that only a minority as yet have embraced the new generation of customer engagement, though most recognize that they need to. Only 14 percent of participating organizations reach the highest Innovative level of the four by which we rank maturity, while we place nearly half (46%) at the lowest Tactical level. Analysis by size of company shows that very large companies have the greatest percentage at the Innovative level and nearly half in the top two levels. Larger companies in general are early adopters of innovative technologies such as mobile customer service apps, social CRM and customer-related analytics.



Among the four dimensions into which we further segment maturity, organizations are least mature in Process, where 78 percent rank at the two lowest levels and only 8 percent at the Innovative level. Challenges in engaging effectively with customers often arise in the processes companies use, which typically weren't designed to accommodate multiple channels of communications and customer interactions handled outside the conventional contact center. To meet the demands of a rapidly changing customer service environment, which often is driven by technology, businesses should look for new tools. Here we see signs of hope as organizations are most mature in the Technology dimension, with the largest percentage (18%) at the Innovative level.



Key Insights

Our research yielded the following important general findings and key insights regarding how well organizations engage with customers and how they intend to improve. (We discuss maturity levels in the Maturity Index portion of the full research report; the actual questions asked in our survey are in an appendix to the research report. Specifics of organization sizes are in the appendix "About This Benchmark Research.")

Organizations are maturing unevenly in customer engagement.

This research makes clear that overall few organizations are mature in how they engage with customers. Our analysis places close to half (46%) at the Tactical level of maturity, the lowest of the four. Another one in five each are at the next two levels, Advanced and Strategic; by far the fewest (14%) reach the top Innovative level. Analysis by size of company shows that very large companies have a greater percentage at the Innovative level of maturity than other size categories. Among industry sectors, Finance, Insurance and Real Estate (FIRE, 15%) tallies the highest percentage of Innovative representatives, followed by Services (8%). Assessing maturity in more depth, our analysis finds the highest percentage of Innovative maturity in the Technology dimension (18%), followed by People (15%) and Process and Information (each 8%).

Analysis by size of company shows that very large companies have a greater percentage at the highest Innovative level of maturity than other size categories.



Larger companies lead in adopting cutting-edge technologies.

Deeper analysis reveals that larger companies most often support customer self-service to minimize calls to the contact center. The research shows they are early adopters of innovative technologies such as mobile customer service apps, social CRM and voice-activated virtual agents. Similarly they have been first to adopt analytics to provide a better view of customer-related activities and tools that enable people across the organization to collaborate on resolving customer issues. Companies in the Finance, Insurance and Real Estate (FIRE) sector often are early adopters of these five technologies as



they typically have large numbers of customers and so can justify investing more than other sectors to engage efficiently with their customers.

People and process issues must be addressed to improve customer engagement.

While only one-third of organizations participating in this research reported that the experiences of their customers is excellent when they engage with the company, the majority (59%) said the experience is good. In a related finding, three-quarters (77%) of organizations said they view it as very important to improve the way they engage with customers. Among industry sectors, only in Government, Education and Nonprofit did fewer than three-fourths say this is very important. Improving the customer experience (cited by

74%) and improving performance of the customer service organization (70%) are the two most-often named drivers for improving customer engagement.

Four lines of business handle customer interactions in at least half of organizations, most often the contact center, sales, branch offices and marketing.

Improving both these aspects of engagement is complicated by the number and variety of business units that interact with customers. This research confirms a trend we have seen previously; in this research, four lines of business handle interactions in at least half of organizations. Those lines of business most often are the contact center (71%), sales (59%), branch offices (face to

face, 50%) and marketing (49%). In addition, interactions are being handled by mobile workers (34%) and home-based agents (25%), and those percentages are likely to increase because these are among the areas where companies are expecting most growth (11% or 12% each in the next 12 months).

Among the issues that most impact engagement, two – having to comply with regulations and inconsistency in handling interactions – were most often ranked first, tied at 13 percent. We believe that the latter is affected by the distribution of interactions across lines of business and communication channels, as is the inability to collaborate on interactions (ranked first by 10%). When we combined issues ranked first and second, ineffective processes (25%) received the most mentions. To meet the expectations of today's demanding



customers, companies need to examine their interaction-handling processes as well as the systems that support employees handling interactions and enable them to collaborate easily, wherever they may be situated.

