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 WHITE PAPER

The Agent Experience and its Impact on the Bottom Line:

A Research Study on the Effect of Social and Traditional Technology

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Looking to improve your customer lifetime value? The place to start is with your agent experience and productivity.

Customer service and contact center agents are the most customer-facing entity a company has. However, many companies still don't deploy the best capabilities to provide the optimal work environment for agents as well as great customer experiences. The connection between agent experience and customer experience and its bottom-line impact has been inferred over the years, but a new study conducted by LiveOps and Dr. Natalie Petouhoff's Customer Experience Research Group looked more closely at this impact on both operational costs and revenue generation in the contact center.

This study was conducted to determine:

1. The value and need for social, multichannel customer service and universal agents/queues
2. How technology affects agent happiness and productivity
3. The impact of technology on agent and customer experience as well as customer lifetime value (CLTV) and the bottom line.

The study uncovered **eight reasons** why many companies are stuck in the old paradigms of contact center technology and provides **eight very practical next steps** to move your organization forward.



Study Overview

We collected data from three different contact centers for the study:

- \$60M private social media company providing subscription-based service
- \$700M publically traded consumer goods manufacturing company selling electronics
- \$31B publically traded telecommunications company, which provides technical support services to consumers.

All three contact centers chose to participate in the study to gain additional insights into improving operational efficiencies and to better quantify the costs and the benefits to help address their challenges.

This white paper shares the specific findings from just one of the contact centers as the featured case study. Look for future publications from LiveOps on the other findings, or contact LiveOps to get additional information.



We found that the definition and actual use of the term **“multichannel”** and application of the **“universal agent”** concept are not universally defined and are often not implemented as **effectively** as they could be.”



Company Profile:

- \$60M private social media company offering a subscription-based service to their subscribers and free trials to potential subscribers
- 60 contact center agents who answer questions ranging from technical “how to” questions to billing questions
- Agents primarily measured on reduction of subscriber churn or subscription saves and quality of contact
- Current CRM system is highly customized and is provided by/integrated to an outsourced service provider
- Additional system/software investments needed to integrate chat and social channels, with all contact center investments requiring justification to leadership and the board.



Finding #1:

The Lack of a Common Definition of A Universal Agent In a Multichannel Contact Center

Our research found that the definition and actual use of the terms “multichannel” and “universal agent” are not universally defined and are often not implemented as effectively as they could be. For this study, the working definition of multichannel contact center was that all agents could interact with customers in any channel.

In this case, agents answered customer inquiries from just two channels from the same desktop: email and voice. They were looking to add social media and chat in the future. While the contact center does support multiple channels (email and voice), certain agents specialize and are assigned to only email responses. Conversely, voice agents could interact via email; however, their primary interaction channel was still voice.



Having many screens open, remembering different login passwords and toggling back and forth becomes tedious, tiresome and **negatively affects ‘on our attitude & our work.’**



—Customer Service Agent



Our company has to **start paying attention to social media...** When my friends ask me about that, I feel embarrassed that they don't.



—Customer Service Agent



Finding # 2:

Technology Affects Agent Attitude

These agents said that having more than 5 screens open, remembering different login passwords and toggling back and forth becomes tedious, tiresome and affects their attitude--which in turn has a negative effect on their work.

Moreover, they felt frustrated when the technology was either difficult to use or involved many steps. They felt if they were provided with better technology to make the process of interacting with customers easier, they could drive more subscription saves and thus increase the bottom-line.



Finding #3

Growing Concern About the Company Not Directly Addressing Social Media

Agents were increasingly frustrated because they had no control over the social channels like Twitter, Facebook and Google search, and that those channels were affecting their metrics. They reported subscribers calling to cancel because “they read negative comments on the internet, Facebook or Twitter.”

“ If the company wants us to **perform really well**, they need to **give us the right tools**. Without them, **our hands are tied.**”

—Customer Service Agent

✓ Finding #4

Significant Impact of Technology on Agent Productivity

Below is the Agent Productivity Cost Savings Table that shows an annualized savings for improved agent productivity of just over \$236,000 if they are empowered with an integrated multichannel agent desktop with built-in social support.

