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BEST PRACTICES

How Communications Platforms Drive Customer Engagement

Today's Digital Customer Requires Organizations to Deliver Multichannel Engagement

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EXECUTIVE SUMMARY

Today's digitally empowered customers create a challenge for organizations to sell, market and service them effectively. Expectations are higher than ever before, and customers openly share both positive and negative experiences with just a few clicks on review websites, app ratings and social media. Organizations still using traditional communications methods are losing the customer experience battle and need to modernize how they engage with customers who are demanding more ways to request service.

This report examines the reasons why organizations struggle to meet customer expectations, looks at how modern communications platforms are vital to winning in the customer experience (CX), tells stories of organizations that put the CX first and gives recommendations for evaluating communications platform providers.

Business Themes		
Digital Marketing & Sales Effectiveness	Next-Generation Customer Experience	Technology Optimization

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ORGANIZATIONS MUST ENGAGE DIGITAL CUSTOMERS ON THEIR TERMS

The stakes have never been higher for organizations as they navigate how to meet and exceed the expectations from increasingly empowered customers. Today's customer is highly mobile, owns three or more devices (such as smartphones and tablets) and expects organizations to understand their needs and engage appropriately. Constellation found three characteristics of the digitally empowered customer:

1. Customers openly share personal information but expect organizations to use it for better personalization and to anticipate their needs.

2. Customers demand faster response times and are quick to share both positive and negative experiences through social media and review websites.

3. Customers evaluate the overall experience with an organization/brand and expect consistency in responses.

The challenge is that most organizations are communicating with customers through traditional channels and aren't thinking more broadly with multichannel engagement. Phone calls, emails and online support forms are the dominant touchpoints, but customers are demanding more options such as live chat, messaging, SMS, in-app messaging and social media support.

Organizations that are winning the hearts and wallets of their customers prioritize one critical aspect: how they communicate. They understand the need to communicate with customers on their preferred channels, deliver faster responses and be proactive in their outreach. A true focus on the customer is about providing them options and aligning internal processes to address their needs quickly.

A poll conducted by Constellation found that of the top concerns organizations have

about meeting customer expectations, 37 percent indicated they are most concerned with delivering a consistent multichannel experience (see Figure 1).

Modernizing communications to service today's digital customer is mission critical. Every customer has experienced the pain of calling customer service only to go through several voice-response prompts to wait on hold for an agent, and then be transferred to a different department. All too often, the customer gets disconnected and has to start all over, repeating his or her problem to multiple agents. This typical unmodern, frustrating experience is what leads to a loss of repeat customers and causes net promoter scores to drop. Another aspect organizations need to pay close attention to is damage to their brands. As mentioned earlier, today's customer is empowered. One dissatisfied person can put an organization's brand at risk with just a few clicks.

**Figure 1. Market Leaders and Fast Followers Drive Business Disruption**

With which aspect of customer experience is your organization most concerned?

A. Understanding buyer trends and shifts in customer expectations — 26%
B. Utilizing technology effectively (mobile, social, data, etc.) — 28%
C. Delivering to customers a consistent multichannel experience — **37%**
D. Ensuring frontline service personnel can meet new CX challenges — 9%

■ Percent of Respondents

Source: Constellation Research

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Using a cross section of Constellation data and third-party market sources, Figure 2 shows not only which communication channels business-to-business customers and consumers prefer, but also which ones they actually used most often.

From the survey results and subsequent follow-up questions, Constellation found the following insights:

- More customers still make phone calls for service, but 39% prefer live chat.
- When asked why customers chose to call if they indicated a preference for another channel, they typically said their preferred channel was not offered.
- Preference for in-app messaging services is growing, particularly among global users of popular messaging platforms.

