Automating and Scaling the Soft Skills Critical to Customer Experience in a Digital-First World

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The way we interact with customers is undergoing a rapid transformation. And it’s not slowing down anytime soon.

The pandemic accelerated companies’ shift to support customers in digital channels while changing buyer behavior and altering the way customer engagement teams work. However, things were already moving in this direction before Covid-19 drastically altered our way of life. At Verint, we’re seeing how companies can adapt to these changing dynamics—and how they’re growing and thriving as a result.

At the crux of this transformation is that customers are coming to digital channels in unprecedented numbers, and they’re bringing skyrocketing expectations with them. The problem, however, is that companies have a limited set of resources to engage with customers. This widening gap between customer expectations and the results an enterprise can deliver is the Engagement Capacity Gap™.

Companies can’t hire more people to bridge this gap and meet customer expectations—the scale and cost of such an expansion would be untenable. Instead, they need to adopt automated solutions within their customer engagement operations quickly. And they need to do it with best-in-class solutions that measure up to the elevated expectations we’re seeing from modern consumers.

Powered by advanced artificial intelligence, digital-first customer engagement solutions deliver humanlike conversations across every channel, provide real-time resolutions to the customer, support valuable agents, and drive positive, measurable business outcomes.

Also, brands can no longer wait for customers to reach out for help. Instead, they need to employ proactive service, like a solution that can send a text to remind customers of an appointment or alert them of a change to their travel plans. We’re encouraging companies to quickly expand their range of engagement channels, as customers expect to receive service via voice, text, chat, private messaging, and social media.

At the same time, Verint is helping enterprises around the globe unlock the power of their customer engagement data. Solutions that interface with customers, such as intelligent virtual assistants, communities, and knowledge management, gather insights about customers, improving the quality and function of the solution while also providing customer behavior insights and uncovering business opportunities. We champion a philosophy around data in which this information is used throughout the organization—not just locked in silos by department.

We see the Engagement Capacity Gap becoming an almost universal challenge for companies across industries, which is why we sponsored this study with Harvard Business Review Analytic Services.

Based on research from Verint and our partners, the report shows why companies are rapidly adopting digital-first customer engagement solutions and adapting to changing customer expectations. Here, you’ll learn how to close the Engagement Capacity Gap to drive business results and bring your customers enjoyable experiences and interactions with your brand.
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Businesses increasingly see customer engagement (CE) as a competitive differentiator and a catalyst for improving business performance. But too often there is a disconnect between what businesses want on the CE front and what they’re actually able to achieve—a gap between what is needed and the ability to do it. This disconnect became even more problematic during the Covid-19 pandemic when many of the physical channels through which companies had traditionally engaged their customers were disrupted.

A global survey of nearly 2,300 organizations conducted by research and analytics firm Revelocity in partnership with Verint, a customer engagement company, confirms that while businesses had deployed a wide array of tools and technologies to deliver a good customer experience leading into the pandemic, many were less than fully prepared to engage with customers at a high level when it struck.

Heading into 2020, only about 60% had formal workforce management, compliance/security/fraud, or voice of the customer/experience management programs in place. And fewer than half were using sophisticated but readily available CE tools such as chatbots, intelligent virtual assistants, knowledge management systems, speech/text analytics, and/or customer communities in their contact centers or other customer-facing operations.

These findings come at a time when CE is becoming increasingly critical. “Getting engagement as high as it can be is really important,” says Laura Smith, executive vice president for global sales, marketing, and customer experience at Estero, Fla.-based rental-car company The Hertz Corp. “It’s important for our business and our customers. After everything consumers have experienced over the past two years—with more companies leveraging the newest technologies—their expectations have heightened.”
“If your channels aren’t in sync—if the customer’s interactions with your contact center, your mobile app, and your website aren’t in sync—the customer won’t have patience for that. They’ll move on,” says R “Ray” Wang, founder, CEO, chairman, and principal analyst at Constellation Research.

“Customers are trading loyalty for convenience,” says R “Ray” Wang, founder, CEO, chairman, and principal analyst at Constellation Research, a Silicon Valley tech research and advisory firm. “They’re trading loyalty for availability. They’re trading loyalty for value. They have heightened expectations for authenticity in terms of their relationships and engagements. They don’t want to be your best friend, but you should still have and stand for things that make you authentic, not hypocritical.”

Wang also says customers are expecting the various parts of a company to speak with a singular voice. “If your channels aren’t in sync—if the customer’s interactions with your contact center, your mobile app, and your website aren’t in sync—the customer won’t have patience for that,” he says. “They’ll move on.”

