

# CUSTOMER MESSAGING: EXCEED CONSUMER EXPECTATIONS AND REDUCE COSTS

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## Report Highlights

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**Customer messaging users enjoy a 23% lower cost to serve customers.**

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**Firms using customer messaging along with continuous improvement programs nearly double their annual increase in customer lifetime value.**

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**Companies that don't guide agents with relevant content and insights incur an average of \$1.45 million each year in unnecessary costs.**

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**Firms with an end-to-end customer messaging strategy are 60% more likely to align employee performance with customer experience results.**

Customer messaging technology solutions are not new-comers to the rich set of technologies companies use to manage buyer interactions. However, businesses are increasingly adopting customer messaging technology enablers to address rapidly changing buyer needs.

This document will illustrate the business case driving organizations to increasingly adopt and utilize customer messaging. It will also highlight how certain activities, such as concurrency, boost the financial benefits of using these technologies while maximizing customer satisfaction.

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**Success in CEM is not associated with who spends the most to manage customer conversations. It depends on who uses the right activities and technologies effectively to delight customers while reducing costs.**

#### **Definition: Customer Messaging**

For the purposes of this research, Aberdeen defines customer messaging as a joint set of technology enablers helping firms communicate with customers across multiple channels, including the web, text messaging and mobile applications (native and HTML 5).

The technology tools helping firms with customer messaging include live chat (both the web and mobile web), text messaging, and in-app messaging.

#### **Why Deploying Customer Messaging is a Savvy Business Decision:**

To fully grasp the business case behind customer messaging requires understanding the challenges companies face within their customer experience management (CEM) activities. Findings from Aberdeen's March 2015 [\*CEM Executive's Agenda 2015: Leading the Customer Journey to Success\*](#) study shows that the ability to address rapidly changing customer needs is the top challenge keeping CEM (see sidebar on page 6) executives up at night. However, overcoming this obstacle doesn't mean companies must incur additional costs. On the contrary, top performing businesses in the [\*CEM Executive's Agenda 2015\*](#) study reduced their annual service costs by 28.8% year-over-year while increasing customer satisfaction rates by 24.5% annually.

Joining the ranks of the top performing organizations requires firms to use the right channels that align with customer preferences while carefully managing cost to interact through different touch-points. Between 2015 and 2014, Aberdeen Group surveyed 407 businesses regarding the key trends and activities influencing their CEM activities. Table 1 shows that organizations using customer messaging (see sidebar) enjoy a 23% lower cost per customer contact, compared to those that are not using messaging (\$20.9 vs. \$27.1).

**Table 1: Companies using Customer Messaging Enjoy Less Service Costs**

Company Performance (n=407)	Customer Messaging Users	Non-users
<b>Average cost per customer contact</b>	\$20.9	\$27.1
<b>Year-over-year improvement in agent utilization rate</b>	30.0%	2.5%

Source: Aberdeen Group, April 2015

## 3

It's important to note that the cost per customer contact (see sidebar) illustrated above varies across businesses depending on numerous factors, including the complexity of client interactions and geography. However, since the above data represents aggregated findings Aberdeen captured through a survey of companies in all industries across the world, it provides an accurate validation that **use of customer messaging helps firms reduce CEM-activity related costs.**

Customer messaging users also enjoy a 13% lower cost compared to those that use only phone without messaging (\$20.9 vs. \$24.1). Based on this insight, unless a consumer exclusively uses the phone channel or does not have proficiency in messaging, companies looking to reduce costs should use customer messaging, rather than phone, as it helps them address consumer needs while trimming costs. It's critical to note that when routing buyers across different channels, companies must also consider customers' channel preferences to align each interaction with buyer expectations.

#### *Why Do Customer Messaging Users Enjoy a Lower Cost?*

There are several reasons why companies using customer messaging enjoy a lower cost per customer contact, compared to those that don't. First, companies in the former category achieve far superior results in improving agent utilization rates year-over-year than the ones in the latter category. Making better use of agents' time allows organizations to reduce unnecessary labor costs by being able to handle peak levels of activity while using the same workforce. The next sections will provide detailed insights into maximizing these cost savings by achieving optimal levels of concurrency.