Figure 2. Customers' Preferred vs. Used Communication Channels for Service
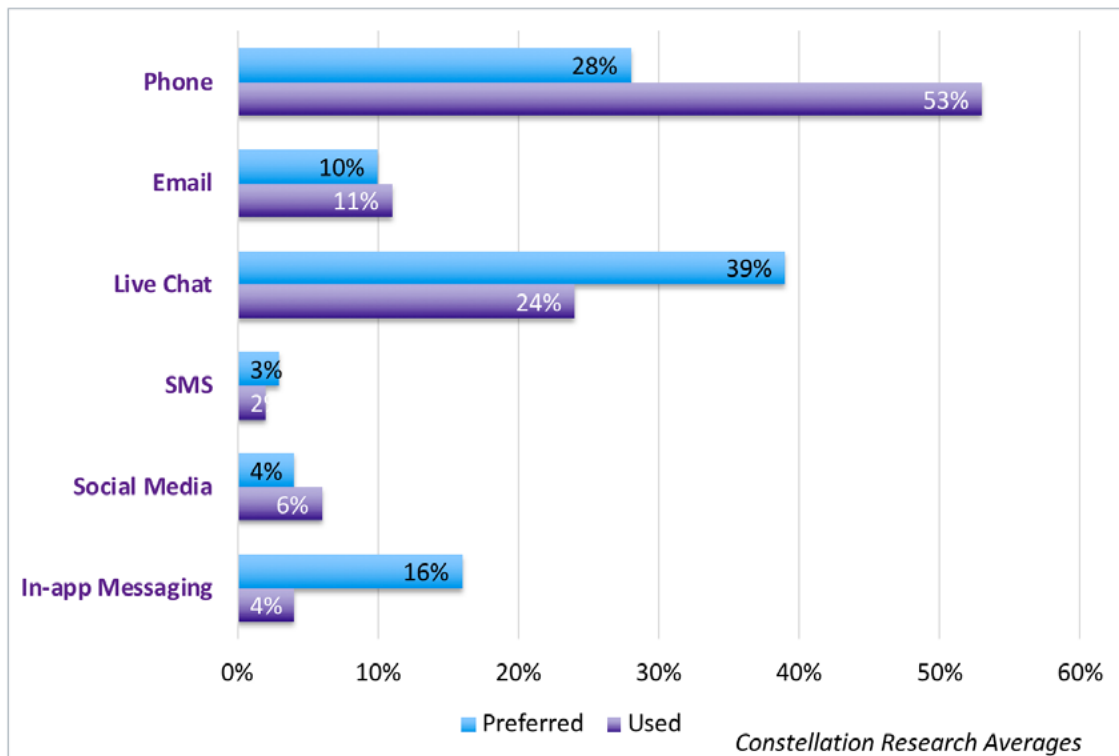
Source: Constellation Research

Leading companies that are focused on customer experience (CX) break away from only providing the traditional communications channels to offer an agile and consistent cloud-based platform for customers to receive service quickly and efficiently. Communications platforms that adapt to multichannel engagements win with customers.

WHY PRIORITIZING COMMUNICATIONS CAN IMPROVE CX AND PROVIDE A COMPETITIVE EDGE

For organizations to move from reactive to proactive customer engagement, integrating the core communications platform with other sales, marketing and service technology needs to be seamless. System silos create data blind spots that affect the effectiveness of sales motions and marketing campaigns, as well as turning support calls into opportunities. More importantly, changes in privacy regulations such as Europe's General Data Protection Regulation (GDPR) require aggregate tracking of customer activity and data history that will pose a challenge to aging telco systems.

However, a focus on modernizing communications can improve CX, provide a competitive advantage and help with GDPR compliance.

Below are six benefits of modernizing communications:

1. **Get a 360-degree view of the customer.** Tracking customer engagement to achieve a "single view of the customer" through integration with various systems of record, including customer relationship management (CRM), order management, billing, help desk solutions and more. The new breed of cloud communications platforms includes integration into CRM solutions. New platforms tie calling, text and in-app messaging activity along with customer data inside the CRM system to provide agents with aggregated insights into the customer.

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2. **Increase customer engagement on multiple channels.** Personalize customer interactions with options such as video live chats and collaborative browsing ("co-browsing"). Video and co-browsing enable better troubleshooting of customer issues and humanize the brand. Organizations can use social listening to monitor customer sentiment, then proactively contact them to offer service. This proactive approach builds loyalty and advocacy compared to reactively waiting for the customer to file a complaint.

3. **Protect customer security.** Privacy regulations are redefining the rules on how companies communicate with customers. Use two-factor authentication and communicate key account updates or changes proactively through channels such as SMS.

4. **Improve net promoter scores and loyalty.** Taking a proactive approach through customer status-checks and "How are we doing?" messages. Incorporate post-call or live chat surveys to stay ahead of NPS changes and prioritize best customers by recognizing key attributes such as engagement score, revenue generated and the length of the business relationship.

