



The US Contact Center Decision-Makers' Guide 2013

Summary of Findings



ABOUT THE REPORT / DEFINITIONS

ContactBabel is a contact centre industry analyst firm. Its major primary research programs – hundreds of interviews each year with US and UK contact center operations - feed into the Decision-Makers' Guides.

The "*US Contact Center Decision-Makers' Guide (2013 - 6th edition)*" is the major annual report studying the performance, operations, technology and HR aspects of US contact center operations.

Taking a random sample of the industry, a detailed structured questionnaire was asked to 205 contact center managers and directors between January and February 2013.

Where possible, we have segmented and analyzed data along vertical market (business sector) lines, to highlight the specific issues and environments particular to that vertical industry. Below are the ten vertical markets studied within this report which had sufficient respondents to justify inclusion.

Figure 1: Vertical market definitions

Vertical market	Sub-sectors
Entertainment & Leisure	Hotels, resorts, gambling, sports
Finance	Banks, credit cards, loans, debt collection, credit checking, corporate
Insurance	Insurance for life, motor, house, corporate, reinsurance, etc.
Manufacturing	Mainly B2B sales and support, along with customer helplines
Medical	Medical insurance, hospitals, pharmaceuticals,
Outsourcing	Large full-service outsourcers/BPOs and telemarketing firms
Public Sector	Government (federal, state and city) agencies, emergency services/911
Retail & Distribution	Retailers, home shopping, mail order, parcel carriers, logistics
Services	Non-physical service offerings to public and business
Technology, Media and Telecoms (TMT)	Technology sales and service; Cell and fixed line telco, TV, satellite and cable providers; Broadband/ISP; triple/quad play

Almost every survey question is considered from the size aspect, as differences in resources, management techniques and technology vary greatly between size bands.

Contact centers surveyed fit into one of three categories:

- Small - 10 to 50 agent positions
- Medium - 51 to 200 agent positions
- Large – over 200 agent positions.

Whether a contact center is predominantly inbound or outbound can fundamentally determine how the contact center is run. Therefore, we sometimes analyze data by contact center type: inbound / mixed or outbound.



INTERACTION RECORDING & ANALYTICS

Call recording is one of the most prevalent contact center solutions, having many applications around quality assurance, compliance, security and agent training. It is used by 84% of this year's respondents, 12% of which state that they wish to replace or upgrade their current system.

Survey respondents are very positive about the effectiveness of call recording for quality monitoring and agent training, including the demonstration of best practice to other agents.

'Interaction analytics' as a phrase is not simply replacement marketing-speak for 'speech analytics', but does in fact seem to refer to the reality of contact center analytics. 67% of respondents who said that they used speech analytics also said that they had analytical tools for multichannel (email, web chat and agent desktop) as well. While the relative importance of multichannel analytics to speech analytics is not known, it seems that solution providers are indeed persuading end-users that insight and knowledge does not stop at the spoken word. With 25-30% of many contact centers' business being non-voice-related (and growing), this seems a sensible attitude.

AGENT DESKTOP

93% of contact centers require their agents to use multiple applications within a call, and there are significant dangers around forgetting to key in information, forgetting to ask for the required information, starting the correct processes or failing to type in consistent data.

There is a positive correlation: the larger the operation, the more in-call agent desktop applications tend to be used. Small respondents' agents had a mean average of only 3.0 applications on the agent desktop, with medium respondents at 3.3 and large operations at 4.5.

CUSTOMER EXPERIENCE MANAGEMENT & IMPROVEMENT

The most frequently-chosen factors for improving the customer experience were first-call resolution and having a polite and friendly agent deal with the call. Outside the call itself, a short queue time was also seen as important, acknowledging that the customer experience starts well before the agent's greeting. Contact center management also believe that having US-based agents goes a long way to helping customer satisfaction, with 33% of respondents placing domestic agents in the top 3. Short call durations, which has been slipping as a primary metric for a number of years, as seen as being far less important than actually getting the matter sorted first-time.

73% of contact centers believe a customer will get a better response to a complaint via telephony, compared to 14% via email.



CONTACT CENTER PERFORMANCE METRICS

Talk time has declined again to 56%, after last years' result of 58%, in line with the gradual but general move away from 'traditional' call handling duties.

The median rate of call abandonment is 4.0% (up again from 3.8% in 2011, which was up from 3.0% in 2010).

