

What are Customer Service leaders thinking in 2023?

DigitalGenius



The challenges that 200 Senior CX leaders in eCommerce are facing and the solutions they are considering

It's no secret that eCommerce and retail sits in a precarious position in 2023. The economy is in a slump, there are supply chain and delivery issues, and customer expectations are higher than ever.

All of which creates a unique set of problems for Customer Service leaders. They need to provide a better customer experience than ever to retain shoppers through this

period, but issues outside of their control make this harder than ever. So what are Customer Service leaders thinking? How challenging are things? What goals are they striving towards? And what are they looking to invest in?

We wanted to know what's really going on behind the scenes, so we asked 200 Customer Service Leaders. Here's what we found out.



Part 1: Dealing with peak

Peak period 2022-23 was particularly challenging

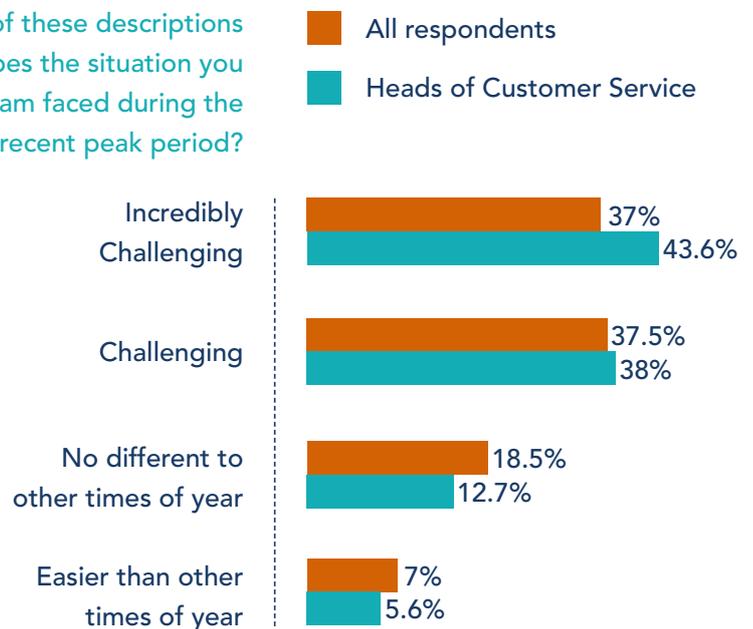
We conducted our survey in mid to late February when the dust was still settling from the peak period so we could get an impression of the whole period, rather than what people were thinking when they were in the heat of the moment.

44% of Heads of Customer Service rated the recent peak period as “Incredibly Challenging”

We assumed that the default position for all eCommerce leaders was that it was “Challenging”, but we were surprised to find out just how many rated the period as “Incredibly Challenging”.

Across all the roles we asked, 37% said peak was “Incredibly Challenging”. This number rose to 44% for Heads of Customer Service, and 57% for Heads of eCommerce.

Which of these descriptions best describes the situation you and your team faced during the recent peak period?

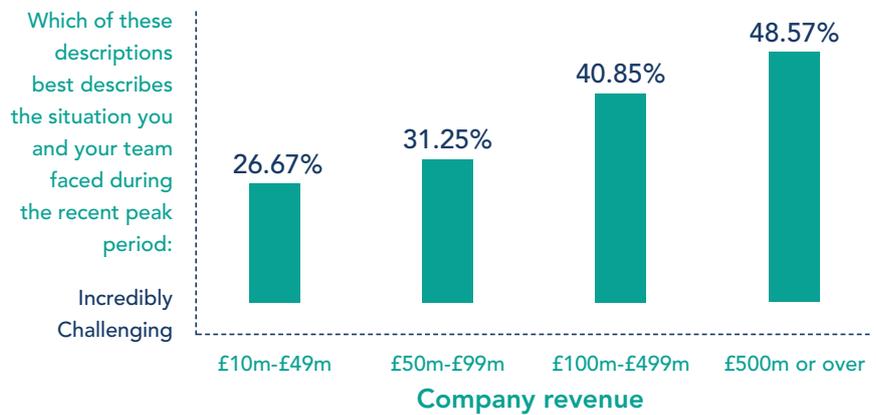


In total, that was nearly three-quarters (74.5%) of respondents who thought the period was challenging. The fact it was so high for Heads of Customer Service points may be because the number of customer service queries shot up. Across DigitalGenius customers we saw that customer service ticket volumes jumped 23% year, and Where Is My Order (WISMO) tickets jumped 51% on average.