Organizations are responding to the challenges of supporting multiple communication channels.

This research shows that almost every organization (90%) now supports multiple channels of communication – on average, seven and a half. We expect this number to grow over the next 12 months as companies move ahead with plans to deploy mobile business apps

In response to changing consumer communication habits, innovative companies have deployed mobile customer service apps, video calls and voice-activated virtual software agents.

(26%), social media forums (24%) and mobile customer service apps (23%). At the moment, though, conventional channels remain the most widely used: telephone (which 94% use), email (92%), postal mail (78%) and customer portals (61%). Among emerging channels social media (60%) is implemented nearly as often as portals, but fewer than half of organizations have deployed text messaging, chat and social media forums. In response to changing consumer communication habits, innovative companies have deployed mobile customer service apps (29%), video calls (29%), and the latest self-service channel, voice-activated virtual software agents (10%).

However, the research shows that companies see communicating through more channels more as an obligation than as a business benefit, with fewer than one-third (29%) seeing improvement in customer effort scores. In addition, implementing and operating multiple channels can be taxing. Nearly half of organizations said that integration of systems was difficult (49%) and that channels are being managed as silos (47%), and smaller but still significant percentages said responses to customers are inconsistent (33%) and that new channels are expensive to implement (30%). The results show that companies in which Marketing engages with customers across multiple channels more often than others beat their targets for key customer-related metrics such as customer satisfaction, net performer scores and customer effort scores. In order to meet customer expectations, companies may need to change their attitudes and seek ways to



achieve consistency across channels, thus better satisfying customer expectations and producing better business outcomes.

Organizations consider an array of changes to improve customer engagement.

This research shows that companies are motivated largely by their view of customer expectations as they plan improvements in customer engagement; four of the five changes organizations view as most likely to improve how they engage with customers are linked to customers' changing communication habits. The change most often ranked first is the exception, though: One in five (19%) companies consider that deploying a collaboration system to improve internal communications (and thus the consistency of responses and information provided) would be likely to improve engagement. The next four match the new ways consumers communicate: redesign the customer portal (ranked first by 12%), deploy a mobile business app (12%), deploy a mobile customer service app (9%) and deploy social customer service (9%).

These are all forms of self-service, and while it is true that consumers prefer to serve themselves in many situations, we remind companies of earlier attempts at self-service such as interactive voice response (IVR) and FAQ lists, which previous Ventana Research research found have had limited success. When implementing these systems, companies should do so to provide good service, not as a means of limiting operational costs. Another popular action (9%) is to deploy communications in the cloud, which potentially improves consistency across channels and lowers the costs of supporting multiple channels.

Ranked first far more than other actions as important to improve customer engagement was deploying self-service technologies to avoid customers calling the contact center.

We also explored actions companies view as important to improve customer engagement. Ranked first far more than others was deploying self-service technologies to avoid customers calling the contact center (30%); very large companies ranked this first even more often (39%), as did FIRE companies (also 39%). Apart from self-service, the other choices of actions show companies recognizing the importance of agent performance. Ranked second was taking agent preferences into account (first for 13%), and improving training (first or second for 29%), automa-





ting the quality monitoring process (first or second for 21%) and improving the quality monitoring process (16%) all received mention. Operational efficiency is still important, as comparing performance across sites received the third-most first-place rankings (11%).

Most organizations rely on conventional systems to improve customer engagement.

Of six key technology trends Ventana Research has identified that enable business innovation, participants in this research said that

More organizations still focus on business intelligence or data analytics rather than innovative types such as text, speech and agent desktop analytics, although social media analytics did finish second.

mobile technology (63%) and analytics (61%) are the most critical in their efforts to improve customer engagement. Mobile technology can help support the large numbers of consumers who use smart devices, and analytics can provide more information and insights about customers and their preferences. Among forms of analytics, 61 percent of organizations still focus on business intelligence or data analytics rather than innovative types such as text (15%), speech (21%) and agent desktop (29%) analytics; social media analytics did finish second, cited by 44 percent. Participants in IT roles rated all

forms of analytics lower than did business-side employees, while small companies, frequently strapped for resources, most often said analytics is unaffordable. Not surprisingly very large companies, which have more complexity in managing multiple channels, showed the most interest in cross-channel analytics (55% vs. 44% of all participants).

