

VOXIFY WHITE PAPER

Top 4 Reasons to Implement Speech Self-Service: A Call Center Imperative



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1151 Marina Village Parkway

Alameda, CA 94501

(P) 510.545.5000

www.voxify.com

Top 4 Reasons to Implement Speech Self-Service

There is growing demand to reduce call center costs while at the same time improve overall customer satisfaction; typically two diametrically opposed objectives. Over the past decade, call centers have experienced considerable competitive pressures as well as rising customer demands. To be successful, call centers are expected to exemplify customer service, balancing a high quality customer experience at a low cost. In the call center, answers to customer inquiries have to be almost immediate. In addition, seasonal demands and external events have call centers dealing with large swings in call volumes over concentrated time periods. To manage the spikes in call volumes these call centers are forced to hire additional live agents at a significant and unplanned cost.

Many calls are informational in nature, such as order status, flight reconfirmation requests, or store location. Automating these types of calls with speech self-service lets call centers handle unpredictable call volumes by expanding their call capacity, while dramatically reducing hold times for customers. Speech-self-service enables call centers to realize the benefit of instant capacity in the most cost-effective manner possible. The new imperative for call centers is speech self-service.

Why Speech Now?

Call centers were early adopters of touchtone IVR systems as a way to handle more calls with less dollars. While many touchtone IVR and early speech systems have been considered adequate for simple calls, they have failed to improve customer service. In fact, the primitive nature of the machine-to-human conversation in those IVR systems has only served to “de-humanize” customers. The negative reaction that customers have to touchtone IVR is justified. Market trends and the introduction of new advanced speech systems are addressing that problem.

Speech self-service describes the automation of calls completely through interactive voice recognition. Callers speak conversationally to the application eliminating the need to push buttons. Advanced speech technology has taken a giant leap forward and can now handle a “conversational” rather than menu driven “directed dialogue” interaction. This approach delivers greatly improved usability giving speech applications the capability to handle complex call types.

3 Types of Calls - All can be automated

- Informational
- Transactional
- Out-bound

Call types can be categorized into informational, transactional and out-bound calls. Regardless of complexity, all three of these call type categories can be automated. The calls that are repeatable, predictable, and frequently asked make the most business sense to automate. A recent Forrester Research report cites that the more complex the call the greater the call center will benefit through automation¹.

The convergence of two market trends has created an environment where speech self-service is ideally positioned to be the next wave of self-service technology adoption, as the ATM has automated consumer banking, the e-ticket has automated airline ticketing, and in-store checkout registers have begun to automate retail checkout.

Escalating Call Center Costs

The first trend in the move to self-service is the escalating cost of call centers. Despite the increase in Web interactions, Forrester states that the telephone continues to be the channel of choice². The Yankee Group states that the phone is the only effective means for real-time interaction³. Both Forrester and Yankee Group estimate the average burdened live agent cost is \$5.50/minute. The majority of that cost, about 70%, is directly attributable to labor. While previous

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efforts to reduce the cost-per-call through outsourcing and off-shoring have been employed, customer service has often suffered, and the real cost of training, acculturation, and security have eroded original savings estimates. Call centers have no real alternative but to turn to technology to change the economics of their business.

Customers Prefer Self-Service

The second market trend is the rapid adoption of self-service by customers. Customers are demanding self-service options so that they can choose to serve themselves any time of the day or night, from any place, and without having to wait. Whether it is self check-in at Continental Airlines, self check-out at Albertson's grocery store or Home Depot, or the price-checker at Target, customers are obsessed with helping themselves in order to avoid waiting for service.

To support this point, a recent McKinsey study states that 60% of those surveyed favored an automated transaction⁴. Forrester stated that of all the complaints by callers over customer service, busy signals and waiting on hold contributed to the greatest dissatisfaction⁵. The Merchants Global Contact Centre Benchmarking Report indicates that 25% of those surveyed would bypass the human touch in favor of automation in order to obtain their information or transaction⁶. Supporting the need for service any time of the day or night, a recent Customer Care Benchmarking Study found that 24x7 support was important or extremely important to over 2/3 of those surveyed⁷.

