

# Global State of Customer Service Sophistication

Leveling Up To Deliver a  
Modern Service Experience



# Introduction

As Vince Lombardi once said, **“It takes months to find a customer and seconds to lose one.”** Known predominantly as one of the greatest football coaches of all time, Lombardi also served as a general manager, where his business prowess and understanding of the customer dynamic came to life.

In today’s fiercely competitive landscape, businesses can’t afford to take Lombardi’s words lightly. Nor can they ignore the need to consistently deliver exceptional customer service experiences to consumers demanding faster, more efficient 24/7 support.

That’s largely because of the growing alignment between customer service and brand loyalty. Research shows that 96 percent of customers will leave without warning due to poor customer service.<sup>1</sup> Think of the dynamic as follows: Quality and value represent input variables, brand trust and customer satisfaction serve as intervening variables, and brand loyalty becomes the output variable.

Organizations recognizing the growing complexity and consequence of the service relationship and looking to bridge the divide have sought out new tools and technologies to help improve service delivery for both the customer and the employee. This includes everything from omnichannel engagement to self-service, automation and AI-enabled technologies that can assist agents in faster resolution and increase customer satisfaction.

But where should they start? To answer that question, Microsoft introduced the Service Sophistication Model, an online assessment focused on helping organizations worldwide assess their current level of service and explore how they would like to transform. The model aims to provide respondents with personalized guidance on improving their customer service level of sophistication.

<sup>1</sup> Janine Hunt. “Guest Post: The Shocking Percentage of Customers Who’d Leave Your Business Due to Bad Service – and What You Can Do About It.” Shep Hyken Blog, 2022, <https://hyken.com/customer-loyalty/shocking-percentage-of-customers-whod-leave-your-business-due-to-bad-service-and-what-you-can-do-about-it/>. Accessed April 2023.

A review of the aggregated data since the model was launched in July 2022 shows a proactive interest in the topic from a variety of organizations. Broadly, the characteristics of those that chose to participate in the assessment are as follows:

# Global Interest With a Majority of Respondents from North America and Western Europe

The 2022 model showed 65 percent participation from North American and Western European respondents, traditionally the leading markets for CRM software, followed by 26 percent from APAC Eastern Europe and South America, and 9% Other.



**65%** North America and Western Europe

**26%** APAC Eastern Europe and South America

**9%** Other

## Businesses of All Sizes Professed Customer Service Needs



**20%** Small businesses (less than 100 employees)



**52%** Mid-size (100-5,000 employees)



**25%** Large enterprises (5,000 or more employees)



**15%**

Financial services



**11%**

Retail



**11%**

Healthcare



**11%**

Public sector

## Even Distribution Among Industries

Respondents were distributed somewhat equally across industries. Financial services led the pack at 15 percent of respondents, followed by retail, healthcare and the public sector at about 11 percent each.

The participation across the board illustrates that the interest in creating a more robust customer experience isn't limited to a particular geography, organizational size, or industry. And while many of these organizations represent different service levels of sophistication, respondents had a singular objective of empowering their service employees and delivering value to the customer that results in long-term relationships with the brand. Most importantly, the participating companies' interest in improving customer service provides an opportunity to spark a conversation that can stimulate change – one that can transform and uplevel their service in today's evolving customer service landscape.