The overall industry average speed to answer has stayed steady, at 34 seconds this year, a very slight increase.

Average first call resolution rates have steadied at 71% (mean) & 78% (median), very similar to last year's result.

The majority of inbound call costs are under \$6, with the mean average being \$7.76. The median average is \$4.50.

VIRTUAL CONTACT CENTERS & HOMEWORKING

Around 40% of US contact centers are part of a multiple-site operation, and as such, are potentially part of a larger virtual contact center structure. 48% of respondents in multi-site contact centers act as part of a full virtual contact center operation, with a further 18% acting as a part of a partial virtual operation (e.g. in cases where a only few of the overall number of US operations are linked together).

Respondents with virtual contact centers have generally been very pleased with the gains in efficiency and service level that they have experienced. The ability to smooth out call spikes by moving them between contact centers, and the reduced wait times were particularly mentioned.

Of the multiple-site respondents who had not virtualized their operations, the expense, concerns about data security and worries about inter-site integration were the biggest problems.

The proportion of contact centers using homeworkers has doubled since the end of 2007, and the overall numbers of homeworking agents has more than trebled. 45% of respondents use homeworkers.

IP AND CONVERGENCE

The main driver for IP implementation is to reduce costs through running a single network, with significant numbers of contact centers which have a forced necessity to implement IP because of the requirement to replace their PBX, as well as it being a corporate decision for many too.

The effects that IP implementation has **actually** had (rather than the perceptions of what it could do) revolve around network cost reduction, inter-site cost reduction, the flexibility to add and change agents quickly and the general movement towards cloud-based solutions as a whole.



CUSTOMER IDENTITY VERIFICATION

It takes an average of 26 seconds to verify a customer's identity manually, and this mounts up considerably: the US contact center industry spends around \$15bn each year, just to verify the caller is who they claim to be.

CALL-BACK, QUEUE MANAGEMENT AND ROUTING

88% of respondents use a multi-layer touchtone solution, making the caller choose at least two options. For example, after pressing 1 for sales, the customer may then have to choose a particular product or service to talk about.

37% of respondents using touchtone to route calls have architected a three-level IVR menu, where for example, the customer having chosen to talk about sales, then chosen Product X, may then have to choose whether they are a business or private customer.

16% of respondents take this at least one level further, and make our putative business customer who wants to buy product X then make yet another choice, for example, whether they are an account holder or a cash buyer.

Offering an in-queue call-back option seems to have a positive effect on call abandonment rates, with those doing so having a mean of 4.9% of calls abandoned, compared with 7.3% amongst those who do not offer this option.

MULTICHANNEL WORKFORCE MANAGEMENT

Almost half of contact centers would find easier scheduling of great value to them, and 44% place the same importance on improved multichannel workforce management solution capabilities. Of secondary importance is the ability to allow agents to self-schedule (although this can be very good for morale), with homeworking being important to some respondents, but not others.

MULTIMEDIA MANAGEMENT AND THE UNIVERSAL QUEUE

The US contact center industry has embraced multichannel customer communication, with 94% of respondents offering an email channel as well as 29% SMS, 43% web chat and 53% social media. Traditional channels such as letter and fax are still present in most cases, and 33% offer some form of mobile-specific channel. Channels aren't being replaced - even letters will continue to be supported - but rather augmented. This means that the pressure to unify the view of the customer across channels is a challenge that isn't going to go away.

The proportion of inbound interactions by telephone has not changed greatly since last year – a continuation of the gentle decrease in proportion from 71.6% to 70.2% - but the proportion of self-service interactions has



dropped significantly again from 8.9% to 7.3% (it had been over 12% in 2010): this may well be a movement from telephone self-service to the more flexible web self-service.

Email continues to grow steadily (from 11.5% to 12.4%), as does web chat, which is up from 2.1% to 2.7%.

A formal multimedia blending environment, such as a universal queue, has a beneficial effect on email response times. Respondents using a formal blended environment report that 36% of emails are handled within 1 hour, with a further 47% being dealt with inside a day. The casual, ad-hoc approach is less successful at rapid response, with only 22% of emails having an average handle time within 1 hour, although a further 51% are handled in a day.

SELF-SERVICE

Overall, 43% of respondents offer a full self-service option through a voice channel, down from 48% last year, although of course many more offer IVR for routing and CTI purposes, as well as a widespread and growing use of web and mobile self-service.

