SMART SELF-SERVICE: USE DATA & AI FOR SUPERB CUSTOMER EXPERIENCES

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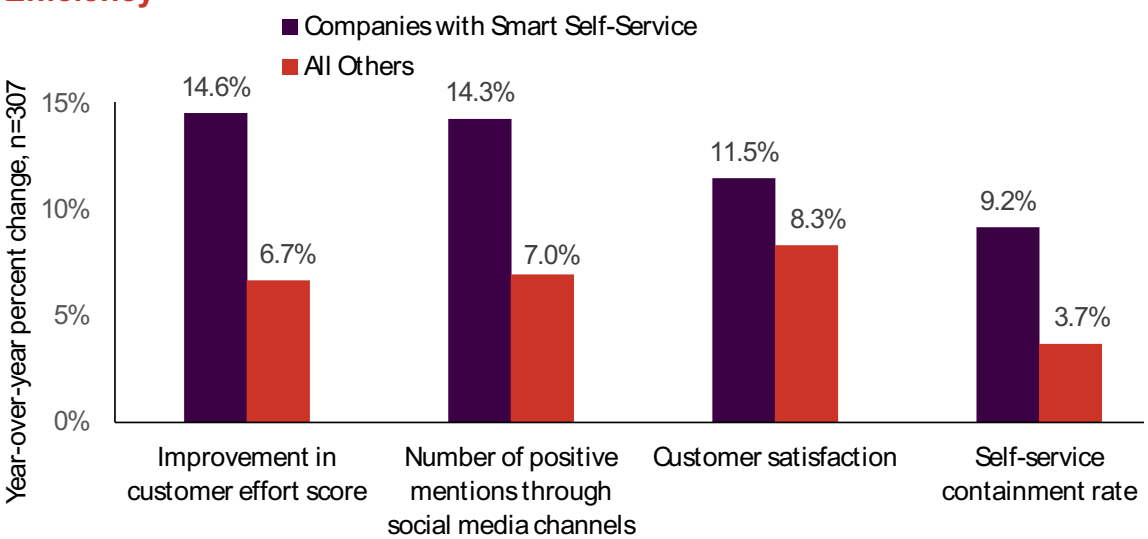
This report details the differences between traditional and smart self-service. Specifically, it highlights the role of analytics and AI capabilities in helping contact center and customer service leaders transform self-service activities to be truly data-driven and adaptive in helping customers help themselves.

Traditional vs. Smart Self-Service: The "What?" & the "Why?"

Long gone are the days when contact center or customer service interactions meant customers picking up the phone and speaking an agent. Of course, phone conversations are still alive and well, but with advances in technology and changes in customer behavior, phone interactions are now typically reserved for high-effort, highly-emotional, or complex issues. The use of digital channels provides customers with more options to get their needs addressed. Enter self-service.

From a purely pragmatic standpoint, traditional self-service was designed to help customers help themselves so firms can focus on handling fewer conversations through assisted service channels (e.g., phone, chat, email, text messaging). As such, deflecting customer issues and reducing costs were top objectives when it comes to deploying and improving self-service results. However, times have changed. Both consumers and businesses alike expect companies to make it easier to get their needs addressed quickly, efficiently, and with minimal effort. **Leading contact center and CX leaders** recognize such escalating and changing customer expectations and have **transformed their activities from traditional to smart self-service** (see sidebar for definitions). Figure 1 shows that these forward-thinking firms enjoy far superior year-over-year (YoY) growth in CX results, compared to firms that also use self-service but have not yet made the leap from traditional to smart self-service.

Figure 1: Smart Self-Service Creates Happy Customers & Boosts Efficiency



Source: Aberdeen, August 2022

Definition: Smart Self-Service

For the purposes of this research, Aberdeen defines "**smart self-service"** as companies using analytics and AI capabilities to continuously fine-tune self-service activities through all self-service channels such as the web, interactive voice response (IVR), intelligent virtual agents (IVA), and online communities.

Firms that also use self-service but that have not yet incorporated analytics and AI within their activities are referred to as 'firms with traditional self-service' and 'All Others' throughout this report.

Creating happy and loyal customers is the ultimate goal for contact center and CX leaders. When it comes to self-service, that means making the self-service experience such that it not only enables customers to help themselves but it's also easy/effortless. After all, if customers need to contact the business repeatedly after they use self-service because they can't address their issues, it not only means that self-service has failed but also means that customers are frustrated and the business is incurring added costs. Poor self-service design and execution impacts organizational finances in the form of higher costs resulting from more phone calls or other more costly interactions firms must handle due to ineffective use of self-service. Figure 1 shows that smart self-service solves for those challenges. Firms with **smart self-service enjoy 2.2x greater YoY improvement (decrease) in effort scores** (14.6% vs. 6.7%) **and 39% greater YoY increase in customer satisfaction rates** (11.5% vs. 8.3%).

