Providing superior digital customer care, or e-care, can lower costs and increase customer satisfaction. Yet it’s easier said than done.

Where do you turn when you have an issue with a product or service? Today’s options go well beyond a traditional call center. Depending on what’s most convenient and useful, customers can turn to an increasingly complex array of digital channels, and each increases the pressure on companies to provide consistent and superior service. The reward for companies who excel at digital customer care, or e-care, is vast: we’ve found it can increase customer satisfaction by up to 33 percent and generate savings of 25 to 30 percent by reducing call-center volume. In addition, we believe this opportunity will continue to grow—especially given the explosive rise in social-media activity. After all, the volume of tweets targeted at a brand or service has more than doubled in the past two years, while the percentage of people who have used Twitter for customer service has increased by almost 70 percent since 2013–14.

Yet while the benefits of digitizing customer care are significant, so is the challenge of developing and implementing a profitable e-care approach. Our latest research and client work confirms the extent of these difficulties: a lack of strategic and detailed implementation programs means not only are companies missing growth opportunities, but they are also failing to see potential threats to established revenue. In our experience, only by understanding the root causes of customer behavior can companies develop a coherent program to migrate them to digital-care channels.

Root causes of slow migration to e-care

Companies tend to concentrate their e-care efforts in three channels: apps, social networks, and websites (exhibit). However, despite the impressive growth in use of social media for customer care (for example, use of Twitter to connect with brands has increased 2.5 times in the past two years), customers have been slow to adopt live digital-service channels. For instance, while about 50 percent of companies offer live chat and e-forum support, fewer than 2 percent of customers use them. Instead, customers choose channels closely tied to just a handful of specific functions. A majority of people use web and mobile apps for billing and payments, for example, but prefer social networks—where people under 35 spend four hours each day—and forums for information on fees and services.
The bottom line is that despite obvious advantages, an average of only about 3 percent of customers use a digital channel each month for service—a rate about half that of call centers. That represents a massive untapped opportunity for companies to convert customers from higher-touch, more-expensive channels such as call centers. We’ve identified the following four primary reasons why customers are not adopting e-care more enthusiastically:

**Poor digital experience.** As many as 70 percent of all remote customer-care interactions in the telecom sector are digital. That should be good news, as our research found e-care consumers are more satisfied than those using traditional channels for customer service, and that top-performing companies realize savings thanks to a reduction in call volumes. Yet some companies moving to digital actually experience call-volume increases, which results in higher costs. That’s because the experience in most e-care channels does not match high customer expectations. And when customers find their questions are not resolved through digital channels, they pick up the phone.

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**Exhibit**

Websites and apps are the most important channels with respect to offer, reach, and volume.

<table>
<thead>
<tr>
<th>Channels</th>
<th>Share of players offering the channel, %</th>
<th>Share of total monthly contacts per channel, %</th>
<th>Share of users¹</th>
<th>Frequency of usage²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website support (public)</td>
<td>100</td>
<td>36.3</td>
<td>4.3</td>
<td>10.6</td>
</tr>
<tr>
<td>App</td>
<td>100</td>
<td>28.5</td>
<td>3.6</td>
<td>5.5</td>
</tr>
<tr>
<td>Website user account</td>
<td>100</td>
<td>27.9</td>
<td>9.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Mobile site</td>
<td>71</td>
<td>6.2</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Social network</td>
<td>100</td>
<td>0.3</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>E-mail</td>
<td>86</td>
<td>0.5</td>
<td>0.6</td>
<td>2.8</td>
</tr>
<tr>
<td>Chat</td>
<td>57</td>
<td>0.3</td>
<td>0.5</td>
<td>1.2</td>
</tr>
<tr>
<td>Forum</td>
<td>43</td>
<td>0</td>
<td>0</td>
<td>1.8</td>
</tr>
</tbody>
</table>

¹ Monthly unique users as % of total customers.
² Total number of contacts received per channel/per unique number of users per channel.