This reluctance to adopt innovative analytics echoes what the research shows about organizations' choice of systems that in their view have had or would have the most impact on improving customer engagement. The systems most often ranked first with respect to likely impact are unsurprising: business process management (26%), call routing to the best performing agent (16%) and CRM (14%). More innovative technologies such as social CRM, smart agent desktops, text messaging, chat, voice recognition and virtual agents all received few first- or second-place votes. The systems most widely deployed to improve engagement are CRM (48%), performance management (44%), business process management (43%) and Web-based self-



service (39%). Analysis shows that companies using such systems achieve some success in improving customer service, increasing customer satisfaction and expanding customer choice, but few have yet to see major improvements in customer effort scores (only 22% have), increasing sales (22%) and net promoter scores (15%). The results do show that companies that have deployed business process management more often achieve their customer-related metrics than those deploying CRM systems. And the research shows organizations planning to deploy more innovative systems in the next year: collaboration (27%), customer service mobile apps (25%), customer analytics with a multichannel view (23%), smart agent desktops (23%) and call routing to the best performing agent (23%).

Organizations struggle with customer-related metrics.

Organizations use various metrics to monitor and assess their performance in customer-related activities. Among those most used, only one concerns a business outcome: first-contact resolution (35%). The other three relate to operational efficiency: average call-handling time (37%), agent quality scores (31%) and the cost to serve a customer (29%). Business outcome metrics such as customer lifetime value (25%), customer effort (23%) and net promoter score (18%) are used less frequently, and despite the prevalence of customers commenting on social media, only one in 10 use influencer ratings.

The focus on efficiency as opposed to effectiveness has a direct impact on how well companies perform against key customer metrics.



The focus on efficiency as opposed to effectiveness has a direct impact on how well companies perform against key customer metrics. The research shows companies do best at beating their targets for customer satisfaction scores (18% performed more than 5% better than the target); for customer value, customer effort, net promoter and first contact resolution, only 5 to 8 percent reported achieving more than 5 percent above the target. At the next level down almost equal numbers, 30 to 38 percent, are on target for each of the five metrics we asked about.

We found limited use of net promoter score and customer effort score; more than 40 percent of participating organizations don't use them. When they are used, they are at the bottom of the list of metrics



companies are trying to improve (net promoter 21%; customer effort 16%); at the top of this list are customer satisfaction (66%), customer retention (45%) and the number of new customers (43%). In highly competitive markets, understanding the business outcomes of customer-related activities is vital for success, which means the choice of the metrics being used is critical as well.

Mobile capabilities are of growing importance as strategies develop.

Mobility is important to customer engagement in two ways. Employees can carry out customer-related tasks more quickly when they are able to access information and systems on the move. On the other side, consumers have grown comfortable with using mobile apps for many interactions and expect companies to provide such apps for self-service. The research shows organizations busy on both fronts. Mobile technology is the trend that most participants (63%) said will enable them to improve customer engagement. Regarding apps, 22 percent of companies have deployed mobile customer service apps, and more (25%) said they plan to deploy them within a year. More than one-third of large (36%) and very large (35%) companies by number of employees have deployed customer service apps; hardly any (9%) small ones have.

The majority of companies (58%) said they get a somewhat positive response from customers to their mobile app, while 30 percent said the response is very positive. This is likely because as yet most companies support only basic capabilities such as browser access to the corporate website (60%), search for account information (55%) and search for information on the website (54%). Many fewer support advanced features such as click-to-call (34%), sharing information with the contact center (22%) and use of smartphone features such as location reporting (18%).

As yet most companies support only basic mobile capabilities such as browser access to the corporate website, search for account information and search for information on the website.

As far as internal use is concerned, the research shows that companies generally are flexible in the devices they support.