One of the ultimate validations of customer satisfaction is clients sharing positive word-of-mouth with friends, family, colleagues, and others as it means that not only are they satisfied with their experiences but that they have also become promoters of the brand. Companies with smart self-service report 2.0x greater YoY increase in number of positive mentions through social media (14.3% vs. 7.0%). This means that when self-service programs are designed to enable customers to help themselves seamlessly, it not only creates happy customers but also helps elevate the overall brand equity.

While improvements in CX metrics are important, it's also important for self-service to simply work instead of being overengineered and functioning poorly. Containment rates – percentage of self-service interactions that are resolved via self-service – are therefore still an important gauge to measure the efficiency of self-service delivery. Considering that smart self-service users report 2.5x greater YoY increase in self-service containment rate, it's clear that firms using traditional self-service must follow the lead of smart self-service users to boost efficiency (9.2% vs. 3.7%).

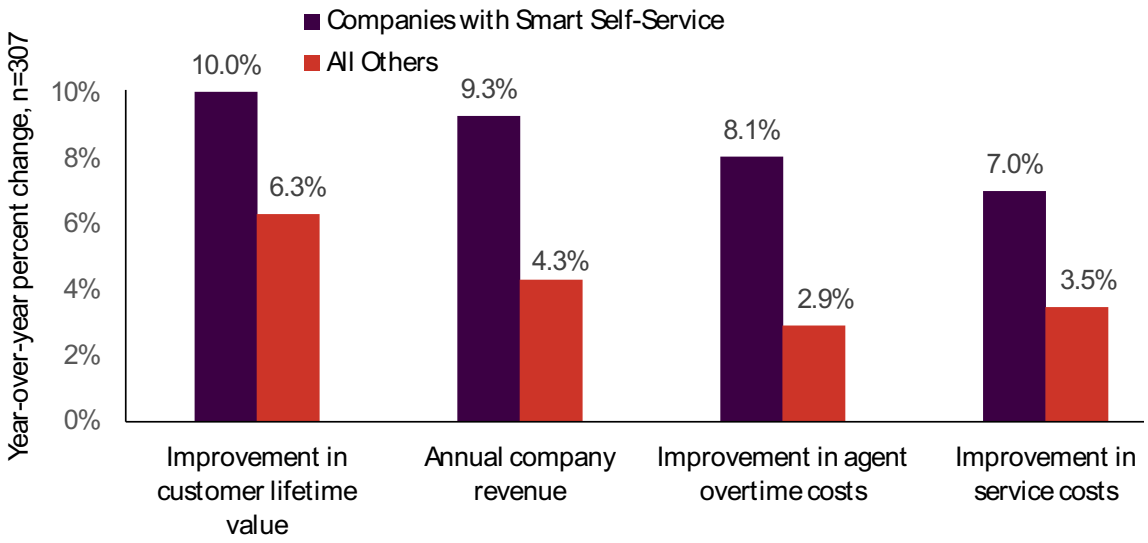
Aberdeen's research shows that the benefits of smart self-service extend well beyond CX results. Firms that transition from traditional self-service programs by incorporating analytics and AI to build a smart self-service program enjoy far superior financial results. Specifically, Figure 2 on the next page shows that they **improve (decrease) service costs by 2.0x more YoY** (7.0% vs. 3.5%). Although cost reduction is no longer cited as a number one objective by contact center and CX leaders, controlling and reducing costs is still important for firms as it has a direct impact on company profitability.

Another measure that directly impacts profit margins is annual company revenue. Figure 2 shows that **smart self-service users enjoy 2.2x greater YoY increase in annual revenue** (9.3% vs. 4.3%). Upleveling self-service from traditional to smart enables that by using analytics and AI to analyze customer and operational data to reveal hidden cross-sell / up-sell opportunities to use in self-service conversations as well as leveraging insights gleaned via self-service across various points in the customer journey managed by all business departments to personalize future marketing and sales activities.

One of the most common reasons why self-service programs fail is because they're not designed to enable customers to easily address relevant issues.

Connect all customer and operational data, and use analytics and AI to truly tailor self-service experiences for top-notch results.

Figure 2: Firms with Smart Self-Service Enjoy Reduced Cost & Greater Revenue



Source: Aberdeen, August 2022

Savvy contact center and CX leaders go beyond overall company revenue and service costs to gauge their success. They drill-down into unique customer lifetime value for each client and target demographic to observe how their (self-service) activities influence this metric. Customer lifetime value refers to the total spend a client makes with the business through the course of the relationship with that business. As such, firms aiming to improve this metric must ensure customer loyalty and increase client spend. Paired with the revenue growth observed earlier, 59% greater YoY growth in customer lifetime value therefore reaffirms that smart self-service is instrumental in helping firms increase their top-line results by creating happy customers (10.0% vs. 6.3%).

