The Autonomous Customer 2023

Protecting the human experience in a digital world

BT | CISCO

Contents

How to centre the human in the customer contact experience

Our research explores the customer contact channel experience and what user expectations mean for organisations.

Introduction

In 2023, digital activity is increasing at pace and the digital world is maturing – but it's not as easy as it should be for customers to do things digitally.

When digital channels don't fulfil their potential and customers are frustrated or in crisis, they immediately revert to wanting to deal with a person. So, for all our technological advancement, human interactions remain at the heart of customer contact. Humans still need humans.

Does this mean the shine has come off Artificial Intelligence (AI)? Well, AI has long promised to revolutionise customer contact and it's true that tools like ChatGPT are creating a range of potential new use cases. Although, that aside, a surface look at these results makes it easy to say AI, in its current state, is failing. However, like so many new technologies before it, the reality is embedding innovation takes time, and AI is still finding its feet. When we look back to previous rounds of research, there's always been a challenger technology, like Android or the tablet, that takes a couple of cycles to become mainstream before settling into something consumers can't imagine life without.

AI is one of those transformative technologies. Right now, it's achieving mixed results - but it's here to stay. Customer experiences of AI-driven chatbots haven't always gone smoothly so far, however this is most likely because they've not been applied at the right points or supported with the correct data.

When we drill down into the research findings, AI has already made a difference – and will continue to do so – but organisations must realise that it's yet to remove the need for human interaction, which means the customer desire for live agent support via a variety of channels remains strong. AI is a long way from replicating, let alone replacing, the human in customer service.
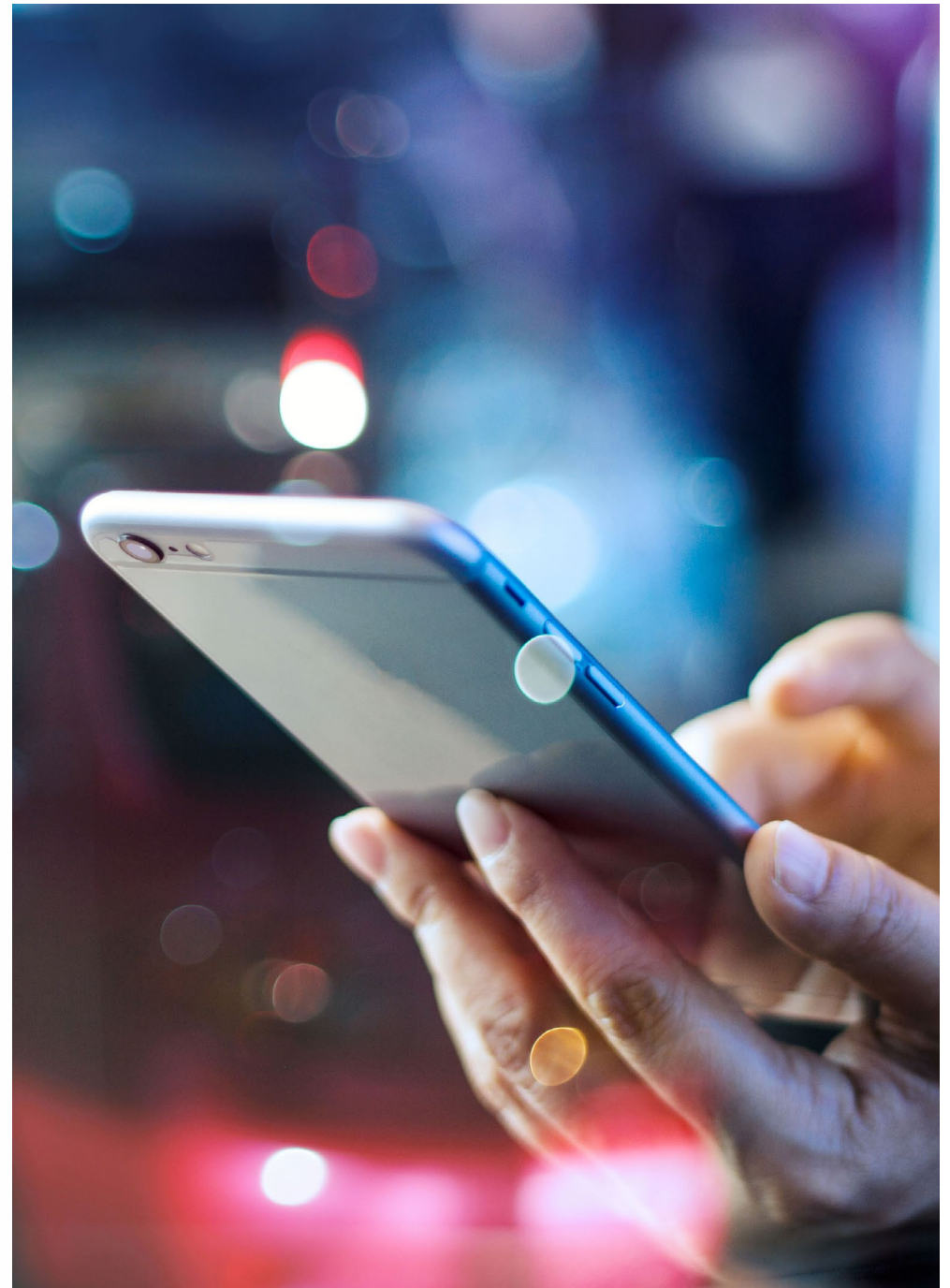
For ten years now, our global Autonomous Customer research programme has provided market-leading, reliable data on consumer attitudes and usage patterns, as well as how they're changing – powerful insights that many global organisations use to determine customer service strategies. We'll be comparing the current stats and trends with those captured in the 2019 and 2020 research reports. The ability to track change over time gives valuable context.

For example, for many, the pandemic was a huge driver of transformation in the contact centre, and many anticipated a complete re-thinking of how customer service is delivered. However, our research shows this hasn't quite been the case. Although the pandemic accelerated the pace of digital change, customer service fundamentals remain firmly centred on the long-standing desire for easy and convenient ways of carrying out transactions.

Our regular temperature check of customer needs shows that customer trends are actually continuing along trajectories established before 2020.

What this all means is that organisations need to look again at what their customers want, and how well their strategies are meeting expectations. The customer ask isn't extreme – they want to be able to shift between contact channels depending on the context of their query.

They want easy, rapid transactions backed by robust systems that deliver accurate, up-to-date responses. They're eager to trust organisations' digital channels, but will need reassurance about security. Yet, despite this, they're still ready to welcome proactive service improvements with open arms.

Organisations need to proceed with caution. Customers are cynical about aspects that claim to be personal, but feel anything but. People don't believe in-queue messages like 'your call is important to us' and find them frustrating. Poor experiences, particularly at times of crisis, rapidly cause customers to feel uncared for, damaging brand relationships and trust. And if any channel fails to deliver, voice remains the fallback - although customers feel organisations don't always want to make that access to a person easy.

