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## **Understanding Traditional and Digital Channels in the Future of Business**

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*Multichannel customer engagement is the future of business in Australia as the focus shifts toward multiple touchpoints — a combination of brick-and-mortar (e.g., in-store support and contact centre), and digital (e.g., online, social and mobile) channels. Customers want the flexibility to choose how and when they want to interact with an organisation, and many often turn to peer reviews in digital channels before making a purchase, troubleshooting or resolving problems. Digital channels will excel with industries in transformation. These include financial services and retail where customer centricity is key. Newer digital channels such as mobile apps and social media are becoming more prevalent in enabling lines of business (LOB) such as sales, marketing and customer care to communicate with their customers. The changes in traditional and digital channels have far reaching implications for C-suite executives (e.g., CXOs), the IT department, and LOB leaders. The emergence of new channels is changing the way organisations serve customers and driving organisations to reevaluate how much to invest in each. Blending these channels to ensure consistency in the customer experience is also presenting a new set of integration challenges for organisations, particularly as they look to deliver a consistent customer experience. This is defining the role of the contact centre in a multichannel environment.*

*The following questions were posed by Optus Business to Dustin Kehoe, Associate Director for Telecommunications in Australia and New Zealand, IDC Asia/Pacific, to assist organisations with building an effective multichannel strategy.*

**Q.    What is the role of the contact centre in a multichannel world?**

A.    While the world of business is becoming multichannel, contact centres are an important foundation and logical orchestration point for all channels. Although digital channels, especially mobile and social, are becoming more important and impacting the contact centre, customers still place a high value on human interaction, and there is no sign that digital will totally replace traditional channels. There are numerous examples that show how interactions within each channel are changing. For example, if consumers are getting the information they want from mobile and social outlets, they are not using inbound contact centre representatives for general enquiries. In some cases, mobile apps are reducing the requirement for interactive voice response (IVR) systems. Given these trends, organisations are shifting agents from providing reactive customer support for voice-centric platforms to delivering proactive communications across all channels. This shift is allowing organisations to retrain agents to deliver specialised support for inbound calls and in some cases, sales specialists for outbound campaigns. The rise of the multichannel world is also placing more importance on Big Data analytics. IDC defines this as a new generation of technologies designed to extract value from very large volumes of data (e.g., structured and unstructured) by enabling high velocity capture, discovery and analysis. As consumers are now turning to

the online world for information about products and services, Big Data analytics is seen as a re-equaliser between buyers and sellers, providing organisations with more information about their customers. A recent survey from IDC Australia released in April 2013 found that over 80% of midmarket organisations are currently trialling or planning to implement a Big Data strategy within 12 months.

In the context of contact centres, if customer care representatives are able to understand the totality of interactions that customers are having across channels, then there is meaning and predictability to data which will in turn trigger a follow-up action. For example, if a customer is at risk of leaving, then certain rules and pre-defined escalation procedures (e.g., notifying a manager or offering a discount) can apply. This means we now have an environment that is both context-aware and transformative through the use of these technologies.

**Q. What are the considerations for CIOs and IT managers for the future of contact centres?**

A. Given that multichannel customer engagement is changing the nature of contact centres, the most important consideration is integration. The ability to capture, tag and transfer metadata (data about data) across information sources in a timely and accurate fashion is key to improving customer care and advocacy. Within reasonable boundaries of privacy, customers do expect businesses to know something about them and why they are calling, and they get frustrated each time they have to repeat information to a new agent or channel. Likewise, if an enquiry made on a digital channel (e.g., Web site) can be captured and followed up by a customer service representative within the hour, sales conversation rates have the potential to increase drastically. While each channel will offer its own unique experience to the customer, it is important that they provide the same information and consistent responses. If organisations decide to invest in mobile and social channels, it is also important to support these outlets with the same level of commitment as traditional channels and not treat them as second class.

Finally, given the increased involvement of LOBs in IT and the fluidity of traditional and digital channels, it is important that CIOs and IT managers consider the current deployment models. Cloud models' given traits of speed, flexibility and scale are important considerations for extending the contact centre out to more LOBs. This can be valuable to, say, marketing running a 30-day outbound sales campaign or facing the need to increase inbound agents in response to an event on short notice. Communications are becoming more dynamic and more embedded into business processes. It is important that this is reflected in the underlying contact centre infrastructure and design.

**Q. How can mobile transform the multichannel experience?**

A. Mobile is very much the norm. In 2017, IDC predicts that there will be over 16 million smartphones and over 5 million tablets shipments in Australia, compared to the estimated 4 million PCs. Intelligent devices are becoming ubiquitous. While many organisations have implemented mobile apps to lower costs and improve internal productivity, there are a growing number of businesses and government agencies pushing mobile apps as an entirely new channel. This includes retailers sending texts and alerts to customers within pre-defined geographic boundaries to drive in-store traffic or to draw attention about promotions. The term "SoLoMo" combines social media, local services, and mobile centricity to revolutionise digital marketing. A number of Australian insurance companies are using mobile apps as a way for customers to process claim requests. Banks are developing mobile apps which allow customers to check balances and offer more advanced features such as the ability to check spending patterns against peers, or setting up micropayments through Facebook credits.