Larger companies (in terms of revenue) were more likely to say the period was Incredibly Challenging.

Two-thirds of CX leaders cope with peak period by hiring extra staff

Breaking down the data further, respondents from businesses with higher revenue (£500m or over) were 48.6% likely to say that the period was "Incredibly Challenging", vs. 26.7% for those with less than £50m in revenue.



One way that leaders have looked to cope with peak periods is by hiring extra staff to deal with the increased volumes of customer tickets. In fact, 67% of our respondents hired additional staff or outsourced customer support to an agency. 26% did not, while 7% outsource to an agency at all times.

Of those that hired more staff for peak periods, over half increased headcount by at least 50%! Nearly 10% doubled their staff to deal with the peak period. This is a huge cost for businesses, potentially paying 50% more in salaries over a 3 to 4 month period in the year.

Peak periods are not the only time when leaders are looking to increase headcount. In fact, 73% of our respondents are planning to increase headcount in 2023, while only 11% are looking to decrease headcount.

Of the 73%, 37% of those are looking to increase headcount by more than 20%. It's possible that this is a positive sign for retailers as they are looking to grow more in 2023. However, it could also be that the challenging peak period has made them realise that they are under-resourced and the customer experience is suffering.



Outdoor brand Odlo outsourced its customer support to an agency to manage high volumes during the peak winter months. Find out how it reduced its need for this agency by **automating 35% of its tickets in just one month**. [Read the case study](#)



Part 2: Business Goals

Growing revenue is more important than cutting costs

Increasing revenue while keeping costs down is the ideal outcome of any business, but in this difficult climate, achieving both is not always possible. Given Customer Service is traditionally seen as a cost centre for many businesses (though this position is being increasingly challenged), it was encouraging to see that when we asked Customer Service Leaders to select goals, the most commonly picked goals were related to business growth.

CX leaders' number 1 priority is to increase the online conversion rate, but Heads of Customer Service are focused on cutting costs

Rank	What, if anything, are your main customer service goals for the year? (Tick up to 3)	All respondents
1	Increasing our online conversion rate	34.00%
2	Increase our revenue	32.00%
3	Making my team more productive	29.50%
4	Scaling the team	29.00%
5	Improving the customer experience	29.00%
6	Retaining customers	28.00%
7	Cutting costs	27.50%

However, when we looked just at the results from Heads of Customer Service, the priorities changed, and **"Cutting Costs" came out at number 1, with nearly a third selecting it as one of three possible goals.** What is perhaps more surprise is that making the team more productive and scaling their team were the joint lowest priority goals.

This suggests that there is still work to be done for Customer Service teams to see themselves as a value centre rather than just a cost. By comparison, Heads of Customer Success' number one goal was to increase revenue, while cutting costs was a distant bottom. The job title may be a factor here, as Customer Success may be more focused on growth.

Top priority and bottom priority goal depending on job title - Customer Service vs. Customer Success

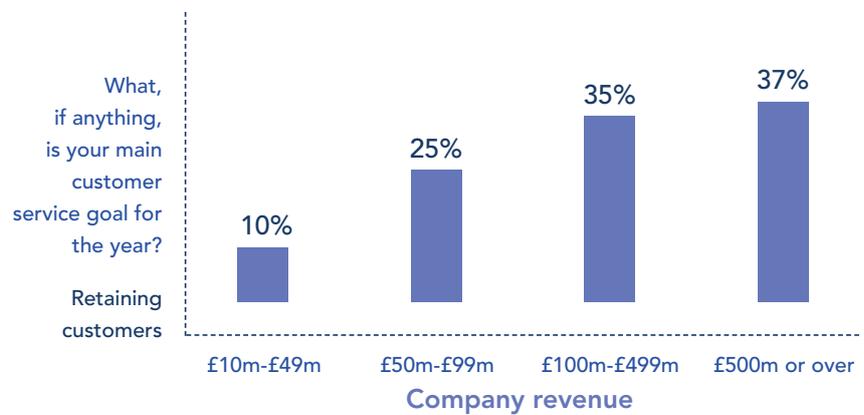
Title	Top priority	Bottom priority
Head of Customer Service	Cutting costs	Making my team more productive
Head of Customer Success	Increase our revenue	Cutting costs