Proactivity must be a strategy, rather than a notification designed to placate the customer. If it's not the right message, via the right channel at the right time, customers get annoyed. And they're anxious about how to tell a genuine message from a scam, so will need careful support.

Channel shifting is part of digital life, particularly when customers don't get answers, so an omnichannel approach that aligns channels into a single platform continues to be important to support smoother customer journeys.

We need to recognise that technology isn't a magic wand, and customers want human support alongside digital services. How organisations deliver this has the potential to be a significant differentiator.

The bottom line is, organisations may already have the right technologies, but have yet to get the best value from them. Reading this whitepaper is the start of changing that.

Andrew Small,
Director of Digital Workplace, BT
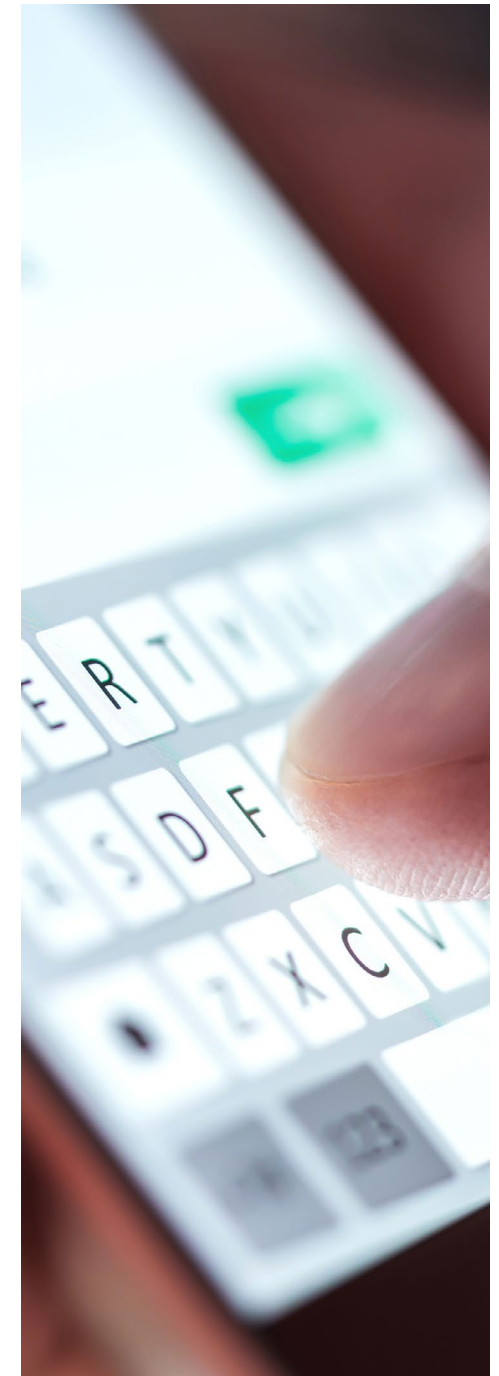
Foreword from Cisco

Customer experience is no longer just about phone calls in a contact centre. It's an opportunity for a business to directly interact with a consumer while building brand loyalty. Customers are demanding engagements that are smart, proactive, personalised and built around their choice – a blend of digital and human interactions.

As I meet with business leaders around the world, customer experience remains top of mind for many organisations. Customer expectations are changing, and the bar for customer service has never been higher. Business-level decision-makers are focused on driving positive customer satisfaction while also reducing costs. The key to customer interaction is meeting the customer where they want to interact with your business — whether that's through phone, email, SMS messages, or social media channels. This leads us to the new world of the autonomous customer.

We have a growing set of consumers who are digital by default. In the last year we saw a 35% increase in shopping on apps and 39% increase in shopping on websites. But, when these consumers hit an issue, they want help as fast as possible which they believe is still best delivered by a human.

They expect a human agent to know who they are, the context of their problem and to resolve their issue quickly. Given all these factors, many businesses are challenged to keep up.

This is where I see the biggest opportunity for the global business community to reimagine customer experience. We can lean into the needs of the autonomous customer and reshape the experience to serve them even more. Not once, but across the entire customer journey, and across multiple interactions.

It's an opportunity to reimagine customer contact centre improvement strategies, and to think about service design. For example, let's imagine a customer who originates a request via their favourite messaging app and then asks for a live agent. The next day, a digital text is sent to them as a follow-up on their case to ensure they're fully satisfied with the results.

Across both interactions, the company knows who the customer is and proactively serves them to ensure they're satisfied.

This scenario illustrates a connected customer experience across digital and voice; consisting of a handoff of the context and conversational history so that the support experience is as seamless as possible. An experience that's not purely digital and not purely voice, but a blend of both.

In the study we found 89% of consumers prefer that organisations make it easier to contact them by phone, webchat, email, messaging and social. Regardless of how the consumer wants to engage, the experience must be built around the customer to drive long-term satisfaction and loyalty.

We invite you to review the richness of our joint research with BT, as it shines a light on the changes in consumer behaviour that you can harness for your business with the power of a modern contact centre solution. It's an opportunity to deliver customer experience in a new way, to be less of a problem-solving department and more of a customer-relationship hub.

Lorrissa Horton,
SVP/GM and Chief Product Officer,
Webex by Cisco

Overview

So much has changed since our last round of Autonomous Customer research, and yet so much has stayed the same.

Expectations of digital service and the capabilities of technologies have increased and hardened as consumers settle into the digital world. But, despite the best applications of technology, the human need to deal with another human when things go wrong has hardly shifted. How does an organisation wanting to deliver an outstanding digital customer experience navigate through this?

Their journey starts with understanding what today's customers want and how they feel. That's why we've partnered with Cisco to bring you this insight as part of our ongoing, joint commitment to support organisations with the services, innovation and expertise they need to thrive.

Our independent research surveyed a representative sample of over 4,000 consumers in eight countries, and this whitepaper summarises their views.

Our research reveals five key findings:

1. **Digital dealings are harder than they should be**
   Customers see digital channels as established, and so expect them to operate smoothly, effectively and quickly – but the reality isn't living up to rising expectations, particularly in terms of waiting times and how easy it is to access human support.

2. **Joined-up service experiences are critical to brand success**
   Good customer service still has the power to drive brand loyalty. Consumers are looking for a streamlined omnichannel approach that lets them choose a channel to suit the task, emotional state and expected levels of human support of the moment – and shares data so they can channel swap.

3. **Fraud fears and experiences need better support**
   Consumers are well aware that digital interactions bring risks of fraud. They expect organisations to take proactive action to stop fraudulent contact from reaching them and making it easier to tell genuine communications from fakes. When fraud hits, customers in crisis want rapid and easy access to an employee who can make a difference.

4. **Giving customers control improves service perceptions**
   Small changes that increase control have the potential to drive big improvements in satisfaction. Think about extending proactive messaging beyond the purely functional, using email and text. Improve the in-queue experience by offering call-back options, and changing the messages many just don't believe. And find ways to empower the less tech-savvy who are getting digital access through another person.

