

THE STATE OF CX AND HOW VOICE TECH IS CHANGING THE GAME



In a sea of similar products and services, CX can act as a powerful differentiator. According to Gartner's Customer Experience in Marketing Survey¹, 67% of companies feel they compete mostly or completely on the basis of CX, and 81% expect to do so within two years.

Getting your brand's CX right has become a business imperative and a key battleground for winning, or indeed, losing business. A Bain & Company analysis also found that companies that excel in customer experience grow revenues 4 - 8% above their market average². This is because a superior experience positively influences loyalty among customers, which turns customers into promoters who tend to buy more, stay longer and make recommendations to their friends. This concept is simple - so why is it that some companies excel in this game while others fail?

Let's take JetBlue as an example. This low-cost airline has managed to rank highest in customer satisfaction for 12 years in a row. Considering the operational challenges faced by airlines this might seem surprising.

But only until you have heard founder David Neeleman talk. He makes one thing clear: Customer centricity is not only a statement but very much ingrained in JetBlue's DNA since the very beginning.

Looking at this example we see, even in highly regulated industries - travel, insurance, or financial services - you can still find the right balance between keeping your customers safe and secure while delighting them at every interaction.

To better understand the challenges companies face when it comes to executing a successful experience, we interviewed CX professionals based in the United States and Europe and built the following report.

Proving the Return-on-Investment of CX actions

*An overwhelming **90%** of the respondents in our survey agree it is almost impossible to showcase ROI within 90 days.*

Talking about challenges for CX within a company, proving ROI is at the core of the problem. An overwhelming 90% of the respondents in our survey agree it is almost impossible to showcase ROI within 90 days. Likewise, these findings are supported by the latest Annual Global State of CX Report³, showing return on investment from CX projects to be one of the top challenges troubling CX practitioners.

With this in mind, we have to acknowledge that the inability to show how CX efforts create value, make it significantly harder to acquire and justify funding for CX initiatives.

As Peter Drucker previously stated: "What you can't measure, you can't improve". This leads us to analyze current tools CX professionals use when it comes to quantifying CX actions in terms of their return on investment.

Why traditional metrics won't solve your desire for immediate ROI

Speaking of measuring, scores such as NPS, CSAT or CES are omnipresent in CX and have been around for many years without much change. Nevertheless, 100% of the CX practitioners we interviewed agree that the scores are not providing enough context to be actionable.

These findings are supported by a recent Forrester survey which states that the majority of CX professionals agree to the fact that their companies use metrics which are not delivering actionable insights about the customer experience⁴. On the one hand, we see these well-established metrics which almost every company calculates, on the other hand we know from CX practitioners that these scores alone are not providing deep enough insights to tackle the root causes of negative customer experiences.

There is no survey which is going to capture the same level of nuance and emotion which you are getting when directly talking to your customers.

The scores mentioned above are typically calculated through surveys, and in the nature of surveys lie several downsides.

No value without context

Firstly, there is no survey which is going to capture the same level of nuance and emotion which you are getting when directly talking to your customers. While you try to work around this through offering customers open comment fields it's needless to say that these fields are often either left blank or consist of only a handful of words leaving you with no explanation as to "why" a customer gave a certain score.

Overrepresentation of extremes and consistency

Secondly, your customers are suffering from what we call survey fatigue. It is unrealistic to rate every interaction with a brand and this makes it impossible to follow the satisfaction trend of each customer. Consequence: response rates dip as low as 5%.

Polarity Bias

Another key point to remember is that companies which are relying on surveys have to deal with the polarity bias. The majority of customers

who are willing to take time to complete a survey usually fall into two categories: those who had a completely satisfactory experience, and those who had a completely unsatisfactory experience. You will never know what the vast majority in the middle is feeling and experiencing.

Time lag

Due to the nature of how NPS is measured today, we are always dealing with a time lag between measuring the experience, getting the results and initiating actions. This makes it very difficult to achieve a quick assessment of CX actions and is not a useful tool to rely on when it comes to proving ROI in the short term.

But the biggest challenge remains: They don't allow you to demonstrate the immediate impact of your CX actions on ROI.

All things considered, metrics such as NPS provide a company with a holistic perspective on their services or products and enable them to compare these within an industry. But the biggest challenge remains: They don't allow you to demonstrate the immediate impact of your CX actions on ROI.

How this influences executive management buy-in and why achieving it is so important

Our research shows that the inability to showcase ROI in the short term has a significantly negative impact on executive management buy-in. This is especially important as we found that 90% of the respondents believe achieving management buy-in is the biggest challenge when establishing a customer-centered culture.

