



MIA

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Mind the Gap

A custom study for NICE

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Methodology

Conducted on behalf of
NICE Systems by Omdia
in October 2023



Locations

Agents (n=339) Leaders (n=339)

EMEA 31%	EMEA 35%
APAC 29%	APAC 28%
N.A. 26%	N.A. 26%
LATAM 14%	LATAM 11%

Consumers (n=335)

EMEA 33%
APAC 30%
N.A. 24%
LATAM 13%



Industry

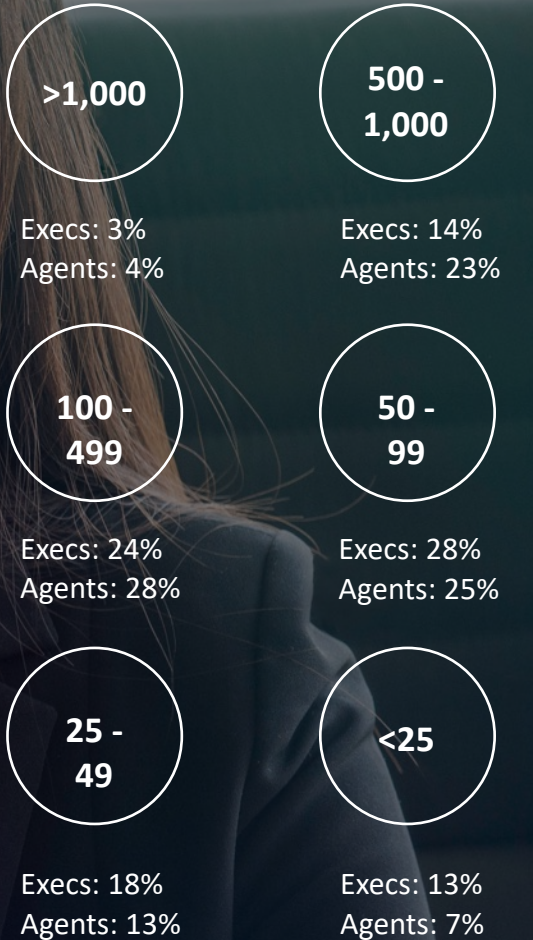
	Execs	Agents
Fin Svcs	17%	17%
Retail	19%	20%
Telecom	11%	13%
Gov't & Edu	12%	11%
Healthcare	15%	18%
Tech/Pro Svcs	13%	12%