5. **AI has yet to fulfil its potential to improve customer service**
   Organisations want chatbots to do more than customers are willing to accept; rapid, simple transactions are fine, but customers want the option to escalate to an agent. Beyond chatbots, consumers welcome 'AI' as a means of making their experiences easier. Video chat is also increasingly welcomed as a service tool and the Metaverse is expected to be a more immersive version of that.

1. Digital dealings are harder than they should be

As digital grows, and more products, services and processes go online, the requirement for customer support is increasing.

Although consumers are digital by default, with 35% shopping more on apps and 39% shopping more on websites compared to 2022, when they hit an issue they want easy access to something or someone who can resolve their issue. Our research shows that this help is needed more frequently than organisations would perhaps like to admit because, despite digital channels being well established, they're still not working well for all consumers. Potentially, consumers don't realise they can often speak to a live agent via digital channels, or are finding it hard to access that option.

40%

have encountered difficulties at least 40% of the times that they use online self-service or an app for a new product or service.

83%

would like questions answered by a real person by phone or webchat while they are shopping online or via an app.

Customer expectations of contact channels have risen across the board from when we last measured levels in 2020. In many cases, the rises are small but, as part of a bigger picture, they show experience is lagging behind expectation, and this has an impact on the organisation's brand image. Customer service improvements have stalled, and organisations are failing to make customer contact easy.

Consumers are unhappy with current digital customer support experiences

69%
Find dealing with organisations around customer service issues tiring and exhausting (2020 66%).

89%
Organisations should make it easier to contact them by phone, webchat, email, messaging and social media (2020 82%).

78%
It often takes too long to get through to speak to an advisor in a contact centre (2020 69%).

In contrast to expectations, calls to the contact centre are up. Despite the best efforts of organisations to make other channels like messaging, webchat and even email work in a way that matches the phone, the fact remains that the phone remains the gold standard when it comes to flexibility and understanding.

77%

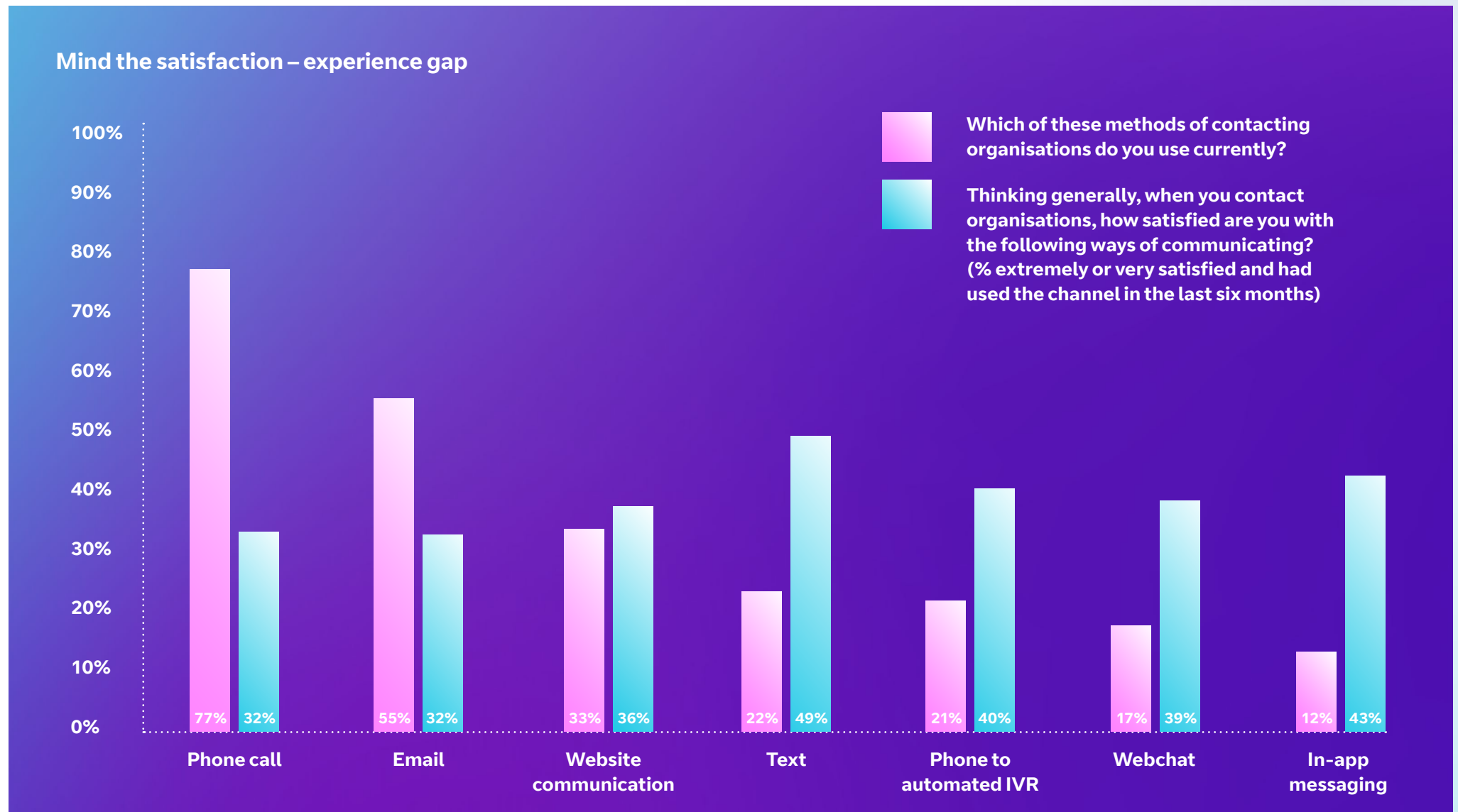currently call the contact centre in 2023, up from 65% in 2020.

Interestingly, apart from this growth in calling and a drop in in-store visits and contact via websites, usage patterns across most contact channels have stayed largely static since 2019. This highlights two points: there aren't currently any challenger channels that organisations should urgently increase support for, and, the more channels offered, the more thinly take-up is spread. The question is, if less than 10% of users are choosing a channel, is it worth the additional complexity and investment needed to offer it?

It also appears that a wider channel choice is changing how people approach communication: often, they initiate contact on several channels at once and follow up on the one that gets the fastest response. So, by offering more channels, are organisations just pitting the response times of their channels against each other – rather than genuinely extending choice?

A mixed satisfaction picture

Frustratingly for organisations, there are significant gaps between low satisfaction levels with the two dominant contact methods (phone calls and email), and higher satisfaction with lesser used channels such as text, webchat and in-app messaging. Website communication is the only area to balance usage levels with satisfaction.

