Drive Conversational Experiences For A Future-Ready Customer Support Strategy

Unlocking The Power Of Conversational Support To Fuel Customer Retention And Business Growth

FORRESTER®

Table Of Contents

Project Director:
Cynthia Hicks,
Market Impact Consultant

Contributing Research:
Forrester's Application
Development & Delivery research
group

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

FORRESTER®

Conversational support is the way to resolve customer questions through a digital-first, messaging-based interaction.

This means that customers and agents can be connected in real time or asynchronously, and customers can stop and restart the conversation when it's convenient without ever losing context.

Executive Summary

Around the world, companies must meet and anticipate the ever-changing needs and expectations of their customers. The uncertainty around the recent global pandemic has only highlighted the urgent need for organizations to not only better understand their customers, but also meet and exceed customer expectations. Namely, the expectation that any desired information or service is available on any device at a person's moment of need.[1] Firms must meet these expectations and build lasting customer relationships.

However, with these challenges also comes opportunity. Customer support organizations have the unique chance to get personal in today's digital age, leveraging technology to transform customer relationships and outcomes.

Intercom commissioned Forrester Consulting to evaluate current customer support priorities and practices, the challenges support leaders face with their process and technologies, and the benefits and opportunities they find in conversational support solutions. Forrester conducted an online survey with 523 global customer support decision-makers with responsibility for strategy and technology purchasing decisions to explore this topic. We found that personalized, messenger-based support experiences are no longer the future of support — they're expected and here to stay. Firms that can best leverage the power of conversational support are positioned to drive customer retention, customer satisfaction, and business efficiency, resulting in increased competitiveness and resiliency.

KEY FINDINGS

› **Delivering messenger-based support experiences are business-critical.** Customers want to engage with brands the same way they engage with their peers in their everyday lives — on seamless digital-first channels. The pandemic has only amplified the need for brands to deliver personalized messenger-based experiences. Prior to the pandemic, messaging was ranked fifth overall in terms of channel usage. Now, it has risen to second overall.

› **Poor agent experience and inefficient technology stacks slow progress.** Support organizations are challenged in supporting the increasing demands on their agent teams — and their technologies haven't kept up. Only 37% of customer support leaders are satisfied with their current digital channels/solutions and less than half believe they can deliver personalized support experiences at scale with their current solutions.

› **Conversational support solutions drive customer and business value.** Interest in investing in conversational support solutions is only growing. Half of respondents stated their firms currently implement, plan to implement, or plan to expand implementation of an existing conversational support solution in the next year. Scaling conversational support drives key objectives, including customer retention, business efficiency, and customer satisfaction.

Prior to the pandemic, messaging was ranked fifth overall in terms of channel usage. During the pandemic, it rose to second overall.

FORRESTER®

Delivering Messenger-Based Support Experiences Are Business-Critical

As customer demands for fast and seamless resolutions rise, so have the demands on customer support functions. Sharp shifts in the business environment have elevated the importance of customer support. Sales and marketing budgets have been slashed to emphasize the need to nurture existing customers and grow their loyalty and value.[2] In surveying 523 customer support decision-makers, we found that delivering personalized, conversational experiences is not only expected, but business-critical.

› **Digital channel transformation is underway.** Improving customer experience is a top priority in organizations. Customer support decision-makers are turning to new digital channels to do so. Unsurprisingly, the top customer support initiatives in the next year include improving customer support experience (46%) and understanding/responding to customer needs better (42%). Nearly half of decision-makers (47%) plan to introduce new digital channels, such as chat, to accomplish their objectives.

› **The pandemic created sharp shifts in channel usage.** Like many businesses navigating the pandemic, customer support organizations were forced to pivot to meet their customers' digital-first needs. Before the pandemic, telephone (agent-led) was the top ranked channel, followed by email and in-person. Messaging such as SMS was ranked fifth. However, we saw a sharp shift during the pandemic. Email is now ranked first, while messaging is the second most utilized channel overall (Figure 1). When taking a closer look, the channels that received the greatest ranking boosts were mobile applications, web-based chats, and video chat. In-person and telephone (agent-led) saw the sharpest declines.