Customer messaging users are also 24% more likely to improve current customer satisfaction scores year-over-year, compared

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#### **Definition: Cost per Customer Contact**

For the purposes of this research, Aberdeen defines this metric as a measure of the total monetary value of the resources organizations need to utilize to handle one customer interaction.

These costs include labor costs as well as technology (e.g. automated call distribution (ACD) and live chat) and infrastructure (e.g. telephony) investments needed to handle buyer interactions.

Once organizations determine the total cost of resources they need to use to handle customer interactions based on the cost allocated to specific channels, they then divide this figure with the number of interactions taking place via the respective channel to measure this metric by each channel.

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On a high-level, there are two general methods companies have at their disposal when using customer messaging to interact with buyers:

**Reactive:** This refers to initiating a live chat session or sending a text message to a customer upon a client's request.

**Proactive:** This refers to initiating a live chat session or sending a text or in-app message before the customer requests support. Proactive conversations can be initiated based on different criteria; time spent on company website, browsing a specific webpage and etc.

Live chat and text message interactions are used for myriad purposes, including customer service and e-commerce. For the purposes of this research, we'll use the term 'contact center' when referring to the inbound and outbound conversations companies have when using these two channels to interact with buyers.

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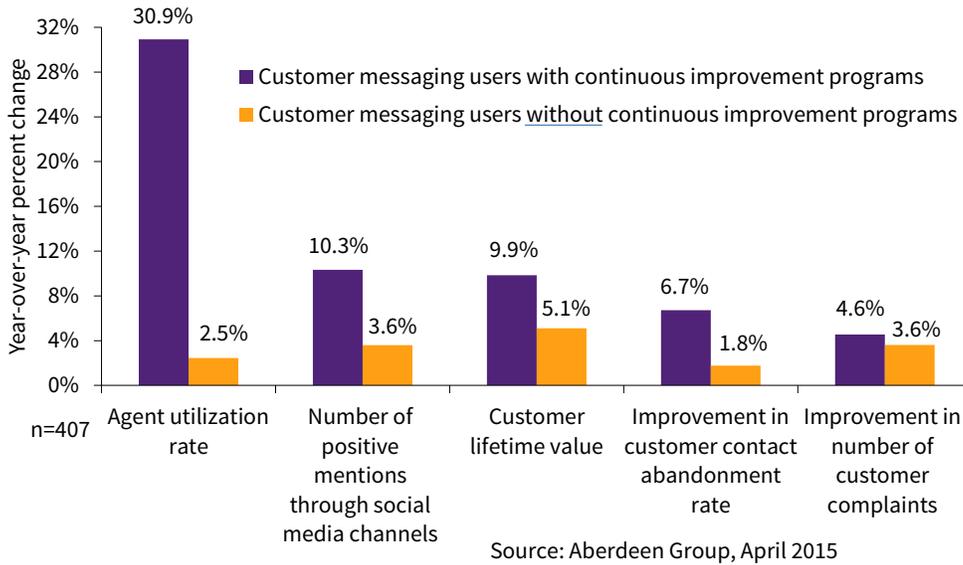
to those that are not using these two channels (73% vs. 59%). The ability to create happy customers indicates that clients of these firms are less likely to repeatedly contact the business for the same issues, helping these organizations reduce costs associated with repeat contact. Furthermore, happy buyers also mean that these businesses are more likely to retain their clients, and therefore, don't need to incur as much additional costs to acquire net-new clients to balance customer churn associated with unhappy buyers.

*Implement a Continuous Improvement Program to Truly Maximize the Benefits of Customer Messaging*

Thus far, we've observed that companies incorporating messaging within their CEM activities enjoy far superior results, compared to those that don't. Does this mean that simply implementing these technologies will help companies achieve similar results and sustain them in the long-run? Savvy businesses would be quick to respond, "No." Figure 1 shows the year-over-year performance gains achieved by savvy customer messaging users (those with continuous performance improvement programs) versus those that use the same technologies but lack the focus for optimizing their activities.

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**Figure I: Customer Messaging Users Maximize Agent Utilization Rates**



**The ability to make the benefits of customer messaging last in the long-run requires companies to continuously track, measure and manage the results of their activities to fine-tune based on changing business needs.**

The findings in the above chart validate that simply implementing customer messaging doesn't guarantee long-term success. **In order to excel in delighting customers and reducing costs, companies must regularly gauge the effectiveness of their activities and make appropriate adjustments to address evolving business requirements.**

Those that do enjoy 94% greater annual improvement in customer lifetime value, compared to messaging users without continuous improvement programs (9.9% vs. 5.1%). They also minimize the abandonment rates (decrease by 6.7% year-over-year) in customer interactions while enjoying positive word-of-mouth generated through satisfied clients. Now, let's observe several activities that help savvy organizations generate the aforementioned results.