Currently more have deployed smartphones (55%) than tablets (37%) or netbooks (32%), but more plan to deploy



tablets (25%) than the others. More prefer accessing apps through Web browsers (40%) than using native apps downloaded from online stores (21%). To acquire the devices, most prefer corporate purchase (39%) or a mix of corporate and individual buying (35%). From a corporate point of view, such apps deliver important customer-related benefits, chiefly improved customer satisfaction (42%) and customer effort (40%) scores and fewer calls to the contact center (33%).

Collaboration is increasingly important.

In the struggle to provide consistent, in-context responses to customers, more organizations are turning to collaborative technologies that allow employees to share information and work together to resolve customer issues. The research shows that the category of collaboration systems is the one thought most likely to

So far improved sharing of information and faster resolution of issues are the most prevalent gains from collaboration, but newer tools may lead to less need for meetings, reduced reliance on email and more cooperation.

improve interaction-handling and that will have the most deployments in the next 12 months. Currently, most organizations deploy conventional systems such as file sharing (80%) and instant messaging (58%), which is particularly popular with very large companies (81%). The most common platform is Microsoft Office (46%), but this is likely to change; the strongest growth plans involve deploying Facebook-like capabilities (32%), unified communications (32%) and collaborative coaching (29%). Benefits realized show a similar pattern: So far improved sharing of information (54%) and faster resolution of

issues (50%) are the most prevalent gains from collaboration, but newer tools may lead to less need for meetings (currently realized by 32%), reduced reliance on email (31%) and more inter-business-unit cooperation (15%). The growing realization that customers now interact with most of a company's business units is leading organizations to pursue superior customer service and experiences at any touch point through the use of collaboration tools that can help improve information sharing and enable business units to work together without major reorganization.



Organizations are still exploring how social media impacts customers.

Consumers have embraced social media in a big way. As a result, businesses face two questions: How much of this embrace of social interaction affects them, and to the extent that it does, which business unit(s) should be involved in their response? The research makes clear that most companies currently view social media as mainly about marketing. They told us that for close to three-quarters of companies (72%) marketing is the primary use of social interactions. Moreover, in 35 percent the marketing group is responsible for social media strategy, and in 47 percent Marketing is responsible for day-to-day social media operations. On average companies use three social media sites, the most popular being Facebook (85%), Twitter (65%) and LinkedIn (64%). Some very large companies, which have large resources, have a presence on more than 10 sites, and small companies focus most on LinkedIn.

The research finds that until now companies have had limited success

Companies have had limited success with their social media activities: A mere 5 percent said these operations have been very successful, and the majority said they are only somewhat successful.

with their social media activities: A mere 5 percent said these operations have been very successful, and the majority (56%) said they are only somewhat successful. Asked what could make their social media presence more successful, the largest percentages chose providing more customer service capabilities (49%), providing more information (48%) and linking social media with customer service processes (42%). These responses imply that organizations believe they need to advance from using social media as an inexpensive form of marketing to providing proactive customer service.

The primary issues holding companies back from making more use of social media as a form of customer engagement are that it is a low priority (for 37%) and that they are unable to measure the impact of these efforts (31%), the latter an issue management (53%) struggles with most. Companies' efforts also likely are held back because of reluctance to change, which those with IT titles (32%) see as more of an issue than do those on the business side. To overcome these obstacles most companies will need to follow the example of large



companies and dedicate more resources to handling social media, which is likely the reason that more in each increasing size by number of employees view their social media efforts as successful; overall only 32 percent currently have dedicated resources to support their activities.

The business case and software considerations for customer engagement are evolving.

Effective customer engagement often requires improvements in processes, training and systems as well as reevaluation of the metrics used to monitor and assess the outcomes of customer interactions. The main goals of improving customer engagement are to improve the

The main goals of improving customer engagement are to improve the customer experience (74%) and improve customer service performance (70%).

customer experience (74%) and improve customer service performance (70%). Certain highly regulated industries also place a high priority on conforming with regulations.

