GENESYS
AN ALCATEL-LUCENT COMPANY

The Executive Disconnect

The Strategic Alignment of Customer Service

Genesys Global Survey
Customer Service Alignment • 2008

Introduction

In 2008, Genesys commissioned a comprehensive global survey to determine how adept companies have become at strategically aligning the executive suite with the customer service organisation. In addition, the survey helps size the gap between what the C-level promises and what customer service organisations are delivering.

To answer these questions, Genesys engaged an independent research firm, Equation Research, to poll key employees ranging from CEOs to customer service professionals at 927 companies in 47 countries.

In designing the 30 question online survey, great care was taken to assemble a worldwide group of organisations that reflect a cross section of enterprises.

The survey was completed by companies from a variety of markets — such as financial services, telecommunications, healthcare, government, retail, manufacturing, technology, and education — and was not limited to Genesys customers.

Approximately one-third of the participants were from companies with 500 agents or less, while another third were from very large organisations with 2,500 agents or more. The size of companies' customer service operations ranged from under 100 to more than 10,000 employees, and respondents included more than 1,500,000 contact centre agents, as well as back office, branch, and field level support professionals.

The end result of this effort is *"The Executive Disconnect: The Strategic Alignment of Customer Service,"* an in-depth look at businesses across key regions worldwide, with detailed data for major markets in Europe, North America, and Asia Pacific.

Please note that this report presents the global aggregate results, and regional results will be released separately via selected individual reports.

Executive Summary

According to *Time Magazine* (March 27, 2008), one of the top trends for 2008 is "the end of customer service" as self-service becomes the norm — and yet a wide range of chief executives continue to tout service as a key business differentiator.

So which is true — that the customer is king, or that customer service is dead?

Hardly a day goes by without a ranking executive unveiling a strategic initiative aimed at improving the customer experience and improving retention or profitability. As markets become more competitive, customer service is widely acknowledged as a key differentiator.

But, if customer service is so strategic, then why do so many consumers and customer service professionals keep asking about the gap between what executives promise and what their companies deliver?

For example, when *MSNBC* ran a story in May 2008 titled "CEOs Think Customer Service Is Great," one consumer wrote back: "I'm not surprised that CEOs are not aware about true customer service levels. They're still not walking the walk."

To provide perspective on the issue, Genesys queried a group of "C-level" executives (CEO/CIO/CFO/CTO), and compared their responses to the customer-centric professionals who are much closer to the front lines (Contact Centre Managers/Directors of Customer Care/Sales Managers and Directors/Marketing Directors).

The survey found a significant gap between C-level perceptions and customer-centric employees. Here are highlights of a few of the gaps discovered:

Strategic vs. Operational Role — Customer care professionals and executives overwhelmingly agree that customer service impacts the company's brand identity, yet very few think their customer service acts mainly as a strategic function.

> Only 20% of C-level executives and 20% of customer care professionals say their contact centres are very strategic.

> Both groups agree that customer service is key to brand identity — with 92% of C-level executives and 85% of customer-centric employees agreeing.

> But C-level executives (73%) overestimate their companies' efforts to measure customer lifetime value, compared to a smaller number of customer-level employees (60%).

Measuring Revenue and Customer Experience vs. Speed and Efficiency — Most C-level executives underestimate the emphasis their organisation places on efficiency, and overestimate how easy their organisation makes it for customers to purchase during interactions:

> For example, 55% of C-level executives believe their operations use average speed to answer as a critical metric, compared to 70% of customer service professionals. On a worldwide basis, 67% of all organisations considered this a key metric.

> Among C-level executives, 41% think they measure the experience in self-service by quality rather than just cost savings, but only 35% of customer service professionals think so.

> At the same time, 36% of C-level executives think their customer service is measured on revenue per call, when in reality only 28% of customer service professionals validate that notion. Amongst global respondents, 30% say they measure revenue per call.

Capturing Customer Feedback — There is a major (16%) gap between C-level execs who believe they are capturing important customer feedback, and the views of customer service professionals.

> While 78% of C-level execs think their company is doing a good job of collecting information on customer and market needs and passing it on to sales, only 62% of customer service professionals agree.

> Interestingly, on a regional basis, Germany is the leader, as 75% of companies have processes for systematically passing on customer feedback, followed by Asia, France, and Spain at 74%.

Key Findings

Finding a Cure — On a positive note, many companies have already implemented or plan to initiate priority projects over next 18 months, to address misalignment:

> More than 28% of the companies surveyed plan to support a "click for a call back" capability, and in Germany a surprising 54% of companies say they will support it.