5. **Empower the mobile workforce.** Cloud communications platforms can route calls to various devices, meaning that employees don't need to be locked down to desk phones. This capability is crucial as the workforce becomes more mobile. Employees are looking to IT to provide solutions that fit their organization's work style.

6. **Use data analytics and gain insights.** Make better business decisions and gain insights into key performance metrics to improve sales, track performance, allocate resources and facilitate employee coaching. For example, by looking at the number of successful dials to prospects and correlating the data to deals in the pipeline to measure conversion success.

SUCCESSFUL ADOPTION REQUIRES EXECUTIVE ADVOCACY

Communications modernization demands executive support. Here is a breakdown by role on how various members of the C-suite and leaders can use communication platforms to achieve key objectives:

- **Chief Customer Officers:** The on-demand availability of cloud communications platforms free CCOs from having to build costly traditional call centers. The flexibility to staff service agents in various locations and time zones gives CCOs the ability to provide additional service hours to customers. Also, recording calls or analyzing call data can help with agent training and coaching.

- **Chief Marketing Officers:** Integration with marketing automation solutions enable visibility into campaign attribution and lead scoring based on the level of customer engagement. For example, customers who ask product questions in the mobile app or chat can be compared to customer metrics for up-selling or follow-up on abandoned carts.

- **Chief Revenue Officers:** Facilitate automated dialing for inside sales teams, reducing the lag time related to connecting with a live customer. Integration with customer data in CRM and aggregating call detail improves deal forecast accuracy. Analytics and deal-close probability scores can include attributes such as the velocity of call, text and email volume between the seller and customer to predict an opportunity's likelihood of closing.

- **Chief Product Officers:** Integrate communications platforms with flexible application program interfaces to existing tech stacks. For example, one cloud-based service company needed to provide its customers with a simple method to escalate issues but without slowing down internal teams that were working on the problem. The company integrated SMS and voice capabilities into its existing email and conferencing platform to help customers

and technicians get connected and resolve issues fast.

- **Chief Information or Technology Officers:** Driving or supporting enterprise-wide digital transformation initiatives and modernizing the communications infrastructure for both internal and external customers is a key element to success. Customers and employees are on more devices and channels, creating more demand for their communications platform to work the way they work.

SUCCESS STORIES SHOW SIGNIFICANT CX IMPROVEMENTS

Constellation turned to two organizations on modern cloud-based communications platforms to highlight their success in delighting customers and building strong loyalty.

The Global Restaurant Chain

One global restaurant chain doubled its revenue by improving its CX.

Company Profile: In 2008, this global restaurant chain with operations in more than 85 countries was a business in trouble. Customer complaints about the taste of the chain's products and slow deliveries led to falling stock prices. By 2015, it engineered a spectacular transformation, becoming the second-largest player in its industry. It started by making a promise to customers to "do better."

Customer Experience Is a Core Strategy: The company's CEO publicly stated that the company was putting the customer first, with all decisions revolving around that goal. The CEO recognized that technology was a driver for CX and engaging customers on multiple channels was the key to success. The company offers more than a dozen ways for customers to order its products, including a web chatbot, social media and messaging. Customers can opt in for SMS order confirmation

and status updates. In addition, customer activity is integrated with a loyalty program that routinely sends personalized offers to encourage repeat business. Internally, service and support requests from stores are routed to a virtual contact center integrated with the company's enterprise resource planning system.

A company executive stated to Constellation, "We look at technology investments first through the customer experience lens and other factors, such as cost savings or efficiency, second."

Success Metrics: The company saw its revenue grow by double digits year-over-year and began outpacing its competitors with new store openings. The loyalty program sign-ups have nearly doubled in the past three years.

The Regional Automotive Products Retailer

This retailer took a data-driven approach to lower its phone bills and drive

customer satisfaction.

Company Profile: This New England-based retailer has 95 stores selling directly to consumers as well as a wholesale unit supplying other businesses such as auto dealerships and repair shops.

Insights from Call Data Improves CX: As the retailer has both a business-to-consumer and business-to-business sales structure, servicing customers with different needs is a challenge. Recognizing that its customers are on multiple channels, the retailer offers several methods for customers, such as phone, email, chat, and web service requests. Phone requests include options to schedule an appointment for service, and the company's cloud-based virtual contact center receives more than 1.3 million calls per year. To help reduce customer hold time, the retailer uses customer call-back functionality.

