Balancing customer experience with operational efficiency has become a greater imperative for organizations that are currently weathering the storms of disruption.

The New Service Imperative: Empathetic Service at Scale

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Introduction

The past few years have witnessed a drastic shift in the way customers and brands engage with each other. Customers want to engage with companies in the manner that best suits them. In parallel, many enterprises went through an accelerated rate of digital transformation. However, much of this digital transformation focused on transaction-level elements of the customer experience (CX) such as speed, ease, and efficiency. As a result, while many organizations moved forward with digital transformation, most did not digitally transform how they engage with customers. According to IDC's *Future of Customer Experience Survey,* only 25% of organizations that executed CX as part of digital transformation reported being extremely successful.

Many organizations are seeing lower rates of success because of the changing nature of customer journeys, the multitude of channels, and shifting customer needs and experience expectations. IDC sees this as the future of customer experience — where the customer relationship with brands in the future will be built on cognitive empathy and scaled through the lens of data and technology. Customers expect contextual and intelligent conversations, want to engage via seamless journeys regardless of channels, and expect these interactions to deliver the desired outcome(s).
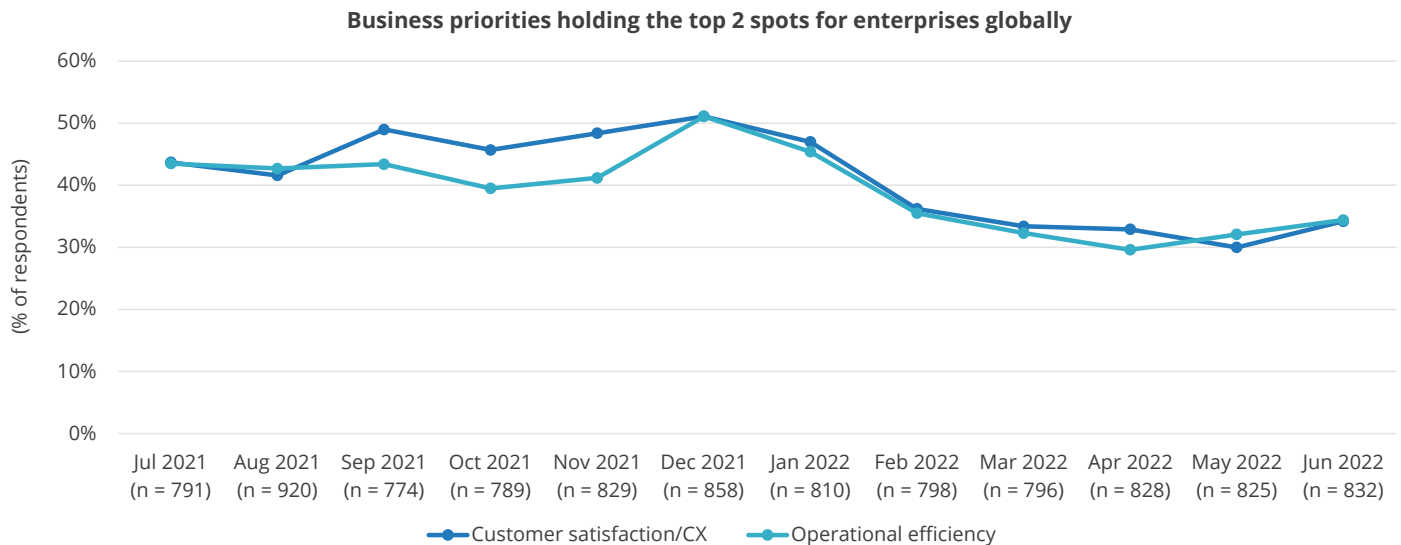
AT A GLANCE

KEY STATS

IDC research reveals the following:

» CX executives view technology as key to balancing CX improvement with operational efficiency.

» Among leaders in customer care, 53% employ AI to improve the experience.

» Leaders must address the issue of data growth to deliver empathetic service outcomes. Data volume, which is currently at over 100,000EB, is expected to double by 2026.
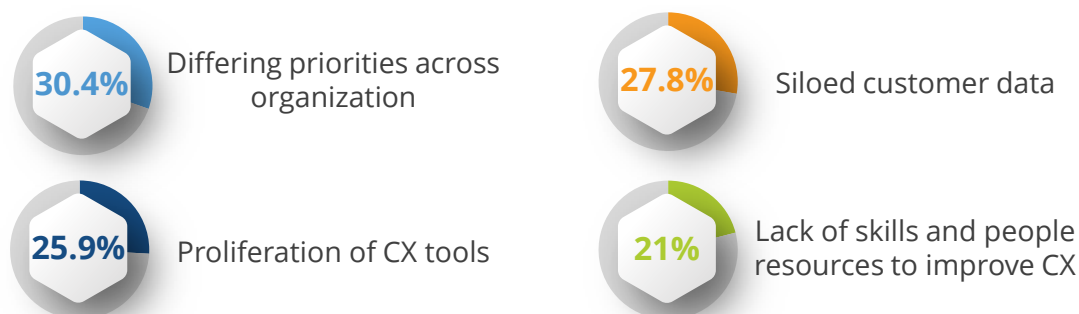
WHAT'S IMPORTANT

Unified service experiences will require both cross-functional alignment on customer-oriented outcomes and service journeys that are fully activated across all layers of the enterprise.