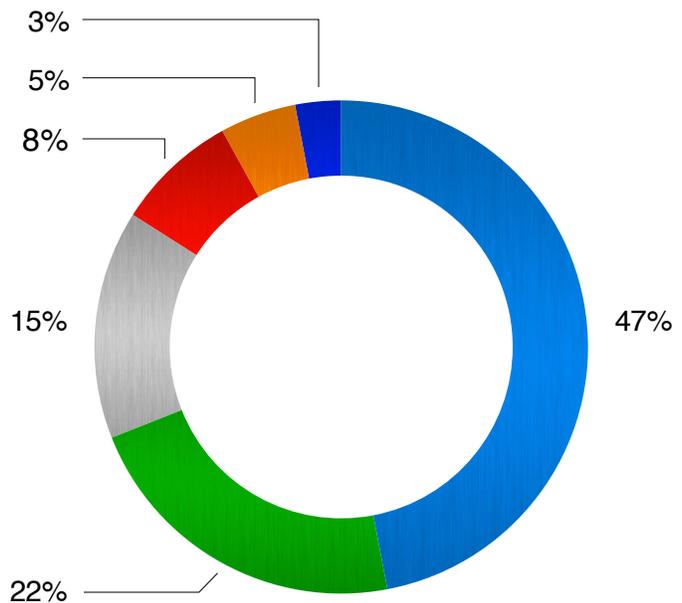
In other words, the importance of executives buying into CX is at the very foundation of building a customer-centered culture within a company. Considering the fact that customer-centric companies are 60% more profitable compared to companies that are not focused on the customer⁵, it is crucial to achieving a thoroughly customer centered mindset within a company.

So why is it so difficult? We have learned that executive management buy-in and the ability to prove ROI from CX actions are often correlated. If CX professionals therefore lack powerful tools to showcase an instant return on CX it is directly influencing buy-in of executives and making it difficult to build a customer-centered company.

While executive management might have a difficult time buying into a vision without proof of its return, we know from our research that a lack of buy-in leads to the second biggest challenge CX professionals face today: Silo thinking.

Challenges when establishing a customer-centered culture

- Management buy-in
- Difficulty to prove ROI
- Ownership for customer related topics
- Silo thinking
- Budget allocation
- Other



The downside of a siloed organization

Most companies offer their customers a range of communication channels for a variety of different services. What is intended to give customers a choice in terms of when or how to interact with a company, can often become a source of dissatisfaction. And why is that? Many companies are built as the sum of their specialized silos and the lack of coordination across these silos can often cause problems, especially when the customer is the one falling in-between the Bermuda triangle of these silos.

Synchronizing different channels in order to deliver a satisfactory customer experience is a big challenge.

The more channels and services you offer, the more difficult it gets to achieve a comprehensive experience for your customers and for you to retain a complete overview. In a world where start-ups disrupt industries by focusing on delighting customers with thoughtfully designed, barrier-free omnichannel experiences, larger incumbents struggle to move from a siloed approach to a customer journey centered organization.

It's no surprise that the majority of CX professionals report that orchestrating and synchronizing different channels in order to deliver a satisfactory customer experience is a big challenge.

Why voice is an important channel

Let's take a closer look at one of these channels: the call center. Even in the age of ubiquitous online channels like live chat, key customer segments still prefer talking to another human being. This is particularly true when speed or complexity are big concerns. In these situations, almost half of Americans prefer voice over texting or typing⁶.

Unfortunately, a recent study shows that nearly 94% of customers report having experienced frustration when using voice channels to communicate with a company⁶. Obviously, there is room for improvement when it comes to managing this channel.

In our study, we discovered that almost 70% of the respondents agree to another important function of call centers: They serve as a live diagnostic tool for all things broken. In other words, this key customer touchpoint provides highly insightful contextual details, which are essential to deeply understand what has to be done better to improve the customer experience. These voice data insights are worth their weight in gold - and at OTO, we are able to unlock the full potential of this data collected during key customer interactions.

How AI is unlocking the hidden potential in voice data

According to CX Network's telecom panel⁷, Artificial Intelligence is one of the biggest trends to impact customer experience management over the next 12 months. In this report, we combine today's CX challenges with the newest possibilities offered by AI to solve them.

Going from speech-to-text to speech-to-meaning

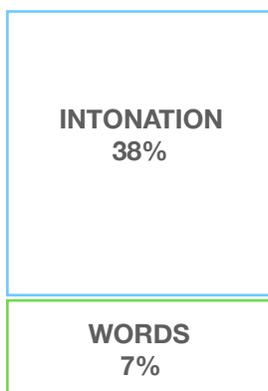
As previously stated, the voice channel is important. But there is no reliable way to measure the human quality of conversations at scale.

This is because voice tech today is mostly speech-to-text and the text alone is ambiguous when missing the key nuances carried by the intonation. To illustrate this problem, we use the so-called Mehrabian Formula of Communication which shows the layers of human communication.

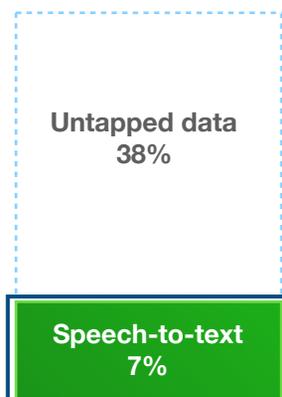
If we look at the verbal signals which make up 45% of our communication, we see that the actual words themselves only account for 7% of our message, while 38% of our communication is derived from how we say these words - our intonation.