› **Leveraging conversational, messenger-based experiences is key to growth.** Across the board, customer support leaders are fully aware of the increased pressure to meet and exceed both customer and stakeholder expectations — and decision-makers agree that leveraging and scaling customer conversations is key to rising to the occasion. In fact, nearly seven in 10 (69%) believe the strongest customer relationships are built through personalized, messenger-based support experiences. We also found that these customer conversations are only increasing in volume. Fifty-three percent of decision-makers report an increase in customer support conversation volume since the onset of the pandemic (see Figure 1). Of those, nearly three in 10 (28%) saw between a 10% and 50% increase in volume.
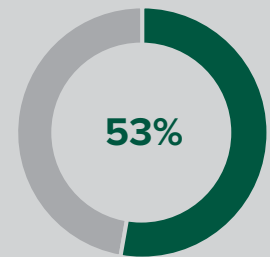
Nearly half (47%) of respondents plan to introduce new digital channels to accomplish their customer support objectives.

69% of support leaders believe the strongest customer relationships are built through personalized support experiences.

Figure 1: Messaging Rises To Second-Most Utilized Channel During Pandemic

Δ	Channels used	Before Pandemic (Rank)	During Pandemic (Rank)
▼ 3	Telephone (agent-led)	1	4
▲ 1	Email	2	1
▼ 12	In-person	3	15
▼ 2	Telephone (self-service)	4	6
▲ 3	Messaging	5	2

"For each of the following channels you used to deliver customer support before/during the ongoing spread of COVID-19, rank in order from most used to least used, with 1 being the most used."
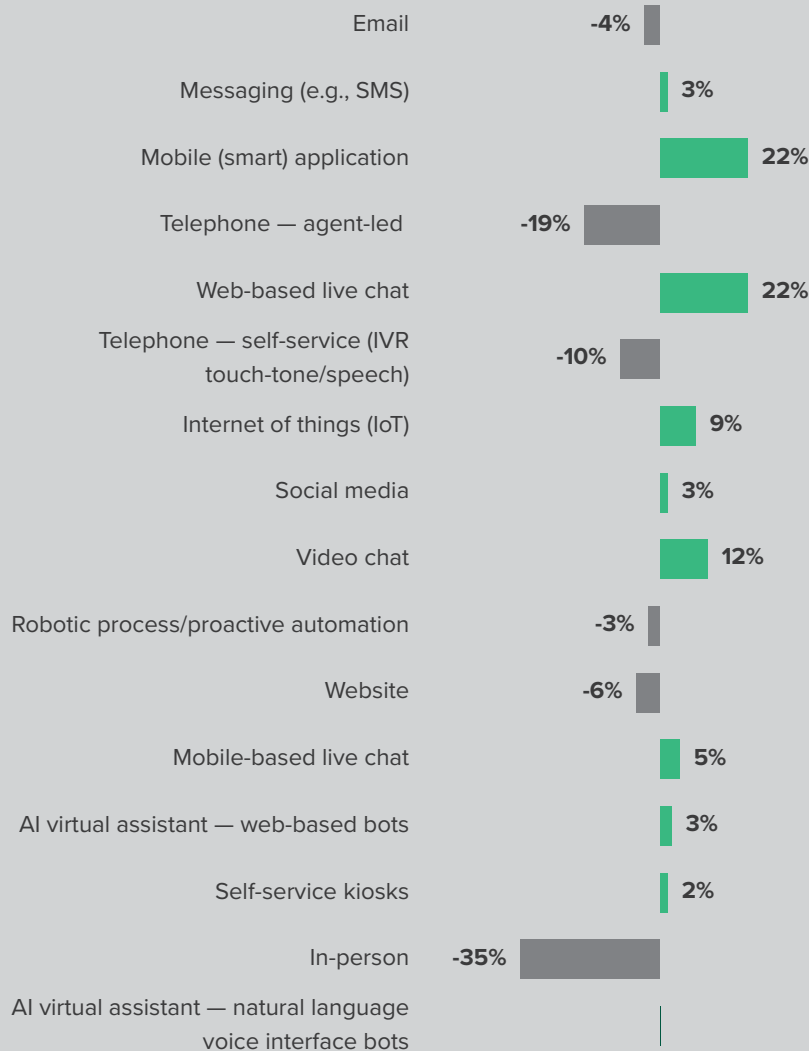
Channel	
Email	-4%
Messaging (e.g., SMS)	3%
Mobile (smart) application	22%
Telephone — agent-led	-19%
Web-based live chat	22%
Telephone — self-service (IVR touch-tone/speech)	-10%
Internet of things (IoT)	9%
Social media	3%
Video chat	12%
Robotic process/proactive automation	-3%
Website	-6%
Mobile-based live chat	5%
AI virtual assistant — web-based bots	3%
Self-service kiosks	2%
In-person	-35%
AI virtual assistant — natural language voice interface bots	

53%

of decision-makers report an increase in customer support conversation volume since the onset of the pandemic.

