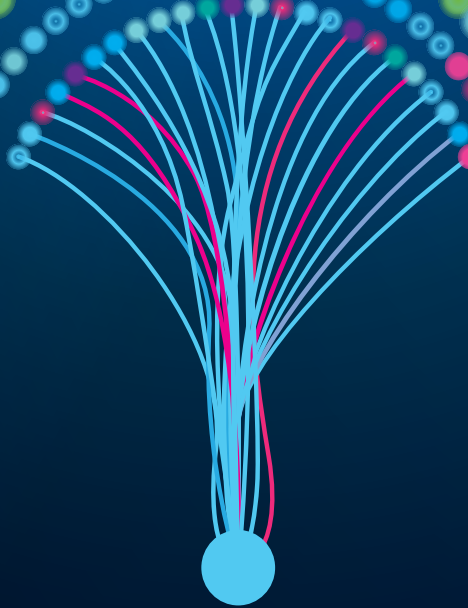


# Proactive vs. Reactive:

How Savvy Use of Analytics Helps Contact Centers Navigate and Adapt to Uncertainty



## ABERDEEN

**NICE** in **Contact**

**CX** one

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# PROACTIVE VS. REACTIVE: WHICH ONE IS YOUR CONTACT CENTER?

The disruptions and uncertainty caused by the COVID-19 pandemic have impacted virtually all businesses within all industries, of all sizes, and all around the world. The impact varies across businesses depending on their unique dynamics; however, many firms were caught unprepared by the pandemic's economic fallout and have struggled to adapt. Unfortunately, COVID-19 is hardly the only disruption firms have faced (or will face) during their existence.

Firms have always experienced unpredicted disruptions, ranging from major economic downturns, such as the Great Recession of 2008, naturally-occurring / nature events such as Hurricane Katrina, earthquakes, geopolitical events, and new or changing regulations. Disrupting, unexpected events pose unique challenges for firms to adapt to — but these challenges can represent opportunities for firms to distinguish themselves from their competitors. By rapidly adapting to (and even leading) change, their activities will be aligned with the 'next normal', giving proactive firms an edge.

## Proactive Contact Center:

Firms that continuously monitor changes in customer behavior and expectations - as well as monitor the broader market dynamics - to anticipate how those changes will affect their activities. They then use that data to plan a timely and effective response, minimizing potential disruptions to their activities. These firms rely on analytics to leverage customer experience (CX) and operational data, infusing AI and automation capabilities to act on vast volumes of data, accurately and in a timely manner.



## Reactive Contact Center:

Firms that rely on business as usual. In other words, firms that act on changes impacting their activities only after observing change factors — unlike their proactive counterparts that use data to anticipate potential changes and to prepare for addressing those changes.

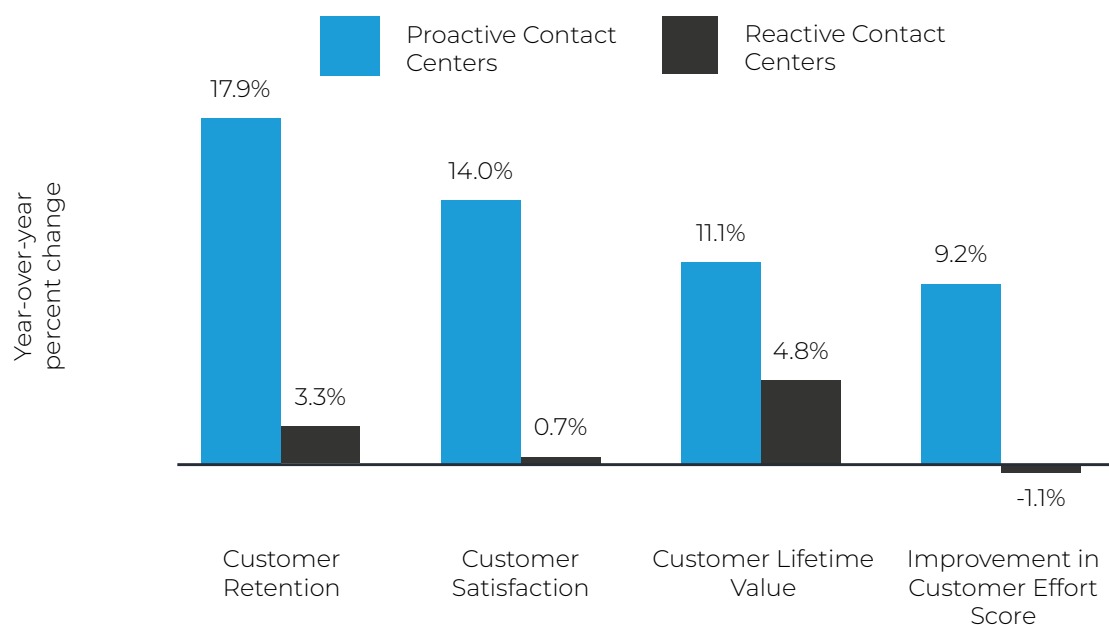
The ability to anticipate factors plays a critical role in contact centers' success. Specifically, those contact centers that anticipate and plan for potential disruptions more effectively address change and lead those that prefer to retroactively address change only when it affects their activities. This eBook highlights the performance differences observed by proactive contact centers vs. their reactive counterparts. It will also provide three key building blocks that firms should establish in order to transform their activities from being reactive to proactive.