Agent overtime cost improvements reported by smart self-service users is another area where transitioning traditional self-service to smart self-service helps boost performance. When self-service activities are designed poorly, customers tend to seek support through assisted channels. And when they do so, the conversation often starts with minimal to no contextual awareness by the agent (i.e., visibility into the insights customer shared when using self-service). This, in turn leads the agent to seek the information that the customer already provided, frustrating clients while poorly utilizing agent resources. As a result, when self-service activities fail unexpectedly, firms incur unnecessary overtime costs to staff assisted channels to handle client issues. Instead, smart self-service users alleviate this problem by using analytics and AI to regularly analyze self-service activity data to determine areas of improvement as well as strengths so they can maintain activities that work and adjust those that lead to sub-par results. In turn, this enables smart self-service users to improve (decrease) agent overtime costs by 2.8x more YoY (8.1% vs. 2.9%).

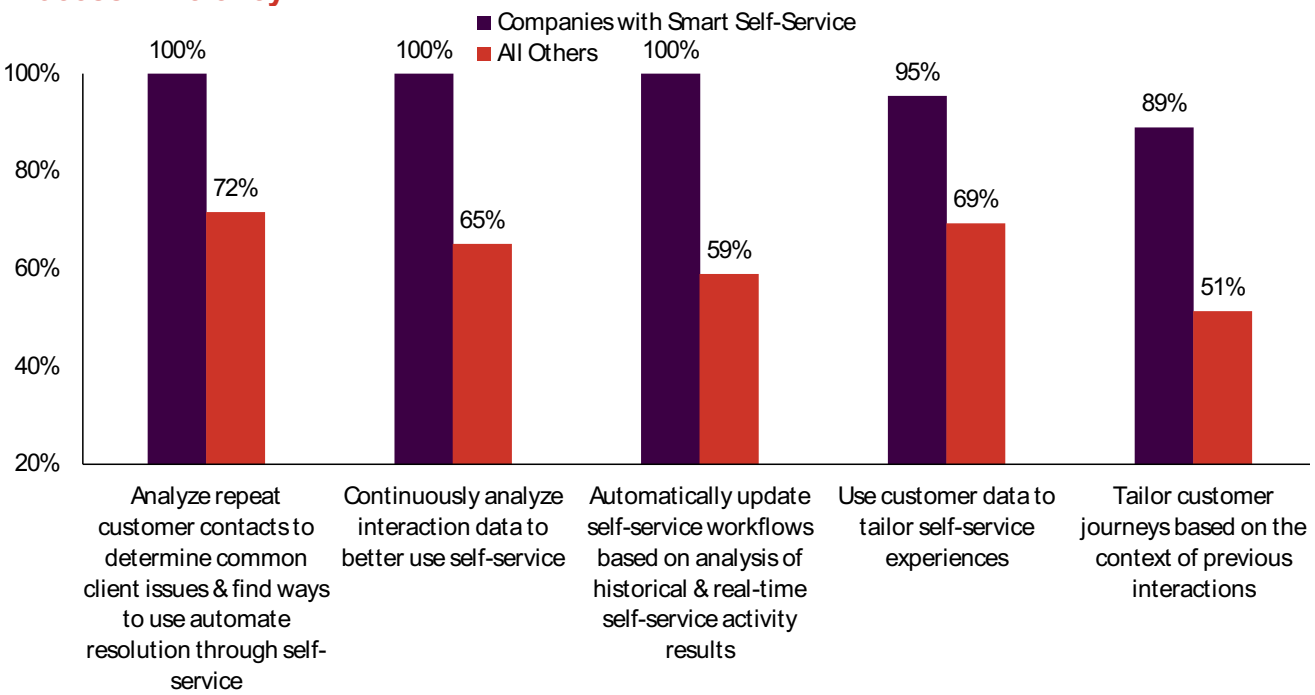
Adding yet another self-service option is not the answer to create happy customers. Make all self-service capabilities truly customer-centric to delight your clientele.

Five Pillars to Transform Traditional Self-Service into Smart Self-Service with Analytics & AI

Comparing the activities used by firms with smart self-service users to those used by firms using traditional self-service shows that the former utilizes five specific capabilities more widely than the latter. All these five capabilities are adopted by more than 80% of smart self-service users which means that to transform self-service programs from traditional to smart, adopting these capabilities is table stakes.

First among those capabilities is using analytics to analyze repeat customer contacts to determine common issues clients face. Firms empowered with these insights can then leverage workflows and automation capabilities to enable customers to address those common issues via self-service versus relying on assisted service. This helps ease customer effort, reduces service costs due to less reliance on telephony as well as agents for assisted service. Hence, it's no surprise that fully 100% of all smart self-service users adopt this capability which also enables them to facilitate innovation when providing clients with the ability to help themselves.