FORRESTER®

THE "NEW NORMAL" AMPLIFIES NEED TO PROVIDE PERSONALIZED CUSTOMER SUPPORT
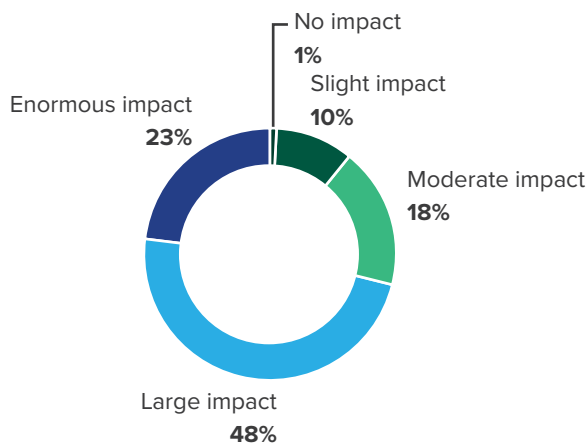
Companies have felt both the long- and short-term impacts of the pandemic on their customer support functions. The majority (71%) of survey takers believe the pandemic will have an enormous or large impact on how their organizations address customer support in the long term. Respondents are also aware of the immediate organizational impacts of the pandemic including digital channel preferences and more complex customer interactions (see Figure 2).

In today's "new normal," it's critical for companies to meet these short-term implications head-on. Customer support leaders agree that leveraging and scaling customer conversations will be more necessary than ever before. And, increasingly, customers prefer to have these conversations in the format they use in their daily lives. Nearly six in 10 decision-makers (58%) believe customers prefer conversational, messenger-based (chat) engagements with brands.

> 58% of support leaders believe customers will prefer conversational, messenger-based engagements with brands.

Figure 2

"How much of an impact do you think COVID-19 will have on how your organization addresses customer support in the long term?" (Select one.)

No impact
1%
Slight impact
10%

Enormous impact
23%

Moderate impact
18%

Large impact
48%

Immediate Impacts Of COVID-19 On Organizations
(Showing top 5)
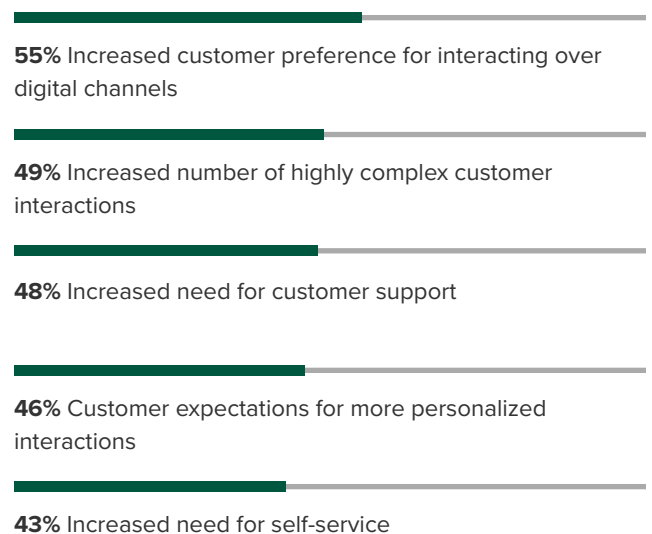
55% Increased customer preference for interacting over digital channels

49% Increased number of highly complex customer interactions

48% Increased need for customer support

46% Customer expectations for more personalized interactions

43% Increased need for self-service

Base: 523 global manager+, service, support, customer success decision-makers with responsibility for customer service strategy and/or technology purchasing decisions, who currently use channels to deliver customer support
Source: A commissioned study conducted by Forrester Consulting on behalf of Intercom, February 2021