Contact center leaders typically aim to achieve multiple goals at the same time. Aberdeen's survey, *The Intelligent Contact Center* (June 2020), shows that improving the results and consistency of CX activities is the number one objective driving contact center leaders. Their second top objective is controlling and reducing operational costs — an endeavor that requires ensuring operational efficiency. The third top objective is improving the financial health of the business through facilitating revenue growth by maintaining customer loyalty and influencing client spend.

The disruptions companies observe on their activities have a direct impact on their ability to achieve all three of these objectives. For example: Changes in regulation will impact operational efficiency and costs; technological advances will influence buyer behavior; an economic downturn will decrease customer spend and make it harder to retain current clients. Data shows that proactive contact centers lead their reactive counterparts in achieving all three of their top objectives:

### 1. Improving CX Results and Consistency

*Figure 1: Proactive contact centers enjoy superior CX performance improvements*



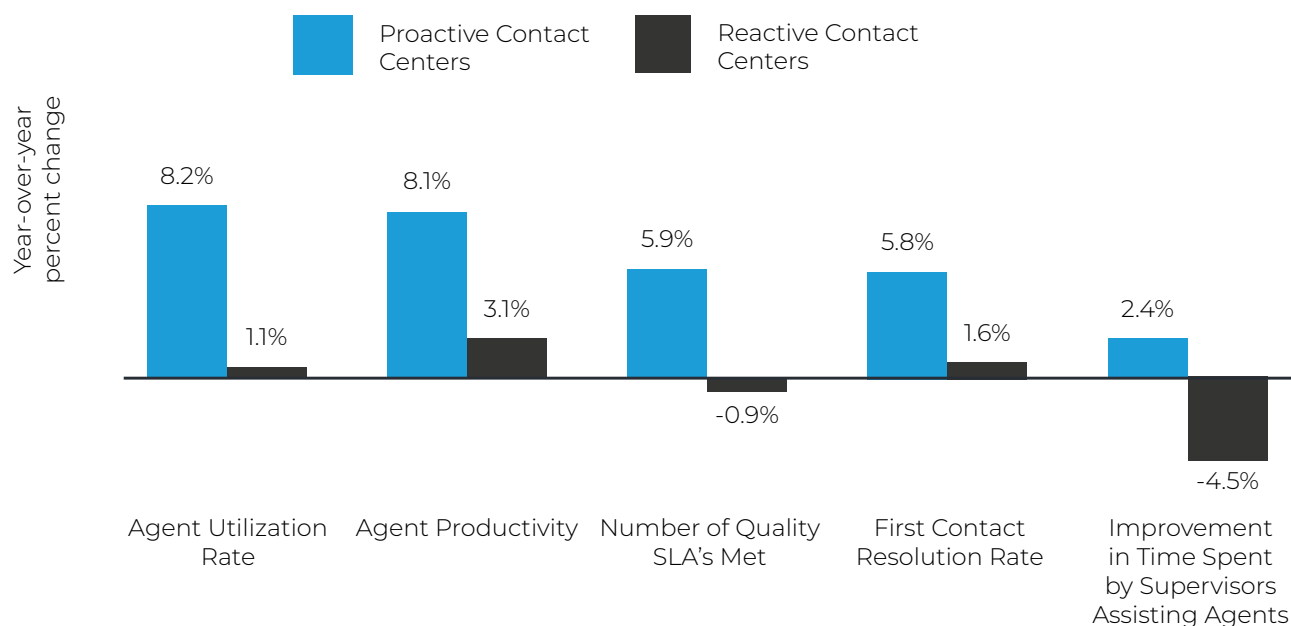
*n= 307, Source: Aberdeen, November 2020*