Businesses recognize these shifts in customer sentiment. Eighty-two percent of executives surveyed by Revelocity expect the challenges of managing customer engagement and experience to increase. As it pertains to the shift to remote work, they most commonly identify their top challenges as dealing with a lack of interaction between customers and remote employees, technology-related issues, communication-related issues, and employee productivity and profitability.

In light of these circumstances, organizations will need to up their game. The pandemic has made digital customer engagement tools more vital than ever, and the very best of those tools have raised customer expectations. As this trend continues to accelerate, companies will need customer engagement solutions that bridge channels and deliver humanlike and actionable interactions that drive positive business outcomes. In short, they will need to invest in technologies that augment and scale the soft skills their best employees bring to customer engagements—the ability not just to listen to the customer but to actually hear what they are saying, empathize with them, and take actions that meet their expectations. This report will look at what widens the engagement gap, how businesses can close it, and the positive business outcomes that can result from doing so.

**Hurdles to Engagement Abound**

When respondent organizations in the Revelocity study were scored on their overall preparedness to engage customers, their average score was just 41 on an “engagement preparedness index” that scaled from 0 to 100. The study classified any company with a score below 45 as unprepared. Companies scoring 60 or higher were deemed ready for the challenge, while those with scores of 45 to 59 were classified as being exposed to potential failure.

These findings are worrisome because engagement has real, measurable value for a company. Polling and research firm Gallup has found that customers who are fully engaged generate substantially more revenue than disengaged customers—43% more in retail banking, 29% more per shopping trip in consumer electronics, and 46% more in the hotel industry, to cite just a few examples. While disappointing, the Revelocity findings are in line with what executives themselves are saying. Only about half of those surveyed in the Revelocity study say their organization is highly prepared in terms of having the resources it needs to support customer engagement and experience priorities moving forward.

Shortfalls in engagement capacity often can be attributed to an inability to provide employees with the data and insights they need, on a timely basis, to deliver a great customer experience at scale—especially in a fast-changing digital environment. Indeed, 62% of survey respondents say difficulty in pulling together customer engagement data has had a big impact on their organization’s ability to use analytics and drive insights.

When asked what their biggest concerns are with respect to managing customer engagements, experiences, and interactions, executives most often cited a trio of issues. They worry about understanding and quickly acting on consumer behaviors that keep changing (68%). They fret about managing the growing volume of customer interactions (60%). And they become anxious about not getting a unified view of customer engagement while much of their customer interaction data sits in multiple data silos (58%). In short, they face three hurdles: a lack of data, an inability to easily access and analyze data, and an absence of the tools and systems needed to generate insights from data. **FIGURE 1**

“A lot of companies today—including Hertz—operate with a mix of modern and legacy technology platforms,” Smith
“Expectations about what’s acceptable or possible are now driven by best-in-class experiences, and those experiences are market-wide, not just in any one industry,” says Philip Graves, a behavioral psychologist, management consultant, and author.

concedes. “As a consequence, there is often a gap between what our customers expect and what we want to do and are able to do. I think we do a good job at Hertz evaluating our capabilities and prioritizing those customer engagement initiatives that will move the needle most and quickest. But there’s always room for improvement.”

Wang adds that knowing the customer is another hurdle to great CE.

“The biggest challenge to engaging the customer is understanding the customer in the context of where they are on the customer journey,” Wang elaborates. “Did they already buy the product? What are they trying to do with it? Were they unhappy previously? Did they have a bad experience? Most organizations can’t offer that context to their employees when they need it. Companies need to democratize information and insights and make them more accessible to frontline workers much earlier in the customer journey.”

Keeping pace with customers and their expectations became even more challenging during the pandemic as they embraced new shopping patterns and behaviors and began making greater use of digital and contactless delivery channels. Hertz immediately saw demand for rental cars fall precipitously among road warriors no longer traveling for business, for example. Then, as the pandemic progressed, the company saw an increase in demand from people who wanted a vehicle for local travel or for road trips to escape from the city and visit the countryside. These shifts forced the company to reposition some of its inventory.

It’s not likely all companies were able to change gears as quickly. “Some companies undoubtedly struggled because they lack the adaptability to move with shifts in customer expectations,” says Philip Graves, a behavioral psychologist, and author of Consumerology: The Truth about Consumers and the Psychology of Shopping.

The pandemic also created CE challenges for some employees when they began to work from home.

“Some struggled to adapt to remote working because they didn’t have the right technology in place, or because their employer didn’t have the right controls in place to help guide them in that situation,” Graves says. “Or they struggled because their employer hadn’t empowered them to actually deliver a good customer experience by giving them the appropriate procedures and flexibility.”