Agent Productivity Savings Table		
Activity Type	Activity Value/Month	Activity Value/Annually
Agent productivity savings for cumbersome desktop interactions	\$17,550	\$210,600
Agent productivity savings for integrated social media See Finding # 5	\$2,120	\$25,440

A “time motion analysis” of these agents using current contact center tools and agent desktop showed that they lose productivity because:

Total Lost Productivity Time 55 seconds per call/email





Calculation for Lost Agent Productivity due to Cumbersome Desktop

Step 1: Calculate 1 second of an agent's time at \$26.50/hr fully loaded

\$26.50/60 minutes in an hour	=	\$.442 per minute
\$.442/60 seconds in a minute	=	\$.007 per second
:55 seconds lost per interaction	X	\$.007 per second
		\$.39 productivity lost cost per interaction

Step 2: Calculate total productivity cost lost in contact center

45,000 Total interactions/month	X	\$.39 Cost/interaction	=	\$17,550
				X 12 months

Total productivity cost lost per year: \$210,600



We know that we can not only **convert potential customers into customers** but how we interact with customers **drives sales.**"



—Customer Service Agent



Finding #5

Effect of Integrating Social Channels on Agent Productivity

Here is the potential agent productivity cost savings that could be yielded if social media were integrated in a single multichannel desktop:



Calculation for Agent Productivity Cost Savings for Integrated Social Channels

Projected Hours per week spent on gathering social media interactions	=	30 hours		
Estimated Number of customer service agents monitoring/responding to social media	=	2 agents		
Average salary per customer service agent (burdened)	=	\$26.50 per hour		
\$26.50 per week	X	2080 hours per year	=	\$55,120 per year

Time saved not having to find, aggregate & filter posts by hand, cut and paste post content into the contact management system and keep track of the responses and close the interaction

10 hrs



Savings from using technology to deliver interactions to the desktop to scale social media interactions:

Before Desktop Integrated Social Media:			
30 hrs	X	2 agents	X \$26.50 per hour = \$1,590 per week
After Desktop Integrated Social Media:			
20 hrs	X	2 agents	X \$26.50 per hour = \$1,060 per week
\$1,590	-	1,060	= \$530 per week
\$530 per week	X	4 weeks per month	= \$2,120 per month
			X 12 months
Savings per year:			\$25,440



I can't believe the company thinks its ok to take complaints down off the Facebook page. That just makes customers even madder – they feel ignored and go tell their friends and family not to buy from us. That makes it really hard to hit our bonuses. Rock/ Hard place.”



—Customer Service Agent



Finding #6

Impact of Technology On Agent's Ability to Reduce Subscriber Churn

Since none of the social media interactions are brought into customer service, this company isn't able to address the complaints posted to their Facebook page or on Twitter. In some cases, posts are even deleted, so customers are left with a poor customer experience and that poor customer experience tends to increase churn faster.

If this company had a way to reach out to customers in social media from the contact center, the agents felt like they would be able to prevent customers from cancelling their subscriptions. Furthermore, the company would benefit from a better understanding of hot customer issues and could better resolve any problems that would have caused a subscriber to cancel.



Impact of Technology On Agent's Ability to Reduce Subscriber Churn

Customers: (\$2.2M/\$42 = 52,380)

Number of customers acquired or retained per year = **52,380** currently retained

Average annual revenue per customer = **\$42** per week

Percentage Increment in retention (between 1-5%) = **2%**

How savings is calculated for reducing customer churn

52,380 customers retained per year X **\$42** = **\$2.2M**
X **2%** reduction in churn

Savings per year: \$44,000



Result #7

Effect of Technology on Agent Responding Immediately to Negative Word of Mouth via Social Posts

Research by McKinsey* states WOM is the primary factor behind 20-50% percent of all purchasing decisions. In fact, a high-impact recommendation — from a trusted friend conveying a relevant message, for example — is up to 50 times more likely to trigger a purchase than is a low-impact recommendation.

From research conducted for the book *Integrating People with Process and Technology*, by Dr. Natalie Petouhoff, Dr. Jon Anton and Lisa Schwartz, a typical satisfied customer tends to tell five others. However, a dissatisfied customer will typically tell at least 10 other people about their negative experience.

Negative WOM impacts sales directly. For every 10 consumers that “hear” negative comments, at least one person will take action. The affected person will either elect not to purchase or will also spread negative WOM about the product or service.



