

Key Findings

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The Virtual Contact Center: Alleviating the Burn From the Churn

By Bruce McCracken, Business Writer

Despite all of the analytics, sales and marketing empowerment, and techno toys for CRM, the front lines of the battle are customer facing. Without a skilled, well-trained, and savvy soldier, how effective will the best weapons be?

Beyond the product or service itself, the tipping point is where two people, the customer and company representative, intersect. The customer service representative (CSR) may not necessarily bring in new business but the rep can prevent an organization from losing existing customers. With the annual turnover rate in US call centers hovering at around forty percent, businesses are vulnerable.

By its very nature, the brick and mortar call center is a pressurized work environment. Technology has advanced sufficiently to offer an alternative — telecommuting. By choosing the option of the virtual call center, the infrastructure cost in providing a seat for the agent is saved, the agent enjoys a far more pleasant work environment, and the turnover rate can drop to below ten percent.

The Natives Are Restless

Customer expectations are rising, in part due to the belief that technology should increase the customer service capabilities of an organization. But decision makers have often opted to adopt technology and/or move customer care to call centers offshore to reduce costs instead of enhancing customer service. The results can be reducing costs as well as reducing customers. Losing dollars chasing dimes does not make for a sound business strategy.

Companies that had been using offshore centers may be following the lead of Dell by bringing the contact center back home. Cultural differences, language nuances, and communicative styles can add to customer frustrations. Rightly or wrongly, many Americans want to speak with another American.

Research has come to light showing that customer service is not always getting high marks and that customers are becoming quicker to pull the trigger on ending a relationship.

In July 2004, consulting firm Creative Strategies and market research provider Connell

Associates released the findings of research from 750 respondents. Eighty-nine percent of the respondents felt that it should be easy to provide customer service, but 45 percent felt that companies failed to provide good customer service. Charts from the report, supplied by eMarketer, demonstrate consumer perception.

US Consumers' Opinions Regarding Customer Service, April 2004 (as a % of respondents)



Source: Connell Associates, May 2004
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In February 2004, Portland Research Group reported that a third of the 841 respondents in a survey that it conducted were dissatisfied with the customer service they had received.

According to the researchers, if less than satisfied with the customer service response from the organization, the likelihood that the respondents would continue to purchase the company's goods or services dropped from 78 percent to 23 percent.

In June 2004, CRM vendor Amdocs queried 1,000 customers concerning customer service in the banking, cable, retail and

telecommunications industries. Only 44 percent said the customer service was good or great and 43 percent felt customer service has gotten worse compared to five to ten years ago. 58 percent indicated that they would leave their provider after two or fewer negative customer service interactions.

US Consumers' Opinions of Online and Offline Customer Service Channels, April 2004 (as a % of respondents)

| | Tele- phone | Automated telephone | FAQ | E-Mail | Live chat |
|---|----------------|------------------------|-----|--------|--------------|
| Overall generally satisfied | 63% | 24% | 37% | 52% | 65% |
| Generally easy to use | 69% | 38% | 57% | 73% | 67% |
| Usually able to get the information that one is looking for | 68% | 20% | 30% | 50% | 65% |
| Usually able to get information in a timely manner | 59% | 21% | 34% | 37% | 62% |
| Usually frustrating to use | 23% | 59% | 31% | 25% | 19% |

Source: Connell Associates, May 2004
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In August 2004, Accenture, a consulting, technology services and outsourcing company, reported on customer satisfaction a survey of 1,000 U.S. adults in 17 industries. The highest figure of customers generally satisfied with service was in postal services at 44 percent. The results also revealed that 27 percent would switch providers to ensure talking to a live representative instead of other contact methods.

The Virtual Solution

Technological advances in Web Services architecture, telephony, multimedia, broadband and high-speed connectivity plus a myriad of other capabilities have literally brought the concept of telecommuting up to speed. Even training can be done virtually due to the capability of

the trainer to sit in on the call remotely.

A major key in the feasibility and appeal of the concept is the rate at which potential home offices have become empowered technologically. Various reports suggest that nearly a quarter of all adult Americans, have broadband Internet access at home .

Additionally, there are no geographic restrictions on recruitment due to the inherent nature the virtual call center. The fixed costs in a brick and mortar call center for office space and the desktop are greatly alleviated, with savings in the cost per agent seat, translating to up to thirty percent from telecommuting. Flexibility for businesses that have seasonal fluctuations magnifies the value proposition

Perhaps most importantly, telecommuting results in contented agents consequently, turnover plummets to ten percent or less . The upside for the agents that reduced the turnover involves the improvement in their quality of life stemming from working at home in the virtual call center environment.

Tammy McMahan is a twenty-year veteran of the insurance industry who telecommutes for ARO from the serenity of the country in northwest Missouri. “My business suits and heels are now collecting dust in the closet and have been replaced with shorts and sandals. My commute to work now consists of simply walking down the hall.”

Similar sentiments are echoed by Heidi Jeanne Hess of suburban Dallas concerning her efforts on behalf of Working Solutions, “The reduction in stress of working in an office building full time is probably the most important thing to enhance my quality of life. I don’t have to worry about inclement weather, traffic, or if my car will start.

Hess sends the industry a message. “As I would miss being a CSR and miss the daily contact with customers, I would first search for work in another field that would allow me to telecommute before taking a traditional brick and mortar call center position.”

With a six month churn rate, the words of Albert Einstein apply, “Insanity is doing the same thing over and over again, and expecting different results.” ARO and Working Solutions both have a turnover rate below seven percent.

About the Author

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