Poor Agent Experience And Inefficient Technology Stacks Slow Progress

Agent teams are on the front lines of increasingly complex customer demands. Time is short and often, their technologies have not kept up. Customer support organizations are challenged with overwhelmed agent teams and inadequate tooling for the job at hand. We found:

› **Stretched agent teams are challenged with limited bandwidth and inefficiencies.** Time is a limited commodity for agent teams as customer conversation volume increases and expectations escalate. Many agents feel ill-equipped to deliver quickly and efficiently. Most support leaders (58%) report they are not able to achieve resolution times their business partners require (see Figure 3). And only 43% of support leaders believe their organizations have the resources to meet the demands for personalized experiences. While agent teams are increasingly stretched for time, their processes and tools have not kept up. Fifty percent of agents waste time jumping between tools and platforms to solve customer issues.

› **Inadequate technology and tools hinder support experiences.** Agent teams have limited bandwidth and their solutions exacerbate the problem. Only 37% of support decision-makers are satisfied with their organization's current digital channels/solutions. Scaling personalization and gleaning insights from conversations empower agents; it allows them to deliver personal engagement and gain a full understanding of the customer, their interactions and transactions, and journey. However, less than half (46%) of decision-makers believe they can deliver personalized customer support at scale with their current technology stack. Over half (52%) believe their organization lacks the technology and tools to leverage customer conversations for actionable insights.

› **Today's tech stacks do not empower proactive, self-serve support.** Customers expect to access information or services on any device the moment they need it, yet customer support organizations rely on inefficient technologies to stay one step ahead. We found that support leaders are generally less confident in their technology stack's ability to optimize next-best-action decisions and allow their customers to resolve their own issues. In addition, 59% of respondents find a lack of proactive support is a barrier to conversational support at scale (see Figure 4).

Figure 3

Agent Teams Challenged With Bandwidth And Efficiency Issues
(Showing Agree/Strongly agree)

58% We are not consistently able to achieve the resolution times our business partners require.

51% My team has less bandwidth today than ever before.

50% We waste time jumping between different tools and platforms to solve customer issues.

49% Our agents spend time answering repetitive questions.

37% I am satisfied with the current digital channels/solutions our organization has today.
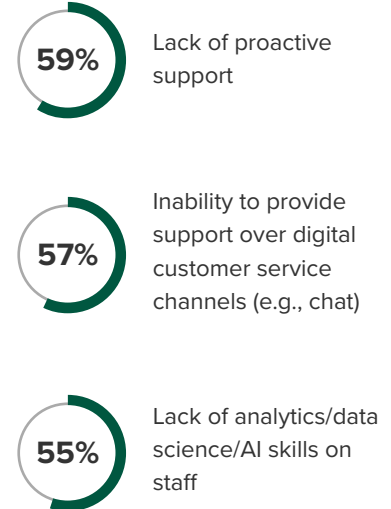
Base: 523 global manager+, service, support, customer success decision-makers with responsibility for customer service strategy and/or technology purchasing decisions, who currently use channels to deliver customer support
Source: A commissioned study conducted by Forrester Consulting on behalf of Intercom, February 2021

FORRESTER®

Figure 4

Technology Stacks Do Not Empower Proactive Self-Serve Support
(Showing Agree/Strongly agree)

62% Integrates effectively with the rest of our business systems

57% Effectively surfaces the KPIs we need to drive a support organization

46% Captures experiences and intent from message-based conversations

42% Provides predictive recommendations for addressing customer problems addressed on message-based conversations

42% Surfaces the most important conversations to my team

41% Manages and replies to conversations from multiple channels from a single tool

40% Implements sophisticated ticketing workflows behind the scenes

37% Analyzes trends and produces insights to optimize proactive, next-best-action decisions for customers

36% Allows our customers to discover and resolve their own issues if desired

34% Automatically detects issues with the customer support experience that negatively impact business results

"Which of the following are the most prevalent barriers for your organization when taking advantage of/scaling conversational support?"
(Showing Agree/Strongly agree)

59% Lack of proactive support

57% Inability to provide support over digital customer service channels (e.g., chat)

55% Lack of analytics/data science/AI skills on staff

Conversational Support Solutions Drive Customer And Business Value

Customer support organizations need to empower their agents with the right tools. Investing in modern customer support technology is not a "nice-to-have," but critical to maintaining customer retention and business resiliency. Organizations that can best leverage conversational support solutions are positioned to successfully ensure retention and increase business efficiency and ROI. We found:

› **Conversational support solutions are attracting investment.** Half of customer support decision-makers currently implement, plan to implement, or expand their implementation of a conversational support solution in the next 12 months. As the message-based channel continues to increase in usage, we anticipate further interest and adoption.