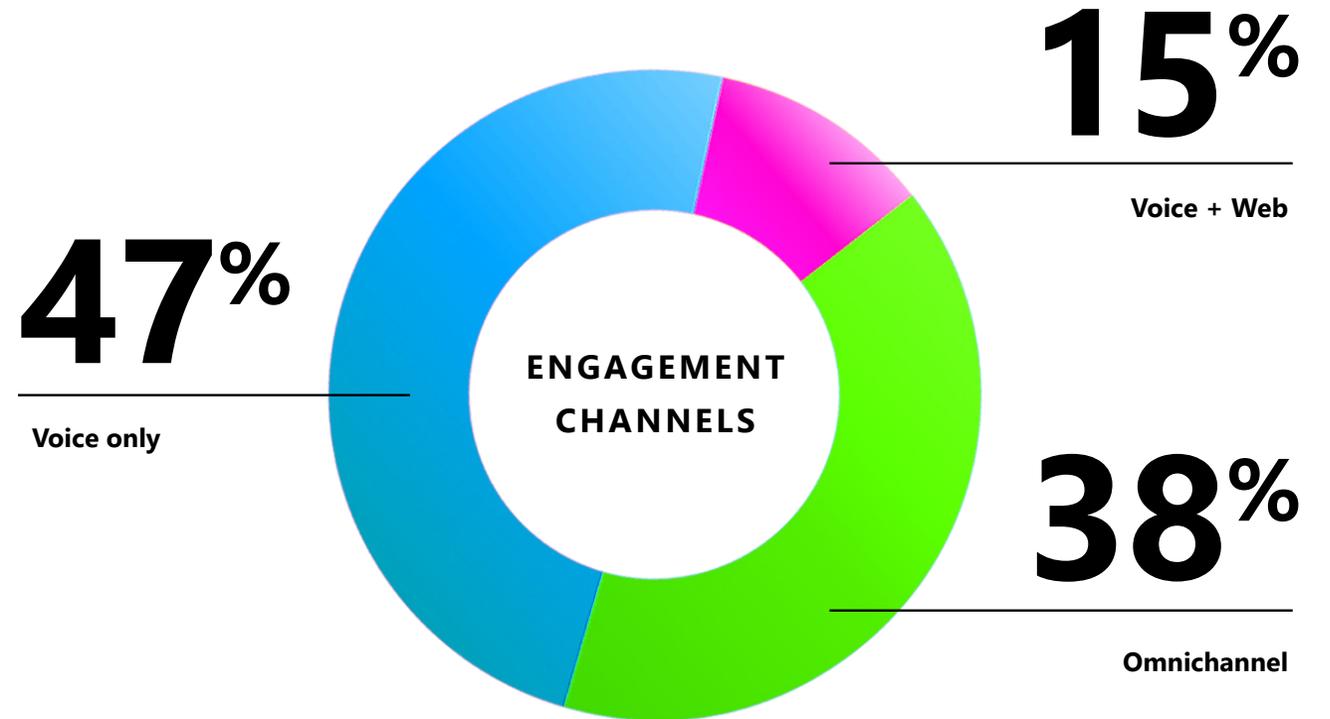
# Understanding the challenges and opportunities in customer service across the globe

Modern-day customers expect ease and speed at every touchpoint. They want to interact with trained, knowledgeable staff who are empathetic to their needs, they want a seamless journey that shows the company is integrated across channels. They want a personalized approach that anticipates their needs, and they want to feel empowered through self-service options that give them control.

Many of today's organizations recognize the increasing closeness of customer service and brand loyalty. That's why many are looking to evolve from their current service models to contemporary service offerings more closely aligned with the needs of today's customer, as we observe with the following findings based on the 2022 assessment:

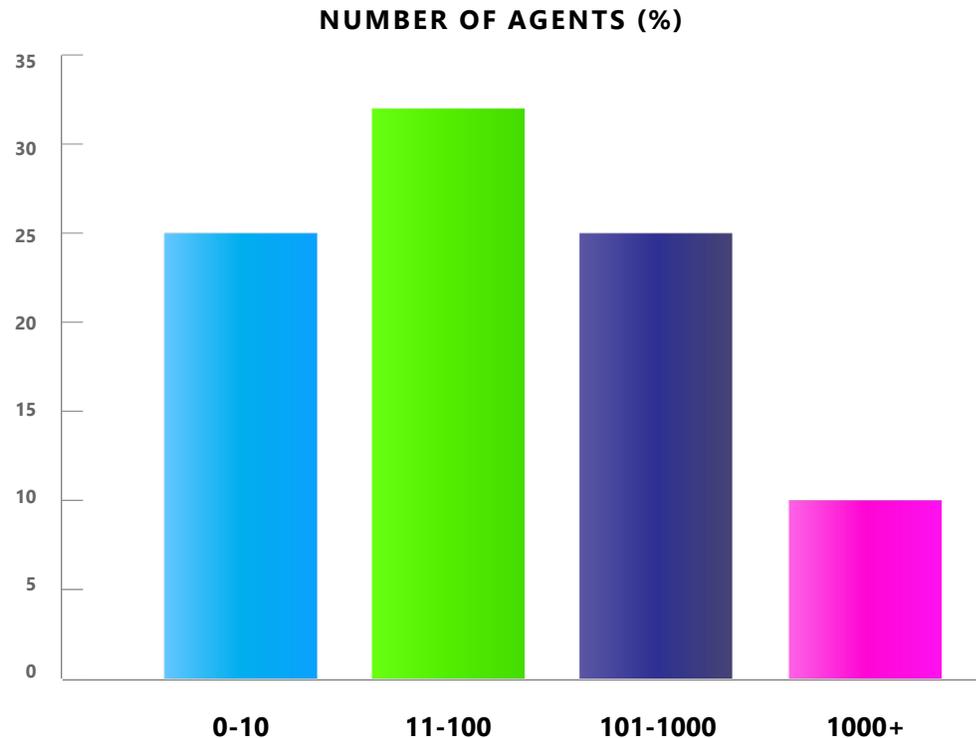
# Call centers represent primary channel for customer service, with omnichannel engagement making strides