Despite stated intentions to put customers first, though, most organizations are still trying to reduce costs of engaging with them. To achieve these objectives and keep up with customer demands as well, the most mature companies have invested in an array of systems: smart

desktops to assist customer service agents during interactions; mobile customer service apps to provide an alternative self-service channel; multichannel analytics that reveal which channels customers actually use and how those interactions turn out; and collaboration systems to help business units work better together to resolve customer issues. However, the research shows that these have been slow to directly impact the customer experience and customer service.

Other companies trying to catch up most often plan to invest in collaboration (27%), mobile customer service apps (25%), customer analytics with a multichannel view (24%) and smart agent desktops (23%). In planning to invest in these kinds of systems, the top technology and vendor considerations are functionality (53%), usability (49%) and reliability (46%). The largest portion (38%) of organizations still prefer to access customer engagement systems by installing them inside the organization, but the second-largest group (29%) stated no preference for deployment, indicating an open mind



on the evolving issue of whether to migrate to the cloud. Non-IT respondents indicated less reluctance to using cloud-based systems, suggesting that more business units are going ahead without IT.



10 Best Practice Recommendations

This benchmark research reveals significant new insights into the evolving nature of customer engagement and the use of systems to strengthen it. Overall three-fourths of organizations said that it is very important to improve the way they engage with customers; half said that customers receive good (not excellent) experiences when they engage with the company. For organizations considering how to optimize customer engagement to improve business results, we offer the following recommendations.

1. Broaden the team focused on the customer.

Engaging interaction is vital in a market environment today where customers can easily take their business elsewhere. In this research only one in three participants said their company provides excellent customer experiences, and three-fourths said they are driven to improve the customer experience and customer service. If you're among them, consider using experts outside the contact center such as a dedicated customer service team, mobile workers and home-based agents. If you do, though, be sure to address the two issues of compliance with regulations and inconsistency in handling interactions, both of which can be intensified by distributing interactions. Consider adopting collaborative technologies that can improve internal communications and thus consistency.

2. Embrace multiple channels of interaction.

The research shows that 90 percent of organizations now support multiple channels of communication with customers. However, substantial numbers of research participants said that integration of systems was difficult, implementing and operating new channels is expensive and their responses to customers are inconsistent. Nevertheless, we advise viewing this inevitability as an opportunity rather than an obligation. Take steps to achieve consistency across channels and consider adopting new channels popular with customers, such as mobile applications, social media forums, Web self-service and chat. Also develop a voice of the customer program to ensure actions are driven by customer feedback.



3. Deploy advanced systems that support customer engagement.

■ To improve how the organization engages with customers, many plan to deploy systems that reflect customers' changing communication habits. The most often cited are a redesigned customer portal, a mobile business app or a mobile customer service app and social customer service, which all take advantage of today's consumer's willingness to use self-service. Consider also multichannel customer analytics that can help track the customer journey and a smart agent desktop so agents can focus on the customer, not on accessing systems and information. Benefits you may realize are improvements in customer service, satisfaction and choice.

4. Rethink your customer service metrics to target effectiveness more than efficiency.

■ Two-thirds of organizations are seeking to improve their customer satisfaction score, more than any other customer-related metric. Yet among the four most common metrics used to assess the success of customer engagement only one concerns a business outcome: first-contact resolution. The others track operational efficiency: average call-handling time, agent quality scores and the cost to serve a customer. To get serious about promoting customer engagement, we recommend using other business outcome metrics such as customer lifetime value, customer effort score, net promoter score and customer wallet share.

5. Investigate customer-related analytics.

■ Three in five organizations said that analytics is a critical technology tool in their efforts to improve customer engagement, but the research finds that most are comfortable with business intelligence or data analytics rather something more specific to customers. One-third have deployed contact center analytics, and while the top-rated type of analytics that would improve the handling of interactions is customer analytics with a multichannel view, only 17 percent have deployed it, though more plan to do so in the next year or beyond. Fewer than one-third said they would consider more targeted types such as desktop, speech and text analytics. Analytics is an increasingly important tool for understanding customers, and we advise learning about the advanced options now available.