› **Most companies seek ease of integration and outbound messaging.** When asked about the most important capabilities and functionalities customer support leaders would like to see in a conversational support solution, ease of integration (76%), outbound messaging (70%), and personalization (66%) made the top of the list. Decision-makers seek solutions that work with their current applications and systems, and meet customers in their moment of need.

› **Conversational support drives key customer and business outcomes.** Investing in modern customer support technologies enhances customer experiences and a company's bottom-line. Unsurprisingly, increased customer retention is the top benefit from scaling a conversational support solution (60%). What's more revealing is that increased business efficiency was the second biggest benefit for organizations (see Figure 5). Support organization decision-makers believe conversational support will help them retain customers, become more efficient, and increase ROI (54%).

In addition, 71% of customer support leaders believe that scaling conversational support will allow their organization to stay competitive or make them an industry leader. Forward-thinking organizations are committed to making technology investments that make them resilient and competitive in this changing market — and enable them to provide customers value today and tomorrow.

50% of decision-makers currently implement or plan to implement/expand their implementation of a conversational support solution in the next year.

Figure 5

"What are your organization's plans to invest in conversational support solutions over the next 12 months?" (Select one.)
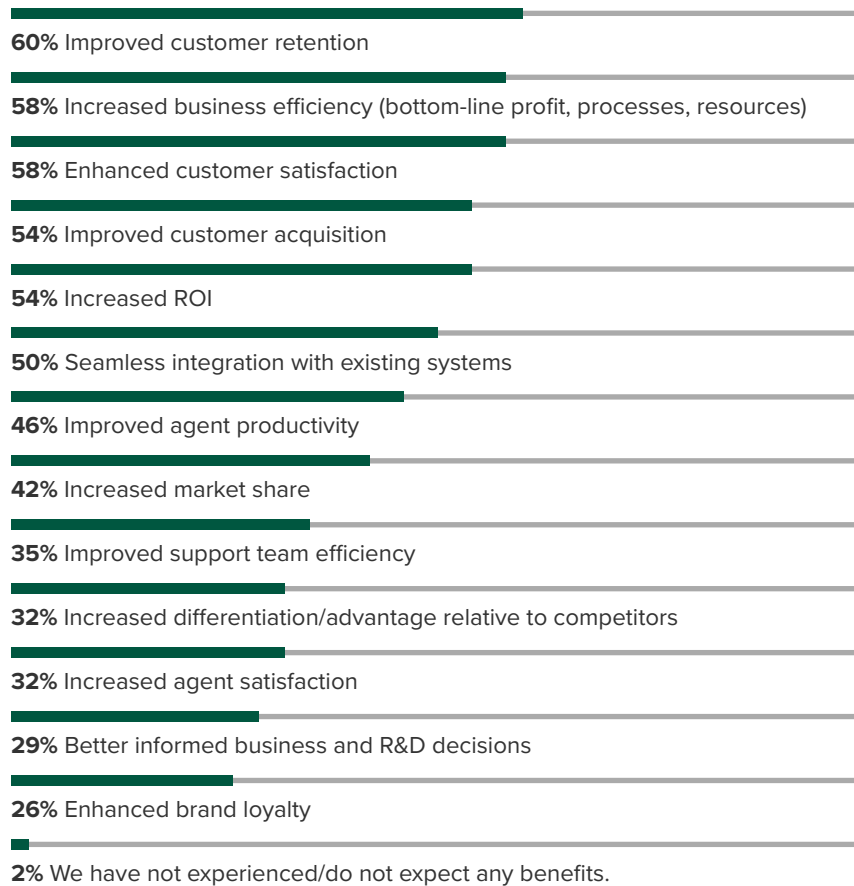
- ■ **1%** Decreasing or removing capabilities in the next 12 months
- ■ **9%** Expanding/upgrading current implementation in the next 12 months
- ■ **24%** Currently implemented
- ■ **17%** Planning to implement within the next 12 months
- ■ **43%** Interested but no immediate plans within the next 12 months
- ■ **6%** Not interested

