

THE 3 STAGES TOWARD AI-POWERED, DIGITAL-FIRST JOURNEY EXCELLENCE

Make experiences *flow*

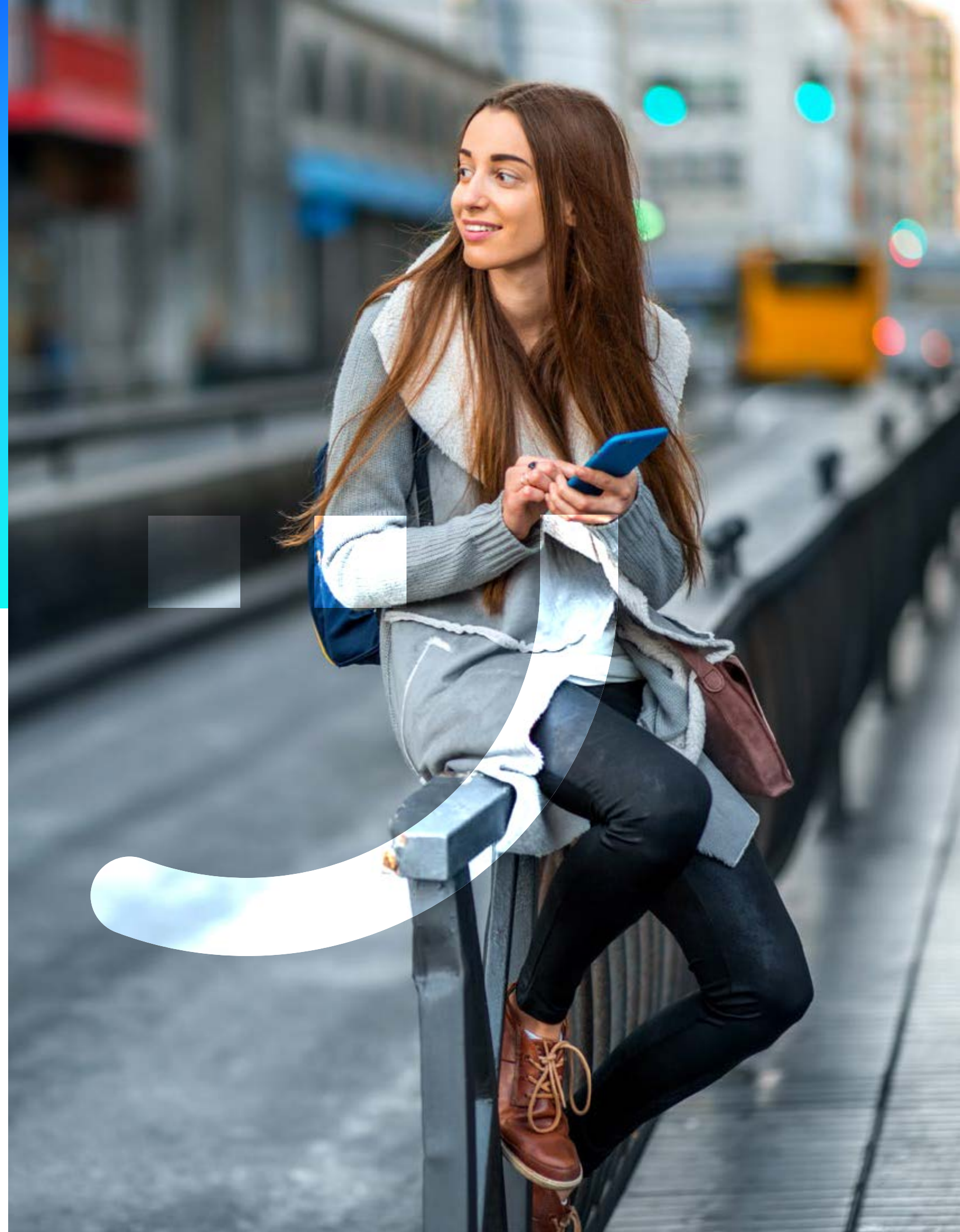
About NICE

With NICE (Nasdaq: NICE), it's never been easier for organizations of all sizes around the globe to create extraordinary customer experiences while meeting key business metrics. Featuring the world's #1 cloud native customer experience platform, CXone, NICE is a worldwide leader in AI-powered self-service and agent-assisted CX software for the contact center—and beyond. Over 25,000 organizations in more than 150 countries, including over 85 of the Fortune 100 companies, partner with NICE to transform—and elevate—every customer interaction.



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The 3 Stages Toward AI-powered, Digital-First Journey Excellence

How deeply can technology reshape today's digital-first customer experiences (CX)? Where is it now making a difference? How much of a role is artificial intelligence (AI) now playing? Companies focused on digital and CX transformation understand the power technology lends to their efforts and are investing in solutions such as analytics and AI to improve customer experience. But with the increasing demand for digital and self-service, and the growing complexity of managing disparate systems and silos, these investments may still have limited results, until AI becomes the engine for completely connected, customer-led journeys. Employing these capabilities, leading companies have embraced these lessons and are delivering customer experiences (CX) and agent experiences (AX) exceeding those of their peers.

This is the focus of a recent survey of contact center and customer experience leaders, conducted by CRM Media in partnership with NICE CXone. The results are drawn from a survey of 300 contact center and customer service managers, representing financial services, manufacturing, educational, technology, professional services, and healthcare organizations.



To gain an understanding of what it takes to deliver superior customer experience, we examine the best practices and strategies of enterprises across three stages of maturity:

- *CX Innovators* who harness AI for customer journey excellence;
- *Learning Organizations* who are still piloting newer CX journey models; and
- *Lagging Organizations* that still adhere to siloed or latent systems and processes.

CX Innovators don't just throw technology at their CX challenges and expect overnight results. As found in this survey, these forward-thinking enterprises are creating frictionless, digital-first customer journeys with a fully integrated experience that emphasizes self-service and leverages advanced AI and analytics for both CX and operational excellence across the enterprise.

	Level 1	Level 2	Level 3
	Lagging Organizations	Learning Organizations	CX Innovators
Overall Journey Excellence	Channel-focused silos, points of friction along journey	Journey planning initiatives across multiple channels, technology silos cause break points, lack visibility	Frictionless, digital-first customer journeys based on connected, intelligent interactions from beginning to end. Emphasis on high-quality self-service
Technology	Basic contact center packages, heavy use of email, spreadsheets, manual reports to communicate	Maintain up-to-date contact center packages, augmented by analytics, data may still be siloed for key functional areas	Connectivity with systems across enterprise, data-driven and predictive decisions, employment of artificial intelligence, machine learning, deep learning models
Customer Channels	Mainly call center, in-person, email, other channels may be employed informally, with no sharing of information	Purposeful efforts to link channels with common information base, helpful website with FAQs, contact information, may include first-generation chatbots, mobile apps	Highly integrated digital-first experiences, many basic-level inquiries or issues can be addressed through a self-service environment
Data-Driven Insights/ Analytics	Sporadic, ad-hoc, data from interactions, customer feedback, quality management, performance analytics or other insights either not shared across the enterprise or delayed	Limited analytics usage, feedback encouraged but under-utilized, some processes in place to share insights and systematically across departments	Real-time analytics and continuous CX improvement across the enterprise. AI-driven automation to apply data and knowledge to all CX touchpoints — either self-service or agent-assisted
Knowledge-Sharing	Customer representatives need to search across applications or relevant knowledge or customer history. Very basic FAQs for customers	Shared knowledgebase available, may be updated on a regular basis	Customers and agents have access to shared, centralized knowledge and insights that are proactively available at the moment of need
Corporate Culture	Hierarchical, contact center siloed, likely high turnover, training and career development minimal	Training and career development are encouraged, with active efforts to reduce turnover	Customer-focused organization striving for both CX excellence and operational efficiency. Fully empowered CX staff have real-time access to tools, training and coaching based on analytics and AI

CX INNOVATORS, LEARNERS, AND LAGGARDS

We looked at organizations across three key stages of customer experience maturity, to assess the use of AI and analytics in organizations who are setting new standards of excellence for customer experience with customer-led, digital-first journeys, compared with those who are not as developed in these areas.