Thus, research indicates that "service" is about the need for instantaneous information and transactions at any time and has little to do with human interaction. The new definition of service is speed, efficiency, and convenience in accomplishing the customer's goal and that is what self-service is all about. Call centers have accelerated the pace of integrating self-service solutions and shifting

customer interactions to self-service because they have found that self-service significantly reduces transaction costs⁸. The painful economics of the call center and the demands for self-service by customers have made speech self-service a competitive necessity.

The Business Imperative

Speech self-service is the new business imperative and is the only solution that offers these benefits.

1. Improved Customer Service

Self-service, which offers the speed, efficiency, and convenience that customers are demanding, improves customer service. For example, Wyndham International, a well-known hotelier, uses speech self-service to handle almost 40% of its calls. The speech applications take calls 24x7 and has been the solution for extending the hours of the call center. Customers can call at midnight and confirm reservations rather than being restricted to regular business hours. Hammacher Schlemmer, an upscale cataloger, is using speech self-service to handle order status calls rather than having callers wait on hold. An athletic wear retailer gives callers the option for "express service" when ordering a catalog and checking on order status. These are all examples of how speech is improving customer service today.

2. Scalability

Having the scalability to answer all calls without sending busy signals or putting customers on hold improves customer service. Time waits for no one. If a hotel chain makes a customer wait on hold for 10-15 minutes during the height of the travel season, the customer is not satisfied and might even hang up and call another chain. If a direct response promotion by an athletic wear retailer has callers hearing busy signals, customers have the choice to call again or (more likely) give up. If a hurricane leaves travelers stranded, and they are put on hold while trying to book a flight out of the area, they will try another airline or other mode of

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transportation. Diagram 1 depicts the typical situation where CSR capacity can never perfectly match call volume.

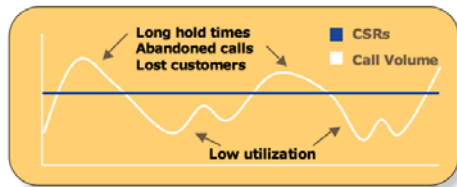


Diagram 1: Call Centers with CSRs
CSRs cannot scale to meet call volume. When call volume exceeds the number of CSRs, customers have long hold times. Conversely, when call volume is below the number of CSRs, CSRs sit idle.



Diagram 2: Call Centers with Speech Self-Service
Speech self-service offers perfect scalability where capacity always matches call volume.

Speech self-service applications offered as a hosted managed service deliver almost unlimited scalability *on-demand*. Speech applications that are hosted are not bound by the availability of Customer Service Representatives (CSRs) to pick up the telephone or limited by telephone line availability. More calls simply means that more on-demand capacity in the hosting center will be used. Hosting centers are able to share capacity amongst their many customers and are able to offer capability when needed. Diagram 2 depicts how speech applications offered as a hosted managed service can perfectly match call volume as needed. Voxify refers to this optimization as *Right Size All the Time™*

Every call center in every industry experiences planned or unplanned call spikes. Businesses in the Travel Industry experience unplanned spikes when weather impacts service or changes travelers' plans. Retailers have planned seasonal spikes for Christmas, Mother's Day and events. Companies that run direct response

promotions (e.g. infomercials) plan for call spikes. But even where the timing of the spike can be planned there is unpredictability in how high or low the call volume might be based on the success of the promotion. Healthcare member service providers experience call spikes when there are changes in a program (e.g. Medicare) or publicity in the news about a particular drug.

Hosted speech applications give call centers perfectly matched scalability. The economics of using speech to ensure scalability for those planned or unplanned call spikes is incomparable to paying for CSRs whether inhouse or outsourced. A call center cannot afford to pay for excess capacity and have CSRs sitting around waiting for calls to come in. But a call center can have perfectly matched capacity when it uses a hosted speech solution because the call center only utilizes and pays for the calls that the system takes. So whether there is low call volume or extremely high call volume, the call center can have perfect scalability.