Mind the satisfaction – experience gap

Legend:
- ■ (pink) Which of these methods of contacting organisations do you use currently?
- ■ (cyan) Thinking generally, when you contact organisations, how satisfied are you with the following ways of communicating? (% extremely or very satisfied and had used the channel in the last six months)

Channel	Use currently	Satisfied
Phone call	77%	32%
Email	55%	32%
Website communication	33%	36%
Text	22%	49%
Phone to automated IVR	21%	40%
Webchat	17%	39%
In-app messaging	12%	43%

Response times really matter

When organisations don't or can't reply within the timescale the customer thinks is reasonable, it has a large and negative impact on satisfaction levels. Generally, customers feel let down by the wait times for phone and email responses. Although it's important to remember that customers often call in a crisis, so their expectations of rapid answer times are more understandable.

Webchat is the success story here, exceeding customer expectations of response times. We know the ability to dip in and out of webchat is a big positive for users, and they like having a record of their conversation. Potentially, because they're often multi-tasking while waiting, users aren't watching the clock in the same way they are when holding a phone to their ear.

Current response times are disappointing consumers

60%
expect the phone to be answered between 30 secs and five minutes, but only 30% experience this.

40%
have waited more than 10 mins for their call to be answered in the last six months.

52%
expect an email response within two hours, but only 36% experience this.

19%
have waited more than three days for an email response in the last six months.

5%
expect a webchat answer within 30 secs, but 30% experience this.

61%
agree it's good that you don't have to respond immediately to the webchat agent.

If this approach holds true for all messaging channels, as numbers using messaging grow, there's scope to improve overall perceptions of wait times.

45%
use some form of messaging in 2023 to contact organisations
(Inc. Webchat, WeChat, WhatsApp, In-app messaging, Facebook Messenger, Instagram, Snapchat, TikTok, Twitter.)

However, the response times of organisations to social media direct messages and WhatsApp messages are currently disappointing consumers. On social media, 40% of consumers expect a response in under five minutes, but only 32% are experiencing this, with 31% waiting more than two hours. And with WhatsApp, 45% expect a reply in under two minutes, but only 28% are experiencing this, with 18% waiting more than two hours – compared to 49% of WeChat users (China's version of WhatsApp) receiving a response in under two minutes.

Digital service disappointments taint brand image

Potentially, now consumers see digital contact channels as 'established', their expectations are higher. Certainly, since 2019, patience with waiting times and satisfaction with the overall experience has dropped.

Consumers think organisations are making big brand promises that are then broken by their digital service, resulting in customers feeling undervalued and unheard.
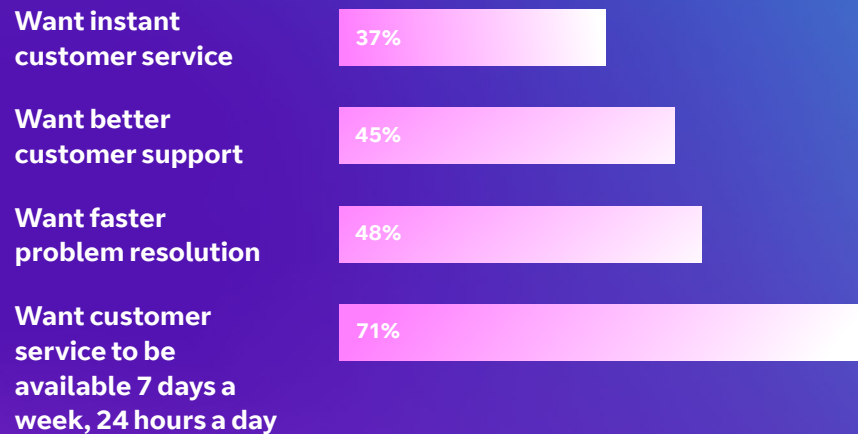
At least 60% say organisations only achieve the following 'to some extent':

1. matching their brand promise to the service they offer

2. reflecting the way people communicate nowadays e.g., messaging, video, social media

3. making customers feel valued

4. empathising with you and your situation

5. making customers feel satisfied.

Customer service needs to work harder

The bottom line is that consumers want always-on, rapid, effective customer support via digital channels.

Want instant customer service — 37%

Want better customer support — 45%

Want faster problem resolution — 48%

Want customer service to be available 7 days a week, 24 hours a day — 71%

"Ease of use has always been something that strongly dictates customer behaviours because we are fundamentally lazy creatures who don't want to work very hard when dealing with organisations. Rather than provide all the channels in the universe, look at the channels that work well for both the customer and the organisation and focus in on integrating these channels seamlessly into customer journeys."

Dr Nicola Millard, Principal Innovation Partner

What if you could up your digital customer service game and boost satisfaction levels?

Questions to ask yourself:

1. How well have we planned our digital services to make it easy for customers to self-serve?

2. Are we getting the balance right between the channels our customers want and the channels we can cope with?

3. How easy do we make it for customers to get in touch? Are we guilty of hiding our phone number?

4. How quickly can customers escalate a problem to a human agent? Is it fast enough?

5. Are our communication channels two-way, so it's simple for customers to respond?

2. Joined-up service experiences are critical to brand success

Surprisingly in today's cost-conscious environment, good customer service remains a strong driver of brand loyalty and purchasing, with little change in the picture since 2020.

What has changed, however, is the increased digitalisation of service, underlining the need for organisations to make digital interactions easy if they're to keep customers satisfied and coming back.

83%
I always shop around before making a purchase to get the best price.
(79% 2020)

80%
I buy more from companies that make it easier for me to do business with them.
(75% 2020)

80%
I buy more from organisations which offer excellent customer service.
(76% 2020)

57%
Convenience is more important to me than price.
(58% 2020)

An omnichannel strategy is essential to meet all service needs

Not every contact with an organisation involves a crisis, and consumers select channels based on the task they want to carry out, the emotional state they're in and the level of support they think they'll need:

- **positive mindset tasks such as browsing for a lifestyle purchase,** like buying a house or a holiday, calls for exploration across online, webchat, and face-to-face instore

- **neutral mindset tasks such as completing a routine, mundane transaction** needs to be swift and easy, often using an app or online self-service

- **negative mindset tasks such as crisis situations** need immediate access to a well-trained employee by phone or face-to-face.

This mapping of channel use and selection has hardly shifted since we started monitoring global customer experiences in 2013, potentially reflecting that consumer perceptions of channels and their roles are now relatively fixed.

Context means omnichannel matters in digital strategies

Making a lifestyle purchase

| 44% | 28% | 23% |

Completing a routine transaction

| 21% | 55% | 21% |
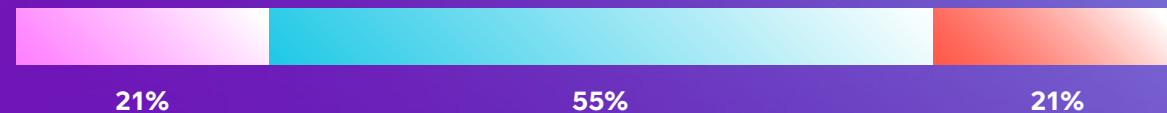
Dealing with a crisis

| 22% | 23% | 51% |

Allow me to explore using online, webchat, face to face / instore

Make it easy using an app or online self-service

Give me immediate access to well-trained employees by phone or face to face

What's coming through from this round of our research is a clear expectation that an organisation will join up its channels, giving them access to a single data source that contains the customer's most up-to-date details and transactions, so that customers can channel-hop seamlessly.