Voice dominates as the primary engagement channel, with many respondents indicating they currently manage their customer service relationships via a call center and static website with FAQs. At the same time, omnichannel is making strides, with nearly 40 percent of respondents indicating their support and/or use of digital channels to round out their customer service offerings. A seamless omnichannel experience can meet the customer on the channel of their choice and readily address their concerns effectively and effortlessly. Nearly 60 percent of the market that just uses voice or a combination of voice and web can level up to omnichannel engagement.



# 36%

Based on the assessment participation, there appears to be a continued reliance on agent support. More than 36 percent of respondents had more than 100 customer service agents.



## Agent numbers high, reflecting continued call center approach

and an opportunity for automated self service

When assessing customer service sophistication within organizations, it's also useful to consider the number of agents versus the overall number of employees in the organization.

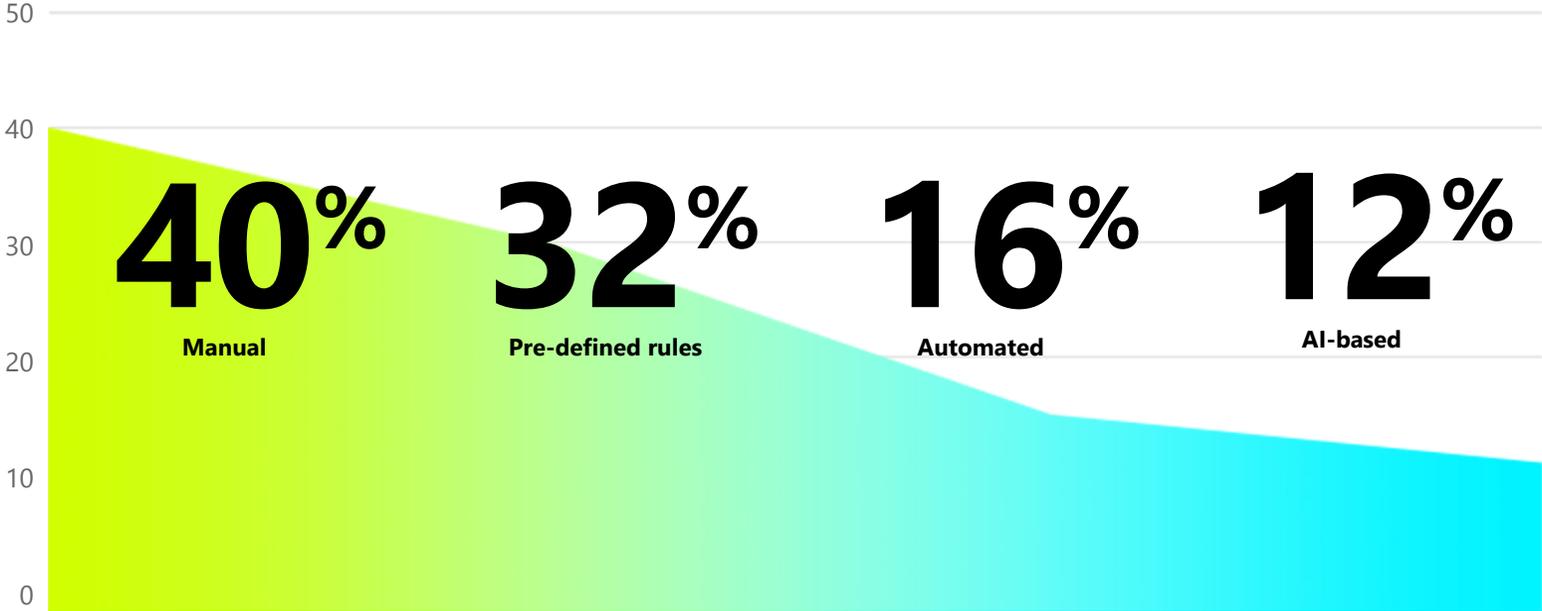
While agents can be great experts, it may make sense for businesses to focus on self-service options, offloading the agents' time for more complex scenarios. For companies looking to take their customer service to a new level, implementing digital channel support, automated self-service support via virtual agents such as chatbots, web portal knowledge resources, and providing personalized support across those channels can help enhance the level of sophistication and overall customer experience.