As the most agile companies adapted quickly to the changes brought about by the pandemic, they conditioned consumers to expect it from other organizations, too. “Expectations about what’s acceptable or possible are now driven by best-in-class experiences, and those experiences are market-wide, not just in any one industry,” Graves explains.

Hertz’s Smith agrees that expectations for speed and responsiveness have certainly gone up a notch since the pandemic. “In an industry like ours,” she says, “expectations around cleanliness, safety, and sanitation also have ramped up. And so have expectations for customization and
“Language, and the nuance of language, is important particularly for global organizations seeking to engage with customers in different cultures around the world,” says Aoife Bullingham, knowledge management specialist with BMW UK.

personalization. Consumers want to know that the brand with which they are engaging knows them.”

The pandemic notwithstanding, another growing challenge to engaging the customer, says Aoife Bullingham, knowledge management specialist with BMW UK, the British arm of German automaker BMW, is winning their trust in what she calls the “age of misinformation.” With so many digital scammers at work, for example, it can be challenging for companies to simply ensure that customers believe a communication from them is authentic. “Language, and the nuance of language, is important,” she observes, “particularly for global organizations seeking to engage with customers in different cultures around the world.”

Savvy Organizations Rise to Meet CE Challenges

Companies with savvy customer engagement capabilities took a variety of measures to maintain and improve CE during the pandemic. Beyond embracing new delivery channels and implementing more contactless ways for customers to take delivery of and pay for products, they sought to ramp up digital agility in their call centers and better understand their customers. They embraced an array of technologies to help them, led by the voice of customer/experience management tools (52%), which collect customer feedback and analyze it for insights, and workforce management tools (50%). FIGURE 2

Hertz extended to all its customers the ability to check in prior to arriving at one of its airport rental car locations and go straight to their car—a perk previously available only to members of its loyalty program. This effort required that Hertz develop a mechanism for online check-in for all customers. The company also expanded the functionality of its website and mobile app to make it easier for customers to make changes to their reservation without having to reach a live agent on the phone or at the rental counter. And it shifted more of its fleet to locations outside of airports to accommodate customers who needed vehicles for local use or nonbusiness road trips. Such changes benefited customers who liked being able to manage their reservations more directly and also helped Hertz reduce the demand on its employees.

“We talk about customer engagement a lot, and because it’s so important to us, we spend a lot of time walking through our customer journeys and making sure we use the gaps and expectations identified from our customer data to inform our strategy,” says Smith. “But our digital roadmap needed to change more quickly over the last year than it would have absent the pandemic. As customers were forced into different channels, we had to bring our digital experiences up to speed to match their needs.”

Today, Hertz is in the midst of rolling out a new omnichannel customer service strategy that involves migrating from an on-premises automatic call distribution service to a cloud...
“As customers were forced into different channels, we had to bring our digital experiences up to speed to match their needs,” says Laura Smith, executive vice president for global sales, marketing, and customer experience at The Hertz Corp.

solution. “It will help us deliver a really slick experience for the customer,” Smith says. The new system will handle not only calls but also texts, emails, social media posts, and chat communications, bringing everything together on one platform to make call center agents more informed and efficient. “We’ll empower those agents with push notifications and analytics-driven insights that help them make the most of the customer’s time,” Smith says.

BMW UK also has been seeking to shift more routine calls away from its customer interaction center (CIC) to digital self-help channels to better serve its customers while also making it easier for CIC personnel and other employees to engage with customers who need more personal attention. Part of that effort has involved creating a centralized digital knowledge base that consolidates information previously scattered across dozens of siloed systems. The knowledge base can handle inquiries from CIC employees and BMW customers through a multitude of channels, including chat and email, via a portal BMW calls Online Genius.

“Our big selling point when we introduced Online Genius to our employees was that they could type in a question and find an answer the first time — without any training — much like they would type a question into a search engine,” says BMW’s Bullingham. “That was really quite different from what they’d been experiencing prior to this. It’s been helpful in terms of how the customer already sees us — as one BMW, not a collection of different groups. They can now access us, and the information they need, through whatever channel they prefer — chat, phone call, email — and get a consistent response.”

Having a centralized knowledge base also has made it easier to leverage analytics to extract actionable insights from data — an increasingly important trend. Bullingham says the knowledge base allows BMW UK to collect input from customers and feed it back to company decision makers, including those at BMW headquarters in Munich, on a real-time basis. Among other things, this feedback loop has helped the company anticipate customer needs and move proactively to meet them. Many customers’ vehicles sat unused for weeks at a time during lockdown, for example, and the company was able to anticipate that these customers might need help with charging or replacing dead batteries. Surprisingly, Bullingham says, the lockdown also revealed a spike in interest in plug-in hybrid cars.