Many local governments are also launching mobile apps to make it easier for people to report local issues (e.g., parking shortages and damaged roads) through apps.

Big Data analytics are also being used to drive hyper-personalisation in which content changes dynamically based on individual preferences. In some industries, such as banking and financial services, organisations are finding that providing information that customers are looking for increases the number of interactions, but decreases inbound traffic to traditional channels. For example, very few people will walk into a bank to inquire about their bank balance. Likewise most insurance companies are using mobile apps for filing claims. Camera, location-based services, bar code scanning, and digital time stamping are some of the enabling technologies behind the apps that are driving innovation. Mobile apps are also becoming an important channel in government for conveying information and ultimately services to local communities.

**Q. What do CIOs and IT managers need to know for enabling a mobile strategy to better support customers?**

- A. Similar to issues experienced with online in the past decade, mobile apps should not be built in isolation, but they will need to be integrated and extended from existing channels. They should certainly be part of the same enterprise architecture. For example, any bank that offers the capability to deliver a balance look-up to a mobile app will need to integrate into existing core platforms and will need to address the same security, governance, risk and compliance requirements. It is also important to see digital channels in a wider context. Being able to identify a customer by name and location and have information about how customers are using mobile apps, for example, is valuable for understanding how best to route the call once it reaches a contact centre.

When developing mobile apps, CIOs and IT managers will need to reconsider service-oriented architecture software design methods and best practices for software development (e.g., Agile and Scrum) for building apps which meet business needs. Businesses will also need to consider sourcing for mobile apps and decide whether it is best to develop internally, outsource to third-parties, or a combination of both. Lastly, while nothing beats the experience of native apps, IT will need to look at other technologies such as HTML5 (or hybrid) to deliver apps at lower cost and at scale. The business case for a mobile strategy needs to be able to demonstrate how it delivers value back to the business and improves customer satisfaction. Some organisations are finding that mobile apps deliver better self-service which enable zero contract resolution. They lower customer service costs and improve satisfaction.

**Q. What are some of the technology considerations for CIOs and IT managers for supporting a multichannel strategy?**

Integration is one of the biggest challenges with building a multichannel strategy since digital and traditional channels have different IT and business requirements and to this day fulfil diverse needs. As organisations embark on a multichannel strategy, whether they want to integrate them as one virtual experience or keep each channel distinct from the other, customers expect a consistent and strong user experience which is a challenge for IT. Another is being able to provide the same answers regardless of the medium customers choose to engage in.

In terms of game-changing technologies, CIOs should also be looking at analytical tools to bring context and predictability to a multichannel strategy. Digital channels should continue to be the platform to drive high volume, low complexity interactions while traditional channels should be used for high-touch engagements. While traditional channels are more costly to

run in terms of cost per transaction, they also have the biggest impact on customer care and advocacy. They are also important as a backup to digital channels. CIOs and IT should also make way for newer technologies, such as video, which promise to bring a new level of richness and interaction across all channels, whether traditional (e.g., contact centre, in-store, social or mobile). Supply chain management and customer relationship management data are also important considerations in the integration of data repositories across all channels.

While most organisations have chosen social media as listening posts to understand customer sentiment, there is also a potential to integrate these platforms into the multichannel strategy. Some of the early implementations we are seeing are organisations looking to authenticate on platforms such as Facebook. Connecting via a social platform can also add new capabilities with intelligent routing (based on privacy settings) or drive the fledgling social commerce by enabling secure payments and transactions.

**Q. What are some of the considerations for CIOs and IT managers in enabling a multichannel environment and delivering value back to the business?**

IDC predicts that in 2013, the average medium-sized to large enterprise will take on 41 new IT projects. Some 58% will involve other LOBs outside IT. Within the next three years, this figure will increase to 80%. Mobility, analytics and IT automation projects, for example, which have a lot to do with a multichannel strategy, are often funded or influenced by business units which sit outside IT. For example, this can include marketing departments monitoring social channels to better understand customer sentiment, or corporate communications who may need to respond to a customer issue before it goes viral. IDC research also shows that the fastest adopters of social media come from customer service, research and development, human resources and sales.

In this context, it is important that any multichannel strategy should ensure CIOs and IT work with the business units to develop a consensus around prioritisation of projects. IDC recommends that the best practice for CIOs and IT departments is to embed resources into the LOBs to understand end-to-end business processes in order to drive better IT-enabled outcomes. IDC also recommends that IT leaders be part of the management team. This is to ensure IT plays its role in setting the agenda and driving corporate strategy.

**ABOUT THIS ANALYST**

*Dustin Kehoe is IDC's Associate Director for Telecommunications ANZ. Dustin has over 15 years experience as a senior international ICT strategy analyst, research manager and advisor, with a demonstrated history of managing both syndicated research and consulting projects that support client decision making. Dustin has strengths in assisting services organisations with their strategic planning, product development, marketing, business development, and market entry strategies. Dustin has provided this advice to a broad range of client groups across the ICT value chain.*

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