Looking Ahead: Balancing CX with Operational Efficiency

IDC analyzed business priorities for enterprises globally and found that customer satisfaction is at the top of the list, but executives want to balance this with operational efficiency and cost (see Figure 1).

FIGURE 1: *Top Enterprise Priorities*

Q *What are your organization's top 3 business priorities?*

Business priorities holding the top 2 spots for enterprises globally

| | Jul 2021 (n = 791) | Aug 2021 (n = 920) | Sep 2021 (n = 774) | Oct 2021 (n = 789) | Nov 2021 (n = 829) | Dec 2021 (n = 858) | Jan 2022 (n = 810) | Feb 2022 (n = 798) | Mar 2022 (n = 796) | Apr 2022 (n = 828) | May 2022 (n = 825) | Jun 2022 (n = 832) |

—●— Customer satisfaction/CX   —●— Operational efficiency

Source: IDC's Future Enterprise Resiliency and Spending Survey, July 2021–June 2022

Balancing CX with operational efficiency has become a greater imperative for organizations weathering the storms of disruption in the current macro environment — issues such as inflation, flattening customer growth, waning customer loyalty, and staffing shortages. Customer-centric future business resilience will require enterprises to move beyond transaction-level experiences and anchor business outcomes to relationship-based experiences. Bridging these dual enterprise priorities — CX and operational efficiency — can be a pathway to achieve both equally. Many organizations report that an increase in efficiency, particularly in the customer care environment, results in a better customer experience. Many enterprises also face challenges during execution and implementation of CX initiatives (see Figure 2).

FIGURE 2: *Enterprise Challenges in Improving CX*

Q *What are your company's top 3 challenges in transforming and improving customer experience?*

30.4% Differing priorities across organization

27.8% Siloed customer data

25.9% Proliferation of CX tools

21% Lack of skills and people resources to improve CX

n = 510

Source: IDC's Future of Customers and Consumers Survey, September 2021

Enterprises recognize the need to be customer centric, but achieving customer centricity at an enterprise level continues to be a struggle. Additional issues include the data challenge and the proliferation of CX tools. According to IDC's Global DataSphere forecast, the volume of data in the world, which is currently at over 100,000EB, is expected to double by 2026. Data complexity is compounded because of the existence of data silos in enterprises. As business models increasingly shift into a digital-first construct, unified, holistic customer data is an imperative to deliver contextually relevant and intelligent experiences. For enterprises already grappling with talent gaps and limitations in employing a digitally savvy workforce, the current staffing shortages add more strain.

Future Service Experiences: Customer Service with Empathy at Scale

The imperative for customer service teams has shifted. Customer service and support organizations need to innovate so they can do more with less while continuing to raise the bar on customer experiences. The role of customer service must evolve beyond the confines of the support life cycle and become part of the customer's whole journey experience. Technology becomes the foundation to scale the current storms of disruption with capabilities such as, but not limited to, data and analytics, artificial intelligence (AI), digital self-service, and experience automation. Crucially, sustained success will also require organizational customer centricity, activated across employees, business processes, and operations, to achieve whole journey customer experience outcomes. IDC refers to this as "empathy at scale."

Key features that characterize customer service with empathy at scale are as follows:

» **Intelligent service conversations.** Being contextually relevant in every service engagement is key to demonstrating customer empathy. According to IDC research, 80% of customers report that a personalized interaction makes them feel like the company cares about them. Fueling the empathetic service organization is customer data. A unified 360-degree customer profile that is constantly updated is what is required to power the service organization's applied intelligence engine (AI and analytics). An AI-based engine that actively learns can optimize service interactions for agents and self-service channels in real time based on a customer's actions or conversations.

» **Fluid omni-channel service experience.** While organizations have enabled numerous channels for customers to raise service requests, many still lag in managing a seamless and continuous service journey across all channels. IDC research shows that only 15% of enterprises globally are able to manage customer journeys that dynamically adapt to customers' context and needs in real time across channels. Furthermore, customers don't think of navigating service journeys in terms of "channels;" for them, it is about wanting to get a job done. Accomplishing the customer's "job to be done" requires maintaining and scaling continuous customer context throughout the service experience (across channels, journeys, and interactions). Enterprises will need to unify customer context from the data layer up, instead of the activation/engagement layer down as has been common practice.