These comparisons are based on the following key aspects of customer experience delivery, in which CX Innovators, who comprise 18% of the survey total, excel:

- Have a fully integrated experience model to enable predictive and proactive support. (A total of 15% report having a “full capability” in this area.)
- Emphasize the enabling of shared insights and data across employee teams. (At least 14% report having a full capability for enterprise-wide sharing of information.)

Learning Organizations are either in the early stages of their efforts and are likely still have opportunities to improve to optimize and automate. Lagging Organizations are those that have not initiated or made little progress in these areas.

Executive Summary

This survey confirms that customer experience strategy and operations are undergoing a significant evolution, moving away from phone calls and in-person engagements toward digital and self-service. Companies will have access to a wealth of engagement data that provides valuable insights and feedback on what customers seek, in real time, and enables them to predict preferences in the immediate future.

Digital provides enormous advantages, but companies can't lose sight of the customer and their preferences. As one respondent put it: "We need to address, as an industry, situations where the customer is not comfortable with digital or with automation. It is not a process; it is about each individual human being."

While AI and analytics technologies are powerful, the human element is also critical to achieving a superior CX that ensures customers keep coming back. "The main drawback of automation is that it lacks human touch," one respondent reported. Enterprises need to balance their employees' people skills—communication and empathy—with AI, analytics, and automation.

Ultimately, CX executives are looking at many different strategies, weighing the benefits of new technology and keeping customer needs front and center. These challenges lie ahead in the digitally driven 2020s.

The survey uncovered the following trends:

- While many enterprises are still developing their capabilities to deliver better customer experiences, 18% are at an advanced stage of CX maturity (CX Innovators), having a fully integrated experience model to

enable predictive and proactive support and utilizing shared insights and data across employee teams and across the enterprise.

- Only half of respondents overall are confident they are able to provide high-quality digital experiences to customers such as proactive digital conversations, online and mobile self-service, chatbot interactions, among others.
- Most executives feel their company could be delivering a better customer experience. A majority, 59%, rate their first-contact resolution (FCR) with customers as "poor" or "less than adequate." It's notable that leading CX companies report the highest levels of first-contact resolution – but still struggle with it – with less than half of CX Innovators rating FCR as adequate or superior. Only 41% say they have superior FCR.
- Self-service engagements are on the rise, but still represent a small proportion of overall interactions. The impetus is on lessening call center workloads and boosting more self-service that works.
- Artificial intelligence is emerging as an integral part of delivering the customer experience, yet only 1 in 4 respondents say they are employing AI or machine learning to better reach and serve customers.
- While analysis of customer satisfaction scores provides impressive results to digital delivery, this technique sees lukewarm adoption.



The Challenging Customer Support Landscape

Across enterprises in the survey, there is discontent and acknowledgement that more can be done to be more responsive to customers across the journey. Executives in the survey admit that they have issues with achieving high levels of customer service excellence, and that their capabilities need to be further developed to keep up with the demands of digital consumers.

Most executives feel their company could be delivering better customer service. A majority, 59%, rate their first-contact resolution with customers as “poor” or “less than adequate,” an acknowledgement that more work and investment is required to deliver on a more satisfying customer experience. (Figure 1)

It’s notable that CX Innovators report the highest levels of first-contact resolution – but still struggle with it. Only four in ten would consider their efforts in this area to be “adequate to superior.” (Figure 2)



Figure 1: **How would you rate your first-contact resolution?**

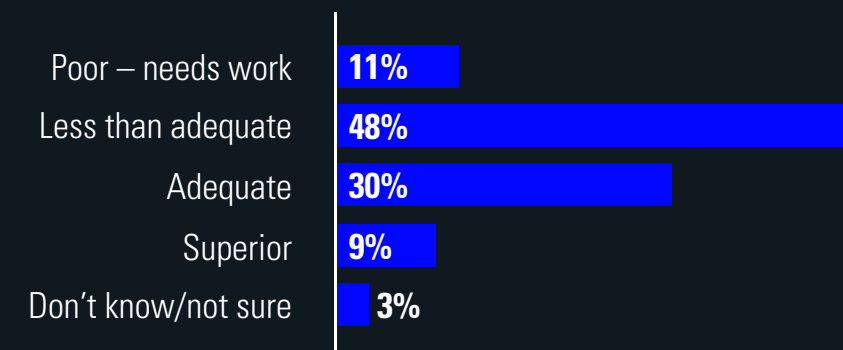
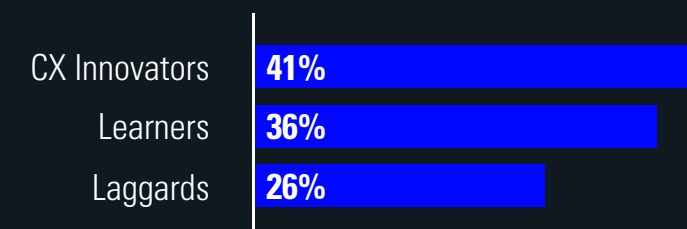


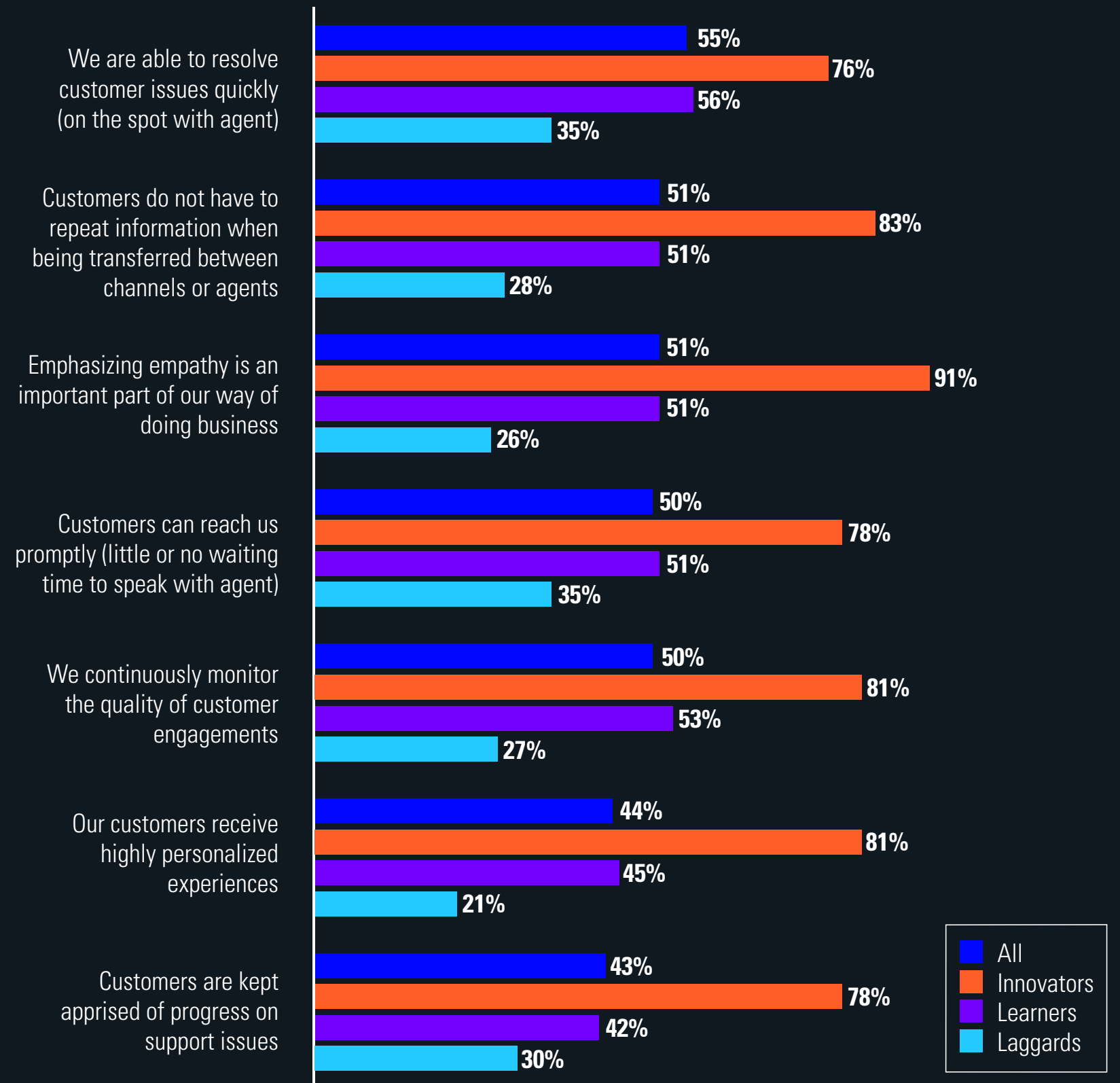
Figure 2: **First-Contact Resolution “Adequate” to “Superior” — By CX Maturity**