Figure 1 reveals that proactive contact centers achieve 20x greater annual improvement in customer satisfaction rates than their reactive counterparts (14.0% vs. 0.7%). They can delight their clientele more easily and effectively than others by consistently tracking CX and operational data to monitor changes in customer behavior and expectations. They then develop plans that adjust their activities to address the evolving needs of their current and potential clients.



## 2. Driving Operational Efficiency to Control and Reduce Operational Costs

Figure 2: Firms with a proactive approach continuously improve efficiency



*n= 307, Source: Aberdeen, November 2020*

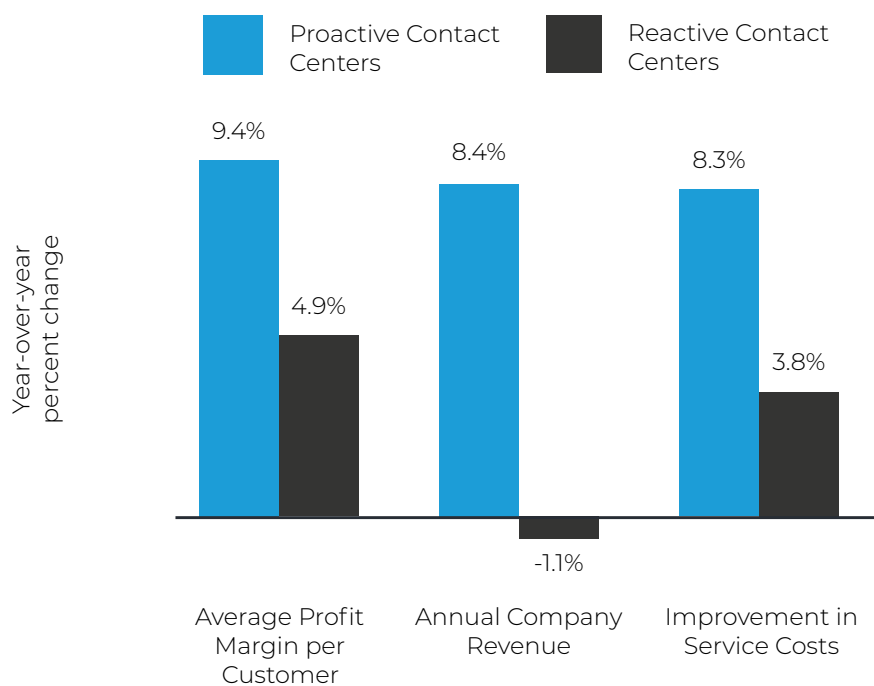
In the contact center, reducing costs often goes together with efficiency in service delivery. Efficiency can be measured in various ways. Figure 2 proves that proactive contact centers outperform their reactive counterparts in year-over-year (YoY) improvement of each of these metrics. Adopting a proactive approach enables firms to boost efficiency. Instead of being caught off-guard by disruptions, proactive contact centers have already anticipated how their activities will be affected and have developed appropriate plans. As a result, proactive companies can act more quickly and efficiently to address disrupting factors.





### 3. Enhancing the Financial Health of the Business

Figure 3: Proactive Firms Outperform Reactive Ones with Lower Costs and Greater Revenue



n= 307, Source: Aberdeen, November 2020

The efficiency gains observed by proactive contact centers enables a reduction of service costs by 2.2x more than their reactive counterparts YoY (8.3% vs. 3.8%). In turn, they incur reduced financial risk from disrupting events (Figure 3). The planning and preparation done by proactive contact centers helps grow top-line revenue by 8.4% YoY, whereas firms that only react when change happens, observe 1.1% worsening (decrease) in their annual revenue.