#### Key Activities to Reduce Service Costs & Create Happy Customers

One of the metrics that set businesses using messaging apart from competitors is agent utilization rates. Figure 2 sheds light

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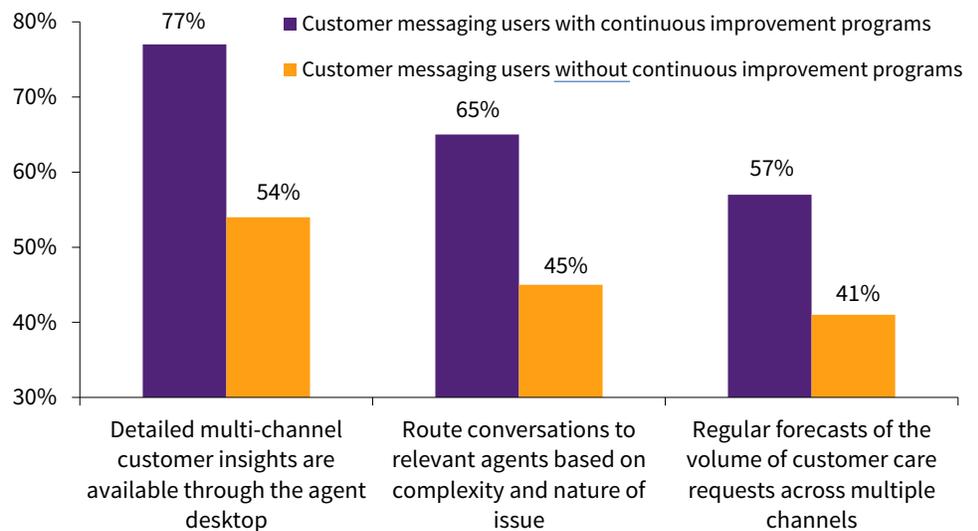
**Companies that lack focus on empowering employees with the right information at the right time (in an easy fashion) incur \$1.45 million in unnecessary costs each year.**

#### Definition: CEM

For the purposes of this research, Aberdeen defines customer experience management (CEM) as a continuum of business activities executed on an enterprise level to interact with buyers via different channels and devices throughout the entire customer lifecycle.

into how successful firms maximize their success in this key metric.

**Figure 2: Enable Agents with Relevant & Timely Content to Maximize Their Performance**



Percent of respondents, n=407

Source: Aberdeen Group, April 2015

Empowering employees with ease of access to relevant insights needed to manage customer conversations is a key differentiator of savvy organizations. This is particularly important as Aberdeen's March 2015 *Big Data in CEM: The Path to Productive Employees & Happy Customers* study shows that, on average, employees spend 14% of their time looking for answers to resolve client questions across myriad enterprise systems such as customer relationship management (CRM) and e-commerce. The same [study](#) revealed that this costs businesses approximately \$1.45 million each year in unnecessary expenses. Therefore, enabling employees with the ability to easily access relevant insights helps firms minimize this cost while boosting agent utilization rates in the contact center.

There are several ways companies **enable employees with actionable insights through the agent desktop**. One of those is

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integrating customer care systems and allowing agents to navigate data across those systems through a single screen within the agent desktop. Companies that have such integration across enterprise systems enjoy a 7.9% annual increase in agent productivity, compared to no improvement by those that are not integrating enterprise systems.

Another method to empower employees with actionable insights is by **monitoring which messaging interactions work best in addressing specific customer issues**. For example, companies with this capability track and measure which predefined content used in certain scenarios are most likely to lead to issue resolution and customer satisfaction. This analysis is conducted by using business intelligence tools. The resulting insights allow organizations to provide employees with predefined responses that are most likely to address the unique needs of clients. As a result, agents are able to lead more customers to resolution more rapidly – helping firms increase agent productivity as well as utilization rates.