67%

say you should be able to switch from webchat to a voice or video call (with the same agent).

88%

favour any channel they use having access to details about previous contact with the organisation.

These expectations of an omnichannel-by-default approach flow into expectations of the service levels contact centre agents can provide. Asking about all calls to the contact centre in the previous 12 months revealed a hard core of negative experiences where customers were continually disappointed / frustrated.

Had their issue resolved on first contact every time — 21%

The agent is never aware of my other interactions through their app, website, or other channels — 16%

Every time I called, I have always known more about the product or problem than the agent — 16%

Every time I called, the agent didn't have the most up-to-date information — 14%

"It's easy for the contact industry to get obsessed with channels. But customers don't think about channels – they have goals and look for the easiest path to get to them. It's often whether they are positive, negative, or neutral about doing things that dictate their channel choices. The phone tends to pick up many 'customers in crisis', putting pressure on front-line agents to deal with both complex and emotive contacts. Agents need the support of technologies, training, and communities of coping to get them through the day (especially if they're working remotely)."

Dr Nicola Millard, Principal Innovation Partner

What if you could join up all your channels and deliver the rapid, easy experience customers are looking for?

Questions to ask yourself:

1. How well is our omnichannel approach giving customers a channel-hopping, integrated experience?

2. How can we make the most of technologies like webchat and IVR to minimise the numbers of customers escalating their issue to a phone call?

3. How can we best use technology to support agents with the knowledge and training they need to deal with the increasingly complex calls that are coming through?

3. Fraud fears and experiences need better support

Fraud is front of mind for consumers in the digital world and it's creating uncertainty about the security of digital channels. Yes, consumers welcome the wide choice of contact options and the ease and the convenience they bring – but they're also increasingly aware that digital communication channels make them vulnerable. They fear the growing sophistication of fraud attacks and honestly admit that they struggle to spot advanced scams.

80% say fraudsters are getting better at scam emails and calls.

69% agree it's difficult to tell a genuine text message from a fraudulent one.

56% say many of the texts they receive are from fraudsters.

Looking at consumers' experiences over the last 12 months, these fears about fraud are justified. Fraud threats and attacks have come from all directions, from card fraud and account or hardware hacking to data loss and identity theft. Organisations need to understand the scale of the impact on their customers and the current levels of alarm.

When fraud fear hits, consumers understandably want immediate help and reassurance and they turn to the organisation. Their first instinct is to reach out for human contact, rather than exploring online contact options. Interestingly, this desire to speak to a person hasn't decreased since 2019, despite the greater exposure to digital channels consumers experienced during the pandemic. 51% want immediate access to a well-trained employee by phone or face-to-face in a crisis.

41% have experienced some type of fraud scare or event.

15% real or suspected card fraud.

15% data loss.

13% online account hacked.

10% fraudulent account set up.

10% PC, tablet or smartphone hacked.

9% identity theft.

The service reality isn't matching expectations, and consumers feel they struggle to get in contact with organisations to resolve an issue. In fact, there's a significant gap between the service they expect, and the service they get, creating an intense sense of dissatisfaction. Consumers don't feel the current fraud-reporting pathways are up to the job.

61%

of consumers say it's quite or extremely difficult to contact the organisation to resolve the fraud issue.

80%

say organisations should prioritise customers reporting fraud.

It looks like fraud support is going to be a hot topic for organisations for some time to come. High consumer awareness of fraud creates a fertile, welcoming environment for organisations introducing new or increased security measures. And, given consumers' current feelings of vulnerability, it's likely they'd welcome a communication push on cyber security and how to spot scams.

"Identification is a hot issue, in terms of helping customers spot genuine messages from the organisation, and making the process of customer identification as easy and secure as possible. The technology is there, and biometrics and branded, personalised messaging across expected channels offer huge potential. But, in all this hope for transforming the customer experience, we mustn't forget how important it is to prioritise the customer in crisis, so they can easily access rapid support and solutions."

Andrew Small, Director of Digital Workplace
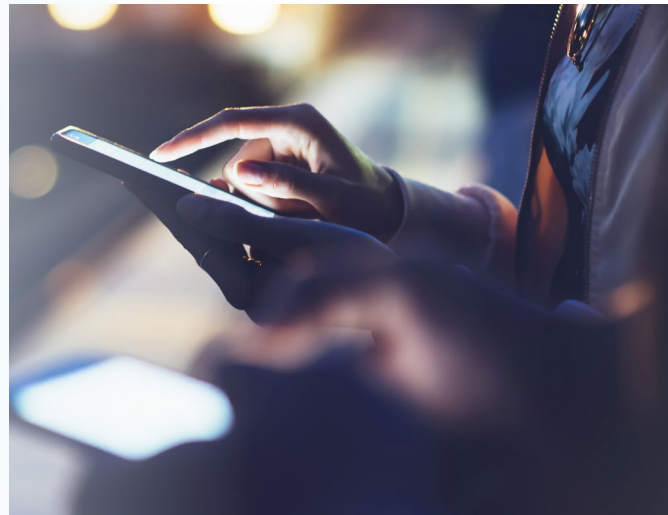
What if you could reassure customers about their security with you and make any fraud experiences as stress-free as possible?

Questions to ask yourself:

1. How well do we understand our customers' fraud reporting experience – is it time for a review?

2. How effectively are we communicating information and advice about avoiding fraud to customers?

3. How well does our current security technology protect our contact channels?

4. What role could biometrics play in increasing the speed and security of customer identification?

5. What effects would introducing branding and increased personalisation into messaging have on customers' abilities to spot genuine messages?

4. Giving customers control improves service perceptions

An effective way to reduce customer frustration and negative brand perceptions is to increase the levels of agency they feel they have. Taking steps to minimise the sense of being at the mercy of 'the system' may only involve small changes, but the effects on satisfaction can be significant.

Go next-level proactive

A well-informed customer doesn't need to get in touch, relieving pressure on contact channels. Consumers today are eager for timely updates about a wider range of issues than they're currently receiving. Organisations generally are getting basic notifications right, but customers want more information that enables them to make decisions that benefit them. It's time to switch up from the purely functional to sharing the information that gives customers control.

I get the right amount of these notifications:

1. parcel delivery notifications
2. appointment reminders
3. bill generation alerts
4. reschedule deliveries or appointments
5. a large amount is paid into or out of an account.

I get too few of these notifications:

1. there is a problem with my product or service
2. they have a better deal available
3. prices for on-going services are changing
4. returns management
5. my contract or tie in period is coming to an end.