In addition to customer loyalty and growth in client spend, proactive firms also expand their customer base during times of disruption. When reactive firms struggle to address the needs of their clientele due to delays in adapting their activities, their clients become frustrated and mistrustful. As a result, their clientele are more likely to switch product / service providers in order to work with proactive firms that can address their needs without delays or frustrations.

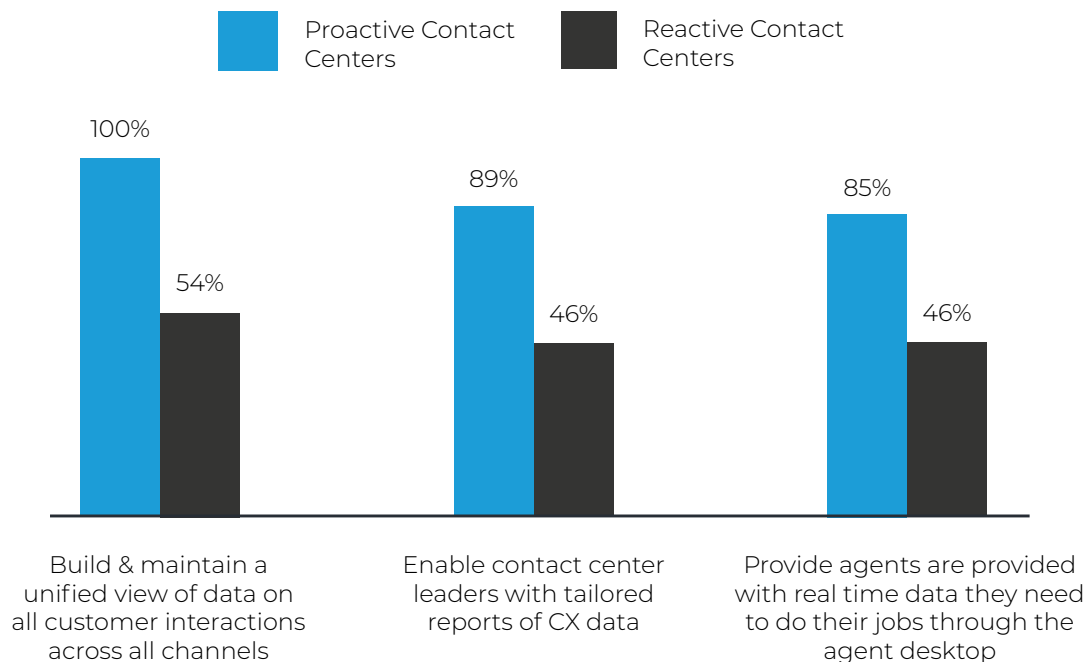
## DON'T GET CAUGHT UNPREPARED: HOW TO BECOME PROACTIVE

All firms have specific goals, but, while reactive firms only manage their activities in the context of the current business climate, their proactive counterparts continuously assess if business conditions will change. They formulate plans outlining how to maximize their ability to quickly adapt in changing conditions while simultaneously pursuing their goals. When formulating plans, proactive firms follow three building blocks that all firms should consider using to improve agility and adaptability in changing business conditions:

### Building Block #1 - Holistic Real-time Views of CX and Operational Data

**It's not always possible for business leaders to predict future events.** For example, it's not possible to predict if and when a hurricane may affect a call center in a specific region or if a new regulation may be proposed that may alter the existing ways of doing business. **However, firms can develop contingency plans** on how they can respond if a nature event affects their activities in a specific region. Similarly, when a new regulation is in the discussions phase, business leaders can monitor these discussions to learn related details, determine if and how it may affect their activities, and design plans on how they will respond should the regulation pass. These are processes contact centers can use to transform their activities from reactive to proactive when they don't have exact data on when a nature event, a pandemic, or a new regulation will affect their activities.

*Figure 4: Empower business leaders with holistic real-time views of CX and operational data*



*n= 307, Source: Aberdeen, November 2020*

Meanwhile, there are disruptions that happen rapidly and over time that can be predicted by tapping into existing CX and operational data. As an example, in the early days of the COVID-19 pandemic, many people lost their jobs, were furloughed, or were uncertain about their financial wellbeing. This led to a sudden spike in customer requests for delayed payments across the board (e.g., credit card payments, mortgage payments, and other loan payments). Financial services firms that monitored the initial job loss reports and overall economic activity data were well-positioned to take a proactive approach. They enabled consumers requesting payment deferrals or loan forgiveness to do so through self-service interactions rather than through agent-assisted conversations. This proved to be important as firms otherwise wouldn't have had enough agents to handle the increase in customer requests without significant delays in response times.