The most successful firms using customer messaging excel by establishing a number of building blocks. Empowering employees with timely and relevant insights is one of those building blocks. An equally important building block is ensuring operational efficiency as part of these interactions. This specifically refers to an organization's ability to handle all customer requests via messaging in a timely manner – while ensuring that consumer needs are fully met. To this point, savvy firms are 39% more likely than messaging users without continuous improvement programs to regularly **forecast the volume of messaging interactions (as well as others) to ensure scheduling the right amount of agents to handle customer conversations** (57% vs. 41%). This activity is executed by analyzing historical customer traffic data across each channel

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**Don't ignore concurrency levels when forecasting and scheduling agents. When measured and planned effectively, achieving optimal levels of concurrency will unlock cost savings for your business.**

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#### Definition: Concurrency

For the purposes of this research, Aberdeen defines concurrency as a concept that refers to employees (e.g. contact center agent) managing conversations with multiple customers simultaneously.

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**Blend contextual routing and workflows designed to ensure concurrency in order to maximize agent utilization while making sure that customers interact with the right agents.**

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through using business intelligence and predictive analytics, and forecasting the number of interactions that are likely to take place via messaging within a certain time period.

When forecasting and scheduling agents to ensure customer demand is met in a timely fashion, companies must **pay close attention to concurrency** (see sidebar). A key aspect of messaging interactions, setting them apart from conversations taking place through other channels such as phone calls, is an agent's ability to handle multiple customer issues at the same time. Considering that agents are able to handle one phone interaction at a time, concurrency in messaging allows firms to increase agent utilization rates by requiring fewer agents to handle client issues.

In order to ensure that the needs of each customer are met in a timely and effective fashion, companies must also actively manage concurrency rates in an automated fashion. To do so, they must first determine the optimal number of messaging interactions agents can manage concurrently. Since this number will vary based on agent skills and complexity of the question (e.g. password reset versus mortgage loan application), companies are recommended to consider agent skills and experience when determining the ideal concurrency levels. Once companies determine target concurrency levels for different agents, they should then **adjust automated workflows to ensure that each agent is assigned to handle a certain number of concurrent interactions**. For example, if the skills and experience of an agent puts the agent in a category where the ideal concurrency rate is three interactions, then the agent would be connected with another client only when one of the active three sessions is finished.

Another factor to consider when routing multiple interactions to agents is matching the right customer with the right agent who

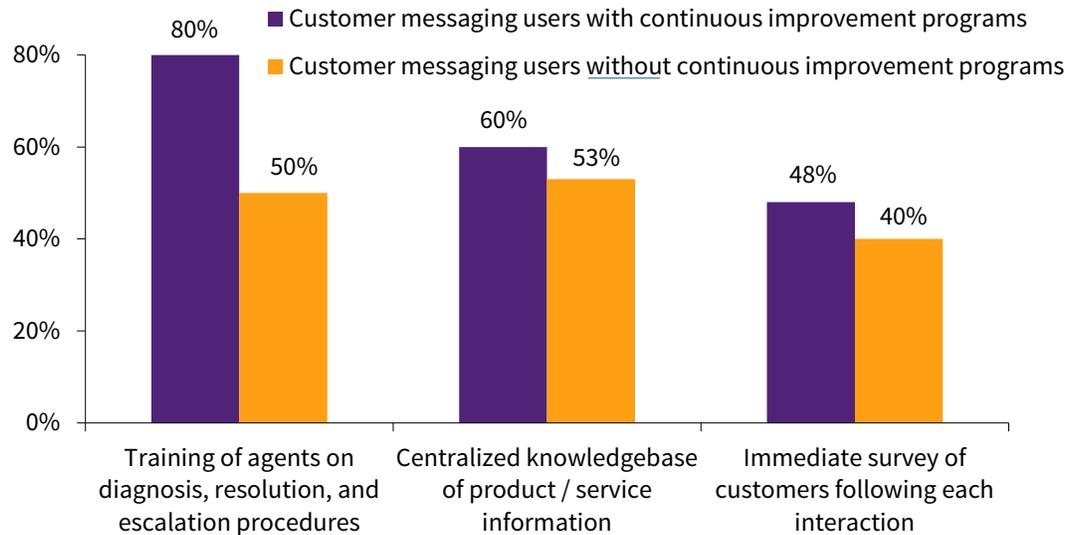
- [Read the full report, "Voice of the Customer: How to Convert Feedback into Better Results"](#)
- [Related Research "Omni-Channel Contact Center: The Smarter Way to Engage Customers"](#)

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has the skills to resolve client issues. This ultimately helps firms maximize agent productivity and ensure that each customer gets appropriate attention to get their needs addressed. Observing the difference in agent utilization rates between savvy firms and messaging users without continuous improvement programs shows that the former's focus on managing concurrency helps them outpace competitors, and therefore gain the previously discussed advantage in cost to serve customers.