Figure 3: Smart Self-Service Users Use Data & AI to Optimize CX & Process Efficiency



Percent of respondents, n=307

Source: Aberdeen, August 2022

In addition to analyzing repeat customer contacts to seek opportunities to turn these issues into self-service workflows, smart self-service users also use analytics and machine learning to continuously analyze interaction data. Specifically, they analyze historical and real-time self-service data to determine strengths and weakness in current self-service delivery. For example, using machine learning to analyze recent interaction data firms can determine that a higher percentage of self-service engagements are escalated to agents than in the past for the same issue. This, in

turn, can trigger an automated alert for a supervisor to analyze why the current self-service workflows are no longer adequately enabling customers to help themselves. Similarly, firms can also use analytics and AI to determine common questions that customers ask when interacting with an IVA that requires escalating the conversation to a live agent. Using this insight, they can then design and execute added workflows and content within the IVA to enable customers to complete the service experience via the IVA versus the need to escalate the conversation. Figure 3 shows that smart self-service users are 54% more likely to have this capability (100% vs. 65%).

The good news with today's self-service programs is that with smart self-service, contact center and CX leaders no longer need to rely solely on manual analysis and update of workflows. Using AI and automation capabilities together, in the above example, a company that determines that conversations are escalated to live agents for certain issue types can automatically prompt the customers to click-to-call or click-to-chat with a live agent for that issue as soon as the issue type is determined versus enabling the customer to seek support via an IVA up until the client recognizes that she needs to contact a live agent for live support. The same automation capability can also be used to suggest supervisors with specific workflow changes or adding or changing knowledgebase content associated with the issue to streamline the self-service continuous improvement process. Once again, this capability is adopted by fully 100% of smart self-service users and is used 69% more widely by these firms than firms with traditional self-service (100% vs. 59%).

One of the common mistakes companies make when designing a traditional self-service program is following a one-size-fits-all model. Specifically, this refers to contact center and CX leaders assuming that all customers will use self-service the same way for the same type of issues. However, customer use of self-service varies drastically based on numerous factors, including issue type, client demographics, prior interactions about the same issue, urgency of the issue, etc. Smart self-service users recognize the unique nuances in *when* and *how* customers want to use self-service and adjust their activities accordingly. They do so by using contextual customer insights that provide a connected view of customer journey data captured across all relevant channels and business departments. To this point, Figure 3 shows that smart self-service users are 38% more likely to leverage data (with the help of analytics and AI) to tailor self-service experiences (95% vs. 69%) – and are 75% more likely to build and maintain a connected view of dynamic customer journey insights to do so (89% vs. 51%).

Smart self-service programs are not managed in a silo. They are seamlessly integrated with broader CX activities to ensure delivering consistent and personalized experiences that 'wow' customers.

Key Takeaways

Self-service programs have come a long way since their earlier days when firms implemented IVR systems enabling customers to seek and get answers to certain questions. They've evolved such that companies now provide customers with IVR, IVA, online communities, conversational assistants, FAQs, and more to enable them to help themselves. With that evolution, self-service has also become more complex. Gone are the days when a one-size-fits-all IVR menu was deemed sufficient. And certainly gone are the days when self-service was seen as a way to deflect interactions and reduce costs.

Today's leading contact center and CX leaders have transformed their traditional self-service programs into smart self-service by leveraging technology tools such as analytics, AI, and automation. These smart self-service programs are different then their predecessor - traditional self-service – in that they are tailored based on activity data and leverage rich customer and operational insights to personalize the self-service experience. Findings highlighted in this report show that firms that deploy a modern smart self-service program enjoy it's benefits where they achieve far superior YoY gains in customer satisfaction, client spend, self-service containment rate and company revenue as they also reduce costs.

Transforming traditional self-service into modern self-service doesn't need to be a complicated endeavor. Contact center and CX leaders aiming to modernize the self-service experience should enrich current self-service activities by incorporating analytics and AI to better leverage data for more personalized and efficient self-service experiences. They should also combine use of AI and analytics with the five key capabilities listed in this report to get the most benefits from using technology to transform traditional self-service into smart self-service. Although almost all firms currently use self-service, those that don't currently use self-service must leapfrog by adopting smart self-service capabilities instead of traditional approaches that are no longer sufficient with elevated and rapidly changing customer expectations and business conditions.

Don't rely on traditional ways to deliver results when it comes to self-service. Follow the lead of the savvy contact center and CX leaders and modernize your activities by deploying a smart self-service program.

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Aberdeen Strategy & Research, a division of Spiceworks Ziff Davis, with over three decades of experience in independent, credible market research, helps **illuminate** market realities and inform business strategies. Our fact-based, unbiased, and outcome-centric research approach provides insights on technology, customer management, and business operations, to **inspire** critical thinking and **ignite** data-driven business actions.

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