Figure 4 shows that proactive contact centers are far more likely to build and maintain a holistic and real-time view of both CX and operational data, which then gives contact centers and other business leaders tailored views of data, allowing them to anticipate potential changes that can impact their activities.

Additionally, Figure 4 shows that proactive firms don't only focus on empowering leaders in the business. They also empower employees (agents) to do their jobs effectively regardless of how change may impact the business. This is accomplished by providing agents with a single view of CX and operational insights through a unified agent desktop. As depicted in Table 1, these unified insights are often captured and available through the CRM system, making it easier for proactive firms to access relevant customer data through a single repository.

Table 1 shows that proactive firms use database management tools to make it easier to cleanse and manage the data they capture across various channels (e.g., phone, email, and social media) to build a truly unified view of CX insights. Integrating the contact center with CRM ultimately makes it easier for agents to access relevant customer insights. Whether agents are working remotely or whether they need to address a specific issue affecting many clients (e.g. product recall or service outage), they have the information they need to adapt while still meeting and exceeding client needs.

*Table 1: Proactive firms are more likely to use CRM and CX data management technologies*

<b>Technology Adoption (n=307)</b>	<b>Proactive Contact Centers</b>	<b>Reactive Contact Centers</b>
CRM	93%	49%
Database Management	89%	44%
Contact Center and CRM Integration	85%	41%



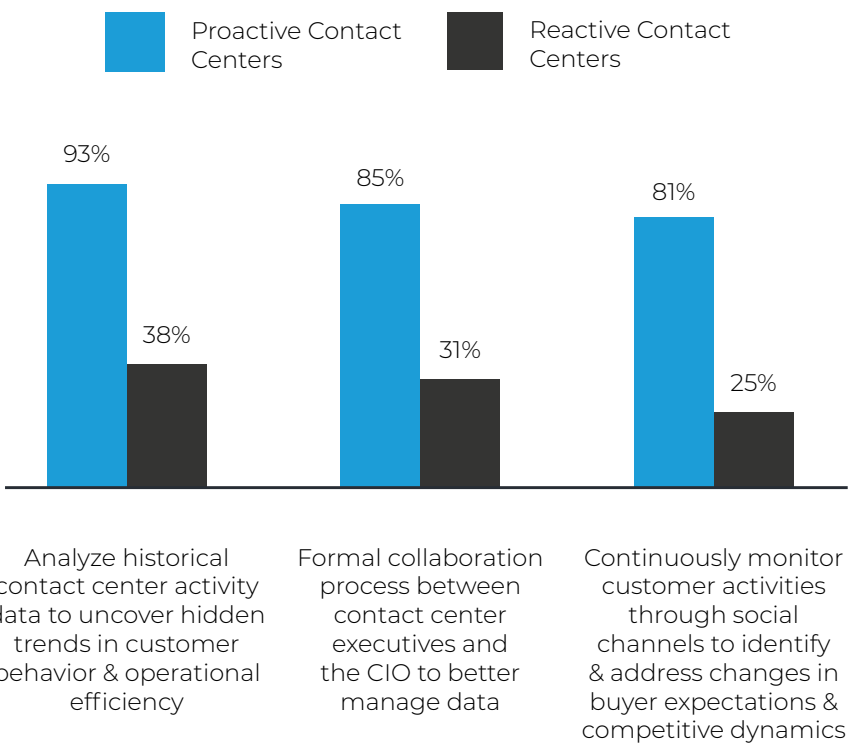
Building Block #2 - Turn Data into Analytical Insights

Data on market conditions and customer needs is invaluable for contact center and CX leaders. What truly separates proactive firms from their reactive counterparts is that, while the latter only has hindsight, the former has both hindsight and a forward-looking view because of how they use data. Specifically, this means that reactive contact centers manage today’s business conditions by using only historical and real-time data to observe what is needed to achieve their goals in the current business environment. To do so, they use analytical tools such as business intelligence.