On average, 19% of voice self-service is handled through automated speech recognition, rather than touchtone IVR, up on last year's figure of 11%.

The average cost of a live telephone call varies considerably, but has a mean average of \$7.76. Respondents state that the average cost of a telephony self-service session is 98c (2011 figure). Email and webchat cost around \$3.50.

SOCIAL MEDIA

The most important use is the monitoring of what customers are saying about the business and its products, with 34% of respondents that use social media for this scoring it at 9/10 or 10/10.

The ability to act directly upon negative comments and complaints is seen as almost as useful, despite this requiring somewhat greater resources as the need for a rapid response is far greater than for monitoring comments which aren't directed at the company itself.

Social media as an outbound channel – providing product and marketing information – is also widely used, and includes tailored delivery of information specific to a customer, as well as generic advertising.

Interestingly, the ability of social media to act as a fully-supported customer channel seems to have dropped this year, with 1 in 4 respondents stating it was virtually useless (against 14% in 2012), with the same proportion believing it very useful (down from 33% last year). This may indicate what many customers have experienced already - that most companies are not fully geared-up to providing customer service via social media with anywhere near the same quality as via telephony, or perhaps even email.



THE MOBILE CUSTOMER

Half of respondents provide their website in a 'mobile-friendly' format, for example by having the most popular elements available, speeding load times, optimizing graphics, improving readability and scrolling, etc. However, fewer than 1 in 4 respondents have a dedicated smartphone app, either for sales or for service, although larger businesses were far more likely to have both, especially for service.

The easiest way to support cross-channel contact is to offer a telephone number on the mobile website or inside the app, and 96% of respondents do so. In the vast majority of cases however, the user/ customer must start again from the beginning, as respondents will not credit the security and identification process that the customer has already been through, nor will the browsing history be passed onto the agent. Effectively, the customer may as well not have used the mobile channel at all, which is a negative for them and their attitude towards this channel in future.

A small minority of respondents state that on escalation, an agent is provided with some information about the customer, most often the customer's name and account information, rather than anything more closely linked and relevant to what the customer was trying to do, and where they are currently located. In reality, this information will rarely be used to provide a quicker customer experience (for example, by jumping a call queue or by having details of the mobile session already undertaken screen-popped onto the agent's desktop).

CRM & PROFIT MAXIMIZATION

Figures for successful cross-selling and upselling conversion rates are difficult to come by. Of those industries that provided enough answers, the outsourcing sector claims a 26% conversion rate (median 18%), services 18% (median 12%) and TMT 19% (median 20%).

The industry mean average was 20%, the median 17%, with 1st quartile 24% and 3rd quartile 5%.

Finance respondents have the greatest proportion of service agents able to sell opportunistically, with the outsourcing, services and retail sectors also geared-up to achieve extra sales. From very low levels, the insurance and TMT sectors are most likely to feel that their cross-selling and upselling activity could be increased further.



CLOUD-BASED CONTACT CENTER SOLUTIONS

After considering several potential financial and operational drivers for cloud solutions, respondents were asked how strongly they felt about a number of issues related to the choice to deploy cloud-based solutions.

The ability to improve flexibility comes out on top this year, with the opportunity that cloud solutions offer to optimize user licenses being widely acknowledged as a chance to cut costs while maintaining or improving functionality.

There is also a strong feeling held by the majority of respondents that systems need updating urgently after years of widespread underinvestment, which offers contact centers the opportunity to look at other options to the traditional CPE model, as it becomes a matter of choosing which change to make, rather than deciding whether any change is necessary.