> To support proactive business management, nearly 30% of those surveyed plan to enable information consoles to provide real-time views that leverage customer data across the entire enterprise.

> And 36% of companies worldwide plan to improve visibility into customer processes by identifying the root causes behind customer interactions and behaviours through analytics.

Leveraging the Entire Organisation — There are two significant areas of investment that are helping companies become more dynamic — extending customer service to branch offices and virtualisation.

> Over 28% of the companies surveyed are already moving to incorporate branch offices to expand the pool of resources available during high volume periods.

> Regionally, the UK is the leader, where 39% of companies are doing so, followed by Spain at 38%.

> Nearly 40% of contact centres worldwide are currently virtualising by operating multiple contact centres as a single entity, or plan to do so.

> Asia and the UK are the leaders in this, with 49% and 50% of companies virtualising, respectively.

At Genesys, we interact daily with all of the groups that participated in this survey — from the top executives to the dedicated customer service professionals. We are intimately aware of the challenges they face in having the right information, technology, people, and processes in place to deliver on their vision of a great customer experience.

We hope this survey will be of use for C-level execs, managers, directors, and others in the contact centre to help them understand the issues, areas of alignment, and challenges ahead for all involved.

Overall contact centres are primarily seen as operational by all respondents

How would you characterise your contact centre using a total of 100%?

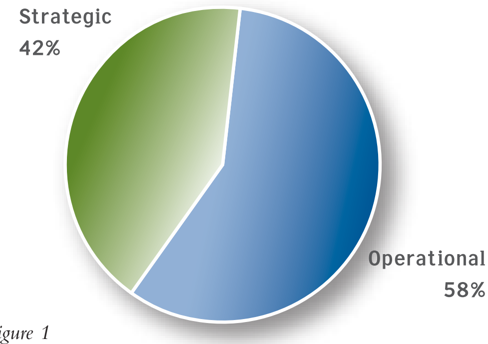

Figure 1

On average, respondents tilt toward classifying their contact centres as operational in nature versus strategic.

- German organisations are more strategic and describe their contact centres as equally strategic (49.7%) and operational (50.3%).

Contact centres perpetuate key barriers by choosing operational metrics

Customer satisfaction remains the No.1 measured metric (70%), but most metrics measured are operational.

- 68% measure call duration
- 67% measure average speed to answer
- 56% measure first call resolution rate

Fewer contact centres actually use strategic metrics

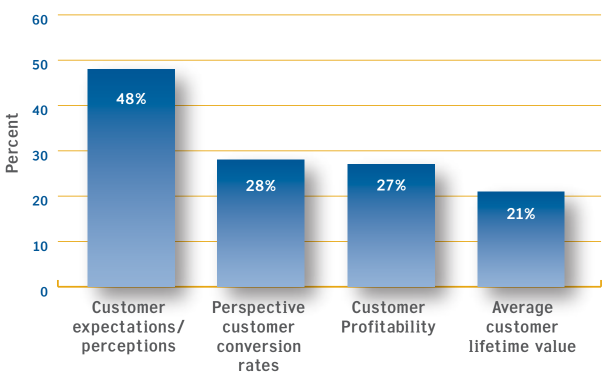

Figure 2

Other findings:

- C-level respondents are significantly more likely to believe that their contact centres use strategic metrics.
  - German firms are most likely to track *revenue per call* (73%), but least likely to track *customer satisfaction* (25%).
- While larger companies (500+ employees) seem to use more strategic metrics, the overall proportion remains fairly low, with 30% or less tracking most strategic measures.

Are CEOs mindful of the perception gaps?

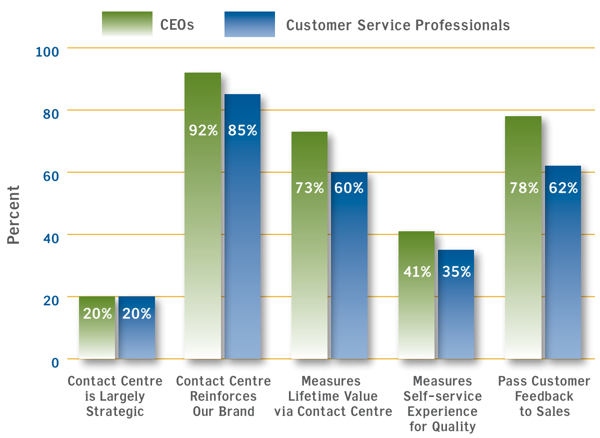

Figure 3

There are significant gaps between what top executives think and what customer service professionals see.

