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Introduction

Charting the future of customer care through a core optimization philosophy.

Until recently, the majority of the discussions around customer care focused on reducing labor costs by optimizing service levels, implementing lean practices, and achieving the optimal mix of offshoring. The increasing complexity of customer engagement meant few if any companies were equipped to pursue these goals while at the same time improving customer satisfaction and increasing revenues from their care interactions. However, with today's highly discerning customer base, companies across industries realize that customer care has become a major contributor to their overall customer satisfaction and can serve as a competitive advantage in the market. The proliferation of digital-care capabilities—for example, web and mobile, interactive voice-response (IVR) powered by natural language processing (NLP), and behavioral routing, among others—has enabled companies to adopt a customer-first mind-set without giving up on cost and revenue targets.

The challenge for companies, today and in the future, is serving digitally oriented customers while finding ways to use customer care as a core differentiator. The contact center, a vital component in this strategy, must now focus on achieving performance excellence across all three key priorities: customer experience, cost optimization, and revenue maximization.

Five dynamics shifting the industry

Amid this ever-evolving landscape, McKinsey conducted a survey of customer-care executives to gain a better understanding of the factors that are shaping the future of customer care.¹ Our analysis identified five key trends that executives should factor into their strategies.

1 Inbound calls will decline in number or be eliminated

Frontline automation is rapidly changing the requirements of traditional call centers. In our survey, nearly three out of five customer-care leaders said that inbound call volumes will decrease in the next five years. Within ten years, 40 percent of respondents said the number of inbound customer-care calls will fall significantly, perhaps to zero. As digital channels handle more transactional requests, the remaining customer interactions will be more complex and account for the largest share of volume in traditional call centers. Meanwhile, more and more executives are becoming aware of the competitive advantages of a superior customer experience. Enterprises are therefore adopting service designs that emphasize simplicity and lower costs while reducing the need for agents to handle low-value calls (or low-value transactional activities) by directing traffic to digital and self-service channels. Striking the optimal

balance between digital and human interaction will be critical going forward.

Digital-care channels are already the starting point for most customer-care interactions

Survey respondents said that in 2015, digital-care channels (such as web chat, social media, and email) accounted for 30 percent of all their customer-care interactions. By 2020, they believe that share will rise to 48 percent. One reason: the growing number of “digital natives” who grew up communicating over the Internet and expect digital care. As one executive noted, “Customers are demanding it.” Organizations will therefore continue moving forcefully to service and resolve their customers’ low-value transactions, inquiries, and problems through digital channels, including Internet robots, or “bots.” Over time and across industries, all such interactions will take place through digital channels. With the evolution of bots and virtual assistants focused on chat, such channels are poised to become the gateway and triage medium for all of today’s live telephone contacts. Apps on mobile devices already provide virtual assistants to help customers navigate self-service options or to route customers directly to the right agent queue. To develop an omnichannel strategy for customer care, leading organizations are focused on mapping the customer journey across digital and traditional interactions.

Large investments will be required to improve the skills of customer-care workers

As transactional calls move to digital channels, more complex interactions—such as cross-selling and up-selling and financial advisory—will account for the largest share of volume in traditional call centers. The majority of survey respondents expects automation to replace not only more transactional interactions but also about 25 percent of the activities of even exceptional customer-engagement agents. Consequently, customer-care executives may need to develop teams of highly skilled agents able to handle more complicated, higher-value transactions.

Specifically, many customer-care leaders do not believe that their companies currently have the frontline skills or leadership talent to meet these changing customer needs. Large investments will likely be required to fill the skills gap.

Higher-end customized experiences will require companies to rethink customer engagement

As customer-care leaders transition their function from a lower-skill cost center to higher-skill profit center, the function’s approach to creating value will change. To that end, executives are mapping the customer journey and using design thinking to reconfigure traditional customer care and enhance customer experience. Executives who are considering a shift from outsourcing to in-house support (in an effort to build customized capabilities) are also exploring live-interaction channels such as video and augmented reality. For example, more than a third of our survey sample say they have already invested (or are eager to invest) in video. About half say they will rethink the location of their contact centers, given changes in talent, sociodemographics, and service offerings, and three in ten are considering bringing part of their customer-care operations in-house to maintain greater control over customization.

New technology providers will flood the customer-care space, so companies must choose wisely

Customer-care leaders acknowledge the changing technology landscape and the need for more tech investments to support a longer-term strategic vision. Nearly half of the executives we surveyed rated investing in new technologies as one of their top priorities over the next five years. Three technology areas are likely to become prominent: insights or behavioral routing software, artificial-intelligence agents, and visualization technologies. Companies that align their purchases with their customer-care strategy could quickly upgrade their digital profiles and capabilities. The proliferation of new customer-care technologies and the availability

of cloud computing have dramatically accelerated implementation timelines: instead of traditional step-by-step design-and-build solutions that might take years to implement, leaders can mount rapid process-digitization efforts and adopt a new breed of quickly scalable and modular “plug and play” technologies.

Collectively, these five trends will usher in a new era of customer care that bears scant resemblance to current contact-center operations but at the same time positions the contact center as a strategic advantage to the broader organization.