50% Implement, Plan to implement/ expand
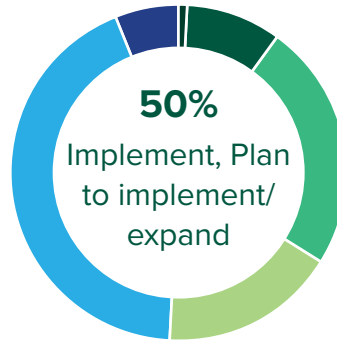
71% agree that scaling conversational support will allow their organization to stay competitive or make them an industry leader.

Base: 523 global manager+, service, support, customer success decision-makers with responsibility for customer service strategy and/or technology purchasing decisions, who currently use channels to deliver customer support
Source: A commissioned study conducted by Forrester Consulting on behalf of Intercom, February 2021

"What business benefits have you experienced, or do you expect to experience, from being able to scale support across your organization?" (Select all that apply.)

60% Improved customer retention

58% Increased business efficiency (bottom-line profit, processes, resources)

58% Enhanced customer satisfaction

54% Improved customer acquisition

54% Increased ROI

50% Seamless integration with existing systems

46% Improved agent productivity

42% Increased market share

35% Improved support team efficiency

32% Increased differentiation/advantage relative to competitors

32% Increased agent satisfaction

29% Better informed business and R&D decisions

26% Enhanced brand loyalty

2% We have not experienced/do not expect any benefits.

Base: 523 global manager+, service, support, customer success decision-makers with responsibility for customer service strategy and/or technology purchasing decisions, who currently use channels to deliver customer support
Source: A commissioned study conducted by Forrester Consulting on behalf of Intercom, February 2021

FORRESTER®

Key Recommendations

The pandemic has uncovered a unique opportunity for customer support organizations. On one hand, it's elevated the importance of customer support to nurture customers and retain their loyalty and spend. On the other hand, it has accelerated already existing digitization strategies whose value will extend far beyond the current circumstances.

Companies must seize this opportunity and modernize operations to deliver support that is friction-free, yet personal; increasingly delivered via conversational messaging channels; and in the context of the customer's actions. It's also support that spans the entire customer journey.

Forrester's in-depth survey of customer support decision-makers about conversational support yielded several important recommendations:

Increase operational agility to keep pace with changing customer engagement preferences. Customers now contact companies more via a greater number of channels than in the past. Companies must adopt technologies like chatbots, which allow channel expansion while preserving existing investments, to react to this rising tide of engagement.

Invest in AI and machine learning (ML) to deliver better customer experiences. The technologies that fall under the AI/ML umbrella offload administrative work for agents and make operations more effective. They arm agents with the right content, data, next steps, and insights to personalize interactions and serve customers — all of which drive retention and revenue.

Start planning how your workforce will evolve. AI/ML is a transformative technology that will impact the nature of every job in customer support. It will offload agents from repetitive work, allowing agents to focus on more complex interactions. This means that the type of work your agents do will change as you mature your operations. You will ultimately need fewer generalists and tier-one agents, and more subject matter experts and super-agents.

Invest in new training and metrics for agent success. As AI/ML and automation evolve and transform jobs in the customer support organization, agents will need training to be effective in this new workforce paradigm. Your agents will need advanced skills and coaching for emotional resilience and subject matter expertise needed to work on the harder issues or with more demanding customers. Refocus your measurement program on customer-centric metrics, such as quality of delivered service, instead of pure operational efficiency metrics. Your organization will become more customer focused in doing so.

FORRESTER®

Appendix A: Methodology

In this study, Forrester conducted an online survey of 523 global customer support decision-makers with responsibility for strategy and technology purchasing decisions in EMEA and the United States. Survey respondents were managers or above and worked at organizations with 100 or more employees. Respondents were offered small incentives as a thank you for time spent on the survey. The study began in January 2021 and was completed in February 2021.