Targeting More Digital Prowess to Improve CE

Like BMW UK, many forward-thinking businesses are continuing to deploy additional tools and technologies to enable better customer engagement. In fact, executives surveyed identify supporting and evolving customer engagement and experience capabilities as a top-five business priority. Fifty-eight percent are planning to invest heavily in cloud-based customer engagement and experience solutions, and 51% plan to increase staffing levels. Increased spending related to customer engagement moving forward will be focused most on voice of the customer/experience management solutions, cited by 64% of survey respondents; compliance, security, and fraud solutions (62%), and chatbot/virtual intelligent assistant systems (61%). Heading into 2021, many organizations already had plans for deploying additional advanced technologies, including chatbots and virtual intelligent assistants (45% of respondents). FIGURE 3

One company that’s positioned itself ahead of the game is Alight Solutions, a Lincolnshire, Ill.-based business process outsourcing company that helps companies manage payroll, employee benefits, and other human-resources-related programs. It has developed a sophisticated chatbot it calls Lisa that uses natural language processing — a form of artificial intelligence (AI) — to respond to inquiries from its clients’ employees. Lisa is smart enough to include emotional words and language in its answers to demonstrate empathy with customers seeking its help, much as a human might do, and to proactively suggest information that might be appropriate for those customers. This use of sophisticated chatbots is a prime example of how companies are trying to replicate in the digital world the soft skills that humans bring to customer engagement.

“Lisa is supported with a team that’s constantly reviewing data behind the scenes, evaluating how we’re answering questions, and the relevancy of our answers, and also providing insights into where we might want to create new topics or enhance existing ones by adjusting our algorithms,”
say’s Ibrahim Khoury, Alight’s director of product development and innovation. “It allows us to react very quickly. Last March, for example, as soon as we started to see inputs around ‘coronavirus’ and ‘work from home,’ we were able to quickly deploy a unit around Covid and how employees reaching out to us could be supported.”

Khoury says Lisa bridges the gulf between a human and a digital channel in the best way possible. “We’re seeing a lot of people becoming more and more comfortable with this sort of interface,” he adds.

Hertz, beyond implementing its new omnichannel customer engagement strategy, is working to leverage external data points to help it automatically suggest add-on services or upgrades to its customers prior to picking up their rental car. It might suggest switching to a convertible if the weather promises to be sunny, for example, or purchasing roadside assistance protection if snow is forecast.

“We want to make sure we’re presenting those options thoughtfully and only when we think they will be of value for our customers, but we’re also doing it in such a way that it doesn’t slow down their experience,” Smith says. “We also address customers by name and acknowledge their loyalty status—replicating to some degree a live interaction.”

Wang contends that when companies are looking to translate into digital channels the soft skills that employees bring to in-person encounters—at scale—having the right technology is critical.

“The three important things are analytics, automation, and artificial intelligence,” Wang says. “You’ve got to be able to ask the right questions and get insights delivered to you right away. You’ve got to automate some of your data-collection activities and the business processes that are low value, highly repetitive, and high volume. Then you have to start building the capabilities to identify patterns faster than everyone else. That’s where AI comes into play.”

As businesses use technology to augment their customer-facing employees’ engagement skills, Wang adds, one of their goals should be to help employees understand the customer as fully as possible. Technologies like facial recognition software can allow workers to identify customers before interacting with them. Then, he says, companies need to quickly recognize when customers should be engaged completely at a digital level, when a human should augment digital support, and when a person should handle the engagement completely. Getting those decisions right, Wang says, requires that companies fully understand the customer journey and how their customers tend to behave.

“It always starts with customer behavior,” Graves, the behavioral psychologist, agrees. “There needs to be a clear understanding of customer behavior within the business—with a unified view across the organization.”

Ritu Jyoti, group vice president for worldwide artificial intelligence and automation research at Needham, Mass.-based market research company International Data Corp. (IDC), says it’s also important that chatbots and similar tools interact with a company’s systems of record, including enterprise resource planning, customer relationship management, and accounting systems, to inform the information they feed out to customer service agents or customers. That kind of interconnectedness, along with the most advanced forms of helpful technologies like natural language processing, will improve the accuracy and applicability of customer communications and enable a better customer experience.