eCommerce leaders are more focused on customer acquisition than retention – unless they come from larger businesses

Are smaller businesses struggling to break the link between revenue growth and headcount growth?

What's perhaps most surprising is that Heads of eCommerce and Heads of Customer Experience both rated "Retaining Customers" dead last in terms of goals for the year. Retaining customers during a tricky economic period has usually been a marker of success for a business, but seemingly retailers are looking at other goals instead.

However, the bigger the revenue, the more likely the business is to focus on retention. This is logical, as bigger businesses are likely to have a large market share already. Indeed, these bigger businesses are the least focused on increasing revenue, but instead are more focused on retaining customers and scaling their team.



Intriguingly, businesses with fewer than 10 employees in their contact centre were most focused on cutting costs and scaling the team (i.e. growing while controlling costs). This was also mostly true of companies with lower turnover, where these were two of the three top priorities – making the team more productive was the top priority.

This suggests there might be an inflection point for businesses. As businesses start out and grow, they hire customer support staff at a roughly fixed proportion to their revenue growth. But they reach a point where they look to break this linear connection and start to look at solutions to be able to help their existing team to handle more customer support tickets.

BEAUTY PIE

To find out how Beauty Pie broke the connection between business growth and headcount growth through customer service automation, [read the case study here.](#)



Part 3: Embracing Automation

Leaders are exploring automation as a solution to their challenges

One option to deal with the increase in tickets during peak, and to free up agents from dealing with mountains of simple, repetitive queries is automation. By automating the responses to common customer questions and deflecting questions away from agents, those agents are then free to focus on adding value to the conversations they are having with customers.

41% of leaders are looking to automate responses to common questions

So it's no surprise to see that out of a number of solutions we suggested that our respondents might look at in 2023, "Automating responses to common questions" was the most

popular choice. Similarly, training agents to upsell and cross sell is an initiative that should have an impact on revenue.

What solutions or initiatives are you looking to invest in, if any, in 2023? (Tick all that apply)

Automating responses to common questions	40.50%
Training support agents to upsell and cross sell	35.50%
Outsourcing customer support	35.00%
Migrating helpdesk systems	34.50%
Inhousing customer support	34.00%
Integrating new customer support channels	30.50%

Beyond that, there is an almost even split between businesses who are looking to outsource and inhouse customer support across all respondents. But when we looked at businesses with fewer than 10 contact agents, 45% were looking to outsource their customer support, vs just 9% who were looking to inhouse it. This seems pretty logical as smaller teams are likely to see more marginal gains from outsourcing than larger businesses.

Meanwhile, businesses with over 100 contact centre agents were the most likely to look to integrate new support channels, with 37% choosing that as an initiative to invest in this year. Again, with so many agents, they can afford to look at ways of meeting customers where they are and providing a better overall customer experience.





Complexity of questions is a barrier to automation

We asked our respondents "What, if anything, would stop you automating more of your customer support processes?". Of the options available, the most popular choice was "The questions we receive are too complex to automate".

This was particularly true of businesses with a large body of contact centre agents, 48% of whom said this was a factor that would limit automation for them. But it was a popular choice across the board. It will be interesting to revisit this question in future – **the advancements in artificial intelligence and intent detection (understanding what a customer is asking for), combined with more integrated systems and workflows, all suggest that more and more queries can be answered automatically.**

What, if anything, would stop you automating more of your customer support processes?