Employees

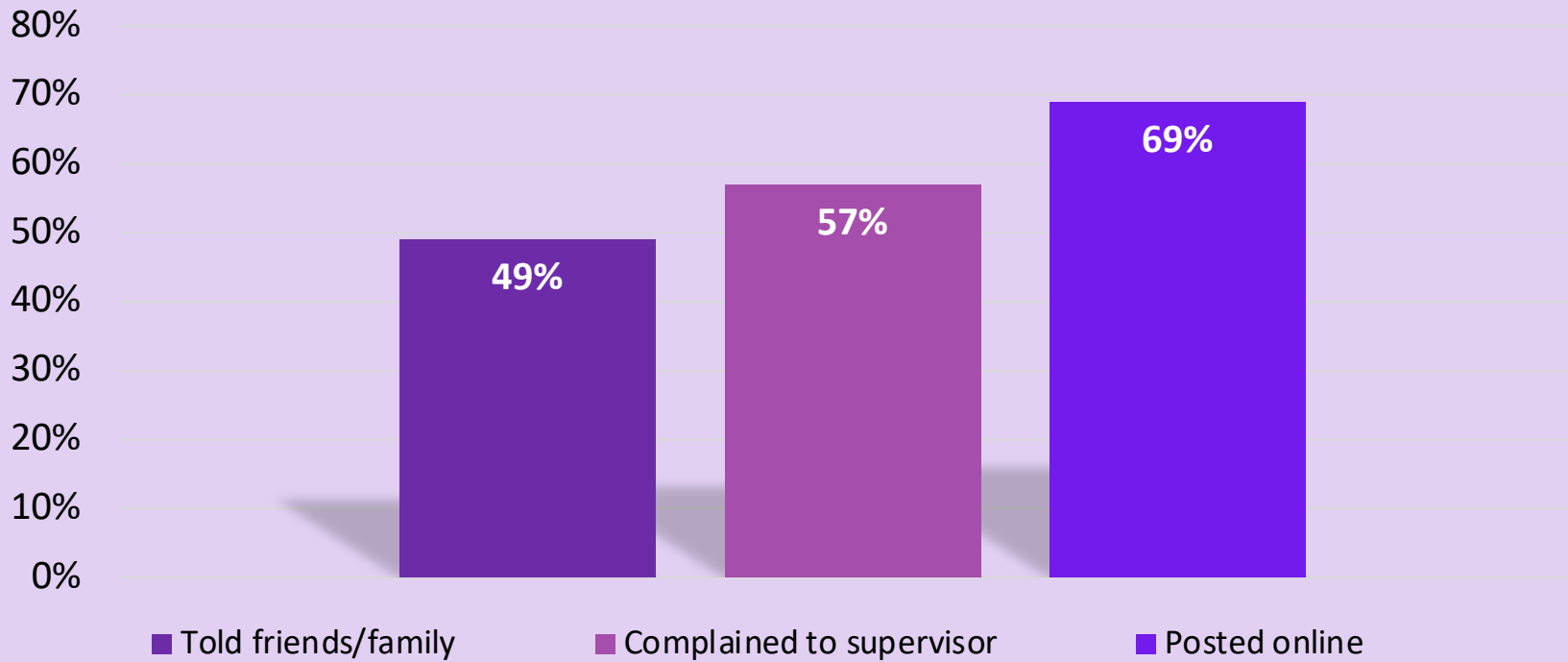
	Execs	Agents
>10,000	11%	17%
5,000-10,000	20%	18%
1,000-4,999	23%	27%
500-999	24%	22%
250-499	22%	16%