Regional differences emerge among those using strategic metrics

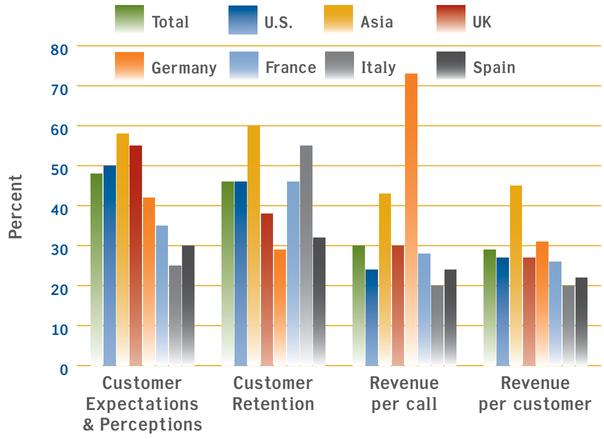

Figure 4

What are your strategic measures?

Which industries treat contact centres more strategically?

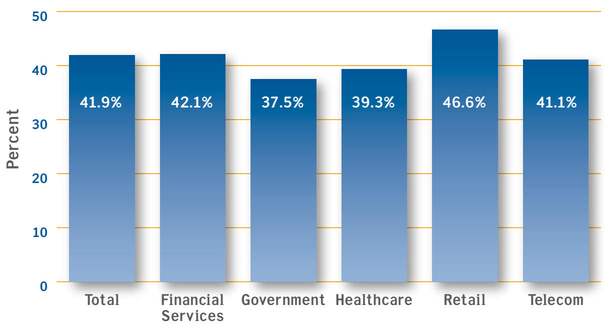

Figure 5

Retail businesses are the most advanced.

Contact centres do reinforce their organisations' brand identity

- Over 4 in 5 (87%) respondents feel the experience in the contact centre plays a role in reinforcing their organisation's brand identity.
  - This is especially true among C-level respondents (92%) compared to fewer respondents at lower managerial positions (85%).

How do you measure reinforcement of brand identity?

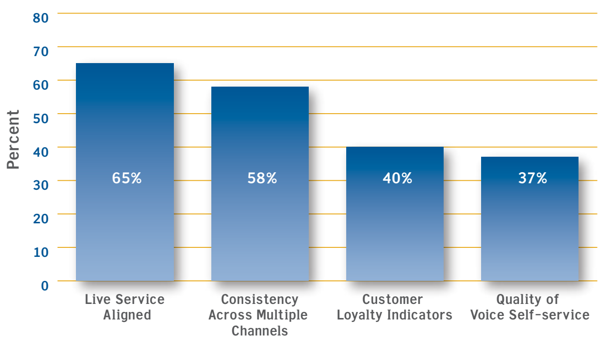

Figure 6

Other findings:

- U.S. respondents are significantly more likely to indicate that their contact centres reinforce brand identity via these measures compared to their European counterparts.
- Likewise, larger companies (500+ employees) are more likely to reinforce their brand identity through their contact centres.

Contact centres do play a role in revenue generation

- 69% of respondents state contact centres play a role in revenue generation.
  - C-level respondents (77%) are markedly more likely to expect a revenue generating role for contact centres.

Role of Contact Centre in Revenue Production

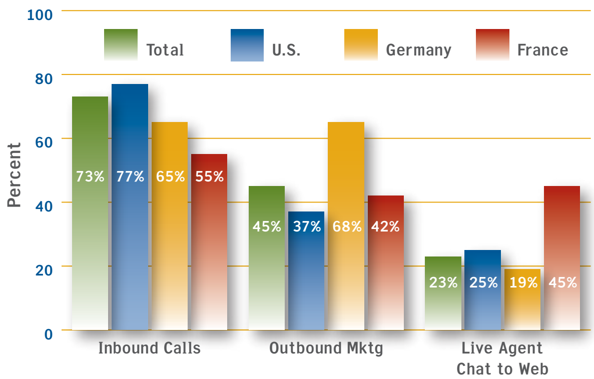

Figure 7

- 73% use inbound to cross-sell or up-sell after the customer's issue is resolved.
- 45% use outbound telemarketing.
- 23% promote live agent chat to Web browsers.
  - U.S. companies primarily focus on inbound calls (77%).
  - German firms are more likely to utilise outbound marketing (68%).
  - French companies take a more rounded approach, including a higher usage of live chat via Web browsers (45%).