CX Leaders Standout in Key Capabilities

Only half or fewer of respondents give their customer service capabilities high marks. The fundamental tenets of a positive customer experience – prompt, courteous service, information when it is needed, a strong sense of empathy – are problematic for many organizations in the survey. Providing a sense of empathy is only seen as a priority in services in about one in four lagging organizations – yet this is the leading priority among the CX Innovators, cited by 91%. Quality of service and monitoring to ensure it is delivered are also seen as musts among the CX Innovators. Again, barely one-fourth of the lagging enterprises are emphasizing these areas. (Figure 3)

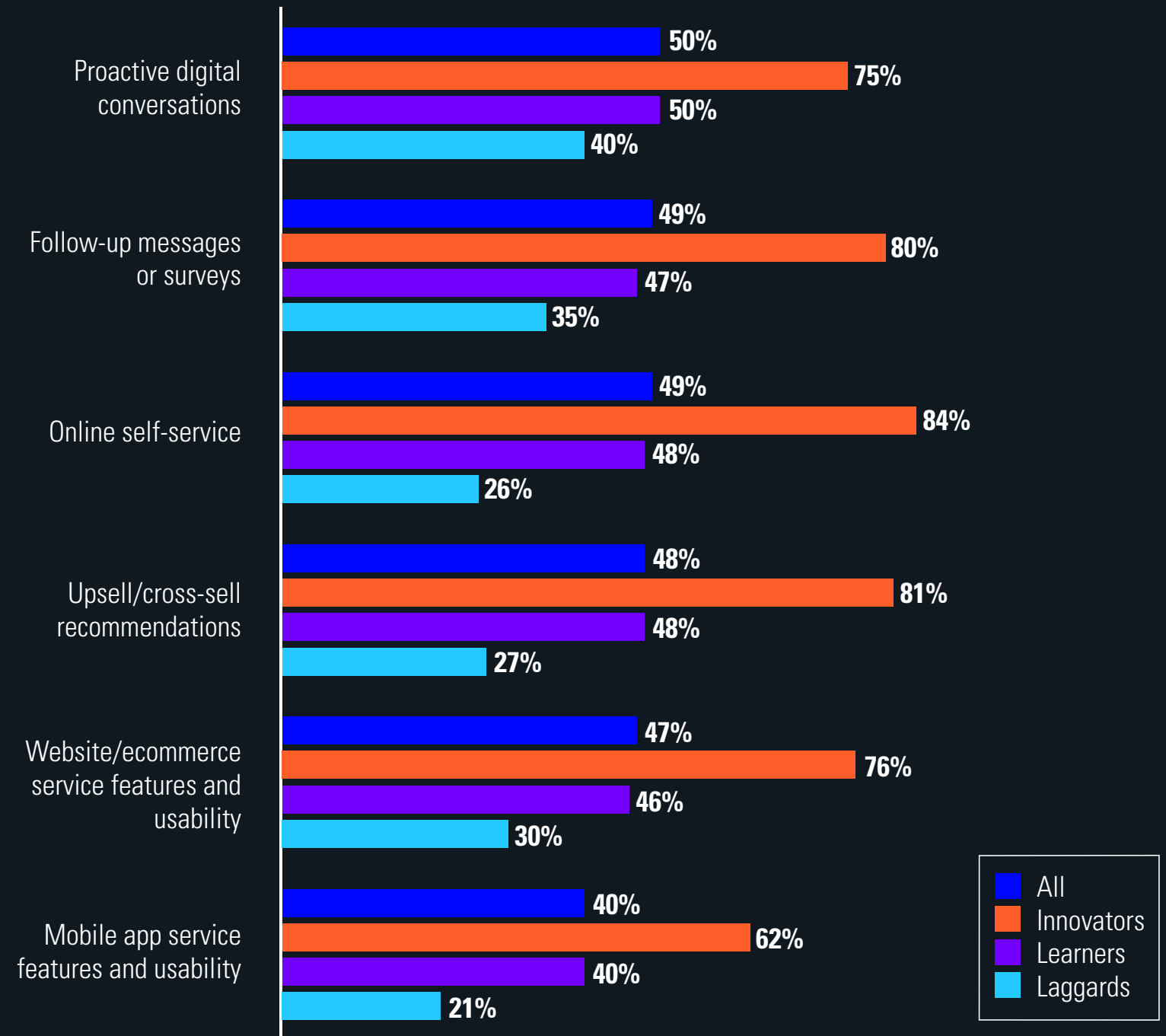
Figure 3: Please rate the following service capabilities you provide to your customers: (Ratings of 4/5 on a 1 to 5 scale)



CX Leaders Prioritize Digital

While only half of respondents overall are confident they are able to provide high-quality digital experiences to customers, this is a top priority for CX Innovators. When asked to rate the quality of interactions, 50% assign high marks to the quality of the proactive digital conversations they facilitate. Mobile self-service ranks lower, with only 44% giving their organizations high ratings in this area, suggesting another area that needs work. The lowest rankings go to chatbot interactions, in which only 38% indicate they are delivering high-quality interactions. Among CX Innovators, there is a strong emphasis on online self-service, in action at 84% of these companies. (Figure 4)

Figure 4: Please rate the quality of digital experience you provide to your customers: (Ratings of 4/5 on a 1 to 5 scale)



The Shift to Self-Service

Self-service engagements are on the rise, but still represent a small proportion of overall interactions. More than nine in ten executives (92%) report increases in the percentage of self-service engagements over the last three years. For 28%, the degree of increase was substantial, exceeding 10%. (Figure 5)

At the same time, self-service engagement still represents a small slice of total customer engagements, comprising fewer than 20% of all interactions, as indicated by 73% of respondents. CX Innovators report greater levels of engagement through self-service portals, with 39% now seeing a significant share of inquiries and transactions coming through this channel, versus 23% of their lagging counterparts. (Figures 6 and 7)

Companies who focus on improving self-service options—by identifying where it succeeds in resolving customer needs, and when and how self-service fails—will gain even more satisfied customers as well as more cost-efficient operations. The quality of online or mobile self-service or chatbot interactions separates CX Innovators from both Learning and Lagging organizations. (Figure 8)

Figure 5: How has the percentage of engagements via phone calls directly with agents and self-service engagements changed over the past three years?

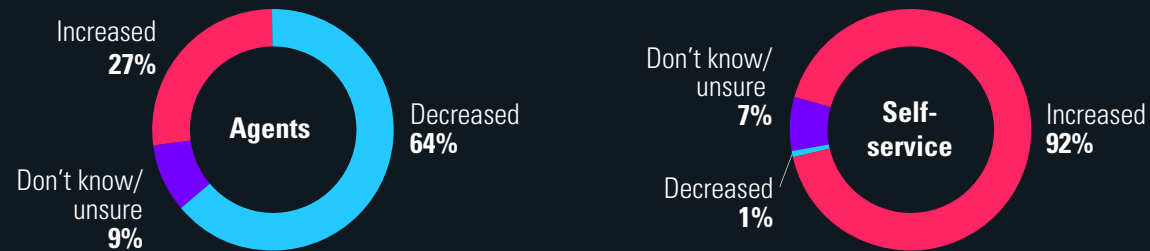


Figure 6: How much of your total customer interactions are now via phone calls directly with agents versus self-service engagements?