of Contact Center Agents

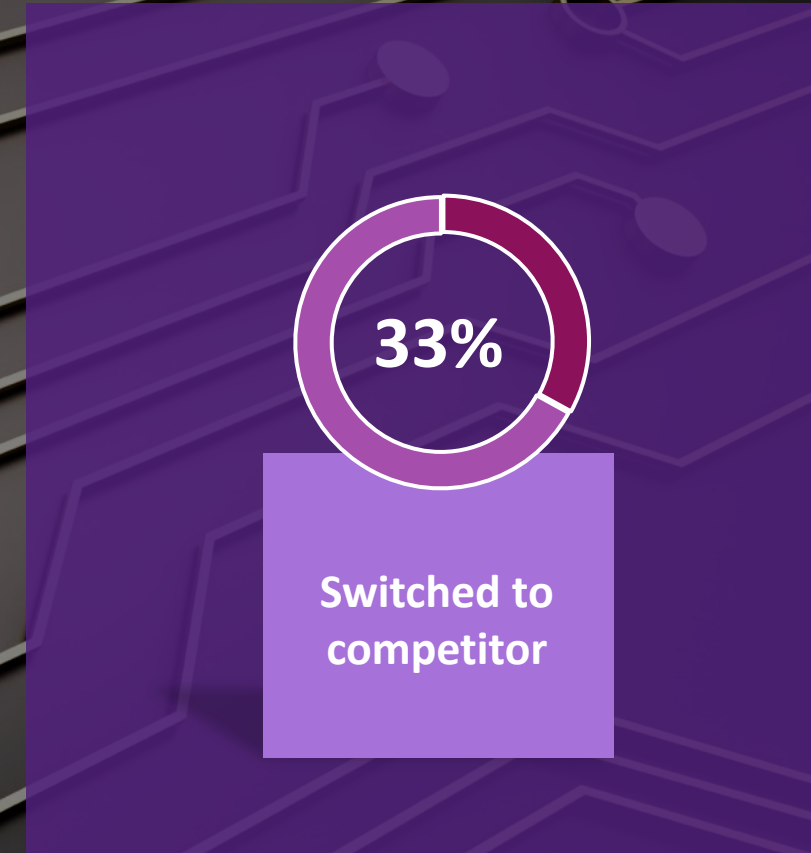


Negative CX

Customer responses to a bad CX

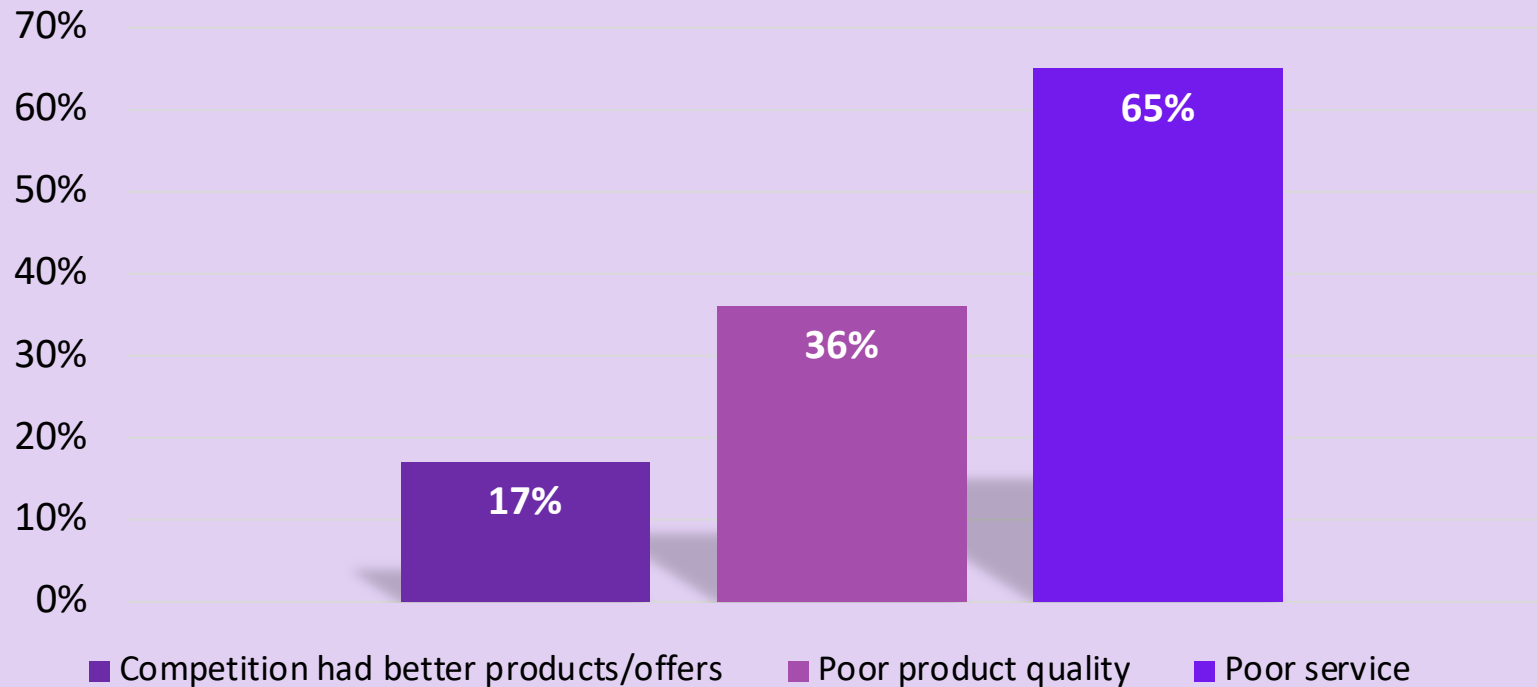


Response to negative CX

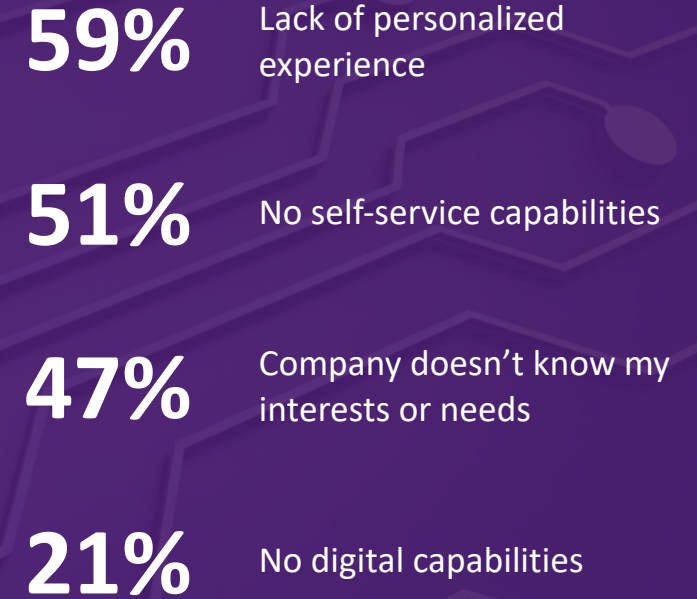


Customer Disloyalty

Reasons for customer disloyalty in the past year



Additional reasons for customer disloyalty



Contact Center Challenges

And the perception gaps associated with them



Executive Summary

AI and digital bridge the gaps in service

- The hidden gaps in perception within contact center support operations often stem from the disconnect between customer expectations, the business demands, and the quality of service delivered. These gaps can lead to higher operational costs and hinder overall customer satisfaction. However, advancements in AI, digital technologies, and data-driven approaches have the potential to bridge these gaps effectively.

Services fall short of expectations

- One hidden gap lies in the agent's understanding of customer needs and preferences. AI can utilize data analytics to gain insights into customer behavior and preferences, enabling agents to tailor interactions effectively and improve the quality of service.

Agents lack customer insight

- Another hidden gap is the disparity between customer expectations and the service offered. This mismatch can result in customer dissatisfaction and costly complaints. AI and digital technologies, such as chatbots, can help by providing rapid and consistent responses to routine inquiries, providing customers with quick and convenient service.

Make the right connections

- Overall, AI, digital technologies, and data-driven decision-making can help organizations close hidden gaps in perception and enhance contact center support. By aligning customer expectations with customer engagement through connected data, understanding customer preferences, and digitizing operations, companies can improve customer satisfaction, reduce costs, and drive better outcomes.