Executives at the company recognized that the treasure trove of data housed in the calls could help them proactively anticipate customer

needs. By integrating the contact center with its CRM solution, the retailer can see customer activity history and monitor service request types—such as the volume of new sales inquiries compared to repairs—to create tailored offers for customers.

Success Metrics: By adopting a modern cloud-based communications platform and focusing on data, the company saw customer satisfaction rise and saved more than 35 percent on its phone bills.

SEVEN CONSIDERATIONS WHEN EVALUATING COMMUNICATIONS PLATFORMS

Cloud-based communications platforms have transformed how organizations engage and collaborate with their customers. Organizations benefit from lower capital expenses for hardware and improve their total cost of ownership. The market of communications platform providers is broad, and organizations should evaluate with an eye

on both current and future needs. Can the provider scale up as the organization grows, keep pace with rapidly changing customer demands and provide the data analytics needed to make better CX decisions?

Evaluate how the solution fits with the existing tech stack. For example, if the organization uses CRM software, selecting a communications solution that integrates seamlessly into the CRM solution would provide a consolidated view of the customer's activity and provide improved analytics. Integration with existing productivity suites such as Google's G Suite, Microsoft Office 365 or others leads to higher internal user adoption.

When evaluating communications platforms, consider these seven points:

1. **Understand the organization's growth objectives.** Model what future costs would look like under multiple growth scenarios. Communications platforms on cloud-based architecture can reduce infrastructure,

maintenance and support costs while providing easy administration from anywhere.

2. **Research the solution provider's overall market reputation and customer references.** Talk to other customers that are similar in size, industry or growth patterns.

3. **Look at the existing technology stack.** Does the proposed solution integrate with other customer management products used in the organization such as CRM, help desk or marketing automation software? Does it enable multichannel support?

4. **Understand the organization's work style.** Is the emphasis on mobility and remote workers or in-office call center configuration? Are there existing silos that a new communications platform could eliminate?

5. **Identify any up-front costs.** What are the resources required for maintenance, support and training?

6. **Have an end user learn the product.** Is there a trial available? How long does it take the user to get up and running? Is there training and on-boarding support?

7. **Determine the ongoing costs.** If the organization grows—for example, opens more offices, expands globally or adds employees—does the solution have the capability to scale along with it? Also determine the ongoing maintenance and support costs.

PITFALLS TO AVOID DURING VENDOR SELECTION AND PLANNING

Constellation recommends clients avoid situations such as these:

- Communications providers that require up-front investment in costly hardware and infrastructure, which become aged or obsolete within 24 months.

- Vendors with short track records or limited functionality that cannot support the organization's future growth objectives.

- A "one-size-fits-all" model that cannot adapt to different work styles of groups at the same organization.

- Siloed solutions that do not integrate with the rest of the CRM or systems-of-record technology stack.

RELATED READING

- Cindy Zhou, "Mobile Marketing Best Practices for CMOs," Constellation Research, December 14, 2016. https://www.constellationr.com/research/mobile-marketing-best-practices-cmos

- Cindy Zhou, "Why B2B Sales Success Requires a Holistic Account-Based Strategy," Constellation Research, August 30, 2017. https://www.constellationr.com/research/b2b-sales-abs

- Cindy Zhou, "Sales by Design, Not by Challenge," Constellation Research, September 29, 2016. https://www.constellationr.com/research/sales-design-not-challenge

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Cindy Zhou is Vice President and Principal Analyst at Constellation Research covering Digital Marketing Transformation and Sales Effectiveness. With over 18 years of practitioner experience in corporate marketing, product marketing, product management and sales operations, Zhou has spearheaded marketing transformation at multiple technology companies. Her role is to advise Constellation's clients on strategies to light up demand generation, prove revenue contribution and maximize sales productivity.

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· Experienced research team with an average of 25 years of practitioner, management and industry experience.

· Organizers of the Constellation Connected Enterprise—an innovation summit and best practices knowledge-sharing retreat for business leaders.

· Founders of Constellation Executive Network, a membership organization for digital leaders seeking to learn from market leaders and fast followers.

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