3. Reduced Costs

It is well-known that speech solutions will reduce costs. It is estimated that speech self-service systems can be 20% of the cost of CSRs. Because of the large cost savings, a recent Forrester study stated that 36% of companies surveyed identified phone self-service to be critical or very important in their business planning⁹. A report from McKinsey estimates that customer-facing technologies significantly lower a company's operational expenses and improve customer satisfaction levels. For example, automating customer transactions drops the costs of calls that were \$2 to \$10 with a live agent to 2 cents to 20 cents¹². There are many reasons why a speech solution costs so much less than a CSR. Once the speech application is deployed it is ready to answer every call, 24 hours per day, 7 days a week, 365 days a year. CSRs, on the other hand, have high turnover rates and new CSRs need to be recruited, trained, monitored and motivated on a regular basis. The utilization rate of

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CSRs can be as low as 50-70% because of training time, down-time, vacations, sick time and other staff-related issues that take CSRs away from the phones. Speech applications are not encumbered with turnover, re-training, and staff meetings and always have 100% utilization rates.

4. Drive Revenue

Speech becomes a competitive imperative as innovative companies use the technology to drive growth and revenue. World Choice Travel, a division of Travelocity, which makes hotel reservations on behalf of a wide range of hospitality chains, was able to offer a new service selling “one night hotel reservations” across the U.S. It had not previously been cost effective for the company to offer this service with CSRs because the cost of taking the call exceeded the revenue gained from the hospitality chains. With a speech self-service solution they were able to gain a new revenue stream. Red Lion Hotels has a strategic initiative to enter 100 new markets in the next 5 years and is using speech self-service to achieve this goal. As another example, a major drugstore chain no longer waits for patients to call their stores to refill prescriptions. They are using an innovative new speech application to call patients and generate additional revenue. The speech application makes out-bound calls to patients with prescription refills remaining and then engages the patient in a conversation to assist them in refilling their prescription. The order is processed while the patient is on the line. Another company, the retail products licensing arm of the National Football League (NFL) runs direct response promotions during the Super Bowl and has a speech application take the orders. Thanks to the immediate on-demand scalability of their speech self-service applications they are able to take every order call that comes in. A manufacturer of electronic educational toys uses a speech application to take orders and on the same call up-sells the customer to buy additional products.

Companies with vision have already laid out their product roadmaps with new services

that will be powered by speech applications. Companies that continue to solely use CSRs to offer similar services will be unable to compete. Companies must include speech self-service in their plans to sustain their growth and increase their revenues.

Summary

Customers are clearly demanding speech self-service. Analyst research indicates that customers value automation because of its speed, efficiency, and convenience. Speech self-service improves customer service because it delivers those benefits to customers. Call centers gain the ability to deliver perfect scalability especially during times of call spikes, while reducing CSR costs, and driving revenue with competitive and innovative services. Speech self-service has become a business imperative as more companies use automation to improve customer service, add new products and services, and grow their business.

Speech self-service is the business imperative as more companies use automation to improve customer service, add new products and services, and grow their business.

1 Customer experience spending booms in 2006, Nate L. Root, February 2006

2 Forrester, The Economics of Speech Self-Service, Moira Dorsey, September 2005

3 Yankee Group, Voice Self-Service Leverages the Knowledge Base to Improve Customer Interactions, January 2006

4 The McKinsey Quarterly, Using IT to Boost Call-Center Performance, Wayne E. Pietraszek and Adesh Ramchandran, March 2006

5 Forrester, Economics of Speech Self-Service, Moira Dorsey, September 2005

6 Merchants Global Contact Centre Benchmarking Report, January 2005

7 Five9, Call Center Customer Care Benchmarking Study, March 2006

8 Forrester, Trends 2006: Contact Centers, Elizabeth Herrell, January 2006

9 Forrester, Customer Experience Spending Booms in 2006, Nate L. Root, February 2006