Key Insights

Insight #1:

AI-powered contact centers will comprise the future of support excellence

Insight #2:

AI-powered chatbots will dominate customer service

Insight #3:

Consumers want personalization and AI can enable it

Insight #4:

Generative AI is widely accepted across consumers and agents

Insight #5:

Better data equals better customer experience

Insight #6:

Digital opens the door for deeper customer experience and loyalty

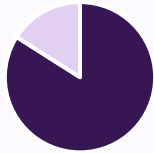
Insight #7:

Organizations must balance competing priorities

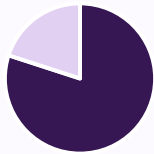
Insight #1
AI-powered contact
centers will
comprise the future
of support
excellence

AI and CX

Customers



84% said AI will improve the customer experience.

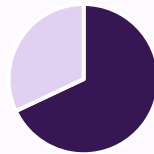


80% said AI delivers a more personalized experience.

Agents

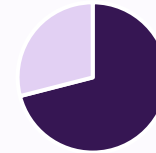


62% engage more proactively with AI.



68% have instant access to information.

Business Leaders



71% want AI to handle more calls per hour.



62% said AI has reduced calls in the queue.

The AI Revolution

Transforming contact centers into intelligent hubs

Perception

AI is a customer service panacea

With 84% of consumers who believe AI will improve the customer experience and 62% of leaders who said AI has reduced calls, points to AI as the solution to both providing exceptional customer service, as well as an enabler of efficiency and productivity gains.

Bottom Line

AI must augment live support

AI presents vast opportunities for efficiency and improved customer service, however a successful implementation of AI in the contact center requires a blended approach that combines the strengths of AI with human skills and oversight.