6 Explore mobile tools to enhance service and interact with customers.

■ Mobile technology is the business technology trend most research participants (63%) said is critical for improving customer engagement. Both employees and consumers can use it, and more organizations are adopting mobile apps. Within a year nearly half will have deployed a customer service application for smartphones or tablets, and more than 40 percent will use internal text messaging to communicate about customer issues. Such uses will become required, at the moment they are still evolving; just 30 percent said they have received a very positive response to their customer service apps. Now is the time to develop a mobile strategy for customer engagement. Already two out of five organizations have improved their customer satisfaction and customer effort scores by using the technology.

7 Assess the use of collaboration for internal operations and customer service.

■ Collaborative technologies help employees share information and work together to resolve customer issues. The research shows that collaboration is the type of system thought most likely to improve interaction-handling and to be most deployed in the next 12 months. We recommend going beyond widely used conventional methods such as file sharing and instant messaging to adopt more innovative systems, among them Facebook-like capabilities, unified communications and collaborative coaching. These may deliver benefits beyond improved sharing of information and faster resolution of issues, which currently are the most common; possible future benefits include less need for meetings, reduced reliance on email and more inter-business-unit cooperation.

8 Develop a social media strategy that goes beyond marketing.

■ Businesses are deciding how to use the popularity of social media to their benefit. Most (72%) in this research said that marketing is the primary use of social interactions and that the marketing group is responsible for both social media strategy and day-to-day social media operations. For more than half of organizations, social media activities have thus far been only somewhat successful. In considering what could make their social media presence more successful, more than 40 percent said they should provide more customer service capabilities and more information and link social media with customer



service processes. We advise viewing social media as a way to provide proactive customer service and that it should be integrated within a multichannel customer engagement strategy.

9. Consider innovative systems to improve various aspects of customer engagement.

■ Asked to rank five systems that would impact most the handling of customer interactions, the largest number of organizations chose business process management first, followed by call routing to the best-performing agent and CRM. In a similar finding, CRM, performance management and business process management are the systems most widely deployed. From this we conclude that most organizations are somewhat complacent. Fewer than one in five ranked first or second any of the more innovative systems for customer engagement; of those, a mobile customer service application, multichannel customer analytics and collaboration got the most votes. We suggest assessing the value of such new tools.

In another example of conventional thinking, about two in five organizations prefer to deploy contact center systems on their own premises, although 29 percent have no preference. Cloud-based systems such as on-demand software as a service, preferred by one in five, often can be deployed faster and require fewer in-house resources to manage.

10. Assess your organization's maturity in engaging customers.

■ We measure the maturity of organizations at four hierarchical levels and in four dimensions: People, Process, Information and Technology. Applying our Maturity Index to the subject of customer engagement we determined that only 14 percent reach the highest Innovative level for overall maturity while nearly half (46%) belong at the lowest Tactical level. They are least mature in the Process dimension, with more than three-fourths at the two lowest levels. Even in the most mature dimension, Technology, fewer than two out of five reach the two highest levels. Evaluate your own maturity for each these critical areas using our Maturity Model, and take steps to adopt the best practices of the most innovative companies.



About Ventana Research

Ventana Research is the most authoritative and respected benchmark business technology research and advisory services firm. We provide insight and expert guidance on mainstream and disruptive technologies through a unique set of research-based offerings including benchmark research and technology evaluation assessments, education workshops and our research and advisory services, Ventana On-Demand. Our unparalleled understanding of the role of technology in optimizing business processes and performance and our best practices guidance are rooted in our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions in every industry. This benchmark research plus our market coverage and in-depth knowledge of hundreds of technology providers means we can deliver education and expertise to our clients to increase the value they derive from technology investments while reducing time, cost and risk.

Ventana Research provides the most comprehensive analyst and research coverage in the industry; business and IT professionals worldwide are members of our community and benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including Twitter, Facebook, LinkedIn and Google+.

To learn how Ventana Research advances the maturity of organizations' use of information and technology through benchmark research, education and advisory services, visit www.ventanaresearch.com.



Appendix: About This Benchmark Research

Methodology

Ventana Research conducted this benchmark research on the Web in March through May 2013. We solicited survey participation via email, our website and social media invitations. Email invitations were also sent by our media partners and by vendor sponsors.