The future state of customer care

Based on responses from the customer-care survey and our recent set of customer-care transformations, how companies engage with customers and the tools that support and enable this interaction will be dramatically different. According to McKinsey analysis, websites and apps will be the digital channels that customers use to engage with companies, accounting for 30 to 60 percent self-service (although the figure will vary by industry). A true omnichannel world will emerge: when customers interact with a company, they will have access to a wide range of contact options—from social media and chat to voice. Fully 75 percent of customers will use not one but multiple channels to contact companies. Frontline robotics will also play the important role of gatekeeper, helping to determine customer requests and handle simple issues. We expect that robots will be able to fully resolve 30 to 50 percent of all requests.

These developments won't mark the end of human contact-center agents; far from it. In this future state, the most complex requests will still be handled by agents, who will be supported and coached by robotics and artificial intelligence. Solutions will digest large amounts of data, recognize voice patterns, and communicate insights and recommendations to these agents. Meanwhile,

manual work will be widely automated, allowing agents to focus fully on advising customers, delivering the best experience, and pursuing cross-selling and up-selling. To achieve performance excellence in this future state, talent management and coaching will be crucial in empowering agents to seamlessly handle complex requests.

For companies focused on integrating the current wave of technologies into their customer-care operations, talk of transitioning to a future state might seem a bridge too far. While the journey to robotics-enabled customer care won't happen overnight, it will become a reality far faster than some executives expect, in part due to the accelerating pace of technological advancement. And these innovations have the potential to transform every facet of customer care.

Getting there

Despite the evolution of technology, the ultimate goal of excellent care remains “remarkable, digitally enabled customer and employee experience.” Building on the survey results, internal research, and client engagements, we have developed a philosophy to transform the holistic structure and operating strategy for the future of customer care. It includes a balanced focus on achieving significant operational effectiveness and cost efficiencies, enabling a high-quality, omnichannel customer-centric experience across key journeys, and creating a next-generation revenue engine. This compendium will explore each aspect of this philosophy, highlighting some of the most important priorities in each dimension (exhibit).

Drive significant operational effectiveness and cost efficiencies. Besides the fundamental, highly relevant levers such as using lean principles, efficient steering, and footprint design, the emerging opportunity is harnessing omnichannel and digital to achieve rapid cost reductions. Digital self-care channels already allow companies to direct 30 to

Exhibit

Introduction: Future of care and core optimization philosophy



Source: McKinsey analysis

50 percent of contact volume to online self-serve tools, representing a massive opportunity to prevent low-value contacts and to save resources. Companies should seek to limit or eliminate contacts that don't add value by addressing root causes systematically and adopting an end-to-end view on business drivers and simplification. Tools such as chatbots and assisted workflows dramatically increase the efficiency and effectiveness of agents: a blended chat with bots identifying customer intent and resolving easy inquiries before a human takes over can double productivity while reducing cost by half. Adopting a digitally enabled strategy will require companies to incorporate an agile mind-set and pursue a design-

test-learn process to develop solutions that can be scaled rapidly throughout the enterprise.

Enable a high-quality, omnichannel customer-centric experience across key journeys. Contact centers are in a unique position to improve customer experience. After all, they are responsible for a growing range of customer channels in the evolving omnichannel world, and these interactions provide the function with visibility into customer behavior at key touch points across channels. This vantage point enables customer care to strongly influence customer perception and even has the potential to spearhead a customer-experience transformation.

Mapping the customer journey is a key enabler to identify customer needs (such as emotional support or empathy), develop customer-care approaches that promote integration across channels to an omnichannel experience, and incorporate automation and digitization into operations. In addition, customer care can collaborate with sales and marketing and back-office functions to redesign engagement and achieve a unified view of the customer. Such efforts can improve performance and customer satisfaction dramatically while reducing costs.

Create a next-generation revenue engine. To generate revenue and growth through the contact center, companies should strive to move past traditional contact-center models and adopt a service-to-solution approach, going from reactive, siloed customer care to a customer-engagement approach that uses segmentation and analytics to better understand the needs of customers. With these insights, companies can tailor product and service offers to specific customers in order to increase customer satisfaction and generate increased revenues. To make this shift, companies will need to invest in frontline management and skills, empower agents by creating relevant offers in each channel, and acquire new technologies to provide real-time recommendations and support consistent coaching. Leading companies offer a template for how to proceed.

Another important aspect within each of these improvement dimensions is continuing to nurture foundational call-center capabilities. In light of new requirements for talent, companies should review their current processes and redesign them to align with new technologies. For example, enhanced steering using the latest tools and advanced analytics can reduce waste and underutilization among contact-center agents. Since a consistent customer experience across channels depends in part on the effectiveness of the contact center,

retaining experienced and knowledgeable agents is critical. New McKinsey research highlights the link between employee satisfaction and retention as well as the factors that can lead agents to stay with their organization. The findings also suggest tactics companies can deploy to create a sense of community and career paths for promising agents.



Creating a remarkable, digitally enabled customer and employee experience at lower cost represents a baseline for companies, but customer-care leaders are pursuing engagement strategies that enable them to tap additional revenues and gain a competitive advantage. To thrive in the future state of customer care, companies should direct their energy and resources to the three priorities outlined above. This compendium explores aspects of these topics in an effort to help customer-care functions chart a path forward. ■

¹ Jeff Berg, Keith Gilson, and Greg Phalin, "Winning the expectations game in customer care," September 2016, mckinsey.com.

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