Proactive contact centers use the same process as their reactive counterparts, but they also analyze CX and operational data to anticipate future events. For example, expecting an increase in insurance claims in a region that may be affected by a hurricane forecast; or a worsening in labor market statistics (unemployment rates) that may help a mortgage services provider anticipate potential increase in late payment requests and delinquency communications.

Figure 5 shows that in addition to using CX and operational data to uncover hidden business trends, proactive firms work with IT leadership to ensure the data they use is accurate and relevant. Along with studying data to reveal hidden trends, firms also turn to voice of the customer (VoC) data captured through social media channels, such as Facebook, Twitter, Instagram, and LinkedIn. Specifically, monitoring consumer conversations through social media channels helps expose changes in customer expectations, allowing proactive firms to adjust their activities in line with these changes.

Figure 5: Turn data into actionable insights through savvy use of analytics



n= 307, Source: Aberdeen, November 2020

It’s important to note that not every unexpected change means companies will be affected negatively. For example, despite a worsening of the world economic landscape in the aftermath of the COVID-19 pandemic, mortgage service providers have seen a drastic increase in demand for mortgage refinancing and new mortgage applications in the US because of historically low interest rates. It’s vital for firms to not only use data but also to leverage analytics to anticipate how emerging trends, such as a decrease in interest rates, may affect their future activities

**Data without analytics is like a car without wheels.** It has the potential to take firms to their destination (goals), but, in order for the data to be used effectively, it needs to be interpreted with the help of analytics. Table 2 shows that proactive contact centers use a rich set of technologies to analyze data captured across all channels. For example, they use text analytics to analyze notes on the agent's desktop, live chat conversations, and intelligent virtual agent (IVA) interactions, while they use speech analytics to analyze phone calls and IVR conversations. Proactive firms also use business intelligence (BI) to uncover hidden insights that influence their activities. For example, a telecommunications services provider can use BI to observe changes in customer support requests in a region experiencing a power outage. They can then use this insight in combination with predictive analytics to anticipate future customer support requests in an area where the company is doing planned work that will lead to an outage. In turn, they can proactively communicate with relevant clients to minimize an increase in support requests. Additionally, they can adjust agent scheduling and encourage customers to use self-service if they experience issues related to a power outage.

*Table 2: Proactive firms outpace peers in adoption and use of analytics and AI*

Technology Adoption (n=307)	Proactive Contact Centers	Reactive Contact Centers
Business Intelligence	85%	36%
Predictive Analytics	81%	18%
Text Analytics	63%	26%
Speech Analytics	63%	17%
Machine Learning	52%	18%
Artificial Intelligence	48%	15%
Robotic Process Automation	44%	18%

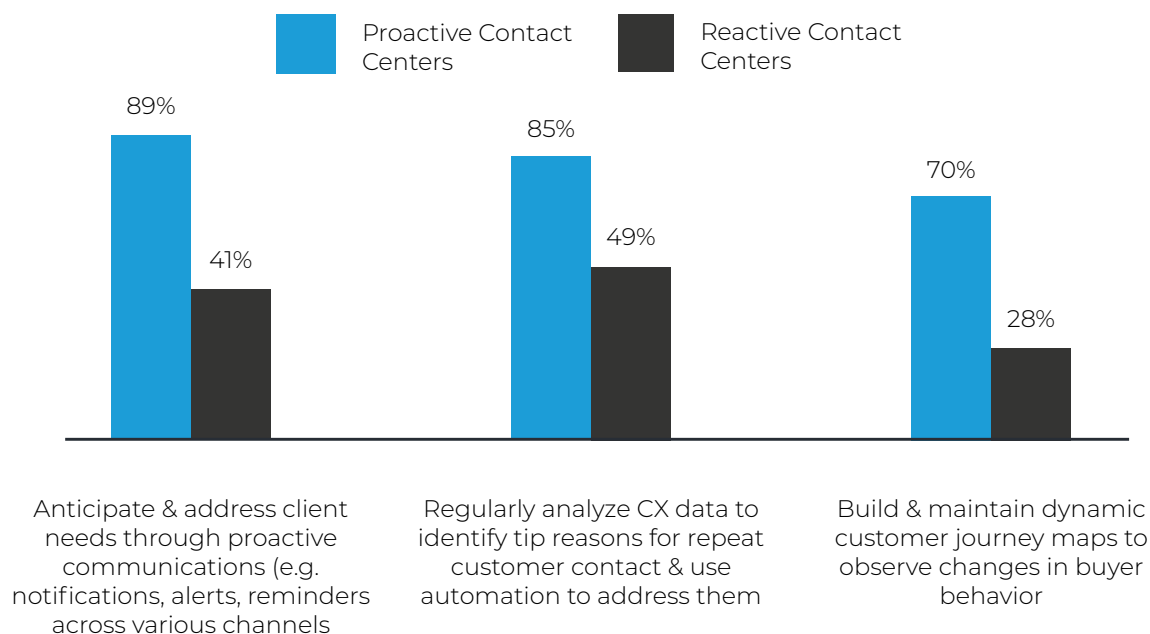
Business conditions change all the time, making it impractical and daunting for firms to manually analyze CX and operational data for the purpose of deriving actionable insights. Instead, Table 2 shows that proactive firms use machine learning algorithms to analyze data. This helps to expedite time-to-information, allowing firms to discover potential change factors quickly.