I'm a customer. I know that **when I see negative posts, it discourages me from buying stuff.**

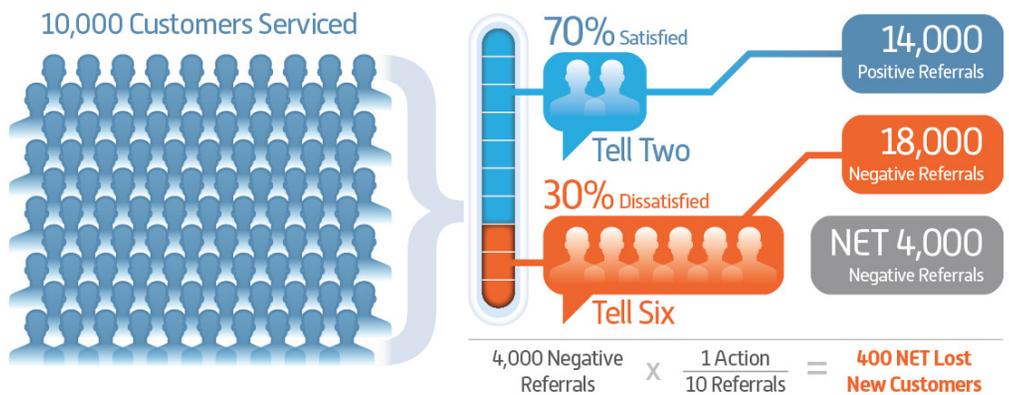


—Customer Service Agent

Research shows negative WOM tends to spread faster than positive WOM. With the advent of social communication and “public displays of negative WOM” and “word of mouse”, we estimate that for every five consumers that see negative WOM, one person will take action accordingly.

In the figure below, for every 10,000 customers serviced, there are 18,000 negative referrals. The difference between the 18,000 negative referrals and the 14,000 positive is 4,000 negative referrals. For every 4,000 negative referrals, one in 10 potential customers take action (do not buy/cancel) yielding 400 net lost customers. In this example, negative WOM overrides positive referrals yielding 400 lost new customers [i.e. customers that do not purchase.]

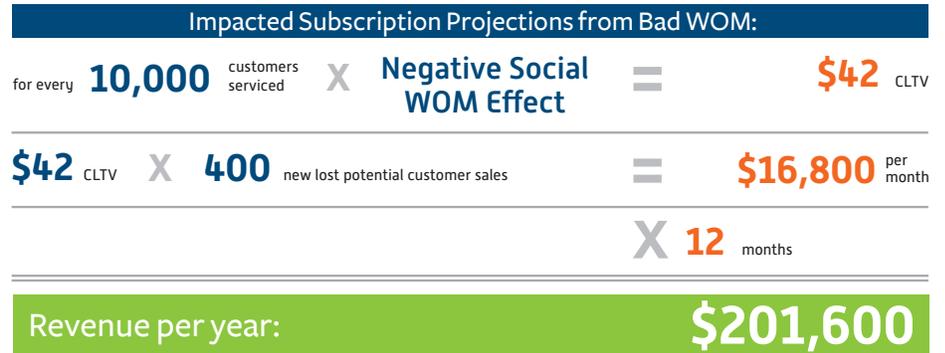
Universal agents that use multichannel queue management can respond more quickly in real-time to social posts via customer service and shift negative WOM into positive WOM before it has an impact on subscriptions and brand value.



Strategic Customer Service: Managing Customer Service to Increase Positive Word of Mouth, Build Loyalty and Maximize Profits, John A. Goodman, pg 82.



A conservative revenue impact is calculated below:



When I see a company reach out and **help a customer**, I know **they have my back too**. I'm more inclined to **buy from them** and **recommend them** to people I care about."



—Customer Service Agent



Finding #8

Impact of Technology on Proactive Social Subscriber Engagement And Increasing Subscriber Revenue and Customer Lifetime Value

For subscribers searching for information, often the only place where they can get those questions answered is with the contact center. When customers have questions or show interest in the company's services via phone calls, chat, email or in social networks and online, it is critical that the questions get answered in real time.

Through live online chat and social integration, customer service can help convert potential customers into actual customers and drive sales, as well as increase the length of the subscription and increase customer lifetime value. In addition, customers who are not actively posting but reading the brand's and customer's posts can also be positively influenced by the interaction.