We presented this explanation of the topic to participants prior to their entry into the survey:

Customer service is evolving into an enterprise-wide activity. Today, customers engage with companies through a variety of communication channels that include email, corporate websites, text messaging, instant messaging, social media, smartphone applications and video. This benchmark research is designed to examine the use of and interest in collaborative, mobile and social media technologies to improve customer engagement, service and experiences and thus retention.

The following promotion incited participants to complete the survey:

What's In It For You? Upon completion of the research, all qualified participants will receive a report on the findings of this benchmark research to support their organization's efforts, along with a \$5 Amazon.com gift certificate. In addition, all qualified participants will be entered into a drawing to win one of 25 benchmark research reports and a 30-minute consultation, a package valued at US\$1,495 or €1,232. Thank you for your participation!

Qualification

We designed the research to assess the use of and plans for spreadsheets across organizations and industries. Qualification to participate was presented to participants as follows:

The survey for this benchmark research is designed for analysts or others responsible for supporting customer interactions and service, employees who engage or interact with customers, developers or managers of applications or systems to support customer engagement



or interactions, managers at any level responsible for customer-related strategy, planning or operations and those involved with the purchasing of technology for this area. Solution providers, software vendors, consultants, media and systems integrators may participate in the survey, but they are not eligible for incentives and their input will be used only if they meet the qualifications. Incentives are provided to qualified participants in the research and also are conditional on provision of accurate contact information including company name and company email address that can be used for fulfillment of incentives.

Further qualification evaluation of respondents was conducted as part of the research methodology and quality assurance processes. It entailed screening out responses from companies that are too small, questionnaires that were not materially complete, or those where the submission is from an inappropriate submitter or appears to be spurious.

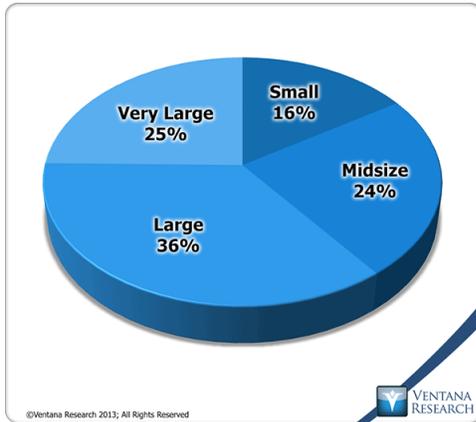
Demographics

We designed the survey used for this research to be answered by executives and managers across a broad range of roles and titles working in organizations. We deemed 228 of those who clicked through to this survey to be qualified to have their answers analyzed in this research. In this report, the term “participants” refers to that group, and the charts in this section characterize various aspects of their demographics and qualifications.



Company Size by Workforce

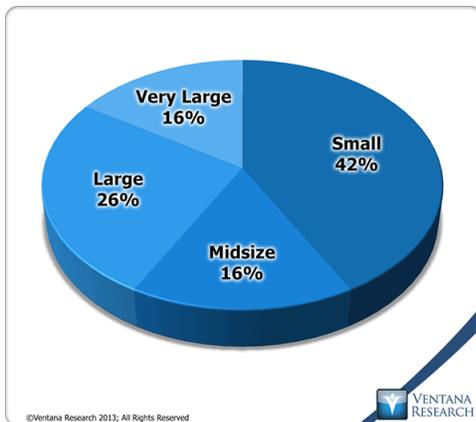
We require participants to indicate the size of their entire company. Our research repeatedly shows that size of organization, measured in this instance by employees, is a useful means of segmenting companies because it correlates with the complexity of processes, communications and organizational structure as well as the complexity of the IT infrastructure. In this research, participants represented a broad range of organization sizes: 36 percent work in very large companies (having 10,000 or more employees), 25 percent work in large companies (with 1,000 to 9,999 employees), 24 percent work in midsize companies (with 100 to 999



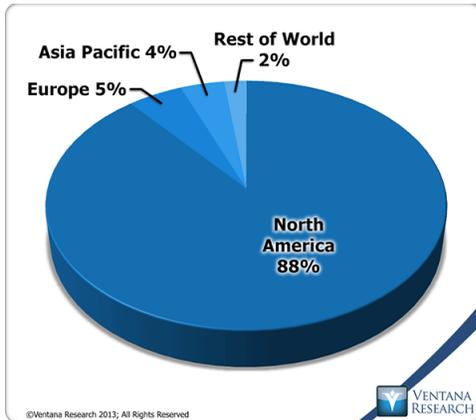
employees), and 16 percent work in small companies (with fewer than 100 employees). This distribution is consistent with prior benchmark research and our research objectives and provides a suitably large sample from each size category.