Minding the gap



The integration of AI in contact centers is driven by the need to enhance customer service, reduce costs, and improve operational efficiency. However, it's important to strike a balance between automation and the human touch, as certain interactions and complex issues may still require the empathy, judgment, and personalization that human agents provide. The future of contact centers likely involves a synergistic relationship between AI and human agents to provide the best customer service experience.

Insight #2
AI-powered
chatbots will
dominate customer
service

AI-Powered Chatbots

Customers

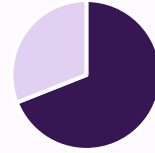


52% stated chatbots will eventually **eliminate the need for a live agent.**

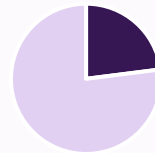


38% believe AI will **put humans out of a job.**

Agents



69% said when chatbots assist with customer inquiries, **engagement improves.**



23% said AI-powered chatbots will **put them out of a job.**

Perception Gap

Business Leaders



88% said AI-powered chatbots will **improve the customer experience.**

The AI Dilemma

Job displacement and the workforce of tomorrow

Perception **AI will replace some contact center agents**

The majority of consumers and leaders view chatbots favorably, with 52% of consumers stating chatbots will eliminate the need for a live agent.

Bottom Line **Embracing a hybrid model is key in the short-term**

While Omdia doesn't expect to see significant change in agent displacement over the next few years, over time and as the technology improves, AI and automation could replace agents' jobs.

Minding the gap



As the integration of AI continues to reshape the contact center industry the potential displacement of agents requires a thoughtful and strategic approach for adaptation. This process involves acknowledging the transformative impact of AI on contact center operations and proactively addressing the changes to ensure a smooth transition and positive outcomes for both agents and the organization. Key approaches include reskilling agents, reimagining the scope of agent roles, and embracing a hybrid model that blends AI capabilities with human skills to allow for empathy.

Insight #3
Consumers want
personalization and
AI will enable it

AI and Personalization

Customers



48% said they'd be **willing to pay for live agent interactions** if the experience was personalized.



59% said a **lack of personalization** negatively affects customer loyalty.

Agents



45% said AI-engagement technologies **enable personalization**.

Business Leaders



38% said a **lack of personalization** is the top reason for customer churn.

The Power of Personalization

AI to revolutionize experiences

Perception

A lack of personalization negatively affects loyalty and causes churn

Consumers admit that a lack of personalization negatively affects their loyalty, with 59% stating as much. Furthermore, 38% of business leaders believe a lack of personalization is a top reason for churn. This highlights the need for personalized communications and content.

Bottom Line

Lean into AI to minimize churn

Leaders can catch up to consumers' personalization demands by investing in AI. With 45% of agents who said AI enables personalization, embedding AI into engagement technologies will play a crucial role in understanding and meeting the evolving demands of today's consumers who expect relevant experiences across all digital channels.

Minding the gap

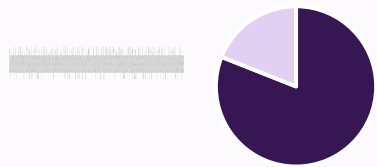


Businesses must place AI at the core of interactions and services. AI-driven personalization can serve as an effective tool for improving customer satisfaction and retention. By proactively addressing at-risk customers, providing personalized solutions, and continuously improving, AI can contribute to customer retention.

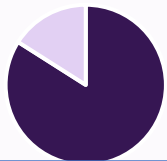
Insight #4
Generative AI is
widely accepted
across consumers
and agents

Generative AI

Customers

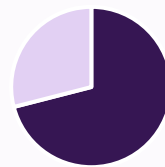


81% get faster resolution with Gen AI.

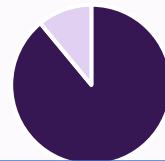


84% said Gen AI will improve agents' ability to help customers.

Agents

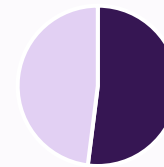


71% said Gen AI is effective at improving customer engagement.

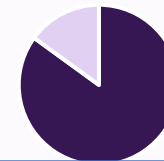


89% said Gen AI will improve their ability to help customers.

Business Leaders



52% said Gen AI is better than their staff.