Assumptions:

Productivity = answer more interactions, improve customer experience (less wait time)
 With social channels, chat integrated to contact center = increase positive WOM=i-
 ncreased subscribers, real-time interactions with chat, increased potential for cus-
 tomer lifetime value extended



Customer Lifetime Value

Annual number of subscribers = 500,000 per year

\$42 average annual revenue per subscriber X \$16 per month = 2.6 total month per subscriber

Increase length of subscription by 3.4 months = 6 months total

\$16 X 3.4 months = \$54.40 additional length of subscription

Conservative percentage subscribers extending their subscriptions (between 1%-10%) = 2%

2% of subscribers extend CLTV subscription to 6 months

500,000 subscribers X 2% = 10,000 subscribers extended

10,000 subscribers X \$54.40 per year = \$544,000

An additional increase in CLTV: **\$544,000**

Below is the conservative, annualized increase in incremental revenue for the contact center that shows potential areas for contribution to topline growth by reducing subscriber churn equaling \$44,000, immediately responding to negative word of mouth social posts equaling \$200,000 and proactive subscriber engagement equaling \$544,000.

Increased Incremental Revenue Table		
Activity Type	Activity Value/Month	Activity Value/Annually
Reducing subscriber churn	\$3,666	\$43,992
Immediate handling negative word of mouth from social posts – subscriptions saved	\$16,800	\$201,600
Proactive chat, social / traditional subscriber engagement – increase CLTV- subscriptions extended/generated	\$45,333	\$544,000



The total "profit contribution" from the calculations adds up to \$1.0M. If this company could consider making the following changes they could save operational costs and generate more revenue:

- 1 **Utilize** a single, integrated agent desktop to eliminate cutting and pasting among disparate systems to maximize interaction visibility and agent productivity
- 2 **Reinvest** in a state-of-the-art multichannel agent desktop that includes tight email, voice, social channels and chat integration
- 3 **Invest** in a state-of-the-art knowledge management database that provides easy to find answers for agents reducing AHT and FCR, improving agent satisfaction
- 4 **Gain** shared responsibility with Marketing or PR for Facebook/Twitter social customer service issues to respond quickly to negative WOM
- 5 **Create** social governance rules with Marketing/Customer Service/Sales/PR
- 6 **Train** agents for social and chat interaction on behalf of the company
 - a. How to respond to negative WOM
 - b. How to engage customer without selling
 - c. When to escalate to management on new issues

Don't reinvent the wheel. Get help from knowledgeable experts and use industry best practices to help quantify and identify the best software for your organization as well as to create governance and training for your contact center.



Our research clearly identified operational costs and negative revenue impact in contact centers where agent productivity was impacted by a siloed channel approach, the lack of integration of social channels in the contact center, and inaccurate knowledge databases.

In addition, the cumbersome agent desktop and the lack of agent visibility to all customer interactions directly impacts customer satisfaction, agent productivity and agent satisfaction, which can result in agent attrition rates as high as 50%. And, even more costly to the company are unattended or un-integrated social channels having the effect of posting bad news about your company in very public channels like Facebook and Twitter.

The benefits of improving agent productivity can be:

- Retained top talent
- Increased positive word-of-mouth
- Increased customer lifetime value
- Reduced costs and increase revenue



There are eight top challenges why contact centers have a tough time turning on a dime to transform themselves:

- 1 **Organizational politics** – the Marketing or PR department owns the Facebook page and/or all social channels
- 2 **Legacy systems** – large rip-and-replace/integration decisions can take time to approve within IT and the company
- 3 **Proliferation of software choices** – all with varying features, functions and maturity
- 4 **Obsolete software** – recent software investments that may be already outdated or not performing as advertised
- 5 **Reliance on an external partner** – overly dependent on an outsourced provider's platform for software and hardware
- 6 **Change** – changing current methods of operating can be a daunting task
- 7 **Training** – siloed systems increase training costs and making changes to how agents and outsourced providers conduct tasks can be time consuming
- 8 **Lack of quantifiable impact** – operational costs and topline revenue impact of not making necessary changes have not been quantified in terms of benefits and ROI to the company

By examining the contact centers in this study, you can learn how to gauge and justify your company's investments for reinventing your own contact center.