### Building Block #3 - Use Analytical Insights to Proactively Transform Business Activities

Extending our earlier car metaphor, the third building block that firms must establish in order to transform from reactive to proactive is pushing the gas pedal and moving the car to its destination. In other words, having a comprehensive view of CX and operational insights as well as using powerful analytics and AI, are only helpful when firms put analytics and AI-enabled insights into action. Figure 6 proves that proactive firms are far ahead of their reactive counterparts in using data to anticipate future events and taking action based on that analysis.

For example, going back to our earlier scenario of a telecommunications firm managing a power outage, AI can be used to automatically determine how a forecasted blizzard within an operating region may lead to an increase in power outages and increased customer support requests. This analysis would automatically trigger a process where clients residing in that region are sent a text message, an email, or a prerecorded phone call noting that they may experience an outage and that everything is being done to address any interruption to the clients' services. This kind of proactive approach is the reason proactive firms are rewarded with customer loyalty and lower service costs.

*Figure 6: Use AI and automation to act on analytical insights in a timely and effective manner*



*n= 307, Source: Aberdeen, November 2020*

Figure 6 shows that proactive firms regularly rely on CX data, using it to build dynamic customer journey maps. Combined with root-cause analysis, CX and contact center leaders are better equipped to monitor changing buyer behaviors across various stages of the customer journey.

There are virtually endless ways to use CX and operational data to anticipate future business conditions. Ultimately, it's the contact center leaders' responsibility to make sure they understand the key factors influencing their activities and to use data, analytics, AI, and automation together in an intelligent manner.

If the way you currently manage your contact center activities is more reactive, then we highly recommend you prioritize implementing the below building blocks. They will help your firm transform from playing catch-up to shifting market conditions to leading competitors in rapidly adapting to change. Ultimately, this will maximize your business longevity, create happy buyers, and reduce costs while at the same time growing revenue:

- **Change your mindset.** Business conditions change all the time. Operating under the assumption that buyer needs and the broader marketplace will stay static will only put you behind competition in addressing evolving customer needs. Make it a top priority for your contact center & CX activities to regularly monitor & adapt to changing buyer needs.
- **Empower business leaders with holistic & real-time views of CX data.** Adapting to changing business conditions means knowing what changes are occurring, and how they impact your business. If you don't currently have a unified view of customer and operational data across your business, make it a top priority to establish one. You should also make sure that this data is accessible in real-time to employees and business leaders to help them rapidly detect and adapt to changes in business conditions.
- **Turn data into analytical insights.** Many contact center leaders focus on data collection and streamlining their view into CX insights. Only the savvy contact center leaders take the next step into turning this data into actionable insights. Collecting data is just the beginning of the journey to transform from being reactive to being proactive. Savvy firms use analytics and AI capabilities to derive timely and actionable insights from data they collect across all channels to proactively adapt to changing buyer needs.
- **Use analytical insights to proactively transform business activities.** Being proactive isn't just about delivering proactive communications to customers. It's also about proactively managing business activities to evaluate contact center efficiencies and success in addressing buyer needs. Building and managing customer journeys and using analytics and AI to analyze related data is how proactive firms ensure that their activities help them keep in-tune and adapt to changes affecting their activities.