It may be more practical to focus on technologies that can help those agents be more productive and knowledgeable. This includes AI-powered case management and collaboration tools that can help elevate employee effectiveness and empowerment by offering a more holistic view of the customer and their interactions with the company.

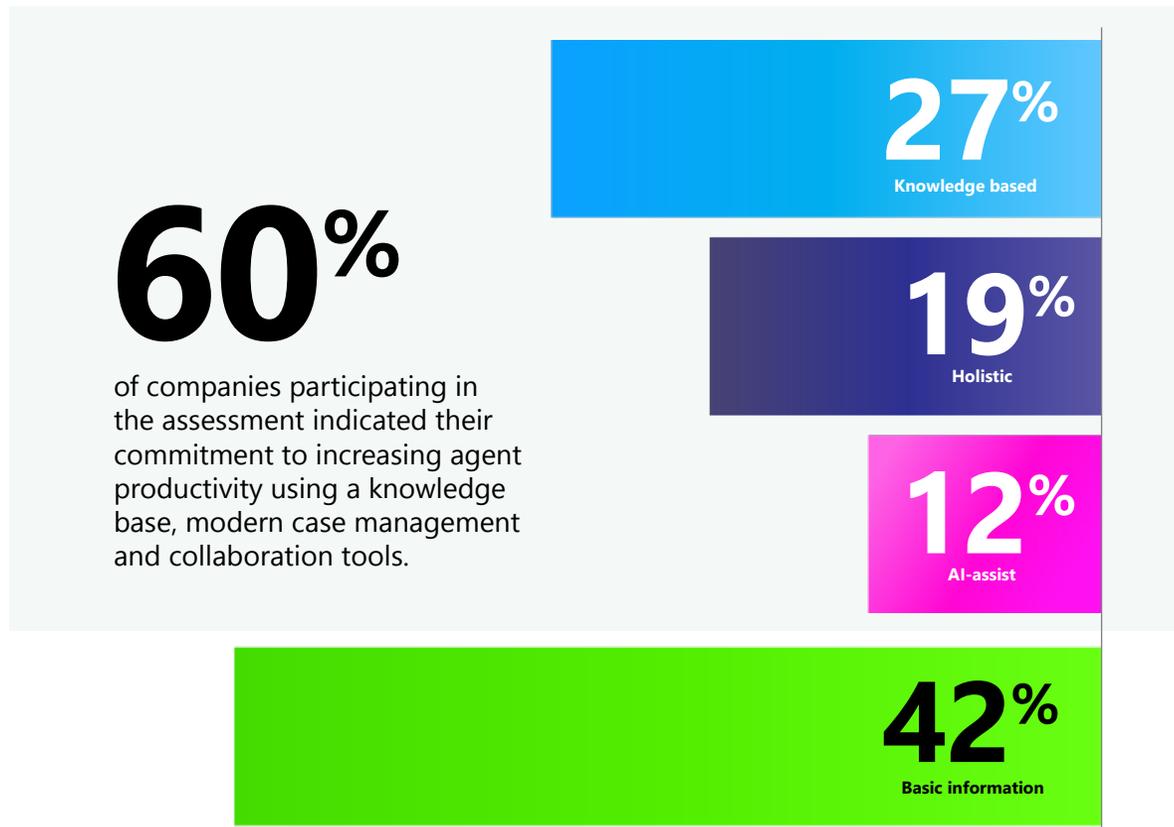
# Manual routing still practiced, with **automated and AI-powered routing adoption gaining ground**

Routing to the right agent for first-time resolution is a critical aspect of exceptional customer service. Respondents indicated that routing is done manually by 40 percent of companies. However, many are working toward more knowledge-driven solutions, with 32 percent deploying some form of pre-defined routing rules, 16 percent leveraging an automated routing approach and 12 percent engaging AI-based solutions.

It's promising to see that many organizations are looking to upgrade their routing methods, moving across the spectrum toward even more AI-based options. These modern approaches can help organizations achieve a higher level of sophistication and improved agent productivity. Intelligent unified routing across channels can provide a seamless customer experience, and considers factors beyond just agent skills and availability, and includes factors such as customer preferences and behavior. This helps agents avoid tedious transfer calls, allowing them to focus on more relevant issues within their wheelhouse.



# Organizations care about enhancing agent productivity, growing from a siloed to a holistic knowledge-drive approach



While respondents indicated that about 44 percent of their agents are working with only basic information, there appears to be a trend toward more knowledge-based, holistic and AI-assisted agent support. In fact, 60 percent of companies participating in the assessment indicated their commitment to increasing agent productivity using a knowledge base, modern case management and collaboration tools – with 27 percent providing access to information; 19 percent offering a 360-degree customer view and 12 percent furnishing advanced capabilities such as next-best action, AI recommendations and collaboration.