The good news for organisations is that customers expect and welcome proactive communication via lower-cost channels. Email was the first choice for 65% and 46% welcomed text communication. Most notably, only 38% of customers would ideally like to receive notification via a phone call.

However, given consumer concerns about being able to tell a genuine message from a scam, organisations will need to think carefully about how to support customers to tell the difference with confidence.

Be clear and convincing about call wait times

A sense of powerlessness created by not knowing the wait time when calling the contact centre is a key cause of dissatisfaction. If organisations can't easily speed up call answering, they can find ways to give customers control over the contact, by sharing information that will enable them to decide whether it's worth waiting or calling back later.

69% want in-queue updates on the wait time to speak to an agent.

**68%** want updates on what number they are in the queue.

64% want a call back option instead of queueing.

However, although consumers are thirsty for information about their queue status, they're tired of the standard in-queue messages and often don't believe them. Potentially, the wrong message can be more damaging than no message at all.

80%

have heard 'we are experiencing a particularly high volume of calls at the moment, please hold', but 42% didn't believe it.

76%
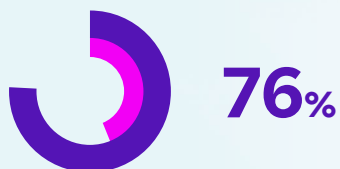
have heard 'your call is important to us, we will answer it soon', but 44% didn't believe it.

69%

have heard 'your query or question may be answered by visiting our website or app', but 41% didn't believe it.

Focus on the person behind the technology

As organisations increasingly make digital the only way to interact with them, there's a significant risk that the less digitally savvy will get locked out from access. However, as a work-around, many people get others to help.

41%
have helped a less tech-savvy person make a purchase online.

31%
have helped someone get in touch with an organisation.

An organisation should be asking 'who is the customer behind the customer – who am I really dealing with?' and 'what degree of control does the end customer really have, and how could we improve that?'

Not every less tech-savvy person will have a lasting power of attorney in place to officially give control to another, raising issues around the legality and security of helping someone out. How can organisations best handle identification, passwords and permissions in this situation?

"Time is as much a currency as money – and we tend to value organisations that value our time. But there are digital assumptions that we can access whatever we want, whenever we want, 24/7 – and then we're startled to discover that queueing has gone digital. Messages saying 'we are busy' don't cut it with customers. But it's easier to manage demand and design to better the queuing experience than increase contact centre capacity."

Dr Nicola Millard, Principal Innovation Partner

What if you could use proactive action and fine-tuned messaging to increase customer satisfaction and take the strain off your contact centre?

Questions to ask yourself:

1. How can we make the most of AI and machine learning to deliver the right message via the right channel at the right time to our customers?

2. How are our in-queue management approaches working from a customer's point of view?

3. How do we upskill and support our less tech-savvy customers?

4. How can we protect the security of the customer behind the customer?

5. AI has yet to fulfil its potential to improve customer service

As far as consumers are concerned, chatbots currently represent the frontline of AI in the digital customer service environment.

Experience is widespread, but this has increased the likelihood of coming across a badly designed / deployed or budget option chatbot, and the shine has definitely worn off them as 'new' transformative technology. Attitudes towards them have hardened. Satisfaction levels with having a call routed by a chatbot are a good indication: although these have dropped since 2019 from 54% to 46%, the real point of interest are the levels of intense dislike of this, rising from 10% in 2019 to 22% in 2023.

Consumers still see potential in chatbots

Consumers believe chatbots have a function within customer service, but it's a limited one. Used within non-urgent contexts - such as information gathering, simple transactions or routing a call - chatbots are accepted, and their speed of response is a significant benefit.
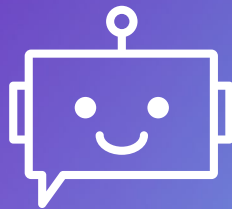
Consumers like being able to see their whole conversation, the option to send photos, the fact that they don't have to respond immediately, and the 24-hour availability.

Are chatbots the future?

75%
say the benefit of chatbots is getting an immediate response.

73%
say chatbots can help a webchat advisor to process simple queries.

66%
say chatbots are a good way of finding my problem and verifying my identity before being passed to an agent.

58%
say chatbots are getting better at delivering good service.

54%
have used text-based chatbot.

42%
have used video-based chatbot.

Are organisations expecting too much of chatbots?

However, consumers are clear that they find chatbot experiences frustrating and that this impacts on their perceptions of the organisation. There currently seems to be a fundamental difference between the organisation's strategy and the consumer's experience: the organisation wants the chatbot to be able to handle transactions in their entirety, and so doesn't automatically include the option to escalate to an agent. However, the consumer wants access to a human expert the moment the chatbot falters, and finds it frustrating when that doesn't happen.

Again, this comes back to the fact that consumers want organisations to make digital experiences easy and, at the first sign of difficulty, they want human support. At the very least, it's time for organisations to re-examine the extent to which the chatbot capabilities they have, can fulfil the role they're hoping chatbots can play in customer service.

Interestingly, the main causes of dissatisfaction with chatbots revolve around the data they can access. All too often, a backend data problem is behind chatbot failure. For example, 75% of consumers say chatbots need a better understanding of what they said or wrote – but how much of this is a failure to find the right information to match the question, rather than an issue with understanding natural language? Potentially, the rise of ChatGPT, Google Bard and the like will improve the ability of the technology to respond to what the customer is saying or writing – but will consumers see a difference in service if the data behind the solution doesn't improve?

In an ideal world, organisations will supply chatbots with high-quality, comprehensive data. Then, at the first sign of difficulty, there'll be a seamless transition to a human agent who is fully aware of the transaction to date, so the customer doesn't have to repeat themselves.

Current chatbot experiences are frustrating consumers

70%
agree bad chatbots damage the organisation's brand reputation.

71%
say that chatbots provide information that is too generic.

74%
say that chatbots often suggest solutions that they've already tried.

79%
want real human agents to check the more complicated responses of chatbots.

67%
say that too often chatbots just can't answer the question.

"AI is back at the top of the hype cycle again – with generative AI able to have convincing conversations with customers. This makes it extremely attractive to the contact industry because it can act as an always-available triage tool and potentially solve customer problems before there's a need for human intervention. However, this technology has often been deployed badly and bad bots can be extremely damaging for brands.

Large language models have now become much better at having coherent conversations, but they don't work by magic – they need good data, otherwise they tend to make things up (something that regulators are unlikely to welcome!). The key to effective deployment is a stable and accurate data set – and the multiplicity of systems in the contact space is often not conducive to this."

Dr Nicola Millard, Principal Innovation Partner

A broad welcome for a wider use of AI in customer service

While chatbots get a mixed reaction, a more general category of 'AI' receives a warmer welcome, and consumers believe in its potential to improve their experience.

The broad theme of responses indicates that its key value lies in its ability to decrease customer effort - taking us back to the core desire for an easy experience.