The questions we receive are too complex to automate	38.69%
We always want our customers to be able to speak to a human if they want to	34.67%
The automatic responses may not be correct	32.66%
The responses would not be personalised	31.66%
We don't want to issue automatic refunds without a human authorisation	31.66%
We think tickets would not be resolved as quickly	29.15%
It would lead to a worse customer experience	27.64%

Of the other objections, respondents were most concerned with allowing customers to speak to a human if they want to. This points to the importance of building automated workflows that keep humans in the loop and allows an automated system to hand off to an agent if the question is too complex.

At the other end of the spectrum, respondents seem less concerned that automation will lead to a worse customer experience, but still over a quarter of them feel that this is a blocker. More interestingly, nearly 30% of respondents feel

that automation may not speed up resolutions. As a rule, if a machine can do what a human can do, then it should be doing it faster, so why would an automated system slow down resolutions?

Especially if, as we've seen, respondents are looking to automate answers to common questions. If this is successful, these tickets could be resolved by a customer service automation platform, freeing up agents to get to the more complex queries quicker. Thus overall resolution time would drop.



musicMagpie

This is exactly what musicMagpie found. By automating tickets, they were able to take the pressure off their advisors, allowing them to focus on more complex cases. Resolution times were cut in half, and first response time dropped by two-thirds. [Read more here.](#)



eCommerce leaders want to automatically categorise tickets

Automation is obviously a wide category, and could encompass everything from automatic image detection, to pulling up relevant information for an agent to handle a case.

When we put a number of suggested types of automation to our respondents, the number one choice was to automatically categorise tickets based on subject and sentiment.

40% of Customer Service Leaders want to categorise tickets based on subject and sentiment

Using artificial intelligence to understand the meaning within customer tickets would allow these leaders to group tickets by category in order to spot patterns within their customer data. This would allow them to track business performance as well as the performance of their teams, and spot issues as they develop across thousands of customer messages.

Unsurprisingly this was particularly prized among businesses with a larger customer support team, who naturally have a much larger set of tickets to manage and filter, whereas businesses with smaller teams overwhelmingly chose "Displaying all relevant order information to agents automatically" as the automation that would help them most.

This was followed by a need to "Generating shipping tracking links automatically for customers", all of which suggests that smaller teams have helpdesk systems that aren't as well integrated with their other systems.

One of the most time consuming jobs for a retail customer service agent is entering the relevant information to generate returns labels. Understandably 35% of respondents saw the value in this automation, while 36% saw the value in automatically cancelling orders for customers when they ask. These are processes that can be automated and don't depend on understanding complex queries. **If Customer Service Leads can choose a system that helps them to do these, they will see a massive improvement in agent productivity.**

Categorise your tickets automatically using DigitalGenius's AI. [Find out how here](#)

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Conclusion: Customer Service leaders need to embrace the right automation platforms to scale and achieve their goals

What was apparent from the survey results was that there was a huge potential for customer service leaders to embrace technology to solve their problems. Given the “Incredibly Challenging” climate that they found themselves in during the peak period, plus the number of agents they were looking to hire to deal with the increase in tickets over this period – there is clearly a potential to use tech to avoid these problems in future peak periods.

On top of that, if growing revenue is a major goal for businesses, freeing up agents from dealing with simple, repetitive and transactional tasks, and allowing them to focus on customer cases where they could add value and act as sales people when it makes a difference. If someone is asking “Where is my order” or “How do I return my item”, the potential for selling is limited compared to someone asking about product information, for example.

Clearly automation is on the agenda. Finding the right solution that allows these leaders to help their teams be more productive – both by clearing out the backlog of repetitive, simple queries, and using integrated systems better – will allow them to respond to customers faster, bring down resolution times, and provide a far better customer experience across the board.

DigitalGenius is an AI-driven customer service automation platform built specifically for eCommerce. With over 60 use cases out of the box, retailers can automated responses to the most common customer queries, deflecting tickets away from human agents and allowing them to focus on more complex cases.

DigitalGenius works with leading retailers like



To find out more, visit our website and [book a meeting with our team here.](#)