There is evidence that companies overall are headed in the right direction. While the Revelocity research found that companies had an average engagement preparedness score of just 41 on a scale of 0 to 100 in 2021, their average anticipated preparedness or “outlook” score for 2022, based on anticipated spending and other improvements, came in at 65. In short, they’re projected to move from “unprepared” on average to “ready for the challenge.”
Advice for Taking Next Steps
Rapidly advancing technologies are making it easier for businesses to engage with customers at scale in an increasingly digital world. Technology and customer service experts—and frontline executives charged with managing the customer experience—offer numerous tips for employing those technologies efficiently and reaping maximum value from them.

For executives who haven’t yet explored the newest technologies, Bullingham suggests learning what’s available and being receptive to the possibility of embracing it. “I think there’s still a perception in some quarters that customer engagement technology isn’t fully developed,” she says. “In other cases, there may be fear of moving beyond the ‘safe’ legacy technology people are familiar with, even if it’s no longer up to the task. But the results that are possible with the newest generation of tools are too compelling to overlook.”

In terms of which technologies are most compelling, IDC’s Jyoti recommends that companies pursue AI-powered digital transformation. “This is no longer a choice,” Jyoti says. “AI-powered digital transformation, in the cloud, is the number one tool in your arsenal for gaining a competitive advantage, at least from a technology perspective.”

Of course, technology is only part of the solution. As Smith notes, it’s important that companies put the customer first in every engagement tool or technology they deploy, with a focus on knowing them and solving their problems. “Understanding the customer—and engaging them with that understanding, is such a basic concept, but it’s incredibly important,” Smith says. “Even something as seemingly simple as getting the language right and speaking to customers in a tone that resonates with them is critical. To do that, you really need to understand your customers and what drives them.”

As the events of the past two years have illustrated, being able to move quickly with shifting customer expectations will always be important. To that end, Smith suggests that companies iterate endlessly—and quickly—when debuting new customer engagement technologies or procedures. “Even when you’ve started with the customer’s best interests in mind, it’s important to check in frequently to make sure your underlying assumptions haven’t changed and that what you’re doing is still adding value for the customer,” Smith says. “We review what we’re doing frequently because the world is changing fast and the customer’s time is paramount. You need to have a test-and-learn mentality, but you have to test and learn fast. There isn’t time to wait for perfection.”

In a similar vein, Wang says a key objective should be speeding up the rate at which businesses are able to make decisions that impact the customer or increasing what he calls “decision velocity.”

“As an executive, you might make a decision in an instant, but it could take weeks or months to get it out of a management
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committee while in other parts of the business machines are making a thousand decisions per second,” Wang explains. “That kind of asymmetry will ultimately kill the business.”

Toward a Better Future
As customer expectations for the companies they do business with continue to grow, finding smart ways to engage those customers will remain critical. Investments in advanced new technologies will pave the way. They will help organizations supplement the ability of their customer-facing employees to respond quickly and accurately to customer needs and do so across channels. And they will allow organizations to engage customers at scale through digital channels that increasingly replicate the soft skills, like good listening and empathizing, that have long distinguished great customer service. In the meantime, it is encouraging to see that companies like Alight, BMW, and Hertz are already finding ways to do these things—to better know their customers, engage effectively with them, and deliver great outcomes.

“Thanks to technology, we know a lot more about the customer today than we did just 10 or 15 years ago,” says Wang. “In many cases, we know where they are physically when they reach out to us or when we reach out to them. We often know where they are in the customer journey, what the weather is like where they are, and maybe even how they’re feeling if we’re using a technology like voice sentiment analysis. All this is information that can be used to deliver a more personalized and empathetic customer experience.”

For companies that are taking advantage of today’s best technologies, the gap between wanting to engage effectively with the customer and being able to do so is already narrowing. “Once I know what the customer wants and can offer something of value in line with that want—a product, service, or information relevant in the moment—I’m well on the way to building a relationship with the customer,” Alight’s Khoury says. “And having a relationship makes engagement much easier.”

Indeed, there’s a path to CE victory if organizations are willing to invest in and use the technologies that can help. “Engaging customers and meeting their expectations isn’t always easy,” Jyoti concludes, “but it isn’t impossible either. This is an exciting time for companies that want to improve their capabilities in this area.”

Endnotes
ABOUT US

Harvard Business Review Analytic Services is an independent commercial research unit within Harvard Business Review Group, conducting research and comparative analysis on important management challenges and emerging business opportunities. Seeking to provide business intelligence and peer-group insight, each report is published based on the findings of original quantitative and/or qualitative research and analysis. Quantitative surveys are conducted with the HBR Advisory Council, HBR's global research panel, and qualitative research is conducted with senior business executives and subject matter experts from within and beyond the Harvard Business Review author community. Email us at hbranalyticservices@hbr.org.

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