» **Outcome-based whole journey experiences.** Future service experiences will also require more than just connecting channels. How the channel serves the customer's goal has risen in importance. This calls for an outcome-based approach to service experiences. Beginning with the customer's intended purpose, or outcome, results in service journeys that are created to achieve the customer's intended outcome and not the organization's vision of the journey outcome. Further, customer outcomes need to be met for each micromoment, each journey, and across journeys while maintaining customer context between each of these stages.

» **Empathy with efficiency.** Empathetic customer outcomes are a result of a virtuous cycle of excellent customer experiences fueled by contextual customer insights, available in real time across channels. This requires seamless visibility into data and insights across channels (agent assisted and self-service) and interactions throughout the customer life cycle. Insights gathered should extend beyond the service function to span all business functions with which customers interact (e.g., billing, marketing, and sales). Service teams will also need to develop real-time operational elasticity (i.e., dynamic changes to staffing capacity, shifts, roles) while offering consistent, accurate, and relevant service resolutions, contextualized to each customer. Operational elasticity will need to be scaled across field teams, contact centers, and self-service channels while dynamically routing customers to the optimal channel based on customer outcomes. Purposeful use of AI capabilities can scale and drive intelligent routing of customer inquiries in real time. For example, based on customer context, transactional inquiries can be routed to automated self-service and complex inquiries can be routed to agent-assisted service channels (in person or digital). Further, demonstrating empathy requires service teams to be organized around the customer. Organizations should empower service teams to become trusted advisors to customers rather than blindly adhere to operational constraints such as service escalation hierarchies.

Scaling Personalized Service Experiences

The essential guidance and leading practices that enterprises must adopt to successfully scale personalized service experiences include the following:

» **Organize around the customer.** Enterprises should anchor service journeys on customer-desired outcomes. They should focus on outcomes in each interaction as well as end-to-end service journeys. Next, they should seek opportunities to align business functions associated with a particular service journey with these common customer-centered outcomes. This is crucial because holistically meeting customer outcomes often requires processes to traverse organizational functions. Organizations need to augment agents with contextual insights as well as tools to rapidly obtain real-time collaborative support and expertise from relevant mid- and back-office teams.

» **Begin from the data layer up.** Empathetic service outcomes require an understanding of the full customer relationship. To this end, organizations need to unify internal and external (i.e., first-, second-, and third-party) customer data to create a unified customer profile view. They must make customer data an enterprise service, not a departmental resource. Leaders should identify gaps in data aggregation and analytics to eliminate organizational data silos. Further, customer insights need to be aggregated from business functions across the organization to be incorporated into and drive customer service journeys.

» **Scale through intelligent tools to boost service productivity.** Enterprises should leverage customer data and insights to fuel the analytics engine to drive customer service processes enabled by automation and AI. Enterprises globally are looking to customer intelligence and digital technologies to balance customer experience with operational efficiency. IDC's 2021 *Industry AI Path Survey* found that among leaders in customer care, 53% employ AI to improve the customer experience and 41% do so to improve employee productivity. Eventually, AI-powered insights need to be purposefully activated through optimal service delivery channels in a manner that reduces customer friction and meets customer outcomes.

» **Reskill service employees.** Organizations should recognize that the current economic challenges have equally impacted customers' lives, perhaps more so than enterprises. As the service workforce matures into the role of a trusted advisor, organizations need to reskill agents with capabilities such as engaging empathetically with customers and focusing on delivering value-based outcomes. Further, given the direct correlation between employee experience and customer experience, organizations need to develop and mobilize programs based on employee insights (e.g., VoE) that demonstrate empathy to employees.

» **Establish customer-centered metrics.** Customer service metrics need to evolve to reflect whether service journeys are meeting customers' intended outcomes and delivering value for customers. The omni-channel world also requires organizations to correlate outcome metrics with channel use, channel switch, escalations, agent effectiveness, deflections to self-service channel (into and out of), and resolutions. Newer KPIs such as customer effort or measuring the success rate of journeys meeting customers' expected outcomes are better positioned to measure and address customer friction in service journeys across both self-service and agent-assisted service channels. Further, balancing empathy with efficiency also requires correlating CX metrics to service operations outcomes.

Benefits

Adopting an empathetic service approach has many benefits, including the following:

» **Adaptive service conversations.** Organizations develop the agility to keep up with the evolving nature of customer journeys that are becoming more nonlinear. Through purposeful use of AI-based experience automation that considers customer context, agent effectiveness, channel effectiveness, and nature of service request, these conversations can scale without losing the human touch.