When evaluating software, look for solutions that enable a truly integrated, single multichannel desktop, which can enable a universal agent to manage multiple channels including chat and social channels, so that you can be well positioned to serve customers and agents in this next wave of the socially enabled customer.

You'll also want to cross-train agents using channel-agnostic subject matter experts. Plus, you should work towards establishing shared KPIs across functional departments and begin to break down functional silos.

Here are some practical steps you can take right away:

- 1 **Review** the case study in depth
- 2 **Get executive buy-in** to benchmark your organization
- 3 **Get outside help** to benchmark your content – and bolster credibility
- 4 **Review** the analysis
- 5 **Create** the business case for change to people, process and technology
- 6 **Present** it to executives and get approval
- 7 **Create** a short- and long-term plan
- 8 **Get to it** before your competitors beat you to it!



Dr. Natalie Petouhoff

CEO of Social Customer Service Builders: The Results Group™

As a Forrester Analyst, Dr. Natalie led the pack by writing the world's first Customer Service Social Media ROI model. Today Dr. Natalie continues to lead the marketplace with her practical experience & proven abilities to guide companies to:

- Assess, fast track, measure & optimize social media, branding building, Customer Service, Contact Center, PR, Marketing and Sales initiatives
- Vet/choose from top social media software to scale & optimize social media Customer Service, Contact Center, PR, Marketing and Sales initiatives
- Align CEO-level executives & their staff by delivering & facilitating practical social media strategy sessions, workshops & consulting sessions that help Customer Service professionals get executive buy-in and sponsorship — which is a key differentiator for her client's success.

Dr. Natalie has held positions as a Customer Service/CRM management consultant where she guided companies to implement contact center strategies and technology and executive; as a Forrester Social Media/ CRM / Customer Service industry analyst where she analyzed software and guided clients to make the best decisions; and as a PR & Marketing Executive, where she guided PR and Marketing clients use social media to accomplish their goals of awareness, lead conversion rates, sales, revenue and profits and the exponential bottom-line lift businesses experience when all functional departments collaborate on social media initiatives.

As a sought after thought leader, Dr. Natalie's work is featured in Huffington Post, USA Today, AdAge, BusinessWeek, Fast Company, The New York Times and The Wall Street Journal; is the subject of four books including Like My Stuff: How to Monetize Facebook; numerous best practice white papers and makes her a top choice as a TV commentator.

Want more information on Dr. Natalie? Follow her here:

- <https://twitter.com/drnatalie>
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**Lisa Schwartz****Principal at Social Customer Service Builders: The Results Group™**

Lisa Schwartz works with Dr. Natalie and clients to improve their Customer Service operations and strategy. With a specialized focus on Customer Experience, ROI, CRM, social media best practices, she assists in creating, defining and refining strategy and tactics through execution of customer service assessments, return on investment metrics and choosing social media / traditional technology and overseeing its implementation.

Lisa has held various management positions in Customer Service and Technical Operations at Geffen Records, Intertainer, Cedars-Sinai Medical Center, Hitachi Consulting and Accenture. In addition, she has held positions as Worldwide Product Marketing Director, CRM and VP Global Marketing, Oracle Corporation, with industry experience in Communications, Media & Entertainment and CPG.

Lisa has written two business books, many white papers and presentations on the topics of technology, technology adoption, organizational change management, CRM, sales, marketing, service, customer lifetime value, ROI and social media.



* <http://vandymkting.typepad.com/files/2010-4-mckinsey-a-new-way-to-measure-word-of-mouth.pdf>

Strategic Customer Service: Managing Customer Service to Increase Positive Word of Mouth, Build Loyalty and Maximize Profits, John A. Goodman, pg 82.

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LiveOps is the global leader in cloud contact center and customer service solutions. More than 300 companies around the world, including Salesforce.com, Symantec, Royal Mail Group, and Amway New Zealand trust LiveOps' technology to enable effective multichannel, social and mobile interactions with their customers. LiveOps' award-winning platform has processed more than 1 Billion minutes of customer interactions and managed operations for the largest US-based cloud contact center of 20,000 home-based, independent agents. With 10+ years of cloud experience LiveOps is the partner of choice for companies wanting to migrate to the cloud. Headquartered in Redwood City, California with European regional headquarters in London, UK, LiveOps supports a wide range of industries including financial, health care, insurance, retail, and high tech.

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