Appendix B: Demographics
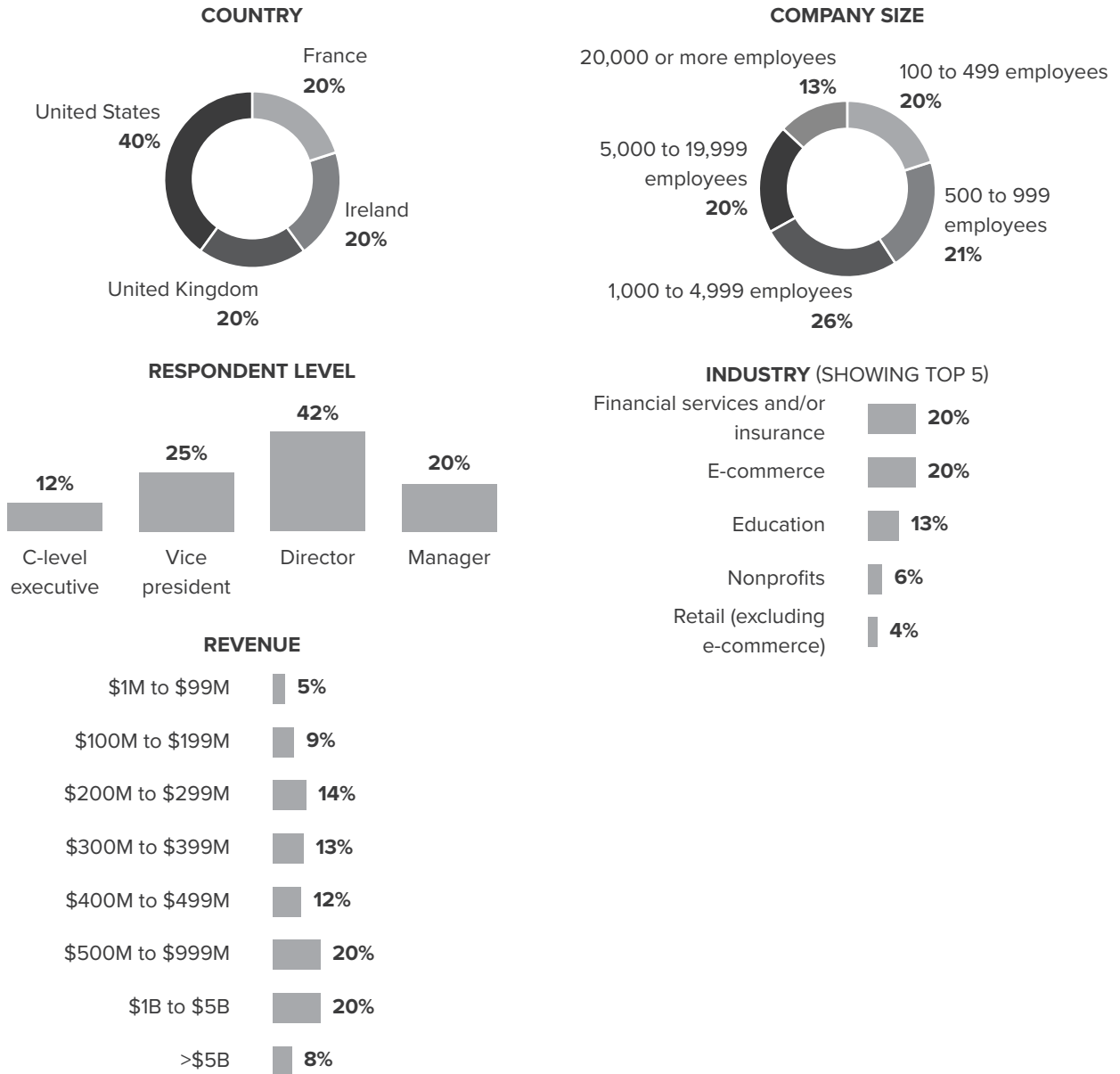
COUNTRY

France
20%

United States
40%

Ireland
20%

United Kingdom
20%

COMPANY SIZE

20,000 or more employees
13%

100 to 499 employees
20%

5,000 to 19,999 employees
20%

500 to 999 employees
21%

1,000 to 4,999 employees
26%

RESPONDENT LEVEL

- C-level executive **12%**
- Vice president **25%**
- Director **42%**
- Manager **20%**