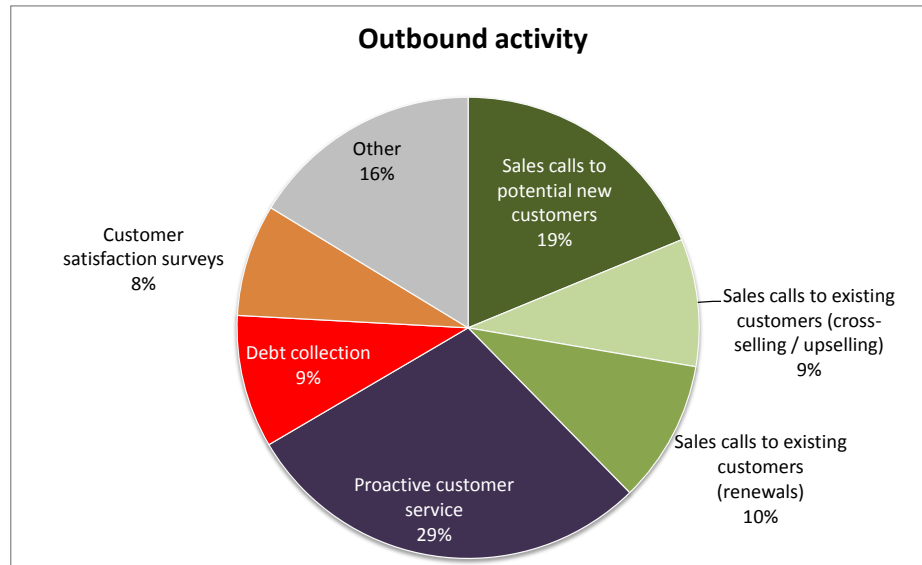
CRM and call routing functionality were the most likely to be deployed through cloud-based solutions, with call recording functionality also used in a significant minority of instances. 61% of respondents had at least some contact center functionality in the cloud.

Those contact center respondents who have actually implemented a cloud or hosted solution have generally found that it has delivered significant advantages in most cases.

The strongest experience was that it was easier to make changes to the system, with 64% saying this compared with 12% who felt the opposite. 63% of respondents agreed that the overall cost of ownership was cheaper against only 3% who did not. 67% experienced more powerful or extended functionality in a hosted or managed environment, with only 7% disagreeing.

OUTBOUND & CALL BLENDING

A structured blended environment, where agents are moved seamlessly and dynamically between inbound and outbound, is used in 36% of respondents' operations, although medium and large contact centers are far more likely than smaller operations to use this type of structure. Small operations are more likely to operate blending on a manual, ad-hoc basis.



ATTRITION

2013 sees a small rise in attrition, suggesting that the industry (and possibly economy) are back on their feet to some extent, and looking to grow. While the mean stays the same at 27%, the median grows to 21%.

The outsourcing sector consistently has a high attrition rate - driven mainly by low salaries and lots of outbound telemarketing work - and this year, it has a mean average of 53%, far higher than most other sectors and an increase on last year's figure of 42%. The median is also higher at 48% (from 32%), reflecting the fact that this is more of a sector-wide phenomenon.

The public sector had low mean attrition rates of 13%, and the medical sector's median of 12% shows the general reality of this vertical market's attrition.



ABSENCE

As with previous years, smaller contact centers seem to experience far lower rates of staff absence.

Figure 2: Short-term absence by contact center size

Contact center size	Agent absence rate (mean)	Agent absence rate (median)
Small	6.8%	5.1%
Medium	10.8%	4.9%
Large	13.8%	8.2%
Average	7.9%	5.2%

SALARIES

Role	2013 mean average salary
New agent	\$28,960
Experienced agent	\$34,710
Team leader / supervisor	\$45,863
Contact center manager	\$72,863



STRATEGIC DIRECTIONS

Telephony infrastructure, IVR, call recording and management information systems are the most likely to be upgraded or replaced in the next year. In terms of new implementations, multimedia seems to be a focus, with web-chat and mobile customer service being singled-out, with speech recognition, speech analytics and especially workforce management also receiving attention. In the longer-term too, web chat, speech analytics and mobile customer service solutions were seen as likely investments.

As has been the case for many years now, moving to an IP environment has been the one of the most popular priorities amongst respondents, with 21% of respondents stating that upgrading their telephony system was the most important area of expenditure, with a further 20% putting it as their second priority.

CRM (taken to indicate an improvement to the core customer management systems as well as company-wide CRM) is in no.1 position, with 46% of respondents putting it as one of their top 3. Workforce management, especially in smaller contact centers, is strong this year, being a top 3 priority for 28% of respondents.

In terms of what concerns contact center managers, the focus upon customer satisfaction improvement is still out in front by some distance, with focus upon achieving metrics, cost reduction and revenue increase (i.e. improving profitability) of course still important. Although staff attrition reduction has fallen off the radar entirely for many of the report's respondents, it is interesting to note that the desire to improve staff morale and perhaps thus the quality of service provided as a result is strong.