Companies offer a variety of contact channels to their customers

Other, more innovative, contact channels are offered less frequently.

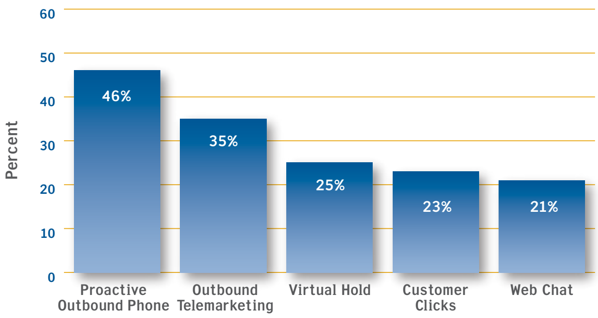

Figure 8

3 in 4 companies offer e-mail and inbound phone service to their customers.

Other findings:

- U.S. respondents are significantly more likely to use e-mail and inbound phone service than European companies. Web chats (27%) are also more prevalent in the U.S.
- European companies, on the other hand, are more likely to offer more innovative channels such as:
  - Customer clicks (31%)
  - Outbound (25%) and inbound (24%) SMS/texting

Companies are just starting to add key technologies to enhance customer experiences

How do you plan to enhance the customer experience?

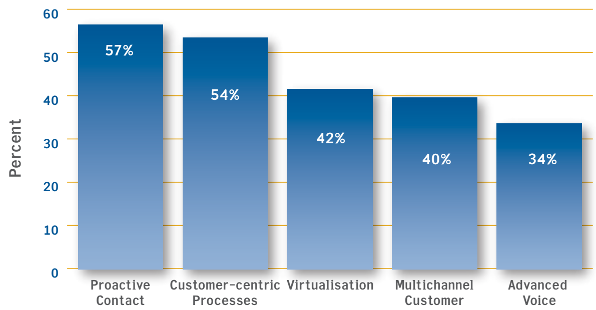

Figure 9

57% use proactive contact such as courtesy calls or loyalty calls to enhance customers' experiences.

Other findings:

- U.S. respondents rely more heavily on proactive contact and advanced voice self-service to enhance their customers' experiences than European companies.
  - German companies are least likely to use virtualisation (23%) to enhance customer experiences.
  - Just 19% of French firms utilise advanced voice self-service.
- Larger companies rely more heavily on virtualisation and advanced voice self-service to enhance their customers' experiences.

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More companies are ready to expand the services offered to customers

79% of companies plan to add services and functions to their customer interactions:

- 37% want to improve business processes centred around customer-centric needs.
- 25% want to offer Web chats.
- 21% plan to add virtualisation.

- European companies (87%) are more likely than their U.S. counterparts (77%) to plan on adding more services.
- C-level respondents (87%) are also more likely than lower level managers (77%) to report additions to services and functions.

Companies hope to base decisions on customer lifetime value

63% of companies now try to base decisions on customer lifetime value.

- 73% of European companies base decisions on customer lifetime value, compared to 61% of U.S. companies.
- 73% of C-level respondents believe decisions are based on lifetime value (versus 60% of managerial-level respondents).

But reporting and analytics systems lack business level analysis

Adding efficiency metrics is the number one goal in contact centre reporting, with nearly 58% of companies planning on implementing these metrics.

- 45% want to identify causes of customer interactions and behaviours.
- 43% want to better understand customer interactions.
- 37% want to take advantage of improved caller segmentation to identify high value customers.

- U.S. companies (61%) are more likely than their European counterparts (44%) to collect basic efficiency measures.

Companies also plan to improve efficiency metrics in the near future

38% of companies position the collection of basic efficiency metrics among their goals over the next 18 months.

- 36% want to identify the root causes of customer interactions and behaviours.
- 34% want to gain insight into interaction handling and cycle times.
- 34% want to understand caller interactions and behaviours.

Genesys Worldwide

Genesys, an Alcatel-Lucent company, is the world's leading provider of contact center and customer service management software — with more than 4,000 customers in 80 countries. Genesys software directs more than 100 million interactions every day, dynamically connecting customers with the right resources — self-service or assisted-service — to fulfill customer requests, optimize customer care goals and efficiently use agent resources. Genesys helps organizations drive contact center efficiency, stop customer frustration and accelerate business innovation.

For more information visit: **www.genesyslab.com**, or call **+1 888 GENESYS** or **1-650-466-1100**.

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