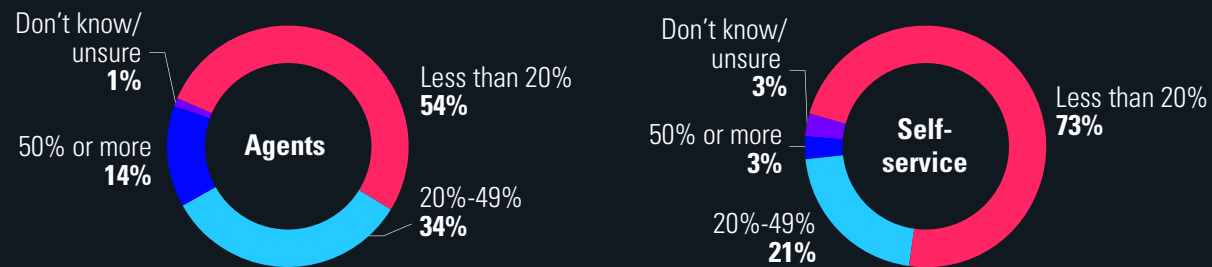


Figure 7: What percentage of your customer engagements now take place through online self-service portals or self-service voice systems?

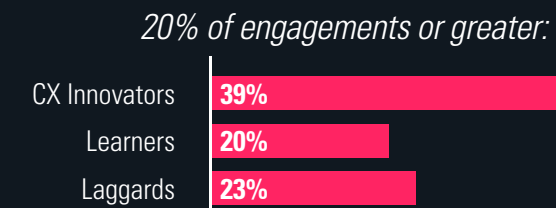
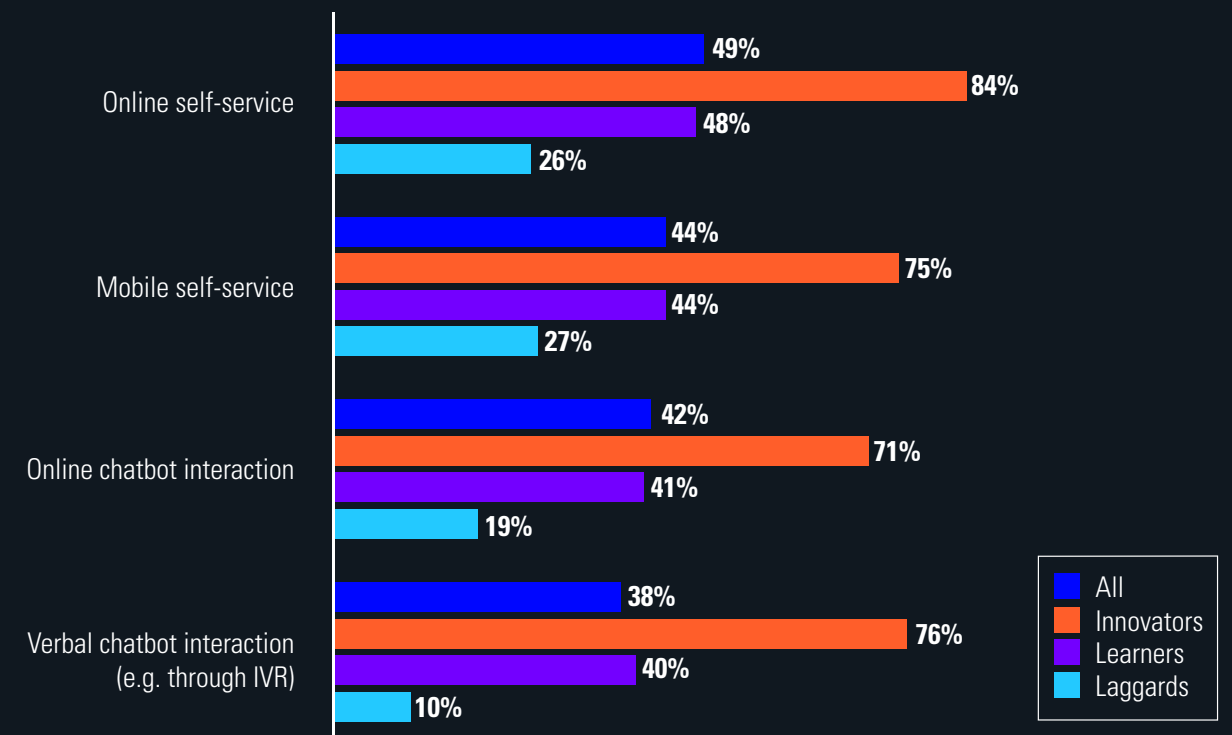


Figure 8: Please rate the quality of digital experience you provide to your customers: (Ratings of 4/5 on a 1 to 5 scale)



The Changing AI and Analytics Landscape

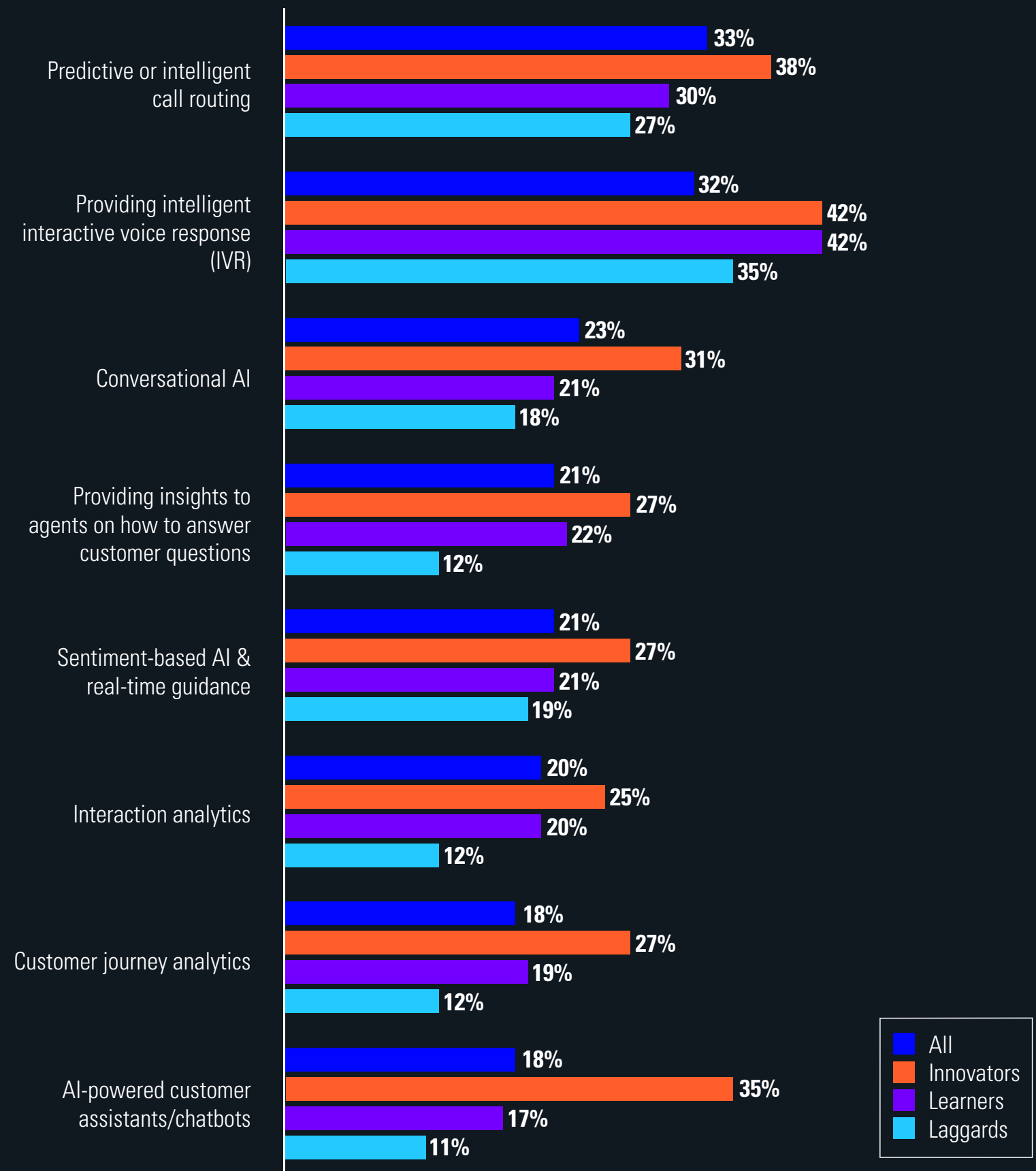
The technology designed to play a role in delivering customer experience is fast evolving, underpinned by data and analytics, and, ultimately, artificial intelligence. The flexibility and wide capacity of cloud computing offers opportunities to rapidly move to more enhanced, data-driven functions. However, many organizations are still in the early stages of employing such capabilities.