Company Size by Annual Revenue

When we measured size by annual revenue, the distribution of categories shifted downward; fewer companies fell into the three largest categories and more than two-and-a-half times as many are small. By this measure, 9 percent fewer are very large companies (having revenue of more than US\$10 billion), 10 percent fewer are large companies (having revenue from US\$500 million to US\$10 billion), 8 percent fewer are midsize companies (having revenue from US\$100 to US\$500 million), and 26 percent more are small companies (with revenue of less than US\$100 million). This sort of redistribution is typical in our research



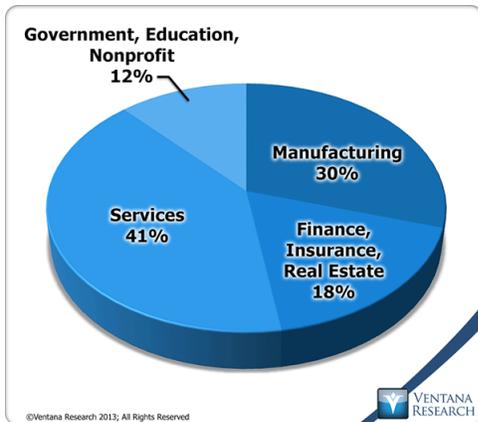
projects when we measure by revenue instead of headcount.



Geographic Distribution

A large majority (88%) of the participants were from companies located or headquartered in North America. Those based in Europe accounted for 5 percent, in Asia Pacific for 4 percent and in the rest of the world for 2 percent. This result was in keeping with our expectations at the start of this investigation, since organizations participating in our research most often are headquartered

in North America. However, many of these are global organizations operating worldwide.



Industry

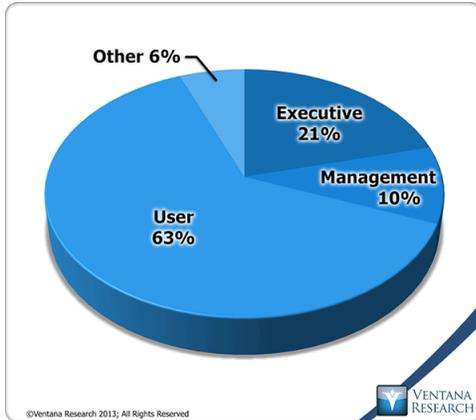
The companies of the participants in this benchmark research represented a broad range of industries. We have categorized them into four general categories as shown to the left. Companies that provide services accounted for two in five participants (41%) and those in manufacturing accounted for 30 percent. Those in finance, insurance and real estate (FIRE) accounted for 18 percent, and those in government, education and

nonprofits accounted for the remaining 12 percent.



Job Title

We asked participants to choose from among 14 titles the one that best describes theirs. We sorted these responses into four categories: executives, management, users and others. Slightly fewer than two-thirds identified themselves as having titles that we categorize as users, a grouping that includes director (14%), senior manager or manager (34%), analyst (9%) and staff (6%). One-fifth are executives, and another 10 percent are management, by which we mean all levels of vice presidents. Others, in this case consultants, accounted for the balance. We concluded after analysis that this response set provided a meaningfully broad distribution of job titles.



Role by Functional Area

We asked participants to identify their functional area of responsibility as well. This enabled us to identify differences between participants who have differing roles in the organization. Three in 10 participants identified themselves as being in IT. The next largest groups were customer support, the contact center, marketing and operations, each with 7 or 8 percent. Sales itself accounted for 5 percent. Another 14 titles, none with more than 3 percent of the total, comprised the Other category.