INDUSTRY (SHOWING TOP 5)

- Financial services and/or insurance **20%**
- E-commerce **20%**
- Education **13%**
- Nonprofits **6%**
- Retail (excluding e-commerce) **4%**

REVENUE

- $1M to $99M **5%**
- $100M to $199M **9%**
- $200M to $299M **14%**
- $300M to $399M **13%**
- $400M to $499M **12%**
- $500M to $999M **20%**
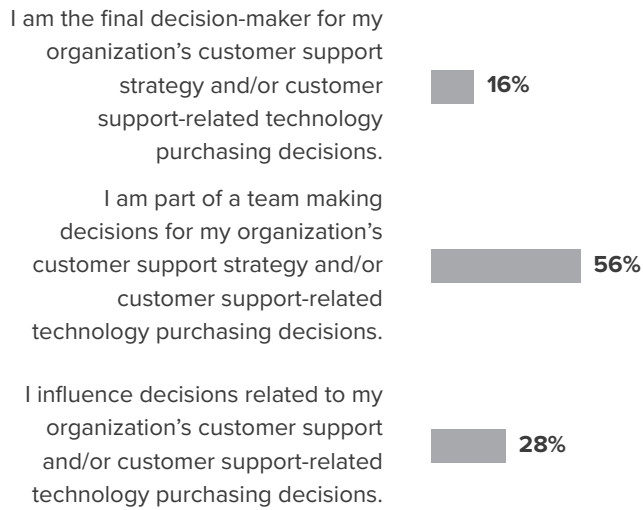- $1B to $5B **20%**
- >$5B **8%**

Base: 523 global manager+, service, support, customer success decision-makers with responsibility for customer service strategy and/or technology purchasing decisions, who currently use channels to deliver customer support
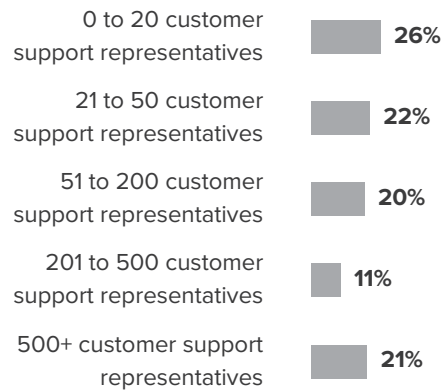Note: Percentages may not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Intercom, February 2021

FORRESTER®

"What is your level of responsibility when it comes to customer support strategy and/or customer support-related technology purchasing decisions?" (Select one.)

I am the final decision-maker for my organization's customer support strategy and/or customer support-related technology purchasing decisions.   **16%**

I am part of a team making decisions for my organization's customer support strategy and/or customer support-related technology purchasing decisions.   **56%**

I influence decisions related to my organization's customer support and/or customer support-related technology purchasing decisions.   **28%**

"To the best of your knowledge, how large is your current customer support team?" (Select one.)

0 to 20 customer support representatives   **26%**

21 to 50 customer support representatives   **22%**

51 to 200 customer support representatives   **20%**

201 to 500 customer support representatives   **11%**

500+ customer support representatives   **21%**

Base: 523 global manager+, service, support, customer success decision-makers with responsibility for customer service strategy and/or technology purchasing decisions, who currently use channels to deliver customer support
Note: Percentages may not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Intercom, February 2021

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

"Implement Effective Customer Service Metrics," Forrester Research, Inc., January 15, 2021.

"The Forrester Tech Tide™: Contact Center Technologies For Customer Services, Q1 2021," Forrester Research, Inc., January 19, 2021.

"Choose The Right Customer Service Solution For Your Business," Forrester Research, Inc., July 9, 2020.

Appendix D: Endnotes

[1] Source: February 10, 2021, "The Three Megatrends For Customer Service In 2021," Webinar (https://www.forrester.com/webinar/The+Three+Megatrends+For+Customer+Service+In+2021/-/E-WEB32885?objectid=WEB32885).

[2] Source: "The Three Customer Service Megatrends In 2021: Post-Pandemic Customer Service Excellence," Forrester Research, Inc., January 25, 2021.

FORRESTER®