Source: 2014 McKinsey survey of European telecommunications companies

McKinsey & Company
Despite the premium customers place on a good digital experience, we have found that customer satisfaction scores for e-care are typically almost 10 percent lower than for traditional channels. In our app and website assessment, most operators were rated as adequate when it came to “simplicity” (features such as clear design and minimal required clicks), weak with respect to “convenience” (a single point of contact, completeness of information, and ease of access), and poor with regard to “interactivity” (links to alternative digital channels such as e-forums, videos, and chat services). Indeed, this lack of clear or useful digital back-up options, such as links to frequently asked questions, leaves many customers little choice but to turn to a call center. In addition, increased call volume can be attributed to the fact that customers tend to use digital two to three times as much as traditional channels, which increases the likelihood they will turn to traditional channels if their digital experience isn’t satisfactory. At one company, for example, we found that about 40 percent of clients using e-care eventually turned to the call center. This “boomerang effect” obviously diminishes the benefits of moving customers to digital channels.

Unclear migration strategies. Many companies simply aren’t successfully migrating their customers to digital channels. Our research found that fewer than 20 percent have a migration strategy with sufficient detail, such as prescribed actions for following up with targeted clients who have reason to migrate to digital channels. Almost 60 percent have little or no migration budget and apply very basic migration initiatives at most. They do not have a clear and segmented strategy regarding which clients to target or how to clearly communicate their digital value proposition. They often provide insufficient incentives for switching, do not monitor migration performance, or do not even have specific people who are responsible (and accountable) for migrating customers to digital channels.

Fear of losing revenue. Many companies are tentative about migrating customers because they are apprehensive about putting revenue at risk. That’s because operators on average see upsell or cross-sell rates that are almost nine times higher across traditional remote-care channels (such as call center and interactive voice response) than across digital channels. Yet our research also shows that companies that perform well at converting service calls into sales are less digitally advanced. Some companies are starting to explore how to capture digital service to sales through innovative pilots such as proactive text or video chat. This is clearly an untapped opportunity that could become a significant source of revenue given the higher frequency of contact in digital compared with traditional channels.

Haphazard organization and operations. Across the seven dimensions we analyzed, the overwhelming majority of telcos demonstrated wide variability in performance and operating models—even within the same companies. Fewer than 30 percent of companies we examined have a dedicated e-care team with direct reporting lines to top management or peer level to other remote care units; only 40 percent have clear digital targets shared across different units, and fewer than 15 percent are capable of tracking customer journeys across digital channels and their effectiveness in resolving customer issues.
Making e-care work

It’s still early days for e-care. Yet leaders who can make the transition to offering compelling digital care can not only please their customers but also unlock new growth. Based on our survey results and our interviews with numerous chief digital officers, we identified three critical factors for making e-care work.

First, make targeted investments. Telecommunications companies tend to favor an “everything, everywhere” approach to customer care to cover bases and stay on top of new trends. Top-performing companies are more selective: they undertake detailed analysis to know which calls lead to upsell opportunities (and should remain in traditional channels) and which ones don’t and are therefore candidates for migration to digital channels. They are also clear about which channels customers prefer for each specific issue. This sort of insight informs a more selective, targeted investment approach for specific channels based on specific use cases.

Second, continuously optimize the multichannel experience. Top performers invest in designing and delivering good multichannel customer experiences. They implement detailed metrics that allow them to continuously monitor customers’ cross-channel journeys to identify pain points and opportunities. And they develop processes so that decisions can be made quickly and provide guidelines to the front line so it can react rapidly to constantly enhance the overall experience.

Finally, support a detailed strategy. The most successful customer migrations to e-care channels start with clear top-management support and a clearly defined strategy at the executive level, and they are supported with a specific and coherent set of actions based on well-defined use cases to implement the change. They start with a clear focus on some channels and functionalities, and a well-defined budget to execute IT development and migration. They also prioritize and tailor their migration plans to specific and well-defined customer segments with a set of “pull” actions (such as targeted e-mails with offers) and “push” actions (like providing discounts for going online). To deliver on these activities, winning companies often put in place a single, cross-functional team with responsibility and authority for managing all aspects of the program, from marketing communications to internal process redesign to IT road-map development. They also have agile processes in place to coordinate efforts within the company, and they set digital targets that are shared across the whole company.

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