AI is emerging as an integral part of delivering the customer experience.

Overall, only 27% of respondents say they are using artificial intelligence to better reach customers. Leading AI applications now installed, though still nascent, include predictive or intelligent call routing (33%); AI-powered interactive voice response, or intelligent IVR (32%); conversational AI (31%); and AI-powered virtual assistants and chatbots (18%). (Figure 9)

Analytics applications are emerging areas for applying AI to improve customer experience. These include interaction analytics (20%) and customer journey analytics (18%). Analytics and data that incorporate transaction history, speech analytics, sentiment-based AI, and agent activity can inform decision-makers on sales opportunities, key performance drivers, and service problems. (Figure 9)

Figure 9: How do you use artificial intelligence to improve customer experience?



AI is Widely Used for Contact Center Agents

Close to three-fourths of organizations, 73%, now employ some level of artificial intelligence to assist their agents with recommendations and insights, of which 35% report extensive AI deployments. CX Innovators make greater use of AI to assist customer-facing employees – 42% report extensive use of AI, compared to 27% of Laggards organizations. These CX Innovators recognize that adding real-time intelligence with AI will boost agents' capabilities to discover and leverage the data streaming from engagements and transactions with customers. (Figures 10 and 11)

Figure 10: **Do you use predictive AI to assist agents with recommendations/insights?**

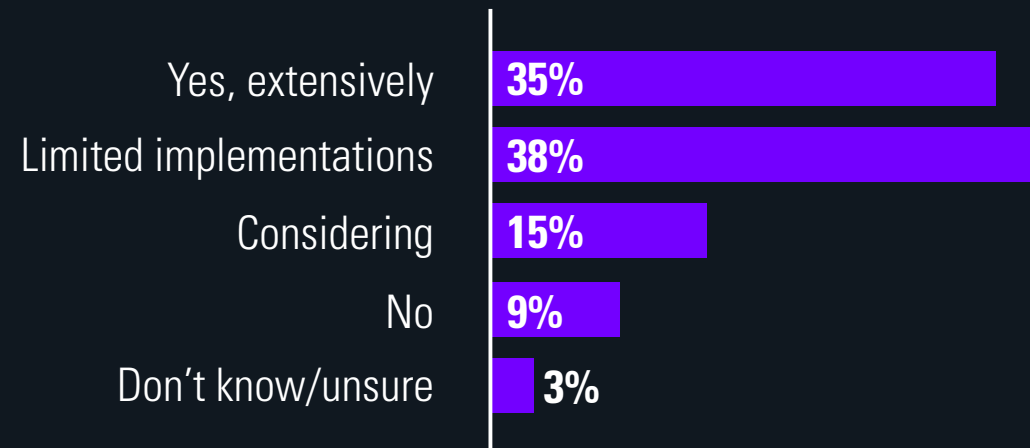
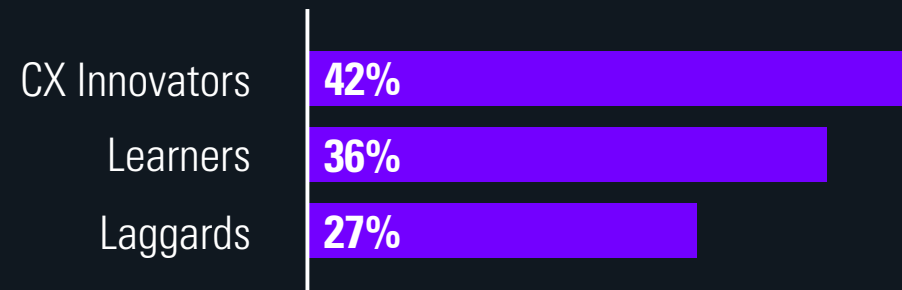


Figure 11: **Extensively use proactive AI to assist agents with recommendations/insights**



Strategies for CX Success

Customer experience executives—especially CX Innovators—are constantly fine-tuning the experiences they provide to customers and operational approaches to deliver frictionless experiences for customers and to improve operations and business performance. Shifting to self-service works both for customers and for operations. CX Innovators use many different strategies and are turning to customer experience analytics in addition to customer surveys.

The impetus is on lessening call center workloads and boosting more self-service. More than one-third, 35%, are making extensive efforts to accelerate the move away from direct phone calls to online services. CX Innovators have taken a lead in this, with 42% reporting “extensive” efforts in this area. By contrast, only 28% of laggards have made significant strides in this area. (Figure 12)

The approaches most instrumental in facilitating greater self-service include building up websites with FAQs and basic information (47%), along with IVR systems with intelligent routing (39%). The primary features offered to support self-service include personalized recommendations (40%), followed by knowledge articles on search engines and mobile apps with FAQs or search (26% each). (Figures 13 and 14)

Figure 12: Are you making efforts to reduce call volumes to help agents provide better service?

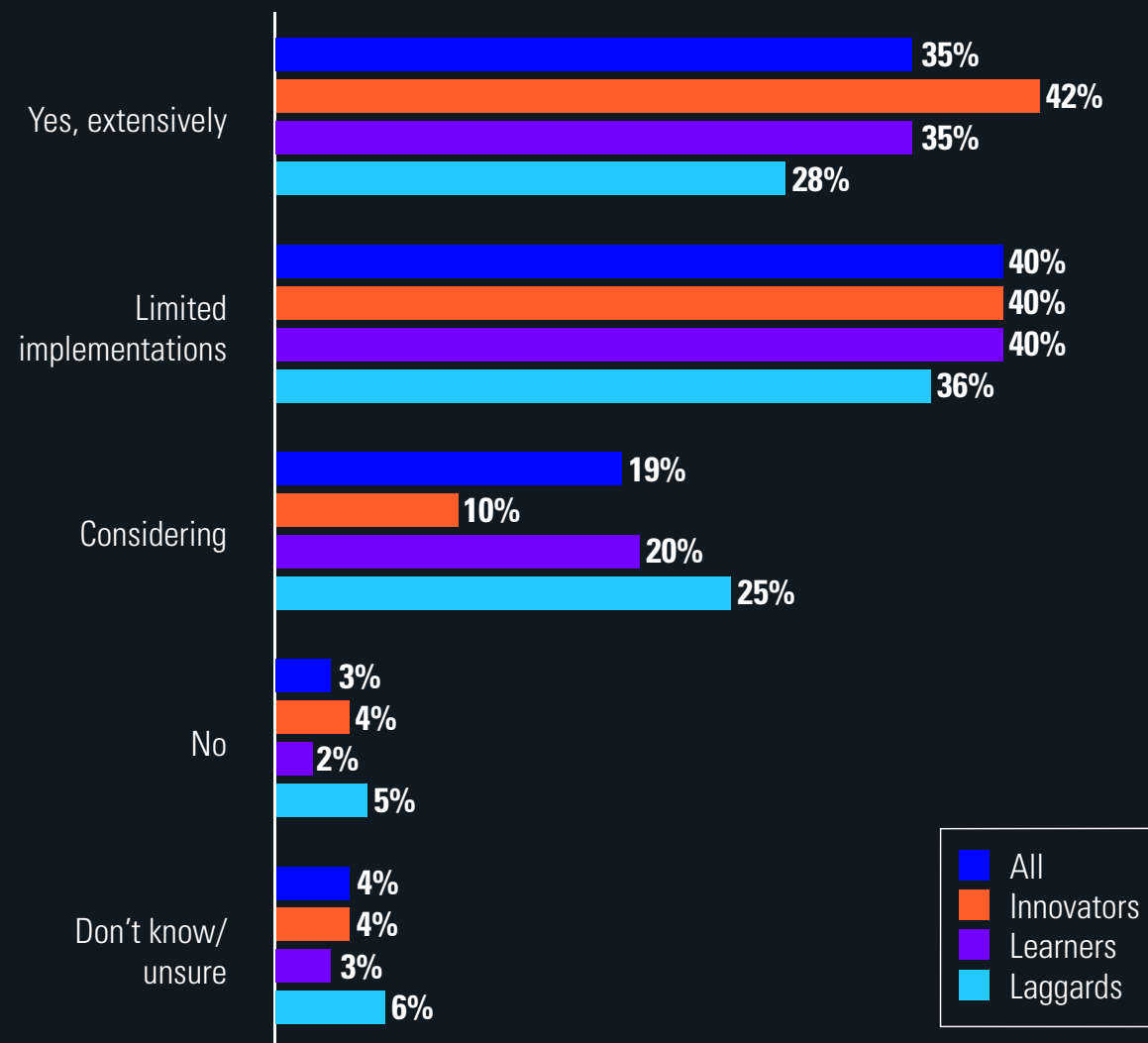


Figure 13: What efforts or systems to reduce call volumes are having the most success?