Looking again at consumer attitudes to contact centre agents through this lens, there's significant potential for organisations to use 'hidden' technology in the shape of AI, machine learning, and better data management to address many of the areas that cause customer dissatisfaction with agent interactions, such as:

- not solving an issue on first contact
- a lack of awareness of previous interactions via other channels
- the customer knowing more about the product or problem than the agent
- a lack of up-to-date information
- an inability to offer better advice.

Consumers see AI's potential

76%
like the idea of organisations using AI to analyse call recordings and improve customer service.

71%
like the idea of organisations using text-based AI (such as ChatGPT) to provide an immediate answer.
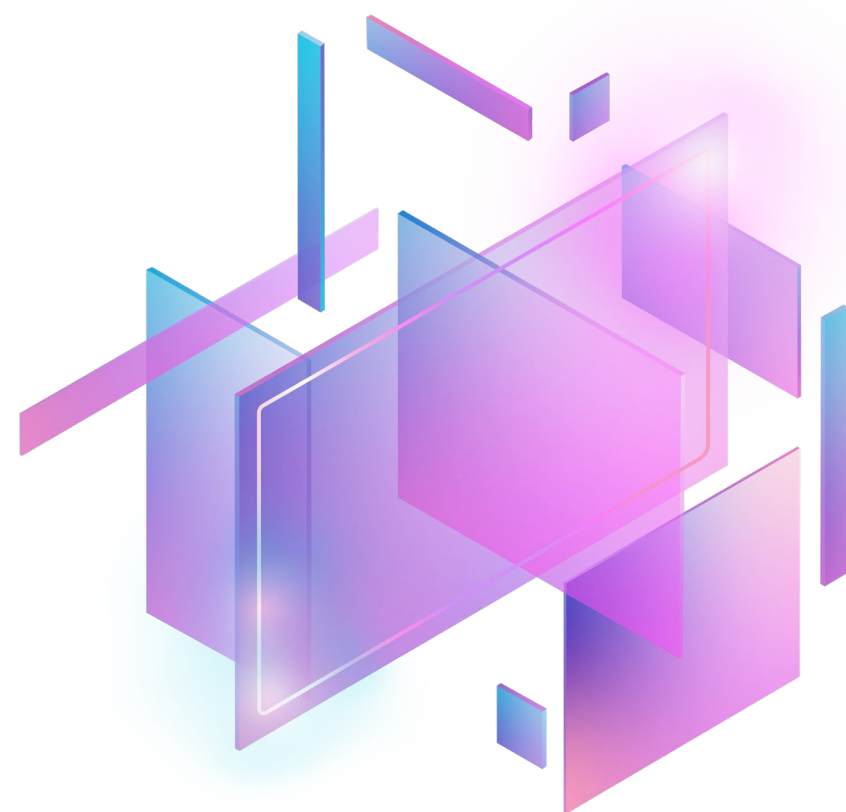
70%
like the idea of using AI to assess customer satisfaction during an interaction so there's no need to complete a satisfaction survey.

59%
support using AI for voice identification, saving time on the call.

Video chat acceptance is on the rise

Consumers are increasingly comfortable with using video chat as part of an encounter with an organisation: the numbers saying they would definitely use video chat to communicate with an organisation via their website or app have risen across the board since 2019. Potentially, pandemic experiences have accelerated this, but video chat is now at the point where organisations can add value by offering it.

Following the idea that a picture is worth a thousand words, consumers are most enthusiastic about using video chat in scenarios where they can demonstrate the issue they're having.

Would definitely use video chat to...

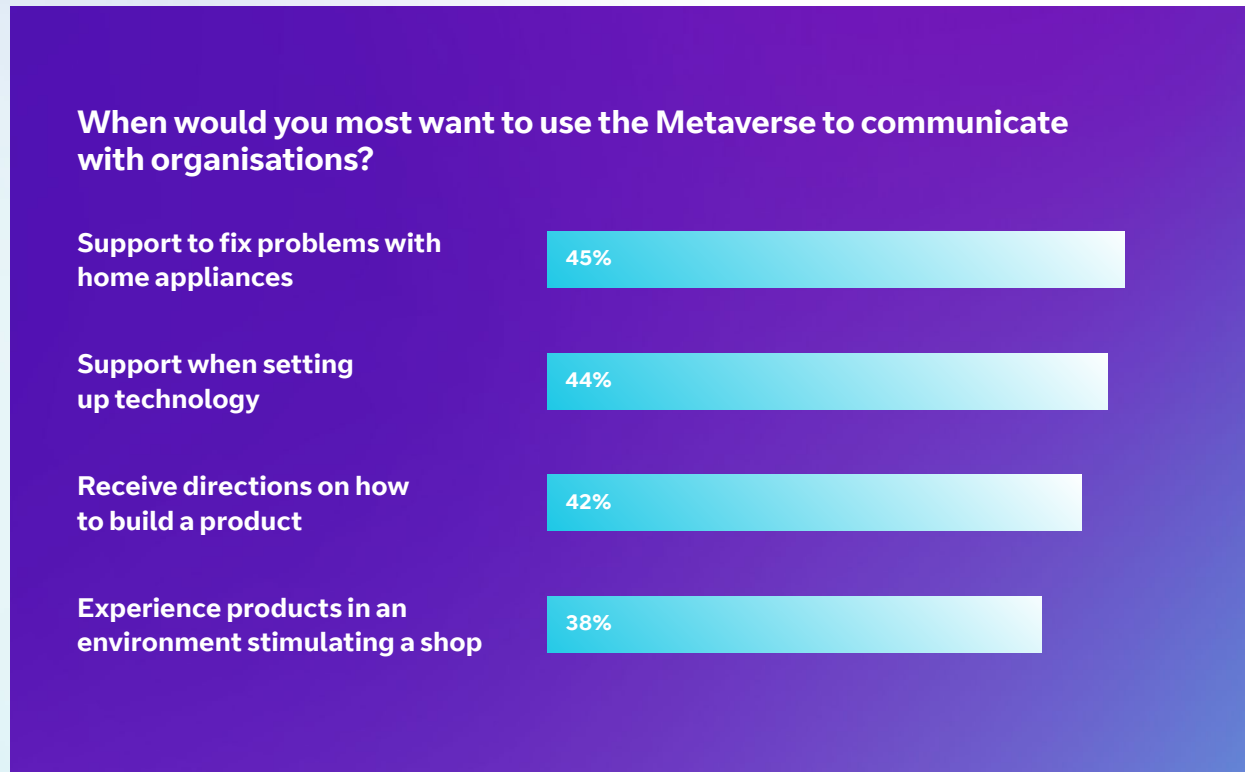|	
understand how to install a product / service	40%
fix technology / subscription services	38%
demonstrate an issue with a household appliance / car / bike / motorbike	36%

Interestingly, privacy and security concerns seem to be on the decline with video chat, even regarding health matters and financial discussions. In 2023, 44% would definitely use video chat with health professionals and 29% would use video chat to discuss a financial services product with an advisor.