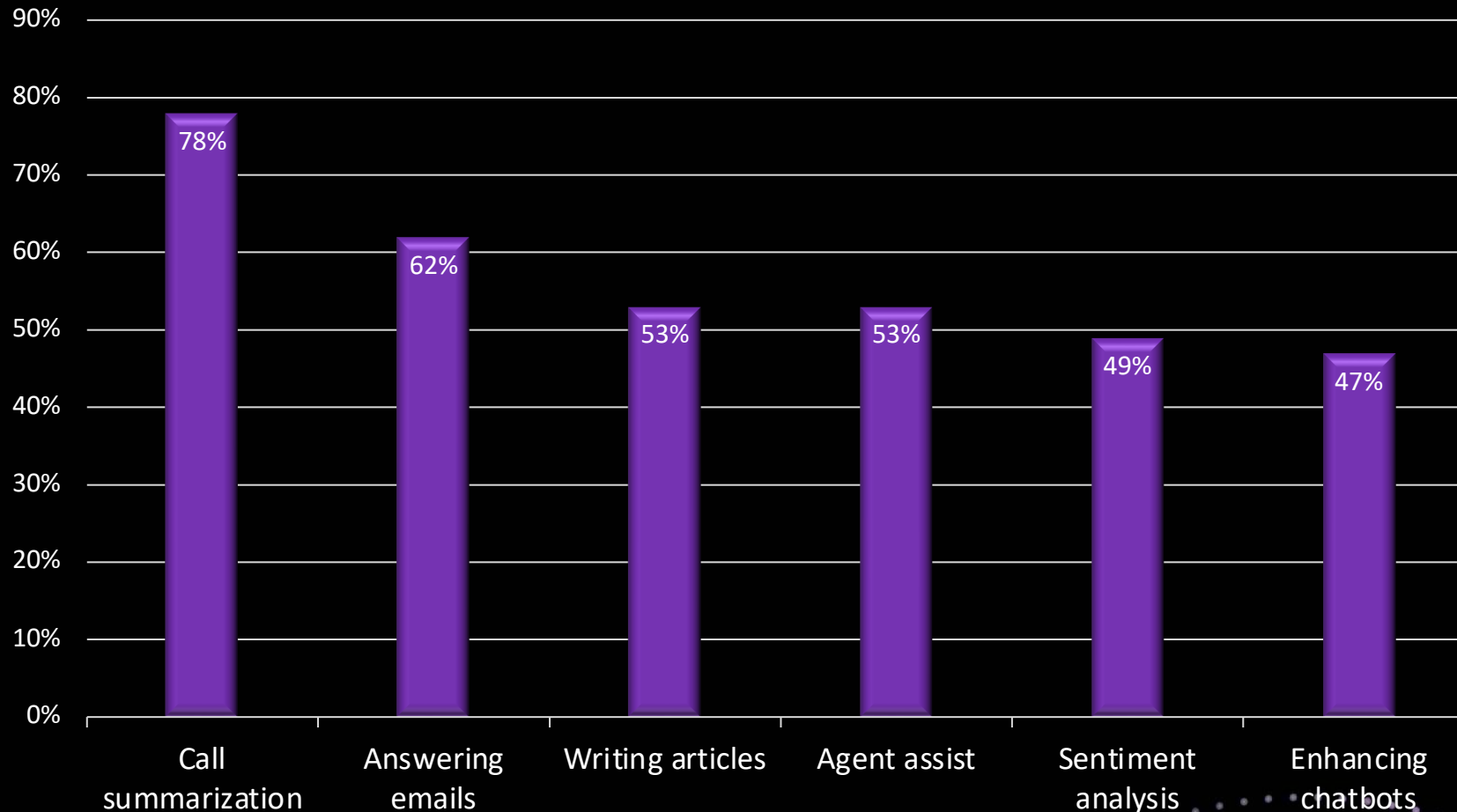


85% said customers will have a significantly better experience with Gen AI.

Perception Parity

Where leaders plan to use Gen AI

What use cases are you applying Gen AI to solve?



Generative AI Customer Concerns

Customers



52% have **data privacy/security** concerns.



55% are concerned about **biased responses**.