» **Ability to scale service teams.** A deeper understanding of customer intent through AI enables service organizations to anticipate service inquiries and tune organizational responses to deliver customer-desired outcomes while scaling service teams to manage a larger volume of inquiries. When transactional inquiries are redirected to self-service options such as portals or bots, service agents have a greater allowance to deliver empathetic service outcomes, thus strengthening customer relationships.

» **An empowered and optimized service team.** Employee experience improves as the workforce feels more fulfilled in the role of a trusted advisor, which in turn amplifies the overall customer experience. IDC research shows that companies are already seeing improvements to employee experience in customer care teams: Two-thirds of organizations report that the use of AI technologies has improved employee productivity, and 64% of organizations report that their employees perform better.

» **Improved customer loyalty.** Better service experiences lead to lower churn risk from the customer base, which has a direct, positive impact on the company's bottom line. Data from IDC's *Future of Customer Experience Survey* shows that CX initiatives undertaken by customer support/care functions result in an average improvement of 17.5% in customer retention rates. In addition, showcasing meaningful business outcomes such as improved retention elevates the customer service function from being perceived as a "cost center" and positions it as a growth driver for the organization.

» **Support for business innovation and growth.** Data from IDC's most recent *Future Enterprise Resiliency and Spending Survey* shows that 27% of enterprises globally prioritize business innovation as one of their organization's top 3 business priorities. Cost economies gained through optimizations in service operations enable organizations to allocate additional investments for strategic business innovation and growth and improve market competitiveness.

Trends: The Corner Has Been Turned

While customer centricity has been a conversation within organizations for some time, the idea of enterprise-level empathy is resonating at the highest levels of the organization (i.e., the C-suite). IDC offers the following evidence that forward-looking companies are putting the pieces in place for real innovation:

» 78% of organizations report that customer data plays a significant role in the customer experience they provide, and 30% of IT leaders report that the use of technology is critical to success in attaining contextualized data for customer engagements.

» By 2023, 45% of G2000 B2B/B2C enterprises will exploit smart personalization for context-based customer engagement, using AI, big data, and conversational computing.

» By 2024, 30% of Fortune 2000 companies will deploy next best action across their omni-channel environment, driving demand for customer data platforms (CDPs), omni-channel management, and customer service solutions.

Considering Salesforce Service Cloud

From Salesforce's inception, the company's enterprise customers have looked to build stronger relationships with their customers through service at scale. Salesforce Service Cloud enables CX executives to bridge dual enterprise priorities — driving seamless customer engagements and operational efficiency, beginning with a unified data layer with Salesforce Customer Data Platform and Data Cloud for Service, personalizing customer engagement through AI capabilities, and scaling service journeys efficiently through AI-powered workflow automation. Capabilities within the product are available for agent-assisted service, self-service, and field service channels. Data unification service from Data Cloud offers service teams rapid access to customer insights across channels and journey stages, enabling them to respond more contextually to effect whole journey experience outcomes.

Challenges

Before capabilities such as AI and automation can scale empathetic service experience outcomes, enterprises will need to address two primary challenges. First, enterprises need to gain consensus and alignment across business units and stakeholders to champion a unified service experience. This consensus is critical because attaining empathetic service outcomes relies on the ability to leverage continuous customer context and insights, which often requires crossing multiple business functions and operational processes. The second primary challenge is ensuring that the redesigned service journeys are fully activated across all layers of the enterprise. This is important given the extent of digital capabilities and the subsequent dependencies they create — from data, core systems, technology integrations, business processes, and organizational structure and operating models.

> Enterprises need to scale empathetic service outcomes by redesigning service journeys from the data layer upward through purposeful use of AI and automation so that humans can do human things.

Conclusion

Current market conditions continue to put pressure on enterprises to do more with less, while the need to use CX as the tip of the spear to differentiate has only grown stronger. To find success with the new service imperative and scaling empathetic customer service, enterprises will need to organize around customer-centered outcomes, focus on whole

journey experiences, redesign service experiences upward from the data layer, and scale customer empathy through purposeful use of AI and automation to execute transactional journey steps while letting humans do human things.

About the Analyst

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Sudhir Rajagopal is IDC's research director and global agenda lead for the Future of Customer Experience program. Mr. Rajagopal's research focuses on how end-user brands should consider evolving technologies to create and deliver empathy at scale in the ever-changing relationship between customers and brands. In his role, Mr. Rajagopal monitors the continual innovation of technologies to produce research that discusses the impact that these technologies will have on the customer and brand experience.

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