An encouraging welcome for immersive technology

After understanding the Metaverse as a shared virtual 3D world where everyone will be able to interact via personalised avatars, consumers were open to its incorporation into customer service. Interest reflected the pattern of responses to the prospect of video chat, where consumers embraced the visual, show-and-tell ability.

When would you most want to use the Metaverse to communicate with organisations?

Support to fix problems with home appliances	45%
Support when setting up technology	44%
Receive directions on how to build a product	42%
Experience products in an environment stimulating a shop	38%

Although it's important to be cautious about these results because consumers are thinking about hypothetical situations, it's an interesting indication that the desire for an easier experience could create a soft landing for new immersive approaches. Only 22% of consumers said they weren't interested in any of the outlined options.

"Video is becoming more acceptable to customers in certain areas like medical care and maintenance, but could this trend translate to delivery of customer service in the Metaverse? Could technologies like augmented reality allow us to try on clothing digitally, rather than having to receive and return physical goods? Could we enhance remote diagnostics so that we don't have to send engineers or technicians unnecessarily out to customer premises?

Time will tell, especially since the Metaverse has hit a bit of a trough of disillusionment at the moment. It may remain there if it doesn't match the high levels of customer experience that customers demand from other channels."

**Dr Nicola Millard, Principal Innovation Partner**

Digital communication as a sustainability tool

As a sign of growing awareness of the importance of considering sustainability in every aspect of digital life, consumers are looking to organisations to help them to be more environmentally friendly by improving digital design. It's clear that consumers understand that the popular approach of ordering multiple options online and returning most of them has a carbon cost in transportation terms.

83%

agree improving the design of websites and apps so it's easier to select the right product, giving less reason to return goods, would benefit the environment through less transportation.

From the organisation's point of view, cutting returns would be very welcome, given the return rate for some product categories can reach as high as 40%. This could cut carbon emissions and costs – a win-win.
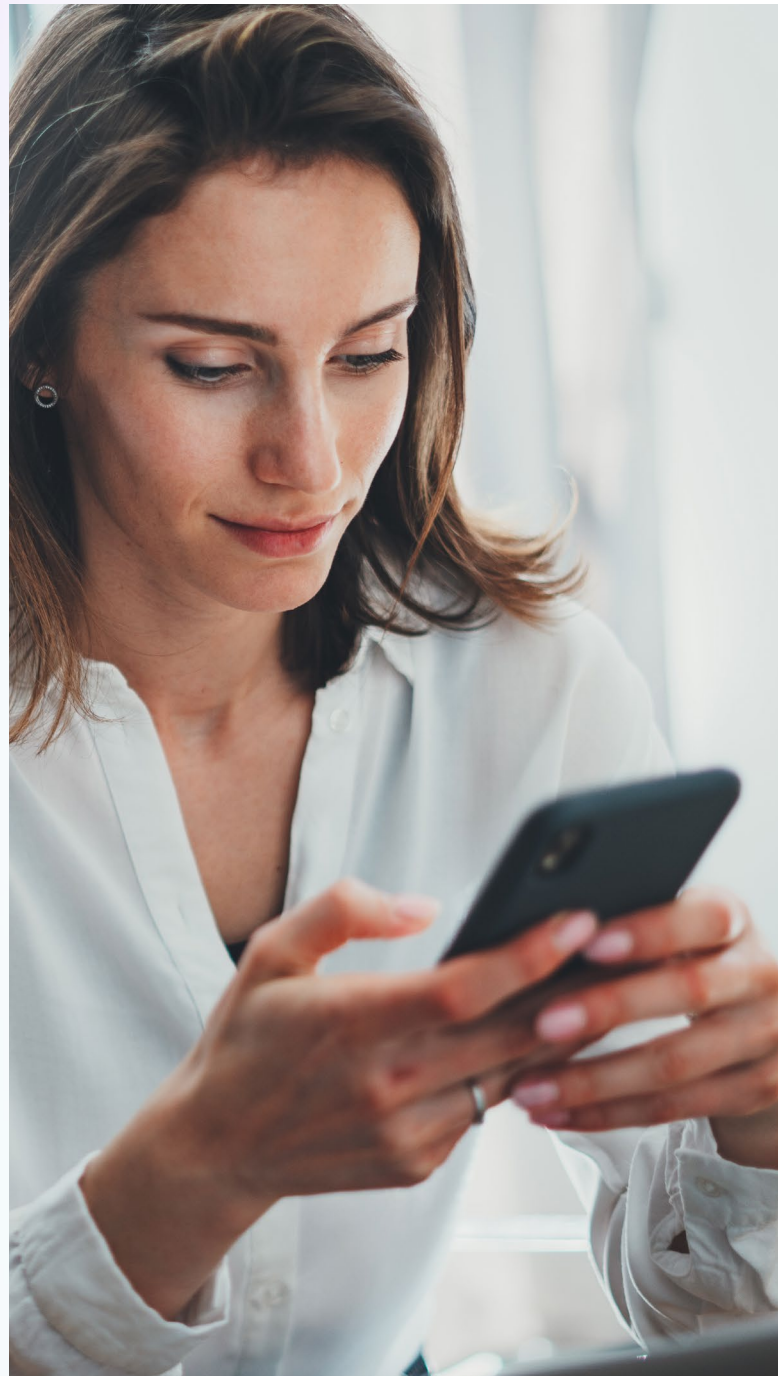
What if you could incorporate cutting-edge AI applications to better support agents and smooth the customer experience?

Questions to ask yourself:

1. How well are our digital customer experience pathways working?

2. Have we got sufficient integration between chatbot functionality and human agent back-up?

3. Is it time we reviewed our chatbot performance with a view to improvement?

4. How effectively are we backing up chatbots and agents with up-to-date, accurate data?

5. How could we make greater use of video chat to enhance our customers' experiences?

Last word

In 2023, organisations have many of the ingredients for outstanding customer service to support digital transactions – they've just yet to find the right balance that will unlock the value of their existing technologies.

Many are making the mistake of thinking growing acceptance of digital channels means that the human factor is taken out of the equation. However, in many cases, people still rely on dealing with other people for a great experience, especially in times of difficulty or crisis.

The organisations that get digital customer service right will recognise this, at the same time as doing everything possible to make digital channels work better for customers, so they don't need to escalate to in-person contact.

Customer satisfaction for the foreseeable future will be all about how new technologies and human input can work together to make things easy for consumers.

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About this research

In 2023, independent research company Davies Hickman Partners surveyed online 4,039 consumers in eight countries (Australia, Brazil, China, France, Germany, India, the UK and the USA), selecting a near nationally representative sample in each country, matching this sample as closely as possible to our 2020 research sample. The research, data and views in this report have been prepared in good faith but BT, Cisco and Davies Hickman Partners do not accept responsibility for any actions or otherwise taken by those acting on the recommendations, advice and content contained in this report.

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