Customers



47% are concerned about AI **misunderstanding their inquiries**.



38% are concerned about receiving **inaccurate info**.

Gen AI's Role in Customer Service

From novelty to necessity

Perception

GenAI improves customer experiences and increases expectations

Generative AI adoption, both by consumers and organizations, signifies a significant shift in how individuals interact with technology and work within their organizations. The data indicates a growing acceptance and reliance on generative AI for improved experience and efficiency.

Bottom Line

GenAI is essential for staying competitive

While more than half of consumers have Gen AI-related concerns about security, privacy, and biased data, 84% said it will improve agents' ability to help customers. To capitalize on Gen AI's current momentum enterprises must act quickly to address these concerns.

Minding the gap

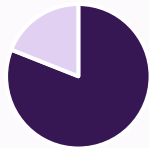


Organizations must consider several factors when adopting and leveraging AI. Having high-quality data is instrumental for the success of a generative AI initiative. This entails ensuring data integrity and accuracy to maximize the potential. Additionally, ensuring AI systems integrate with existing systems and workflows is crucial. Finally, organizations must identify and mitigate potential risks by addressing potential cybersecurity threats and data breaches.

Insight #5
Better data equals
better customer
experience

Integrated data

Customers

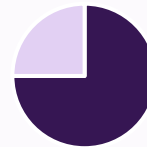


81% would like agents to **track their history** if it means they won't be put on hold.



52% get frustrated **when agents search for information.**

Agents

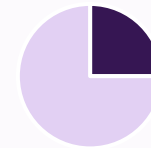


75% need a **complete interaction history** to personalize experiences.

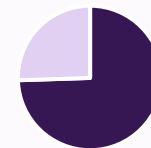


But **74%** must access 3-8 apps to access customer info.

Business Leaders



25% said they are keeping **investments in data integration the same.**



73% said agents must access 3-8 apps to access customer info.

Expectation Gap

The Cost of Isolation

The Negative Impact of Siloed Data

Perception

Integrated data is essential for CX

Agents can't easily access an integrated view of customer data. Despite only 25% of leaders who said they are maintaining investments and 8% decreasing investments, many businesses still have a long road in their data integration efforts. If not addressed, the potential negative impact posed by data fragmentation affects the customer experience and business outcomes.

Bottom Line

Businesses must prioritize data integration

Consumers clearly want their data and journey integrated if it translates to better and faster service. In fact, more than half say they get frustrated when agents search for information, however 74% of agents must access between 3-8 applications. To address the challenges that result from unintegrated data, businesses should evaluate the costs and benefits of investing in technology for integrated data, such as data integration platforms and analytics tools.

Minding the gap



Addressing data fragmentation requires a strategic commitment to integrated data management. While there are long-term costs associated with these efforts, the long-term benefits in terms of efficiency and customer satisfaction outweigh the initial costs. Start by developing clear data governance policies to standardize data management practices and invest in data integration tools to connect and synchronize the data. Also, leverage analytics and conduct routine data audits. Lastly communicate regularly with employees about data integration efforts and their benefits.

Insight #6
Digital opens the
door for deeper
customer
experience and
loyalty

Digital capabilities

Consumers



21% said a **lack of digital capabilities** have negatively impacted their loyalty.

Agents



63% stated **not having sufficient digital capabilities** significantly affects their roles.



58% said a **lack of digital capabilities** leads to angry customers.



48% said **customers leave** when there are insufficient capabilities.

Business Leaders



73% said digital capabilities **decrease customer churn**.



42% said customers **take their anger out on agents** when there are insufficient digital tools

Perception Gap

A Race Against Time

Leverage digital tools to retain customers

Perception

Customers will leave brands that don't offer digital support options

A lack of digital support tools, such as intelligent knowledgebases, mobile apps, SMS, and chatbots will negatively affect customer satisfaction and brand loyalty.

Bottom Line

Businesses must prioritize digital transformation

Addressing customer frustration and low employee performance requires thoughtful customer- and agent-facing investments. This involves several strategic steps for enhancing customer experience, ranging from investing in digital transformation, digital self-service, and resolution pathways. However, the perception gap between agents and leaders about customer frustrations, due to insufficient digital tools, highlights the need to better understand how digital investments affect customer experiences.