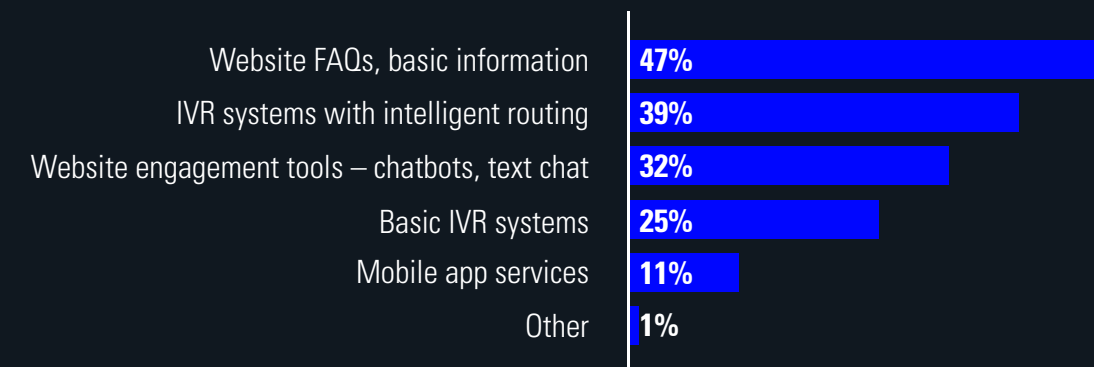
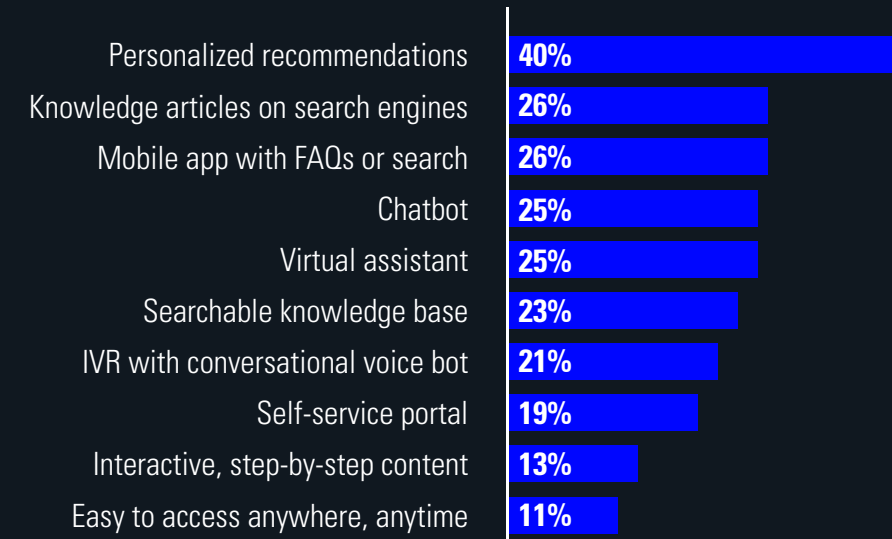


Figure 14: What self-service resolution features do you offer customers?

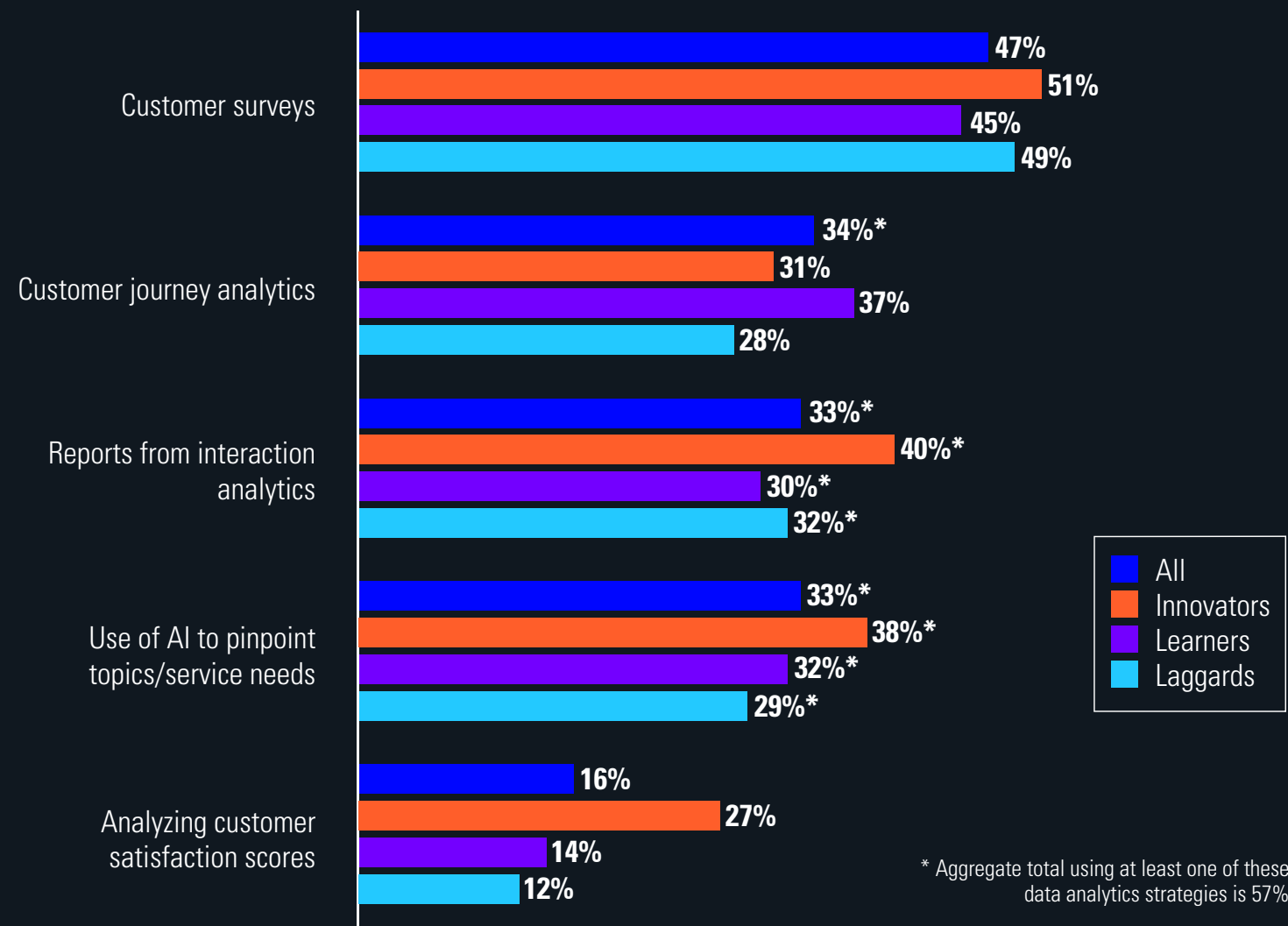


Analytics and Advanced AI Drive Success

Intelligent customer experience analytics and advanced AI are playing an increasing role in delivering superior CX. CX Innovators across the board employ a wider range of strategies to better understand customers, from analytics to people-centric approaches. About half of executives, 47%, report they conduct surveys to measure customer experience, 57% (in aggregate) have also turned to various forms of CX analytics, including customer journey analytics, interaction analytics, and AI. (Figure 15)

CX Innovators also support agents with AI to provide insights on how to answer customer questions, use sentiment-based AI & real-time guidance. (Figures 9, 10, 11 in previous section)

Figure 15: What strategies do you use to discover important insights about your customers?