It's no secret that increased productivity is bolstered by a complete view of the customer and their journey. Witnessing more companies move toward providing their agents with the information needed to help improve the customer experience is a favorable development. Those organizations interested in upgrading to next-level service should be focused on empowering the agent with a 360-degree view of the customer, a multi-session workspace, modern case management and collaboration tools to enable a seamless and personalized customer service experience. After all, an empowered agent can grow in the role and become a resourceful and motivated brand champion. A frustrated agent is likely to seek opportunities elsewhere.

# Manually generated insights prevalent in silos

as automation drives data analytics in integrated systems

This breakdown clearly shows an area of opportunity for organizations looking to plus-up their customer service efforts. The ability to leverage insights can be vitalizing in terms of activating against customer needs and wants. AI-enabled analytics can help organizations identify trends in issues and service gaps, leading to the ability to prioritize initiatives for maximum impact. Adopting AI-based analytics can significantly speed up data-driven decisions and improvements to service operations.

While using data received from customers to restructure a workflow or change how a customer may interact with the company may feel like a large undertaking, it also can be a fruitful one for organizations interested in taking the step forward.

In summary, the assessment findings illustrate where the customer service level currently stands. Additionally, it shows their commitment to improve customer satisfaction and help organizations reach those goals.



46%

still manually generating insights from historic support data and customer feedback.



25%

aggregate data analysis to drive process improvements.



15%

generate insights from their integrated systems for data driven decisions and to automate workflows.



15%

get real-time insights and predictive analytics to enhance customer and employee experiences.



# What organizations can do today to improve service operations for tomorrow

There is room to evolve when it comes to harnessing the power of the customer service experience, no matter what the organization's current service level may be. Opportunities for improvement can always be found as we seek to provide an even more personalized, responsive, intuitive customer experience. And the technology to help organizations do so is constantly improving, creating a more congenial starting point for organizations intent on taking the steps needed to address their unique service demands in a timely and effective manner.

To create the optimal customer experience, it's important to understand customer behaviors, preferences and expectations – as well as the latest technology and service solutions available. It's about reimagining the delivery of customer service to craft experiences focused on creating positive engagement and building overall brand loyalty.

How can organizations do this? By being both agile and attentive, with a mindset focused on a comprehensive, customer-centered approach to customer service. We're in a period of opportunity and a market ripe for AI and automation. The technology to take organizations to the next level is here now, with generative AI transforming customer service, as is evidence of a solid return on investment for doing so.

Fortunately, this evolution doesn't have to happen all at one time. It's more about embracing the need to create value for every interaction along the customer journey and finding the tools that can offer the connectivity and accessibility to help provide maximum engagement. That digital transformation can begin with the implementation of small changes and applications, with the potential to evolve into a cutting edge service solution. It's all about customizing capabilities to each individual business' needs, making the right changes at the right times.

Microsoft Dynamics 365 Customer Service can help organizations with this evolution, to optimize service operations, personalize customer experiences and increase overall productivity. An integrated agent experience is the heart of Dynamics 365 customer service, which is designed for flexibility based on the organization's unique business needs. It leverages the latest

technology, including AI and analytics, knowledge management, collaboration and more, to streamline case management, enable personalized service with a 360-degree customer view, and provide visibility into how the service is performing.

Microsoft is strategically positioned to provide a unique, comprehensive service solution that caters to various categories and a wide range of capabilities. This includes Microsoft Teams to enable unified communications and collaboration, Microsoft Dynamics 365 to provide omnichannel and CRM capabilities, Nuance's CCAI, and Azure cloud.

Service organizations can maintain their existing contact center infrastructure and enhance their customers' experience by leveraging the Microsoft Digital Contact Center Platform. This platform integrates with partner innovations to provide an open, collaborative, and adaptable solution designed to provide the optimal customer experience.

For more information on how your organization can build loyalty and deliver consistent, exceptional customer experiences, visit <https://dynamics.microsoft.com/en-us/customer-service/overview/>.

For a deeper dive, check out [Microsoft Digital Contact Center Platform documentation](#), including a link to [reference architectures](#) to guide the deployment that can make the service experience you have in mind into reality. For specific examples of how other organizations transformed their customer service experience, take a look at some recent customer case studies for [NatWest Bank](#), [Westpac NZ](#) and [SHI Cryogenics Group](#).