Minding the gap



Overcoming resistance to digital adoption requires a thoughtful and strategic approach. Successful transformation requires a combination of cultural alignment, effective communication, education and training, pilot projects, change management, and continuous improvement. Companies should consider involving agents in the projects, seeking their input, ideas, and concerns throughout the process. Then identify and empower change champions who can guide others throughout the transformation.

Insight #7
Organizations must
balance competing
priorities

Agent performance

Agents



31% have conflicting KPIs.

Perception Gap



46% said their goals are unreasonable.



48% said they frequently miss their goals.

Business Leaders



65% said their company has conflicting KPIs



55% said contact center goals are unreasonable.



50% said agent performance is appropriately tracked.

The Consequence of Unreasonable Agent Goals

Perception

There's a misalignment with realistic expectations

The gaps in perception pertaining to unreasonable goals and conflicting KPIs point to misaligned objectives. Goal-setting is sometimes disconnected from the actual capacity or limitations of the agents. Additionally, agents might not be equipped with the necessary technology to meet both their personal goals and the company's KPIs.

Bottom Line

Align agent goals with KPIs

Oftentimes, businesses set unrealistic goals without a proper understanding of the time and effort required for certain tasks, causing stress and frustration among agents. Businesses, driven by the need to meet specific performance metrics or KPIs, might inadvertently push for unreasonably high targets. Additionally, in an economy ripe for achieving maximum efficiency, businesses might prioritize metrics like call volume, average handling time, or sales targets over the quality of customer interactions.

Minding the gap



Incentivizing agents solely based on meeting quantitative targets can drive the push for unrealistic goals. Common factors at odds include: short-term vs. long-term goals, quality vs. quantity, cost vs. revenue, and customer satisfaction vs. efficiency. Businesses must carefully assess their strategic priorities and align objectives. It's important to recognize that KPIs should not operate in isolation, but as part of a comprehensive performance management framework.

Conclusion

Addressing perception gaps between customers and enterprises

Challenge: Customer expectations and experiences are often misaligned

- For many enterprises, a disparity exists between customer expectations and the support offered. This mismatch can **negatively affect customer satisfaction and business success**. AI and digital technologies, such as chatbots and virtual assistants, can help by providing rapid and consistent responses to routine inquiries, meeting customer expectations for quick and convenient service.

Recommendation: Ensure communication, understanding, and support

- Such perception gaps occur for several reasons: Agents may not fully be aware of or address customers' specific needs. This could be due to a lack of training, resources, digital tools, and integrated data that allows them to proactively respond.
- Addressing perception gaps between consumers and brands requires open communication, actively seeking and listening to customer feedback, and leveraging analytics to understand consumer behavior. This will go a long way to ensure consumers feel heard, understood, and well-supported. By bridging these gaps, brands can seize opportunities to better tailor their offerings, improve customer experiences, and enhance their market positions. Ultimately, aligning brand perceptions with consumer expectations can lead to increased customer satisfaction, stronger loyalty, and sustained business growth.

Conclusion

Addressing perception gaps between agents and leaders

Numerous perception gaps exist between agents and leaders

- Another perception gap exists between agents and their leaders, regarding the use of modern, digital tools; leadership support; and agent training, coaching, and e-learning tools is a significant issue. These disparities lead to customer and agent frustration and attrition. It compounds the problem when managers place unreasonable goals on agents who struggle to achieve them with insufficient tools.

Recommendation: Foster an open and transparent culture

- This disparity in perspectives often stems from a **lack of effective communication, understanding, and transparency** between leadership and frontline agents. Addressing these gaps requires fostering an environment of **open communication**, where feedback from agents is actively sought and considered.
- It's important for leaders to involve agents in the decision-making process, provide comprehensive training and support for new tools, and demonstrate how these technologies are meant to enhance, not replace, their roles. Creating a culture of collaboration and transparency can help bridge these perception gaps, aligning both sides toward a common understanding and shared goals.

Thank you

VICM