Taking Action on Feedback Scores

While analysis of customer satisfaction scores delivers impressive results to digital delivery, this technique sees lukewarm adoption. Customer satisfaction scores can be helpful guides to building positive experiences – 57% of those using these scores report they are leveraging these tools to deliver overall improvements in their digital realm. However, only 14% report these tools are used on a constant basis. Even among CX Innovators, only 29% report that they constantly employ these tools to measure customer metrics. (Figures 16 and 17)

The impact of using these scores has been impressive for the digital experience of those using this tool, however – with 87% reporting positive results, and 21% citing these improvements as “significant.” (Figure 18) In addition, 80% report the results of these analyses have been applied to improve their digital delivery processes – with 17% making major changes or redesigns to respond to incoming data. (Figure 19)

Still, metrics are key. It’s important to be able to measure “how satisfied your customers are with their overall experience of interacting with your brand,” a respondent explained. “You can develop this metric in some way to determine if there is a problem with your website, application, or customer service process.”

Figure 16: **Are you leveraging customer satisfaction scores to improve your digital support?**

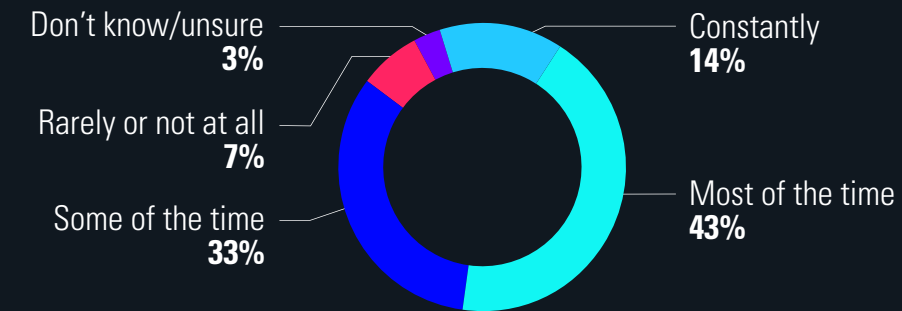


Figure 17: **Percent “constantly” leveraging customer satisfaction scores to improve their digital support**

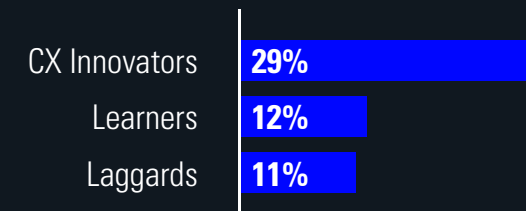


Figure 18: **If you are leveraging customer satisfaction scores to improve your digital support, what has been the impact on these scores as a result of this feedback loop?**

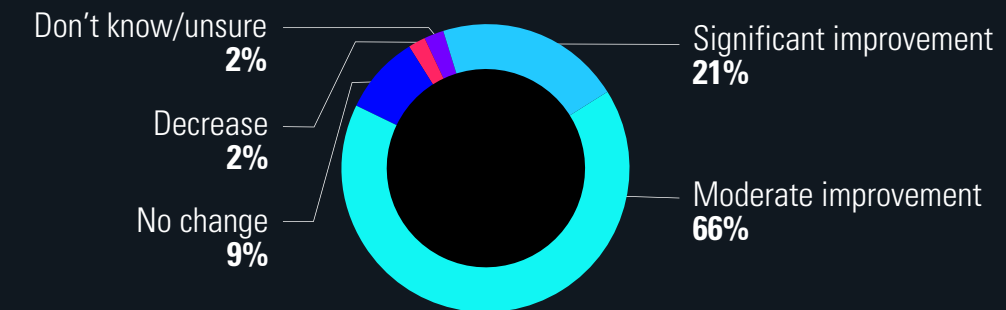
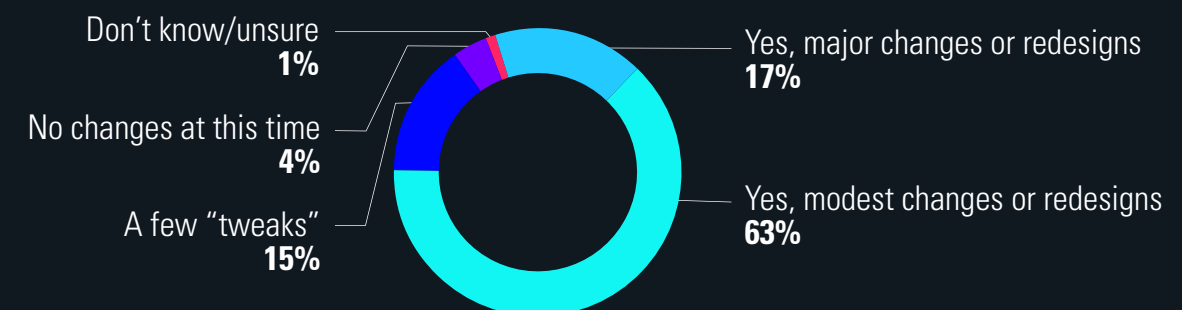


Figure 19: **If you are leveraging customer satisfaction scores to improve your digital support, has this directly resulted in changes to your digital delivery?**



Recommendations

The massive move to self-service customer engagement does not mean that the role of customer contact professionals is in any way diminished. Rather, it means engaging with customers across new channels, with an emphasis on seamlessly transitioning service across any channel throughout the journey if and when the agent is required. The key is to provide responsiveness to customers when and where they need answers or want to make a transaction.

The following are recommendations for developing a responsive customer experience strategy:

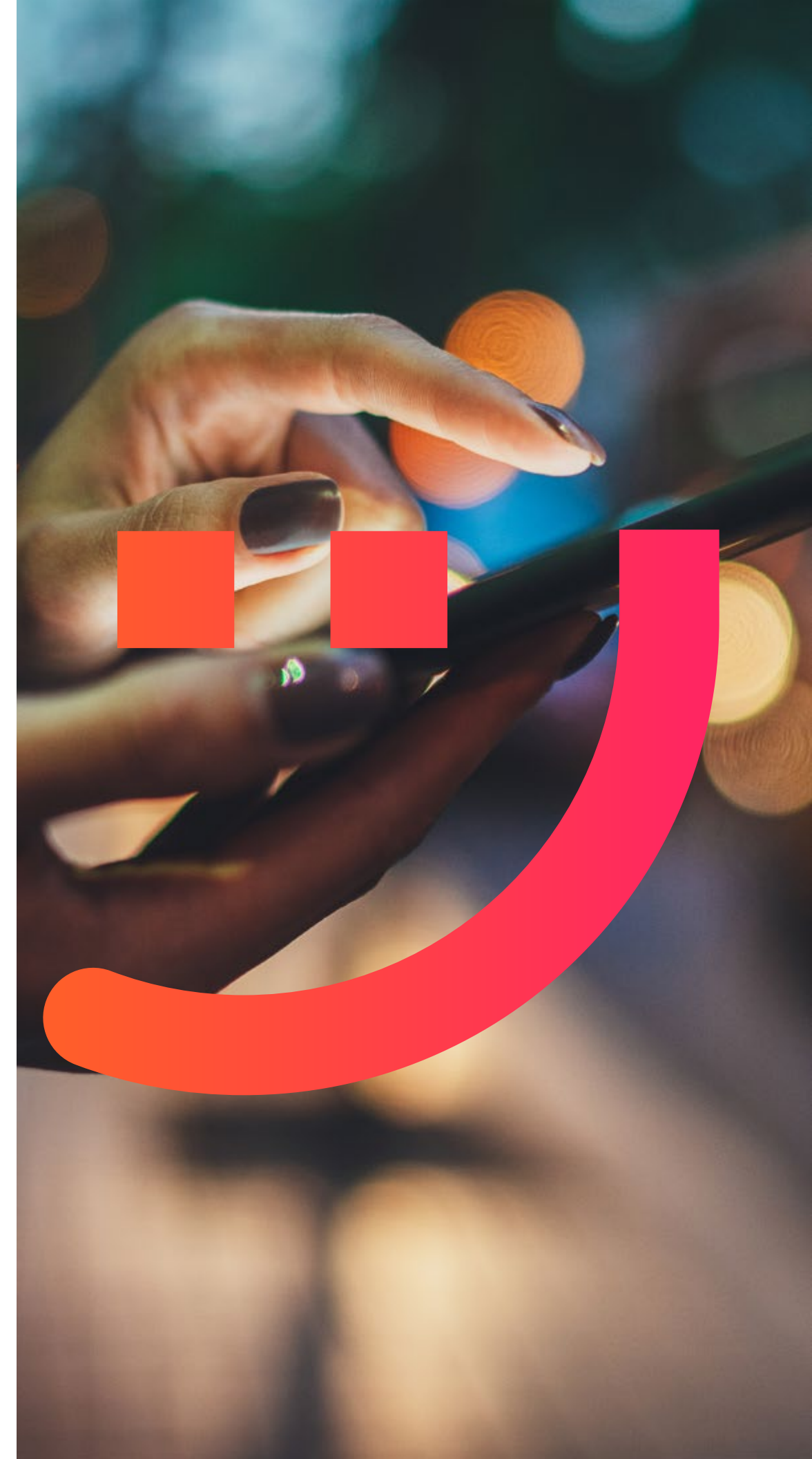
- **Allow customers to control their journey.** With so many channels available, ensure customers have the option to begin their journey how and when they want. Not every channel is right for every enterprise and every transaction. Be mindful of how channels are implemented and the quality of the experience within each. In addition, it's critical that agents can move between channels in omnichannel environments, to focus on customer needs even as they switch channels.
- **Recognize that CX extends well beyond the contact center, and driving enterprise excellence requires dedicated leadership.** CX Innovators succeed because they have designated an executive role such as "customer experience officer" or "chief customer officer." These key leaders assume the responsibility for CX-related initiatives and accountability. Demonstrating rock solid ROI for these initiatives will ensure long-term commitment. Provide operational performance and CX management reporting across all departments to continuously

improve both customer and employee experience.

- **Identify and connect silos to perfect the journey across all touchpoints from marketing to sales to the website and the call center.** Disconnected systems and silos of data cause friction for customers and employees. CX leaders in the survey have a fully integrated experience model to enable predictive and proactive support. They have shared insights and data across employee teams.
- **Double down on your digital experience initiatives.** While only half of respondents overall are confident that they provide high-quality digital experiences, this is a top priority for CX Innovators. Assess your customers' channel preferences and usage keeping an eye towards emerging channels and various audience segments. CX Innovators relentlessly measure quality, feedback and key metrics by channel and continuously fine tune. They leverage artificial intelligence and advanced analytics to understand customer behavior and intents.
- **Recognize that majority of customers want more self-service options.** Connect customers to answers in the quickest way possible with smart self-service where the journey begins often via search engines or company websites. Improve resolution with AI and natural language understanding (NLU) that overcomes the limitations of first-generation chatbots. Remove friction and proactively guide customers along the digital journey by delivering the right guidance on web and mobile at the right time.

- **Connect AI-powered insights to agent training, coaching and real-time guidance.** Agents need to have access to in-the-moment insights. CX Innovators are embracing the power of AI and advanced analytics for greater predictive capabilities to better serve customers, including real-time customer insights and guidance. Supercharge training and coaching for agents with AI-powered analytics to empower them to learn directly from their actual interaction history with customers.
- **Have a well-integrated and high-performing knowledge strategy.** Empower customers and employees with smart knowledge management that makes relevant, up-to-date answers available, starting at Internet search and extending across web pages, bots, and digital channels. For employees, the knowledge base captures and maintains the learnings from subject matter experts in a single repository available across the enterprise. Arm your agents with real-time expertise and knowledge that is proactively displayed in their workspace at the moment of need with relevant, contextual information.

Delivering superior CX has become the most important mission for today's businesses, and it's important that all employees across the organization are involved with this mission. Those organizations ahead of the curve in CX – the CX Innovators – have learned to integrate and assimilate the best practices and state-of-the-art technologies to make superior CX a reality.



Demographics



Figure 20: What LEVEL are you within your organization?

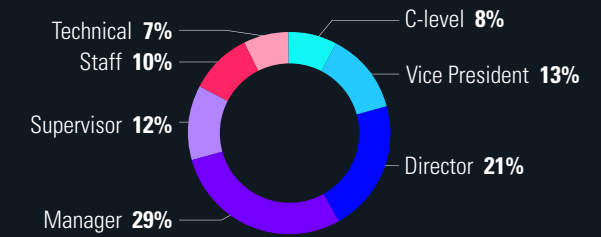


Figure 21: What is the BEST category describing your INDUSTRY?

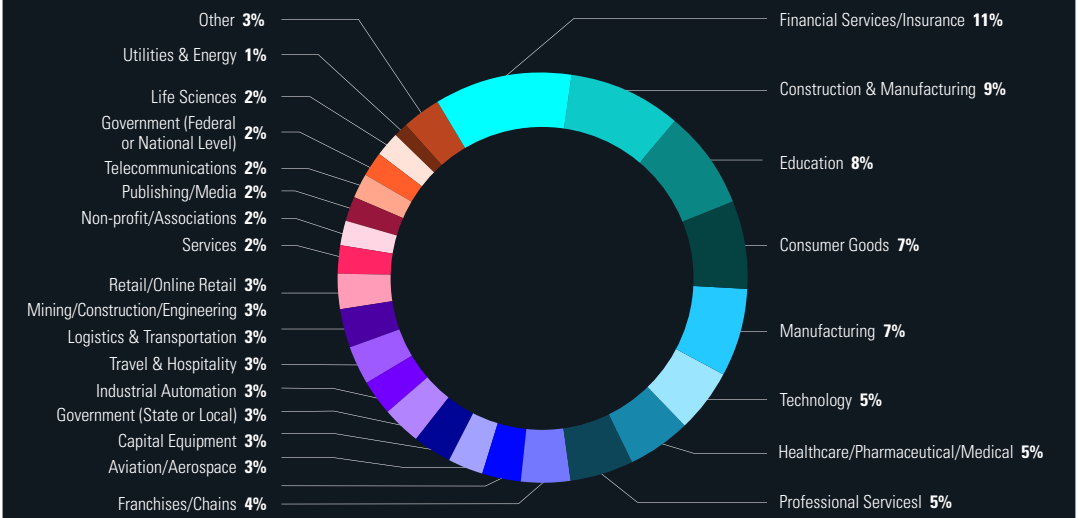


Figure 22: What is your company's annual REVENUE?

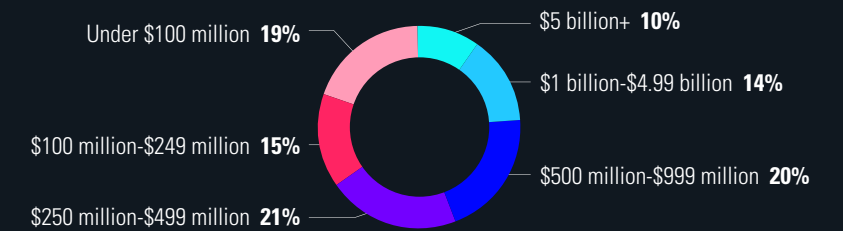


Figure 23: How many EMPLOYEES does your company have?

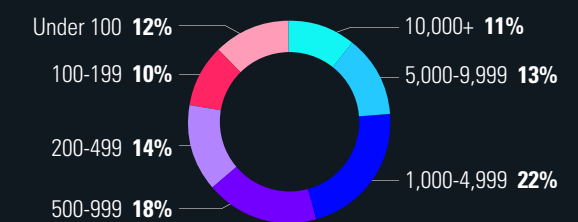


Figure 24: How many CONTACT CENTER AGENTS does your company employ?