Mehrabian Formula of Communication: Verbal Elements

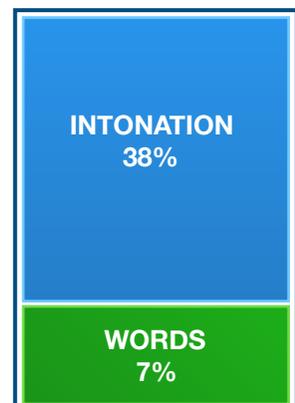
Measurable elements of Mehrabian Formula



Limits of speech-to-text



Full potential of speech-to-meaning



With today's speech-to-text technologies neglecting important contextual information carried by intonation, the quality of understanding human communication does not reach its full potential. This is why OTO developed its advanced acoustic engines to analyze not only what a customer says (text) but also how it is said (intonation). Enabling companies to unlock human communication in a way never possible before.

Capturing satisfaction out of voice

Key customer feelings such as satisfaction, irritation, or engagement as well as intentions like interest to purchase or risk to churn can be found beyond words in the way customers express themselves.

At OTO we outperform low response rate surveys and accurately predict satisfaction scores for 100% of your customer interactions.

Our AI-powered engines have learned from hundreds of thousands of labelled voice interactions and have identified the key acoustic signatures that define what customer satisfaction sounds like. This allows us to completely transform the way a company monitors and manages customer satisfaction. The traditional way of collecting customer feedback through surveys belongs to the past. At OTO we outperform low response rate surveys and accurately predict satisfaction scores for 100% of your customer interactions. The state-of-the-art implementation allows OTO to detect satisfaction in real-time in order to take action and save the conversation before it ends negatively.

With regard to Peter Drucker's "What you can not measure, you can not improve", OTO's comprehensive evaluation of customers allows companies to start managing their experiences instantly, accurately, and effectively.

Making insights actionable - macro and micro view

When it comes to initiating actions, we saw that simple numeric values provided by CX scores are necessary from a holistic perspective but not enough to initiate CX actions across a company. At OTO we balance both a macro and a micro perspective which provides actionable insights and enables companies to take proactive steps.

To give an illustration, the micro perspective on customers allows us to pinpoint, within a call, precisely where a customer behavior changed from positive to negative or the opposite. In addition to these key moments, we are able to get the root cause of this behavior change and therefore provide actionable insights.

Reducing outcomes such as customer churn by as little as 1% can add millions to a company's bottom line

Being able to use these insights for appropriate actions such as loop closure, lead to financial returns. Our findings revealed that calling back an angry or dissatisfied customer turns a potential detractor into a promoter 7 times out of 10⁸.

Financially speaking, reducing outcomes such as customer churn by as little as 1% can add millions to a company's bottom line. Furthermore, OTO's continuous view of the evolution of each customer and the impact of each CX action lead to a reliable tracking of ROI solving one of the major problems CX professionals are dealing with today.

Conclusion

At the very beginning of this report, we asked the question: why do some companies excel in the game of customer experience while others fail? Our research shows that CX professionals around the globe are dealing with similar challenges such as proving return-on-investment of CX actions, downsides of traditional experience metrics and securing management buy-in.

Above all, we have learned what really makes a difference: It's the way companies collect and act upon customer insights. In an always evolving environment, where price and competition can change from one day to the next, it is crucial to recognize new patterns between customer behaviors, satisfaction, and revenue in the fastest way possible.

Each customer interaction is filled with valuable insights regarding their level of satisfaction, interest, engagement or intentions, all of which our advanced acoustic engines are able to accurately capture in real-time. At OTO, we believe this next generation of speech-to-meaning technology to be the key success factor to unlock valuable and actionable insights out of voice interactions.

Our mission is to empower companies to score customer satisfaction which enables them to proactively initiate appropriate actions and change customer behaviors.

References

1. Customer Experience in Marketing Survey 2017: Greater Expectations, Greater Challenges by Gartner
2. The Five Disciplines of Customer Experience Leaders
3. The Global State of Customer Experience 2018, by Chanice Henry, published on CXNetwork.com
4. The Actionable Measurement Playbook by< Pointillist
5. Customers 2020: A Progress Report by Walker
6. To text or to talk? Understanding customer care preferences for voice and digital channels, by Interactions
7. Telecoms CEM Investment Trends eBook by Customer Experience Management in Telecoms, published on CXNetwork.com
8. MACIF Insurance, Panel Discussion, Conference Stratégie Clients 2019 in Paris

About OTO

After Apple acquired the [SRI International](http://SRIInternational.com) spin-off Siri, a group of SRI scientists decided to continue pushing the frontiers of speech understanding by combining their deep expertise in behavioral science and artificial intelligence. Fascinated by the technology and the potential of voice analytics, Teo Borschberg and Nicolas Perony founded OTO as an SRI International spin-off.

At OTO we believe voice technology is the key to unlocking the full potential of your customer data.

Contact info@oto.ai for more information or visit www.oto.ai