We've learned how savvy businesses maximize agent utilization and reduce costs. Now, let's take a look at how they ensure addressing the rapidly changing customer needs. Figure 3 shows that companies with a continuous improvement program are 20% more likely than All Others to **survey buyers after a messaging interaction to capture voice of the customer (VoC) data** (48% vs. 40%). There are numerous tools available to capture VoC data, including online surveys, mobile surveys and interactive voice response (IVR) surveys. Once this data is captured, companies use business intelligence and text analytics to correlate which messaging interactions are most likely to influence positive customer feedback and sentiment. The resulting insights help organizations identify the factors that are most likely to contribute to positive feedback and sentiment. For example, an organization with this capability would be able to identify if a customer uses keywords associated with dissatisfaction and proactively alert contact center agents with specific action items (e.g. escalation) to ensure meeting and exceeding client needs.

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**Figure 3: Manage your Activities from the Perspective of Customers**

Percent of respondents, n=407

Source: Aberdeen Group, April 2015

Another benefit of capturing VoC data to improve messaging interaction results is the ability to **identify which agents are more likely to drive positive versus negative customer experiences**. By using technology tools such as reporting and digital dashboards, companies analyze the agents who interacted with clients that expressed satisfaction or dissatisfaction. Drilling-down into these insights allows organizations to determine personalized training and coaching needs for each agent as well as identify their strengths and reward them appropriately. As illustrated in Figure 3, companies that are top performers in customer messaging are 60% more likely than their competitors to provide such training to ensure that each agent drives superior customer experiences (80% vs. 50%).

### Recommendations

The pursuit to drive better customer experiences is a key differentiating factor in today's marketplace. While the rapid adoption and use of technology adds complexity in how

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organizations meet and exceed the needs of the empowered buyers, there is good news. Success in CEM is not associated with who spends the most to manage customer conversations. Rather, it's associated with who invests wisely. To this point, top performers in the *CEM Executive's Agenda 2015* study have reduced their annual service costs by 28.8% year-over-year. They've also done so while consistently achieving substantial year-over-year improvement in customer satisfaction scores.

Through our analysis in this document, we've observed that businesses using customer messaging as part of their CEM activities enjoy similar results with top performing organizations. Specifically, they incur less cost while delighting their clients. However, the ability to attain and sustain these results hinges on an organization's use of the key capabilities noted in this document. Below is a brief summary of some of these key differentiators to help companies prioritize the activities they must adopt and nurture to enjoy maximum results through messaging:

- Enable your employees with easy access to relevant and timely insights needed to manage customer conversations.
- Use analytics to identify ideal concurrency levels for agents with different skills. Once determined, use this information to tailor your workflows and routing activities to attain ideal levels of concurrency to maximize agent utilization – without compromising customer experience results.
- Walk in your customer's shoes. Capture buyer feedback and sentiment data and use analytics to identify which activities drive positive versus negative experiences. Utilize these insights to focus on your strengths and address weaknesses.

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**Companies using live chat & text messaging as part of their CEM activities enjoy a 23% lower cost per customer contact, compared to those that are not using them.**

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For more information on customer messaging or other contact center and customer experience management research topics, please visit <http://aberdeen.com/aberdeen/contact-center/CMAV/practice.c>

### Related Research

[\*Customer Engagement: From Interactions to Relationships\*](#), March 2015

[\*Flash Forward: 2015 Customer Engagement Channels Adoption\*](#), November 2014

[\*Live Chat: The Gift that Keeps on Giving\*](#), March 2015

[\*Streamlining the Agent Experience Reduces Unnecessary Costs\*](#), March 2014

[\*CEM Executive's Agenda 2015: Leading the Customer Journey to Success\*](#), March 2015

[\*Advanced Case Management: Empower the Knowledge Worker\*](#), October 2013

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